

Ep 190: Having Difficult Wealth Conversations with Your Family

Introduction

Patti Brennan: Hi everyone, welcome back to the Patti Brennan Show. Whether you have \$20 million or \$200 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives.

Joining me again is the extraordinary Amy Bloom. Amy is the author of four novels, including the New York Times bestseller *In Love*. She continued her work as a psychotherapist throughout her writing career, which is what we learned in our first podcast together. Amy is a brilliant communicator who can cut right through complexity, and I love her perspective on things.

For those of you who are financial advisors listening—and I know there are many of you—if you don't have a psychotherapist on your team, I highly encourage you to reach out to Amy Bloom. Yes, I am willing to share her. She is that good, and she will help you. She'll either refer you to resources close to you or perhaps even talk with you about how she can help directly.

Amy, welcome back to the show.

Amy Bloom: It's always nice to be here.

Patti: Amy and I have been working together, and we've been getting a lot of questions from people who listened to the first show. I thought it would be good to bring Amy back and talk about some of the questions we've been getting from clients and listeners. Amy, are you game?

Amy: I am. Absolutely.

Getting Started: Self-Reflection Before Conversation

Patti: Probably the most common question is about awareness. People feel like they should probably talk to their kids or find out what their parents have done. How would you recommend they get started? What's the first step?

Amy: I think the first step is not conversation. The first step is self-reflection. Make yourself a cup of tea or coffee, go sit on the porch, and think to yourself: *What is my goal in talking to my kids?*

The goal might be different from child to child. If you have a couple of kids, ask yourself: What's my goal in talking to Bob? What's my goal in talking to Susie? Is there a goal for the two of them together? Often the goal is "I don't want them to fight." Another common one is "I want everyone to be happy."

Not all of those things can be achieved, but if you don't know what your goal is with each person you're speaking to, you can't accomplish it. It's like our feelings—we can't regulate them if we don't know what they are. You need to know: What's your wish? What's your fear? What are you bringing to the conversation? It might be influenced by how things went in your own family when you were growing up, whether it was a great role model you want to emulate or a terrible experience you don't want to put your own family through.

Take a moment to think about what your goals are and where you'd like to wind up.

Patti: That's a really good point. What I heard from you is that you would have separate conversations with each child, because every child is different and every situation is different.

Amy: Absolutely. If it were me, I would begin with each child individually, even without their spouse or partner—a one-on-one conversation. Then, depending on how that goes, I might continue talking to each of the kids separately, and then say, "Come down for the weekend, or we'll come to you, and let's sit around and have a family conversation."

Some of these conversations can be quite fraught if the kids don't get along with each other. There are probably reasons they don't get along, and those reasons probably have some bearing on how you're making decisions and what those decisions are. At least internally, this is not a time to kid yourself. This is a time to be realistic about your goals and what you think you're going to encounter.

But people surprise us. Sometimes the kid who's terrible with money has a lot of insight, and sometimes the kid who's really good with money has no empathy. How are you going to deal with these things? And again, what is your goal?

The Vacation Home Dilemma

Patti: You know, it's so interesting. In our experience, the vacation home is often the big elephant in the room—the cause of lots of arguments. Two of the kids never use it, two of the kids love it and go down all the time. What I think is so interesting about your approach is that all too often, we're coming up with solutions before we understand what the issues are.

You can put a vacation home into a trust, but how are you going to pay for the expenses? How do the kids feel about that? It's really terrific to have those conversations in advance, before paying an attorney to draw up an irrevocable trust that maybe the kids don't even want.

Amy: Right. And one of the things that's really hard is listening to what they have to say, especially if it's not what we want to hear.

I remember working with somebody—it wasn't about money, but she had a whole plan for fitness, spa, and food rehab for her daughter that she was entirely willing to pay for. The only thing she hadn't done was say to her daughter, "Talk to me about your goals. Talk to me about your wishes and your feelings about your health and your body." As it turned out, they were not on the same page.

You don't want to make a plan that has nothing to do with the wishes or needs of the people you feel you're making a plan for. If it's a plan just for you and you want to meet your own needs, and you do not care what the other needs are, you can go ahead and do whatever you choose that's best for you in terms of lifestyle, lifespan, and finances. However, if you have an interest in doing this for other people in the family, it would be a really good idea to know what they need and what they want.

The Family Business Challenge

Patti: That's especially true in cases where there may be assets that aren't liquid. For business owners, it's often up to 80% of their total net worth in an illiquid asset. What if one kid works there and the other three don't? There's a lot to think about in terms of your own goals, the family's goals, and this thing called legacy. It's a powerful concept, but you need to make sure you're accomplishing the goals you want to accomplish and that they're clearly communicated with the people you love.

Amy: Absolutely. Sometimes that requires taking in information that doesn't make us very happy. If you have a vision of your legacy in terms of your business, and you have kids who are not interested in running it but are very much interested in making use of the asset or seeing something sold off, you have to decide what is most important to you.

Are you prepared to live with the disappointment of not having your business carried on in the family? Or are you prepared to deal with the disappointment of having one of your children stop speaking to you when they are 35 and you are 65? It's a question of knowing yourself and what your wishes really are.

Values Over Money

Patti: I just read an article about how legacy isn't just about money—it's the transfer of values, work ethic, things of that nature. Understanding your own goals and what you're bringing into the conversation is key. It's about listening to the other person, reflecting back, and making sure you understand.

Amy: The truth is, we may want to pass on our values. I told Patti this story once before: I was working with a family who said, "We want to make sure our kids are not spoiled." I thought to myself, perhaps getting a Lamborghini for your 16-year-old boy before he even has a license is not setting up what you think you're doing in terms of the values that matter to you.

Now, if one of the values was giving him a fabulous birthday present so he would feel super special, you're absolutely fulfilling that goal. If you have other goals in mind, you have to decide which one you care about. It may be that at that stage in your life, you're much more interested in giving him a fabulous gift, in which case everything lines up. If your goal is to convey certain kinds of values you're really committed to, you might want to think twice about a gift like that.

The problem is, for all of us, we have conflicting wishes.

Patti: I hear this all the time: "We want to make it easier for our kids than it was for us." Sometimes what we think we're doing for them may not actually be for them—it's to them. Adversity can be good soil. Let's face it, we don't always succeed. Failure is an event, it's feedback. It just says what you tried didn't work, so try something else.

I think sometimes we parents want to save our kids from things we've gone through, but who we are today is the result, the outcome, of what we went through. I think it's important to let kids go through those things as well.

Amy: Also, they will go through their own things. If you give them enough money so they don't have to take out crippling student loans, for example—which seems to me a wonderful thing—they will still find their own ways to make their own difficulties.

If you are not prepared to sit on your hands and be supportive while your kid makes some tough decisions, the only thing that means is they will probably not be very good at making tough decisions. It doesn't mean they're going to be a bad person or a failure. It just means the experience of grappling will not be theirs.

When and How to Communicate

Patti: Here's a question we've gotten a lot: for many wealthy families, it's not really about the money—it's how to communicate. How and when should this be communicated with the kids? Is there a right time to share information?

Amy: Well, the right time is probably before you're on your deathbed.

Patti: Good point!

Amy: As much away from a crisis as possible. I would try to make it not a crisis. If you're in your 60s or 50s and beginning to think long-term about family wealth management, trusts, your will, and what you want to do now versus in 15 years, then give it some thought.

If you find yourself reluctant to talk about these things with your kids, the first question is: Why am I reluctant? Am I protecting myself from disappointment? Am I protecting them because I think one or two of them will make terrible decisions? Am I protecting the family peace because I don't want an argument?

The first thing is to know what you want to say and what might be keeping you from saying it.

Patti: Is there a way we can prepare our children for what they might eventually inherit? Any steps you would recommend, or is it just having the conversation? It doesn't have to be specific—"You're going to get this amount." It can be general, sharing hopes and dreams and listening to theirs.

Amy: The issue with "whatever you're both comfortable with" is that's not always the same thing. If you as the parent say to the kids, "You're going to be all right. I have you provided for," I'm sorry to say that is utterly useless to your adult children. They don't know what it means, they don't know how it works, and they don't know what standards we're talking about.

That's not really helpful. It's like saying "Don't get in the car if you've been drinking." Well, do you mean one drink? Any drinks? How about vaping? What do you have in mind?

You have to think about what you are willing to say to your kids. How about starting with: "These conversations are kind of awkward, and I'm not sure I'm going to do a great job, but I would really like to talk a little bit about some of the financial planning for our money and our business. I'd also really like to know what your wishes are. Have you ever thought about this stuff?"

Patti: That is a great way to open it, because it acknowledges that we don't have all the answers. If a family wants to leave a portion of their wealth to charity instead of to the family, share those values with them. There are different ways to accomplish that. It's all so emotional.

Amy: The foundation is feelings.

Patti: Exactly. There are no wrong feelings. They just are. Just talking about these things makes us all aware of what those feelings could be.

Amy: I would have a conversation with myself or with my spouse first: What are our goals here? What are we trying to accomplish? What do we think would be best? What would we want if we were in the position of our adult children?

Then you open up the conversation. Part of the reason we don't like to open the conversation is that we don't want to hear the answer. There are questions we don't want answered. Who wants to hear their kid say, "I hate the family business. It ruined my childhood, and I have no interest in helping it go forward. Give me my money and I'm out"? Most parents don't want to hear that. But if that's the reality for that particular person, I think you'd rather know than not know.

Patti: One hundred percent. From our conversations with parents, especially in wealthier families, they don't want to take away their children's drive by telling them details or sharing how much money there is. That vagueness is not okay, but kids kind of trust mom and dad to take care of them.

Amy: It depends. I don't think having a secure financial future when you're 60 takes away somebody's drive when they're 30. I suspect what happens is you already have an adult child who doesn't have much drive. The anxiety the parents are feeling is, "Oh, if we reassure them, they're just going to sit on their fannies and do nothing for the next 30 years."

But the issue is not that the money is there. The issue is that the drive is not there. That, again, is something one has to come to terms with as the parent.

Patti: That is really interesting. You can't—

Amy: It's like when couples say, "We don't have a TV in the bedroom because we don't want it to interfere with our sexual life." My experience as a psychotherapist for 45 years is that it is not the TV that's the problem. If you don't have a sex life, it's not because you have a television in the bedroom, and removing the television will not make everything fine.

There are issues, and you have to pay attention to them. Having a financially secure future for your adult child will not take away their drive if they have the drive. If they don't have the drive, you may have to think about how that figures into your plans.

Patti: Your point about spouses or significant others is also really important.

Amy: Sure. That can be very positive or not so positive. You are unlikely to change the marital dynamics of your adult children and their spouses, so it's something you have to grapple with as you go forward.

I would certainly suggest you begin with your own kids and make sure each of them has been spoken to, and then you go back again. I don't see this as an instant process. This is a slow cook, not a quick cook. You go back one more time, and then you meet with them and their spouses.

The fact is, if you don't care for one of your daughters or sons-in-law, that will probably come across. You want to ask yourself: Am I going into this making it as positive an experience as possible? If your secret wish is to make sure everybody knows you think your daughter-in-law is a gold digger and a selfish monster, I can promise you that will come across. If that's your wish, go express yourself. But if your wish is to make a more positive outcome, you're going to have to sort yourself out about how much expression you're going to engage in.

Patti: Such a good point. You're not going to change the dynamic of the marriage. It is what it is, so just check in and make sure you're not coming across in a way you don't want to.

Amy: Right. We have conflicting feelings. Maybe you've always wanted to talk about your disappointment and sadness over that daughter or son-in-law. You have to ask yourself: Is now the time to do that? Is that my goal? If that's your goal, have at it. But if there is something you want more than self-expression, you may have to put the self-expression aside.

Practical Next Steps

Patti: It's so interesting hearing you talk, Amy, about the importance of talking it out and having these goals up front. Most of us don't even realize what our goals really are until we talk to somebody like you. Let's talk practical next steps. This is not a once-and-done type of experience—it happens over time. Where do we start?

Amy: Start with self-reflection: understand what your goals are. Then, what's the next step? Figure out what your own feelings are, what your fears are. When you figure out what your goal is, that's a good time to talk to your lawyer and your financial advisor. Say, "These are our goals. Do you have some thoughts about this?" Then you take in that information.

Now you know what your own feelings are, and you know what the practical possibilities are. At that point, you might say, "Bobby, we really want to have a talk with you about the financial future, whether it's of the business or of the family, and we'd like that to be private and one-on-one."

Then you have the conversation. At the end, you can say, "Bobby, if you could hold off talking to Susie until we have a chance to speak with her—which we have planned for sometime in the next few hours—that would be wonderful." Even if Bobby and Susie don't speak to each other, I would still probably say something like that.

If Bobby says, "I've already told Susie we're planning on talking, she's going to want to know what happened," say, "If you could bring yourself to wait, we would so appreciate the opportunity to give Susie the same opportunity we gave you."

Patti: And Susie is not the spouse—it's the other child.

Amy: Right, Susie's the other kid. But in the end, people are going to do what they're going to do, because we're people, and mostly we're driven by feelings rather than facts. The great fantasy that adults have is that in the end we are driven by information and facts. I'm sorry to say that's simply not the case. It's feelings first, and then those feelings wrap themselves around the facts and lean them to the left or to the right.

Patti: So our feelings influence the direction and how we frame things.

Amy: Absolutely. I wish it didn't, but it always does. If you ask any sensible adult to look at somebody else's decisions and assess whether those were strictly fact-based, or whether feelings got involved, they will always say, "Oh yeah, my uncle hated my cousin, and he made this kind of decision, but it wasn't actually the best decision for the company. It was because he was so angry or so hurt."

Because we're people. There's a limit to what you're going to be able to control. But I think if you're going to speak to each of your kids, I would plan to do that in a very short time frame.

Patti: That's really great advice. Very practical and realistic. The kids are going to talk unless you do it and have it set up in advance.

Amy: Absolutely. This is not a "chat when the moment strikes" situation.

Patti: So you go through the kids first, and then you bring in the spouses—mom and dad with child number one and their spouse, child number two and their spouse, et cetera.

Amy: Right. What we hope for is that the information you get from the adult children supports the plans you have made, and that's wonderful. But sometimes you're going to get feedback you were expecting or weren't expecting.

Sometimes you bring up the plan for the company, and the person you thought might be your CEO says, "I hate this. I am going to medical school. I am moving to a monastery in Japan. I am becoming a chef. I want nothing to do with this. I would actually like the income, but I would like nothing to do with running it."

Or they say, "I don't even care that much about the income. I have always wanted to run this company, and I think you've always thought Susie would do a better job than I would, but this is what I want."

You have to regard this stuff as information, rather than something you're going to break down and get rid of. You want to start with knowing what is real and what is possible.

Patti: It's very interesting. I recently got the CEPA designation—it's an amazing program, like an MBA for business owners. It uses a methodology called the Value Acceleration Methodology. What's fascinating is that parents get to that point and face the fact that there's going to be a transition one way or the other. It's either forced upon them through death or disability, or they determine the terms and timing.

When there's conflict or uncertainty, families often just want to sell and be done with it—have that liquidity event. Here's an interesting statistic: 70 to 80% of businesses that go to sell don't sell because they're not ready.

There's a methodology that can increase the value and make sure the owner and their family are really ready. There's actually a readiness score. What you're bringing up is so important, because often the reason businesses don't sell is that the owner gets to that final day, and they can't sign on the dotted line because they're not emotionally ready. They don't know what their life is going to look like.

Don't think you're going to sell it, because most businesses don't sell, and those that do often don't get the value they anticipated. We have to be real and practical about these things, especially with illiquid assets like a business.

The Jewelry and Sentimental Items Problem

Amy: Even with things like jewelry—I had a friend say to me, "My mother has a lot of valuable jewelry. Do you know something about jewelry? Could you sell that for me?" I said I could try, but when you walk into places that buy vintage jewelry—this wasn't Christie's auction-quality jewelry, these were nice pieces that were expensive—tastes change, and the most money they would have gotten was for the gold.

If you are not prepared to hear that, you can say, "I don't want to know." But in my experience, it is better to know, even when it is disappointing information. I said to my friend, "Maybe you want to save this for grandchildren. Maybe you want to get the money for the gold. But I need to tell you, the thing you want—to get a lot of money for items that have sentimental value for you—that is not a thing that will be happening."

Patti: That's amazing and so true. We often find that when it comes to the estate and settling it, the things families fight over are those sentimental trinkets—paintings, jewelry.

Amy: Yes, and the fight is often twofold. One is "Who do mom and dad really love and really trust?" And the other is everybody's fantasies about the value of the object.

I have had conversations with families where everybody—the parents and the adult children—assured me that X item was worth \$500,000. I had a friend come in from an auction house, and they were like, "\$30,000 max, from a really motivated buyer."

That changes everybody's stance about the extremely valuable object. It's useful because there's often one kid who will say, "I don't care. I would just like the vase." But you'll have another kid who says, "It's not worth that much money. I don't need it cluttering up my house."

If it's possible for the people who own the stuff to separate themselves from it, if it's possible to overcome your need to have the world validate that mom's necklace with the half-carat diamond was the most beautiful, perfect, wonderful thing anybody ever saw, you want to get over that. Maybe you just want to give it to the kid who likes it, or maybe you can all agree that nobody cares that much about it.

Patti: We've seen situations at Key Financial where kids say, "Well, mom promised me that ring," and there's no proof of it. That's when the arguments start, and the resentments are pretty incredible.

Amy: Because it's not about the ring—it's about the life. That's hard to fix when they're 50. We don't want to know that one of our kids is filled with resentment and disappointment and has always felt like the least favorite and the most problematic. Are you going to fix that by giving them the ring? No, you're not. You may want to do it anyway, which is perfectly fine, but you are unlikely to eliminate those feelings of resentment.

Patti: Can mom and dad during their lifetime fix that? Is it always too late?

Amy: If you're alive, it's not too late. But you don't have that much control over other people's feelings. If your kid is willing to say to you—which often they are not—"I have a lot of feelings of resentment and disappointment about my childhood. Getting that fancy ring from you would really make me feel better," or "Getting that fancy ring isn't going to change my feelings," and if you have a kid who's that honest and insightful, good for you.

But most of the time, people are not going to say that. They're going to say things like "It's not about the money"—which we all understand is the exact opposite of what they mean. The second thing they mean is "It is about the love."

If you have a 50-year-old kid who doesn't feel loved, who doesn't feel respected, who doesn't feel cared for, there is a problem. I'm not the person who's going to say it's the kid's problem or the parents' problem, but there is a problem. The chances of you fixing that with your will or your trust or your succession plan is small.

Choosing the Right Roles

Patti: That's making me think about the conversations we have with clients in the conference room when they're selecting different roles—who will be the executor, who has power of attorney for healthcare or finances. Often what the parent decides has to do with where the child is living, who's closest, what the role entails.

Most of the roles in a person's estate plan are thankless jobs. It's tough to be a trustee for an ongoing trust, especially because of family dynamics. One of the law firms we work with highly recommends not choosing one of the kids as the trustee, because it creates a lot of family dynamics and it's a thankless job.

Amy: Really good advice. What can you spare them? Are there gifts you're making that are not experienced as gifts? You have to be willing to hear it. If you just want to make an announcement and have your kids say "okay," you can probably arrange that, but that's not likely to advance the relationship.

Also, if talking about the money brings up people's feelings of resentment or disappointment, that can be an opportunity to say, "I am so sorry that's how you feel. I wonder if we could go talk to somebody about it." It doesn't have to be over. It's a question of what you're willing to do.

If you've made your peace with it and this kid is resentful and disappointed, and you're like "We've done everything we can," then you can live with that. But if you feel like there is some room for improvement, there is something everybody could try that hasn't been tried before, then offer it. If the kid says, "No thank you, I'm no more going to sit in a room with a therapist than I'm going to jump out the third-story window," so be it.

Patti: Right.

Amy: But offer. And it doesn't hurt to say, "I am so sorry that you feel that way."

When Kids Are Passive in Conversations

Patti: Here's a case study we see a lot: The kids are like, "Hey, mom, it's your money. It's whatever you want to do." In other words, it's more passive. They don't have the courage to really speak up.

Amy: You can say, "I really appreciate that. What I would really appreciate from you is for you to take a little time and see if you could come to share with me what your own financial goals are, what your own wishes are, what you really do not want. I can't promise I will meet every expectation, but I really would like to know so I can factor that in with our plans."

Patti: What I love about what you just said is you're not promising that what they're asking for is going to happen. You want to factor it in and understand what's important to them.

Amy: If you're willing. The truth is, if you don't want to put the ladder on that wall, you're probably not going to put the ladder on that wall. So you have to be aware. That's why we begin with self-reflection and self-understanding. What is it I'm really trying to do here?

Patti: Once that has been taken into consideration, it would be helpful to go back to that child and say, "I really thought about what you shared with me. Here's what the plan looks like, and here's why we've made some of the decisions we've made." That would probably help a lot so there isn't resentment later.

Amy: I think we cannot control other people's feelings, just like we can't control their behavior, but we can be open about our own motivation, we can be open about our own wishes, and we can be open about our perceptions. You want to weigh that against how it's going to be received.

Patti: Just blurting out everything you think and feel may make you feel like you're unloading a burden, but you have to take into account that there's going to be a consequence.

Amy: We like to pretend that the only issue is transparency. That is never the only issue. It is important to be as transparent as possible. It's also usually a good idea to be as kind as possible. If that is at least your intention, it's more likely to go well.

You have to know yourself. It may be that you're dealing with somebody where your intention is not to be kind—your only wish is to be clear. That's fine, but you can't expect that's going to be received warmly. We cannot control people's responses, but you can usually have a pretty good idea of how it's going to go.

Closing Thoughts

Patti: Amy, to wrap this up, what I think is so important is it's never only about the numbers. It's about people, relationships, and what matters most. It's about understanding yourself and your goals for what you've worked so hard to accumulate.

Amy: And being honest with yourself before you engage in conversations with anybody else.

Patti: The practical steps you shared are so helpful, because people just don't know where to start. If you're not sure, reach out to a resource like Amy Bloom, and she will guide you.

Amy: I used to describe myself sometimes with clients as a Sherpa. I am not in charge of your expedition, but I want to help you get where you're going.

Patti: There is nobody better than Amy Bloom to do that. Thank you so much for your time today, Amy. Thank you for answering these questions that have come in since our first podcast. Folks, if you didn't hear that first podcast, go back and listen. It was so good and so well received. We've gotten great feedback.

Amy: It's always a pleasure. I think the work that you do is really useful to people and valuable in every single sense of the word.

Patti: It's so interesting—I tell people this is a perfect example: we don't work with money, we work with people, and people have feelings. That's a big differentiator.

Amy: I think all of those things. To not take that into account is, in some sense, to be unrealistic. If you're not taking the feelings into account, you are not paying attention to what's actually happening.

Patti: Fantastic. Folks, thank you so much for joining us. Amy Bloom, thank you so much for your wisdom and words. I love the way you approach all of these things—very reflective. The idea of being able to talk openly with someone like you and to be clear with ourselves as well as the people we love, so we can make plans that work for everybody and are realistic.

Amy: I think that is our goal. I'm so glad we could do this together. I hope it's helpful to your listeners, and I bet we'll do it again sometime.

Patti: Absolutely. Thank you so much, Amy, and thanks to all of you for joining us today. I hope you have a wonderful day.
