

**Key Wealth Institute**

Considerations for the Great Wealth Transfer – Part Three

# How Can I Prepare My Children or Grandchildren for the Wealth They Will Inherit?

**Renee M. Porter-Medley**, CKA®, CFP®, Regional Director for Financial Planning

In each part of this article series, we provide building blocks you can use to help prepare your heirs for the wealth they will inherit. Preparation is a priority to help reduce conflict and increase a lasting family legacy. More than \$84 trillion in wealth has been, or is set to be, transferred by estates big and small between 2021 and 2045, according to Cerulli Associates.<sup>1</sup> That wave of inheritance has brought a rise in lawsuits and other conflicts over family assets.<sup>2</sup>

The Wall Street Journal and other publications such as The Daily Mail shared the story of how the once-close heirs of former Texas Gov. Dolph Briscoe are at “war” over his \$1 billion fortune.<sup>3</sup> These articles make it clear regular family gatherings for holidays and other occasions are not a replacement for intentional, clear conversations and documentation about how you plan to transfer or receive an inheritance.

The smaller size of your estate does not exclude it from conflict. Most of us know a once-close family that was torn apart over household items of minimal monetary value or by perceived or actual inequitable distributions of financial assets.



## Three Important Elements of Preparing Heirs



# How Can I Prepare My Children or Grandchildren for the Wealth They Will Inherit?

In Part 1, we shared resources to help provide your family with financial education to increase their financial literacy. We also shared ways you can engage yourself and encourage family to engage in the financial planning process. The sense of financial well-being provided by education and planning may help reduce a perceived need for an inheritance.



In Part 2, we explored conversation starters that help enhance family communication and lay a foundation for a discussion about financial wealth and inheritance. Having meaningful conversations more often about what really matters may help reframe the structure for a dialogue about inheritance.

In Part 3, we explore approaches to the wealth transfer conversation. In 2019 Key Private Bank surveyed its advisors and “over 75% of advisors polled by Key Private Bank said that the hardest part of estate planning is navigating interfamily dynamics.”<sup>4</sup>

## Family dynamics

Open, respectful communication contributes to improved family dynamics, and it also helps prepare your heirs for their inheritance. The best time to clear up misunderstanding is now, rather than leaving them to try work it out after you are gone at great relational and financial cost. If the issues are too difficult to resolve on your own, then consider hiring a mediator or coach to help you and your family. Explore resources at organizations that provide conflict management

coaching, which is a specialized process designed to help individuals enhance the ways they manage and engage in conflict. Consider reading about or even taking a course in Compassionate Communication, also known as Nonviolent Communication, pioneered by Marshall Rosenberg in the 1960s. The [Center for Nonviolent Communication](#) provides a list of trainers who provide personal and organizational support for transforming the way we speak to ourselves and others.

Nonviolent Communication		
	Empathy	Honesty
 <b>Observations</b>	Did you notice ...	I hear/I see ...
 <b>Feelings</b>	Are you feeling ...	I feel ...
 <b>Needs</b>	Are you needing ...	I would like ...
 <b>Requests</b>	Would you like ...	Would you be willing to ...

## How Can I Prepare My Children or Grandchildren for the Wealth They Will Inherit?

---

### What is your vision for your family?

In Part 1 of this series, we asked you to imagine the day your children or grandchildren receive the wealth you are leaving them. How do you hope they respond? What do you hope they say? What do you hope they do? What impact do you hope the financial wealth you give them will make on their lives? You will find these questions and more in our [Checklist of Legacy and Estate Planning Topics for Your Family](#).

### Not sure what legacy and estate planning topics are relevant to you? Here's a checklist to start.

- Know the difference between an estate and legacy plan, and discuss them both.**
  - An estate plan addresses assets, such as property, family heirlooms, and money.
  - A legacy plan addresses non-financial capital, such as family history, traditions, values, and philanthropic goals.
- Begin by considering your vision for your family's future.**
  - What would you like to pass down to your children and grandchildren?
  - What are your family's short-term, medium-term, and long-term goals?
  - Are your finances set up to meet your family's goals?
  - Are your children facing unique circumstances, such as multiple marriages or disabilities, that would impact the family's future?
  - Are your heirs prepared to be good stewards of their inheritance?
- Work with your advisor to create and collect the documents needed to maintain and manage your estate over the long term.**
  - Will
  - Certificates
  - Trusts
  - Deeds
  - Bank account and retirement plan information
  - Debt and tax information
- Discuss long-term care and diminished capacity, and determine who has decision-making power in the event of a medical emergency for all adult family members.**
  - Financial power of attorney
  - Health-care power of attorney
  - Living will
  - Long-term care insurance
- If you're a business owner, think about a succession plan and how your family will play a role.**
  - Who will take over the business, and how will it be operated?
  - What are the ownership splits with your partner(s)?
  - What is the exit strategy?
- Don't forget to take inventory of your digital assets and how they factor into your estate, and keep a secure, up-to-date record of all passwords.**
  - Email and social media accounts
  - Websites
  - Online memberships and credit card purchases
  - Online banking accounts
  - Digital intellectual property, such as writings or photography
- Create a schedule to update your estate and legacy plan with your advisor on a recurring basis to factor in any changes to your wishes.**

## How Can I Prepare My Children or Grandchildren for the Wealth They Will Inherit?

---

### What do your documents say will happen?

Ideally, your legal documents affirm and help implement what you have discussed and explained to your children and grandchildren. For many people, a durable power of attorney, health care directive, will, and perhaps a revocable trust are all the documents they need to provide for themselves in the event of their incapacity and for their heirs after their death. Some situations are so straightforward that simple online services for document preparation will be sufficient.

However, most people will need the more custom estate planning services provided by a law firm that specializes in advising clients with the level of financial wealth and types of assets owned. To make the most of your time with your attorney, explore the estate planning options with your KeyBank advisor first. Schedule a meeting with your KeyBank advisor to review your financial plan,

projections for the growth of your estate, and estate planning strategies that address the priorities you have for yourself and for your family. Where it makes sense, we offer clients an estate plan review and flow chart to help illustrate how much you may end up leaving your heirs and the potential impact of probate expenses, estate taxes and other considerations.

### Bottom line

One of the most impactful ways to prepare your heirs is to improve family communication, especially the ability to actively listen to understand the other person. Improved communication skills may also help reinforce your family's interest in increasing their financial literacy and engaging in the financial planning process. Continuing to take all three of these steps over and over will help make your great wealth transfer truly great by having your family thrive not only financially but in life.

---

For more information, please contact your advisor.

The Key Wealth Institute is a team of highly experienced professionals representing various disciplines within wealth management who are dedicated to delivering timely insights and practical advice. From strategies designed to better manage your wealth, to guidance to help you better understand the world impacting your wealth, Key Wealth Institute provides proactive insights needed to navigate your financial journey.



### About the Author

Renee is a highly experienced professional who works closely with the relationship team to understand a client's personal situation and goals and develop an integrated, customized set of strategies to help them reach their objectives. She earned a Bachelor of Arts in International Studies with a major in Finance from the University of Michigan, and a Master of Professional Studies in Organization Development from Penn State University. Renee an active member of Kingdom Advisors, the Planned Giving Council, and the Purposeful Planning Institute. Her professional development for the past 10 years has been focused on helping families flourish by leveraging financial capital to develop their human, social, intellectual, and spiritual capital.

<sup>1</sup> Cerulli Associates, "The Cerulli Report: U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2023."

<sup>2</sup> Elbling, A., 04.09.24, Wall Street Journal, "Hash out your inheritance now, or fight your family later."

<sup>3</sup> Laura Kusisto and Anne Tergesen, (Jan 14, 2022) "Squabbling Heirs Rock Former Texas Governor's Ranching Empire." The Wall Street Journal. <https://www.wsj.com/articles/squabbling-heirs-rock-former-governors-texas-ranching-empire-11642183078>

James Gordon, (Jan 15, 2022) "Heirs to former Texas Gov. Dolph Briscoe Jr's \$1 billion fortune at war over how to split the estate." Daily Mail Online. <https://www.dailymail.co.uk/news/article-10405043/Heirs-former-Texas-Gov-Dolph-Briscoe-Jrs-1-billion-fortune-war-split-estate.html>

<sup>4</sup> <https://www.prnewswire.com/news-releases/seven-in-ten-advisors-say-navigating-interfamily-dynamics-is-the-hardest-part-of-estate-planning-for-hnw-families-300807253.html>

Key Wealth, Key Private Bank, Key Family Wealth, KeyBank Institutional Advisors and Key Private Client are marketing names for KeyBank National Association (KeyBank) and certain affiliates, such as Key Investment Services LLC (KIS) and KeyCorp Insurance Agency USA Inc. (KIA).

The Key Wealth Institute is comprised of financial professionals representing KeyBank National Association (KeyBank) and certain affiliates, such as Key Investment Services LLC (KIS) and KeyCorp Insurance Agency USA Inc. (KIA).

Any opinions, projections, or recommendations contained herein are subject to change without notice, are those of the individual author, and may not necessarily represent the views of KeyBank or any of its subsidiaries or affiliates.

This material presented is for informational purposes only and is not intended to be an offer, recommendation, or solicitation to purchase or sell any security or product or to employ a specific investment or tax planning strategy.

KeyBank, nor its subsidiaries or affiliates, warrant or guarantee that this material is accurate, complete or suitable for any purpose or any investor and it should not be used as a basis for investment or tax planning decisions. It is not to be relied upon or used in substitution for the exercise of independent judgment. It should not be construed as individual tax, legal or financial advice.

The summaries, prices, quotes and/or statistics contained herein have been obtained from sources believed to be reliable but are not necessarily complete and cannot be guaranteed. They are provided for informational purposes only and are not intended to replace any confirmations or statements. Past performance does not guarantee future results.

Investment products and services are:

**NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY**