

IS YOUR FAMILY PREPARED FOR *Their Inheritance?*



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Many high-net-worth families embrace the idea that family meetings should be a vital part of involving and preparing the next generation to successfully manage their finances. According to stats, 51% of Canadians expect to transfer wealth, but 47% of those haven't discussed the inheritance with the intended recipients. While it may not be appropriate dinner table discussion, having a family meeting to start communicating about it can help with tax planning for everyone and define the family's long-term financial goals and forge any needed agreements on those goals between generations.

These family discussions work best if the group sets goals, ensures transparency, and defines roles. It can really help connect family members across generations, so they understand the responsibility and management of their wealth, particularly if it will change the recipient's financial status significantly. However, even when convinced of the value, families can be reluctant to take the first step and get the conversation started. They may have reservations about how to handle sensitive information, potentially disruptive family members, privacy from other family members and questions from in-laws. One of the most important ways to preserve wealth is to mentor the younger generations on your family's values, philanthropic commitments, finances, business interests and best practices for wealth management. Seeing it in action is often a great way to learn to continue the practice.

One of the most effective ways to educate the next generation is through sharing knowledge of how wealth works and how it affects our lives. The best way to approach this is to consider holding a formal family meeting and making it a regular event. This typically happens during certain life events that touch upon money and personal finance in some way. Events such as buying their first car, their first house or condo, or when they get their own credit card are good opportunities to discuss budgeting and cash flows. When they have their first baby, it might be a good time to discuss educational planning, insurance for their own kids and wills/estate planning needs. The key to successful family planning is to start the conversations early and get them involved!

Ideally, formal family meetings would be held once a year and could last a few hours, but smaller life lessons can be shorter discussions about how mortgages work or the power of compounding investment returns. The formal events can discuss such things as the family's values, purpose and goals; financial projections and potential taxes and the plan for those; vacation and rental properties; the family business and the plans for it; a review of whether wills need to be updated, selection of executors



and powers of attorney; long term care options and wishes, as well as philanthropy. We recommend the preparation for these meetings include your wealth advisor, accountant and lawyer, and they could even attend some meetings themselves to help explain and answer more complex questions. For the meetings we help with, we not only advise families on the financial aspects of their wealth but also on the emotional aspects and how they wish to preserve and grow their wealth while leaving a legacy.

The responsibility of wealth requires active management to ensure proper stewardship and providing for future generations. From private wealth management to customized estate planning and wealth transfer strategies, ensure that you have the tools and resources through comprehensive financial planning to develop or transition to a new generation of leaders.

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