

# Succession Planning

## How to Have a Successful Conversation about Money

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Money can be a challenging topic of conversation for a parent to have with their children because the stakes feel high. In discussions around succession planning, the top concerns our clients share with us are: *What will happen if I share too much? Will they lose motivation to work? Will they expect more support financially? Am I setting them up to spend lavishly?*

Thoughts like these are common and understandable but worrying about the outcome should not stop you from doing the best you can to prepare for the moment they are in charge. **These conversations often serve as an incredible opportunity to work as a family to determine what is important and to learn about each other.** Approaching the discussion with an open mind and curiosity is key for you and your children to create a succession plan that works for both generations.

To help bridge the communication gap, we want to provide you with insights we have found worked well for our client families.

### 1. Lead with Values

Your family's values and principles should drive the discussion, not dollar amounts. Ask yourself what is important to you and what do you want your kids to walk away with from the conversation? Be prepared to **discuss why your values have helped support each generation and contributed to the preservation of the family's wealth.** Providing examples of how the family's wealth was created or showing a family tree and sharing stories about your origins is an engaging way to express to your kids the values that have shaped your family. Ask them to share their thoughts on how they view wealth and what they think the family's future looks like.

Remember that discrepancies may exist between what is important to you and what is important to your children. For example, they may not share your same passion for business and may want to focus more on philanthropic ventures. Be open and willing to learn about any differences. **It is important that your kids know their voice, and their values are essential in any succession plan.** As Pathstone Co-Chairman, Steve Braverman alluded to in [his interview as part of FuturePath's first installment of Succession Stories](#): **wealth is a tool.** It can be used to take more risks, bring about change in the world, or allow you to focus on your passions. However, values and the personal pursuit of happiness will decide where one spends their money. Taking the time to recognize similarities and differences in each generation's values will help set clear expectations regarding succession for each family member.

### 2. Set Clear Expectations

Setting clear expectations is key. Talk openly and honestly about the structure of your assets and how those assets will affect the next generation. **This part is critical to preparing your children to take the reins.** Use this opportunity to give them a clear understanding of the setup of your assets and how they can use them. **Create an open and judgment-free environment to encourage questions.**

**Here are a few great questions we hear from the next generation in family meetings:**

- How is the family wealth structured, and how does that affect them?
- Is money set aside for them for a particular reason, or is the goal to carry this wealth on for generations to come?
- How long will you help support them financially?
- Is there a limit to the amount of financial support or type of lifestyle you would help them achieve?

**If you are open, transparent, and can answer honestly with your 'why' (think back to those values), it will help lead to a successful conversation and get everyone on the same page.**

### 3. It's a Matter of Perspective

Making the conversation about the importance of wealth and its effect on each family member's life can be powerful. Emphasize to your children the impact actions can have on wealth and how to be responsible. Ask them how they think their lives might change if they had more or less money. Would it ultimately make them happier if they had significantly more money? What about less? Remember that one day they will have to make decisions that will affect their own balance sheet. Teaching them to think about what is important to them requires them to practice weighing what will make them happier versus something that will not add long-term value to their lives. **It is incredibly valuable to lead with vulnerability by sharing anecdotes with your kids – including mistakes you have made along the way and lessons you have learned in managing generational wealth.**

### 4. Be Prepared for More Than One Conversation

Proper preparation for stewarding wealth cannot be gained from just one conversation. Be comfortable continuing to have conversations through the years. **They may not all be specific to your family's unique circumstances or setup, but even just general conversations around money and personal finance can help you better prepare them for their future.** As your children get older, you can decide whether they are ready to know more about the family's setup and specifics to help prepare them for success. Preparation can include:

- Introducing your children to any financial and accounting professionals you work with.
- Giving background on the working relationships with those professionals.
- Talking about the general status of family assets.

Encourage your children to ask questions and give their input. You can learn more about what your children's goals are and what their version of the pursuit of happiness will look like.

We are here to help – if you have any questions or would like to discuss succession planning, don't hesitate to get in touch with us: [Contact Us](#)

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