



DO YOU KNOW HOW TO START THE FAMILY WEALTH TRANSFER CONVERSATION?

As the "Great Wealth Transfer" approaches, with an estimated \$30 trillion to \$68 trillion in assets set to be passed down from baby boomers to younger generations, the importance of open communication between family members has never been greater.

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According to research done by investment banking company, Edward Jones, despite this massive transfer of wealth impacting families across the nation, with nearly half of Americans (48%) intending to leave an inheritance, over a third (35%) of those surveyed admit they have no plans to discuss a wealth transfer plan with their families. Without these conversations, families risk confusion and potential disputes, especially as life expectancy increases and inheritance expectations may shift. Baby boomers are living longer and spending more in retirement, which could delay or reduce the size of inheritances, and in some cases, wealth may even bypass children entirely, going directly to grandchildren.

By starting these discussions early and including everyone affected, families can ensure everyone understands the distribution of assets, easing both emotional and financial burdens. Proactively addressing these matters with transparency helps prevent misunderstandings and helps ensure your legacy is passed on according to your wishes, creating a smoother transition and stronger family relationships. Below are some points to consider when initiating these delicate, and sometimes difficult, conversations:

1. Start the Conversations with a Spouse

Wealth transfer discussions should start between spouses or significant partners to align on their shared financial goals, plans, and legacy. Before involving other family members, couples need to agree on how they plan to distribute their wealth, especially if they intend to retire early or travel extensively, all while factoring in the possibility of substantial healthcare costs. With the average couple retiring at 65 expected to pay around \$300,000 in medical expenses, this can significantly impact the amount of wealth available for transfer. Early conversations help solidify a couple's shared plan for their financial future, later life care, and legacy.



2. Involve Beneficiaries, but Don't Overwhelm Them

Involving beneficiaries in wealth transfer conversations is essential, but it's important to strike a balance to avoid overwhelming them. Instead of delving into every detail of your estate, focus on key aspects like expected assets and responsibilities. This approach helps set realistic expectations and reduces future confusion. Open lines of communication allow beneficiaries to ask questions and understand your intentions, helping create a smooth wealth transfer process that's aligned with your wishes. By introducing these conversations early, beneficiaries can gain confidence and clarity about their roles, making it easier for them to manage their duties when the time comes.

3. Align Estate Planning Documents with Intentions

Making sure your estate documents reflect your current wishes is crucial to a smooth wealth transfer process, especially in complex family situations. As baby boomers live longer and spend more, it's vital that wills and trusts align with changing financial circumstances and family dynamics. Some may choose to pass wealth directly to grandchildren or charities, bypassing children altogether. By keeping legal documents in sync with evolving intentions, you can prevent potential legal disputes and misunderstandings among family members. Proactive planning helps provide clarity for both you and your beneficiaries.

4. Regularly Review Plans for Potential Adjustments

Try to regularly reflect on your wealth transfer plan and see if adjustments are needed to reflect financial realities. Despite the best attempts at creating a precise wealth transfer plan, rising healthcare costs, volatile markets and rising costs of living could require an adjustment to one's overall plan. By regularly reviewing and refining your plan with your evolving financial circumstances, it helps mitigate the risk to your intended distribution of assets despite potential challenges. When having wealth transfer conversations, be cognizant that despite what you plan, life may have other plans, and encourage everyone involved in your plan to keep that in mind.

Sources:

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If you or your family needs assistance initiating wealth transfer conversions, remember, we are here to help with the complexities of financial planning while keeping your financial goals in focus.

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