



Family wealth needs to be discussed!

Inheriting a small fortune from an old uncle you haven't heard from in 15 years? It's quite rare. On the other hand, families where everything is done to avoid talking about money and inheritance are still very common. And it is often the best way to create family conflicts.

From wealthy brothers struggling to get their mother's Christmas tableware service, to the family expecting to inherit a good amount and ending up with a ton of debt, to the child who was disinherited without explanation: financial planners have seen it all. Here is some advice to break the money taboo.

Why is it so important to avoid family secrets?

Many conflicts can be prevented by talking to each other. Even if you are a young couple, you don't want to learn, when you reach the point of buying a house together, that your spouse is significantly in debt, has terrible credit and can't borrow. You also need to be careful if only one of you takes care of the finances. The other may have unpleasant surprises later on when looking at the couple's budget. And the earlier you start, the better. Because when you add the fear of death to the money taboo when you have to talk about succession, it's even worse. Many families never talk about that, but surprises are not a good idea.

What exactly should be discussed?

Everything, both the amounts and the way they will be shared. Many people think that children will deal with the Will after death, but this is not always easy. Especially when they don't understand the choices that were made. Taking the time to talk to each other helps to preserve the family nucleus.

Stepfamily cases are particularly sensitive for the division of property between the new spouse and the children. What are the worst-case scenarios?

The worst case scenario would be to leave everything to the new spouse and leave nothing to the children, but that's rare! What is often seen is a wealthy man who is rebuilding his life with a spouse who has only a small age difference with his children. If he creates a trust and gives the income to his spouse and the capital to his children when the spouse dies, it will probably take many years before the children can get their money. Then, often, the spouse has the opportunity to encroach on capital to maintain her lifestyle. We want to avoid clauses that are open to interpretation. And, there are several possible solutions depending on his situation, such as leaving part of his property to his children during his lifetime, or separating his assets between his spouse and his children.

Are there families who are able to talk about these difficult topics?

Yes, as an example, an entrepreneur and his three daughters. He has always discussed his finances openly with them. When he wanted to sell his company, he asked them if they wanted to buy it. That was not the case. He has already made donations to them, then made his Will and they know exactly what will happen at death. This greatly reduces the risk of conflict. This family is still, however, an exception.

When is the right time to have this kind of discussion?

Ideally, avoid Christmas and family celebrations. It's time to celebrate, not talk about money. Instead, plan a time to do it, like a family dinner. Often, families will choose to do this without the children's spouses. You can also meet in the presence of a legal professional.

What is the role of the legal professional?

He/she can help the client discuss sensitive issues with the family. The legal professional often becomes a confidant. He/she knows the client's life from A to Z, the debts as well as assets and secrets... such as an illegitimate child, for instance. He/she is bound by professional secrecy. It is particularly important to entrust your legal professional with the drafting of the document to avoid ambiguous language. It is always better to talk when everything is going well to prevent conflicts. It's the best gift you can give your family.

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