

# Integrating family into financial planning discussions

by Andrea Solana of MASECO Private Wealth

The role of money and the part it plays within the family dynamic is often a taboo subject. Many people have never been asked what money means to them. When one gives some thought to the answer to that question, there is never one standard response. For some, it represents security. For others, it perhaps represents financial freedom or maybe it is viewed as purely a means of exchange. Bottom line is that there is never a right way to answer that question. Thoughts about how it should be saved, spent and invested is often intensely personal.

In reality, what money means to individuals many times represents an amalgamation of life experiences, outlook and your innate behavioural tendencies. As different people view financial decisions and subsequent planning needs in very different ways, it can more often than not be a topic that is avoided among family members so as to maintain privacy, or avoid tense and awkward conversations.

Despite this, as we age, it can be incredibly important to involve family in aspects of your financial planning decisions. It not only allows individuals to view the family unit in a holistic manner but it allows decisions to be optimised for all eventual stakeholders. It also helps to facilitate financial education and ease the transition of decision making as and when something unexpected happens. Creating an open dialogue with family and involving them in the planning process

can be key to whether or not your wishes are eventually carried out. It might seem uncomfortable at first but finding ways to encourage communication about finances and wealth transfer wishes can ultimately bring families closer together and create a sense of purpose around the planning being considered. A key for many family members is gaining an understanding of the 'why' behind the money; understanding what the intentions are behind any source of funds and transfer of assets.

Within the day-to-day activities of a family, each person tends to develop deemed roles over time. Perhaps one spouse becomes the primary investor and one spouse makes sure the household bills are paid. Maybe one spouse maintains the

household diary of activities whilst the other spouse manages household projects. When this occurs, it is often quite easy to let each other get on with it and not worry about understanding the details yourself. However, there comes a time when we all may need to swap roles and therefore it is important to understand how each of you approach the task at hand and how you would handle it yourself if it was your primary responsibility. After all, we don't always have the luxury of time to think about how any transition might occur.

It can also be important to make sure that your immediate family members have a good understanding of where various family assets and accounts are held. Maintaining all important documents such as

your will, trusts, passwords, contacts, financial statements, etc. in one central secure place will make transitions and any administrative activities smoother. It can be invaluable to introduce family to any trusted advisers working with you as they will no doubt be able to provide useful guidance to family members when needed.

Many people find it easier to start a dialogue more broadly and move into financial matters as they become more comfortable. Conversations will be easier if they are focused in a positive, educational and inclusive manner. By structuring the conversation in the form of a few questions, it will invite all participants to engage in the conversation rather than instructing them that they need to do something.

In the end, the most important thing to do is actually begin the conversation. You will not regret it. ★



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