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GETTING GOING

By JONATHAN CLEMENTS



## Tough Talk: Effective Ways To Broach Financial Issues With Family Members

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Forget losing your job, getting hit with hefty medical expenses or suffering steep stock-market losses. Often, your biggest financial risk is sitting across the dining-room table.

What if your kids rack up heaps of credit-card debt or your elderly parents run through their retirement savings? Like it or not, you will probably bite the bullet -- and bail them out.

Your best defense: make sure it never gets to that point, by teaching your children about money and by keeping tabs on your parents' finances. True, these aren't easy conversations. But a few simple strategies can help.

- **Telling tales.** Holly Isdale, head of wealth advisory at Lehman Brothers in New York, often coaches clients on how to talk to their children and grandchildren about money.

Her advice: Avoid lectures. "You don't know how good you have it" will elicit rolling of eyes -- and not much else. Instead, Ms. Isdale suggests telling family stories that illustrate key lessons.


"By adopting storytelling as a vehicle, you can teach children the values, decision-making and ethics that are important to the family," she says. "Stories are how values and lessons are passed down the generations."

For instance, you could discuss your financial struggles when you first got out of college, so your children will be prepared for lean times when they enter the work force. Alternatively, if you run a small business, you might talk about how you had to persevere before you were successful.

These stories don't have to be part of some big formal financial discussion. "It shouldn't be, 'Today is Thursday, so we should talk about family history,' " Ms. Isdale says. "Instead, you should weave the stories into daily life."

Of course, talking about frugality won't help much if you shower your children with money. That's why I would combine storytelling with some enforced budgeting, starting with a toy-and-candy

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allowance when your kids are age 5 and tacking on a clothing allowance once they are teenagers.

The goal: to make your children feel like they're spending their own money. If your kids are always asking you to buy stuff, their desires will be limitless, because the purchases come at no cost to them. But if they are constrained by an allowance, spending has a very real cost and your kids will be forced to make tough financial choices.

#### THE CONVERSATION



Seniors are often more willing to discuss their finances than their adult children realize.

- Among elderly parents, 71% say they would be very comfortable if their kids asked about their will. But only 54% of adult children would be very comfortable asking.
- Just 49% of adult children report knowing a great deal about their parents' estate.
- Half of elderly parents say it's important to leave a legacy, and 86% say they have a will or estate plan.

Sources: *Hartford; Mathew Greenwald*

• **Asking nicely.** A survey by Hartford Financial and Mathew Greenwald & Associates found that, while elderly parents tend to be comfortable talking about their finances, their adult children are often reluctant to bring up the subject.

Given that, it's a whole lot easier if the parents start the conversation, says Maureen Mohyde, who heads up Hartford's efforts to utilize insights from gerontology, the study of aging, in the insurer's products and communications.

What if your parents are reluctant to discuss their finances? Don't plunge right in, asking how much they are worth and whether they have a will.

As your parents age, their mobility will diminish and they may become forgetful, fueling the sense that they are losing control. If you then pressure them to talk about their finances, they may feel like they're being pushed to surrender even more control -- and they could react badly.

"It's like shouting at the parents, 'You're going to die,' " says Jerrold Lee Shapiro, chairman of the counseling psychology department at Santa Clara University in California. "The older the parents get, the more vulnerable they feel."

So if you want to talk to your elderly parents about their finances, how should you tackle the topic? Consider these three approaches:

- Ask your parents whether there's anything you can do to help them maintain their independence, suggests Hartford's Ms. Mohyde.

This is a key goal for many retirees, and it will give you a chance to discuss a host of subjects, including whether your parents ought to move, how they feel about assisted-living facilities and whether they have the money to pay for long-term care.

From there, it isn't a huge leap to start talking about how to handle things if your parents become incapacitated, what their wishes are concerning life-prolonging medical procedures and how they have divvied up their estate.

- Talk to your parents about what will happen after the first of them dies. Among older couples, the husband often manages the family's finances.

If he dies first, his wife may be ill-prepared to take over -- and this is likely a big concern for both of them. With any luck, once the conversation gets rolling, it will branch out into other areas of

their finances.

- Ask your parents what they would like to achieve with their estate. Maybe they want to leave a sum to their favorite charity or bequeath money directly to the grandchildren. "Even if they have a strained relationship with their children, the grandparents often have this unconditional love for their grandkids," notes Los Angeles financial adviser Richard Winer.

Sound like a tricky conversation? "I usually start with the word 'legacy,' " Prof. Shapiro says. "It's a future-oriented notion. What do you want to do with your estate? How would you like to be remembered? A lot of people want to have control over how they're thought about."

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