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THE ROBINSON LAW FIRM

WHAT AND WHEN
SHOULD YOU TELL YOUR CHILDREN
ABOUT THEIR INHERITANCE?

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Not many parents like to talk to their children about their wealth. How much money people have is usually considered a private matter, something it's not polite to talk about. But not talking to children about how much they may inherit can leave them unprepared to handle even a modest amount.

This is becoming especially important because children of baby boomers are due to inherit more wealth than ever before. It has been estimated that baby boomers will inherit \$12 trillion from their parents, and they will leave an additional \$30 trillion to their own children over the next 30 to 40 years.

Many who have substantial wealth are concerned that letting their children know how much they have will take away any motivation for the children to be productive and involved citizens. They often want their children to learn how to live in the world as "normal" people, and to be productive and successful in their own right.

Even those who are not as wealthy may not want their children to know how much they have. They may be concerned that all of their savings will be needed for retirement, medical expenses and end-of-life expenses. If that turns out to be the case, their kids would not receive an inheritance they may have been counting on.

But not knowing what they may inherit leaves children in the dark and can actually hinder their ability to handle money wisely. Those who inherit a substantial amount may be unprepared for what to do with that much money. Many find they suddenly feel separated from their friends, isolated, even confused about how to handle relationships; some will be wasteful and lazy. Those who inherit even a modest amount are likely to be just as irresponsible; stories of inheritances being squandered on an expensive sports car, lavish vacations and fast living are all too common.

Experts agree it is important to talk to children

about money and wealth, at least in generalities. There is no need to show them bank and financial statements. Instead of concentrating on money and material things, talk to them about your values, the opportunities money can provide and what you want to accomplish with it. Most parents want their children to think about others, and many want to encourage entrepreneurship. Some give their children a small amount of money at a young age, and teach them how to save and invest, give a certain amount to charity and spend wisely.

Of course, the most effective way to teach children about money is to be an example; let them see you using your money in ways that reinforce your values. Many parents show how they value family relationships by spending their money on family vacations or buying a second home where the entire family can gather for summers and holidays. If your children see you being charitable and helping others, chances are they will become charitable, too.

