

# How to have the legacy conversation



Topics and ideas to prepare your  
family for the future



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There are a series of important conversations you should have with your family. In this guide, we provide a framework to help you understand why it's important to have your family conversation, what topics you may want to talk about, and tips to help you conduct your discussion.

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# Preparing your family for the future

## Your family is important to you.

That's why you should involve them in your wealth transfer and legacy planning process, and share your thinking with them through ongoing discussions. Without these vital family conversations designed to help share values and your intent, you risk confusion, misinterpretation, and family discord. In fact, a recent study has shown that 70% of U.S. families lost control of their assets and experienced strained relationships after a wealth transfer event. The number-one reason often cited for this breakdown was a lack of communication.

Your family conversation may help eliminate conflict and build unity among your family. You'll feel in control and your family will gain a sense of security knowing you've set a foundation to help support them in the future, and you've involved them in the process.

Don't lose control.

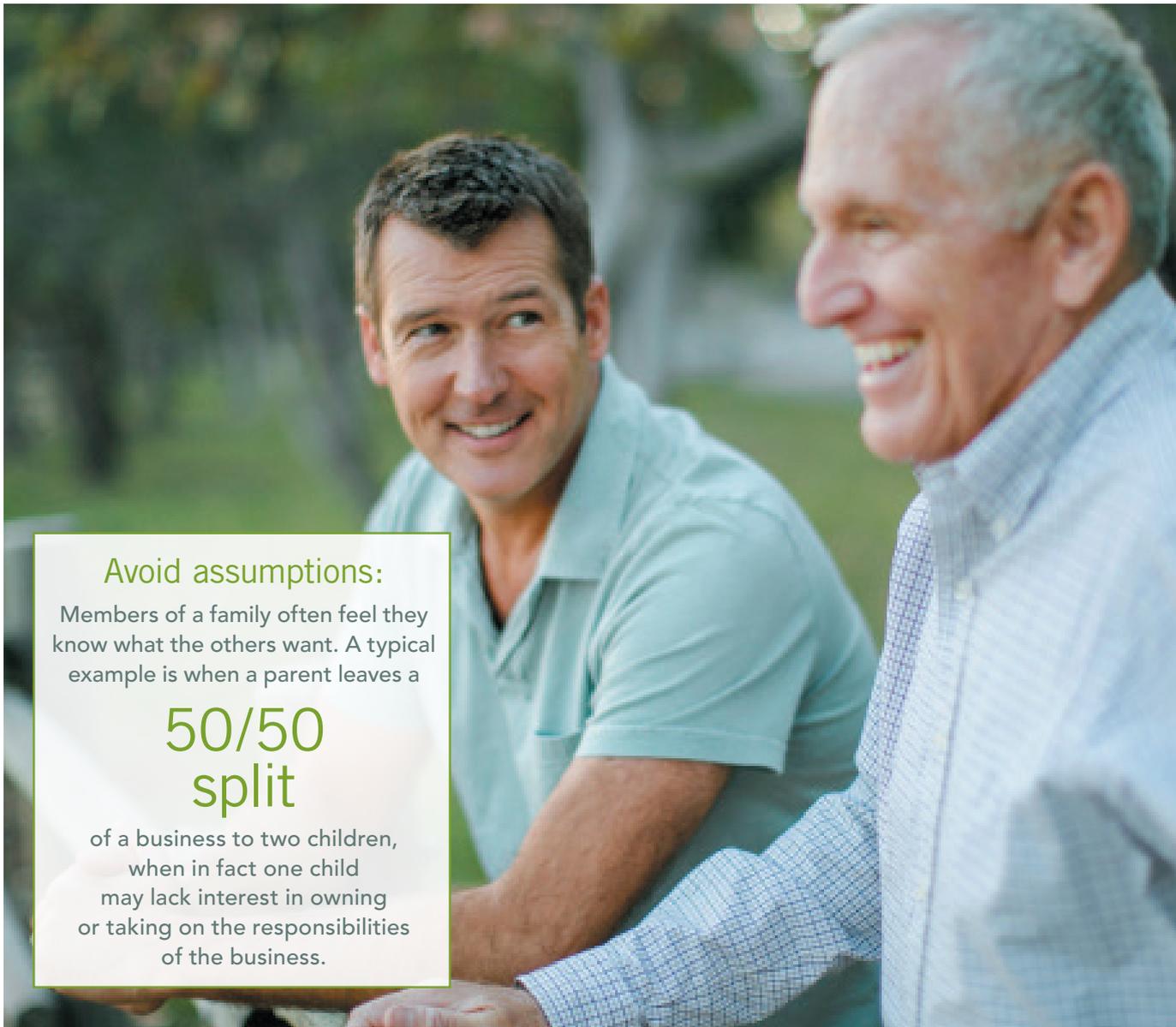
# 70%

of families lost control of their assets and experienced strained relationships after a wealth transfer event.

Source: Williams Group



# How to prepare: Ten key topics to consider



## Avoid assumptions:

Members of a family often feel they know what the others want. A typical example is when a parent leaves a

# 50/50 split

of a business to two children, when in fact one child may lack interest in owning or taking on the responsibilities of the business.

Your first step in planning your family discussion should be to determine what issues you want to address and what goals you want to accomplish. Each plan and family is unique, so your conversation will be different from others.

## 1: Explain why it's important to have this conversation now.

- What personal story do you want to share to make sure everyone understands how important the topic of your estate plan and legacy transfer is to you?
- What motivated you to begin the planning process?
- What are the objectives and values you want to share and pass down?

Yes. I want to discuss this with my family.

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## 2: Discuss who will have leading roles in your plan.

Many estate plans require the appointment of fiduciaries, including a personal representative, trustee, guardian, or agent under a power of attorney or health care proxy.

You may want to discuss the important characteristics each key role player should possess, and the expectations you have of each. It may be that some of these positions will be held jointly, or you may wish to appoint a professional, such as a lawyer, accountant, bank, or trust company as your executor, co-executor, trustee, or co-trustee.

Yes. I want to discuss this with my family.

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## 3: Discuss what's important to your family from a wealth transfer perspective.

- Do you know what's important to your family from a wealth transfer and legacy perspective?
- Do they have objectives, concerns, and ideas when it comes to the transfer of wealth and values?

Yes. I want to discuss this with my family.

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**4: Consider if your plan will use a trust.**

If you're considering a trust, as opposed to an outright distribution to your children, you should talk to them about why you made this decision, and what you're hoping to achieve as a result.

Also, consider discussing when your children will be able to access money from the trust. It's important that you talk through your children's concerns around setting up a trust, gaining access to it, and the structure and requirements of a trust.

**Yes.** I want to discuss this with my family.

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**5: Address any controversial issues.**

You'll want to address those aspects of your plan that may potentially strain relationships. This may include the distribution of items of sentimental value, such as jewelry, antiques, or other family heirlooms. It will help you to put yourself in the shoes of your family members to better understand each issue from their perspective.

Other issues you may want to address include situations where there may be an unequal distribution among your children or a varying distribution scheme.

*An example is where one child gets money outright, while another receives distribution in the form of a trust.*

Also, consider discussing if your plan includes the support of individuals other than your children.

This could include:

- Grandchildren
- Stepchildren
- Charities

It is often the overlooked things that can lead to controversy.

**Yes.** I want to discuss this with my family.

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**6: Address any special considerations your family may have.**

Each family has different needs, so thinking about how you'll address everyone's requirements together and individually is critical. If you have loved ones with disabilities, illness, or unique circumstances, you'll want to discuss how they'll be cared for and how that care will be factored into your plan.

**Yes.** I want to discuss this with my family.

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**7: Discuss how your charitable giving goals factor into your plan.**

You may want to discuss how your charitable giving goals factor into your plan. Talk about ways for sharing personal family values and explore how you'll convey these values to future generations. What are the causes you want to support and why? Make sure you clearly communicate the role you want your family to play in continuing your philanthropic values.

If your family would like to approach philanthropy together, discuss how and what that strategy might look like.

**Yes.** I want to discuss this with my family.

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**8: Share any plans for a lifetime of giving.**

If you plan to use a lifetime gifting strategy, explain the rationale behind your decision and discuss the potential strategies.

**Yes.** I want to discuss this with my family.

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**Put yourself in their shoes.**

The topics you'll discuss may be emotionally driven. Try to anticipate potential reactions from certain family members and determine your most effective responses. This will help you respond rather than react, so you can keep the conversation more productive and on track.

## 9: Discuss your succession plans for your family business.

If you own a business, you may wish to keep the business within the family or sell it. It is important to understand whether your loved ones share your values and vision, and if they're interested in running the business, or would rather pursue other interests.

Yes. I want to discuss this with my family.

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## 10: Organization is key.

It is critical to share the location of important documents with your family, including the following:

- Wills and trusts
- Life, health, homeowner, auto, and disability insurance policies
- IRA, 401(k) plan, pension plan, and nonretirement account statements
- Social Security statements
- Checking, savings, mortgage, and credit card statements
- Tax returns, including gift tax returns, if applicable

Beyond that information, and depending on your comfort level, you can consider telling your family that your spouse or designated advisors have access to the relevant information and will share it with the rest of the family when the time comes. You may not wish to share more details than that. Of course, some families may choose to be more open with detailed information from the start. You should decide which approach works best for your specific family situation.

Make sure to establish a safe and secure location for all relevant documents and information that is accessible and known by the key decision makers. You may want to consider a secure electronic documents storage service.

Yes. I want to discuss this with my family.

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### Keep your documents safe and secure.

**Fidelity's Fidsafe** offers you a secure place to store copies of your important documents and information, such as passwords, financial statements, wills — essentially anything electronic. In addition, your files and notes can be shared with trusted individuals, so you and your family are always prepared — even for the unexpected.



# How to have the conversation: Before, during, and after



## Make it an event:

You might want to build your conversation around a fun family event, like a reunion or retreat.

## Before:

**Before you have the discussion:** Be sure to share what you hope to achieve as a result of the conversation. Setting a goal, or multiple goals, will help you provide the framework for a well-focused discussion with your family. This section outlines how you can prepare for your conversation, the logistics, and getting organized.

### Identify your goal.

Your conversation can vary depending on your family, but here are a few common goals you may want to consider:

#### Offering peace of mind

Your conversation will help relieve the stress of loved ones, particularly any dependents. Examples include ensuring that the surviving spouse of a second marriage is provided for after the death of the provider, or telling your children your intentions to contribute to their college education.

#### Clarity

Sharing the reasons that drove you to create your plan will help ensure your family is on the same page and comprehends how your plan is designed.

#### Family harmony and unity

Involving your family in either the development of your plan or sharing why you created your plan may help bring your family closer together, building relationship capital that will carry them through difficult times, and promote trust and openness.

#### Clear communication

By supporting honest and open conversation among family members, you can avoid confusion and misunderstanding down the road.

### Determine the logistics.

Once you have thought about what you want to discuss, you should give some thought to the format for the discussion. Below are some important logistics you should consider when organizing your family conversation.

#### Who to invite

Think about the plan you have set out for your conversation, and consider your audience. Your goal and topics will help dictate your attendees. In addition, consider treating your invite list like a wedding guest list. If you invite one spouse, you should invite them all.

Depending on your topic, special consideration should be given to smaller children, or those who may impede an open and frank discussion.

Finally, keep in mind that family members may not wish to attend for a variety of reasons, and while you can stress the importance of the conversation, you can't force participation. Consideration should also be given to those family members not in attendance, so they don't have to receive details second-hand.

## Make it convenient:

Consider offering to make travel arrangements for family members, or arranging provisions for child or elder care.

### Choose a calm and appropriate time

Ideally, you want to have your discussion during a time of relative calm and avoid meeting at a time when family members are experiencing significant turmoil or stress.

Additionally, your conversation should occur before executing or revising your estate plan. That way, you aren't simply dictating your desires. Instead, gather insights and explain why you are leaning in a particular direction. This will help you to build harmony among family members.

### Select a location

Pick a positive, comfortable environment, such as your family home, vacation home, or a private function hall. Examples of location that may not work include noisy restaurants and other areas where your family maybe distracted from the conversation at hand.



### Consider if you want third-party help.

Decide if you want or need a moderator involved in your conversation, or another outside advisor to help facilitate your discussion, such as an attorney or accountant.

### Get organized.

The steps you should take to help prepare for your conversation include the following:

#### Gather together important documents

Make sure to make copies of the documents you plan to discuss in advance so they can be distributed before or during your conversation. Also, consider sending helpful or relevant news or magazine articles to help family members better understand the subject matter you will discuss. Be mindful of everyone's time, and don't make your "pre-work" mandatory.

#### Communicate what you want to talk about

We recommend you share discussion topics with your family before your meeting so they can be prepared.

#### Lay the foundation

Consider discussing some useful rules of engagement right up front to create an environment where your family feels safe to share candid thoughts and ask the tough questions.

# During:

**During your discussion:** Your family conversation represents an opportunity to bring everyone together and gain trust among family members. In turn, it will also help you build an array of valuable strengths, including loyalty, honesty, transparency, and safety.

### Tips to make the most of your conversation

Here are several helpful suggestions to enable you and your family to make the most of your discussion:

#### Start on time

Always start your family conversation on time. Timeliness will set the right tone and help enforce the importance of the discussion.

#### Plan your opening

Getting the conversation started is often the most difficult part. Here are a few suggestions to help you:

*"You probably have an idea of what our wishes are for the future of our loved ones, but we want to give you some insight into our particular situation..."*

*"When the inevitable happens, we do not want you to be surprised, but rather prepared..."*

*"Your mother and I are getting the family together to talk about our plans for the family going forward. We want you to be a part of the process and talk about our plans moving forward..."*

### Review your goals

Go over your goals and discuss any rules you set out for your meeting. Talk about what you hope to get out of the meeting.

### Be sincere about your intentions

Be clear that you are initiating these talks to benefit the entire family and to ensure everyone is aware of the planning in place, as well as the importance of their participation.

### Use a tone of empowerment

Let everyone know they have a role in the discussion and planning process, as is appropriate to their age, but help them to understand that having a voice isn't the same as having a vote. As a general rule, the more impact a decision has on an individual, the more voice that person should be given. Even when they are young, giving a voice to children helps build self-respect, teaches them how to ask questions and express opinions, and gives them a sense of destiny and influence over their future.

### Be transparent

Remain honest and accountable.

### Be understanding

Be open to the views conveyed during the conversation by listening and asking questions. Without understanding someone's point of view, you could make assumptions, which may lead you to miss the planning point under discussion.

### Don't be passive

Express your emotions in a way they will be heard. These conversations are often emotional and harbor issues from past experiences that may cause an even higher level of tension. It is important to verbally communicate your emotions during the conversation and avoid passive-aggressive actions, which benefit no one.

### Build consensus

In order to make good decisions, you want everyone to ask questions, be heard, and have a voice. To have a positive conversation, you need to think about your family from each individual's perspective.

# After:

You've had your family conversation. Now what?

To help build greater understanding among your family members, consider completing the following steps:

- Share a summary of what you discussed and the decisions that were made during your family conversation. Be sure to include the important tasks that need to be completed and identify the individuals who are responsible for each.
- Plan your next conversation. Talking to your family shouldn't be a one-time event. You need to continue sharing the progress or changes to your plan with your family on a regular basis.
- Ask family members how you can make improvements to your next family meeting. Ensure that the time of year and duration of your next meeting works for your family.
- Talk to your Fidelity advisor, who can help you leverage Fidelity's resources, solutions, and services in order to evaluate and refine your plan.





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