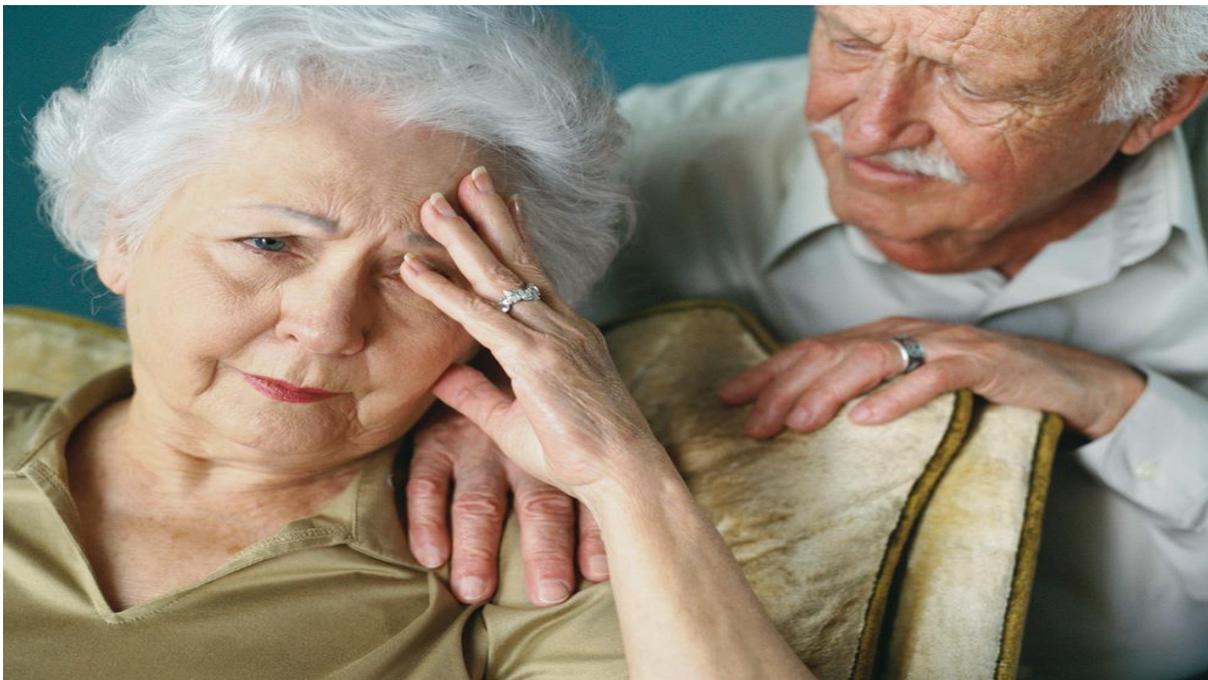


We have 750 billion reasons to have ‘the talk’ about inheritance with our children

Put plans into place while everyone has the wherewithal to understand the implications



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According to a CIBC Economics study from last year, Canadians can expect a \$750 billion windfall from inheritance over the next decade. It's a record amount, and a 50 per cent increase compared to the previous decade.

But when \$750 billion changes hands it can create a lot of tension. In talking to older clients, one comment I often hear is, "I just don't want my children and their families to fight after we're gone." Unfortunately, in some families, inheritance can be the ticking time bomb that sets off just such disputes.

Let's consider some of the potential explosions: **Adult children feeling that they are being unfairly treated (usually based on the past); blended families battling over "what's ours" and "what's (not) yours"; siblings expecting more based on the nature of a relationship or for having taken on certain responsibilities; differing beliefs regarding who deserves or needs more; concern over money going to philanthropic causes and not all to the family; and disputes over the cottage, the valuable art, and the distribution of personal possessions.**

Is there a way to prevent this kind of fallout?

Often the best way is to talk with family members to let them know your views, thoughts and ideas, and to hear theirs.

It can be challenging for families to discuss matters of money as it can stir up feelings about the past and the future.

A neutral third party can help

Some families do make this work. I recently had a call from a client in his mid 90s. For the past decade we have worked with him, his wife and their children. He called to thank me for helping to guide his family, and he was feeling calm

and comfortable about his financial legacy. In particular, he thought each of his children will be taken care of appropriately and will not be left with heavy burdens.

I felt great about the call, but most of the credit goes to the family members themselves. They have thought about these issues, discussed them and put plans into place while everyone had the wherewithal to understand both the how's and the why's.

Sometimes things don't go as well. According to social worker and family facilitator Resa Eisen, "it can be particularly challenging for families to discuss matters of money because it can stir up feelings about the past and the future. **Bringing in a neutral third party can help families share information, clarify concerns and help them move forward with their plans.**"

Eisen describes one family, by whom she was contacted several months after the mother was diagnosed with early-stage dementia. Given this new reality, the financial plan had to change. Of their three children, the eldest daughter, a nurse by training, stepped up to become her mother's caregiver. The father was extremely grateful, and he wanted to compensate/gift to his daughter now. Most of all, he wanted to protect his wife's long-term financial security.

This changed the financial landscape for the other two children, and there was already some tension between the siblings. In fact, at the last family gathering, there were raised voices between two of his daughters.

Talking to the siblings, and to the parents, Eisen was able to understand not only the differences in viewpoints, but the similarities. The common denominator was that everyone wanted the best for the mother.

In these conversations, the siblings learned more about what their parents wanted, and had a much better appreciation of their needs. Likewise, the parents understood what was important to each of their children. When they all came together for a family meeting, they were able to contribute to the plan, not only for their mother and father, but for themselves as well. Even the grandchildren became part of the father's ultimate plan.

There are many stories of families that are torn apart by an estate. Don't let yours be one of them. Where there are already meaningful family rifts, the challenge will certainly be greater. Yet without the family talk, an estate is very likely to cause things to get much worse. In such a case, you need to have the courage to deal with some issues right now. Whether you do it alone, with the help of a financial advisor or with a trained family facilitator, the family talk needs to happen.

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