Help Your Heirs Avoid Family Conflicts About Your Estate

Chances are, you want to pass along some of your property, assets and wealth to your heirs. CEG Insights research finds that nearly 60% of affluent investors say living a life of significance means taking care of the people they value. It's also likely that you want the wealth transfer process to be smooth, clear and easy—with kids, grandkids and other inheritors walking away pleased.

Trouble is, the opposite outcome occurs too often. When it comes to inheritances, conflicts among family members are common in our experience. The impact of family fights over money can range from small (such as hurt feelings) to massive (including estrangement—with family members never speaking to each other again—and big legal bills that mean a chunk of your wealth ends up in the hands of lawyers instead of heirs).

The upshot: It's probably a good idea to be thinking about how to arrange your estate planning so it reflects both your wishes for your wealth and any interpersonal family dynamics that could cause big problems down the road.

Sources of family conflict

There are numerous reasons why the death of a loved one might spark infighting about financial matters. Here are some specific factors that can contribute to your family fighting about the money or possessions you leave them:

- **Your spouse (or partner) is not the parent of your children.**
- **You have stepchildren or children from multiple marriages.**
- **You have an estranged adult child or children.**
- **You don't approve of an adult child's partner or spouse.**
- **You want heirs to co-own certain assets.**
- **Your children don't get along with each other.**
- **You want to leave items to a friend who is not related to you.**
- **You haven't explicitly stated which family members you want to inherit specific items or assets.**

Key ways to help avoid estate planning fights

You can make moves today that may help sidestep or minimize the mistrust and anger that could lead to a family feud. Consider these action steps to promote greater family harmony around estate planning.

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Be aware of—and honest about—existing areas of family tension. Many people avoid or gloss over conflicts. But chances are you know, for example, whether your kids harbor negative feelings toward your second wife—or whether your daughter has long-standing feelings of resentment toward a sibling. Tensions that have been simmering can quickly boil over when an inheritance enters the picture. If you want to prevent war, think about the current and potential pain points in your family's various relationships as you start or revise your estate planning efforts, and how you might ease those sore spots.

MORE ACTION STEPS TO CONSIDER

Consider the appropriate balance. Estate planning can be an opportunity to balance the scales from a family financial perspective. For example, say you've given substantial sums to your older child during your lifetime—perhaps for higher education costs or as seed capital to start a business—but given little to no money to your younger child. In that case, you might consider leaving more of an inheritance to the second child and less to the first—particularly if your spending on the older child has caused some family friction.

Don't forget collectibles and heirlooms. Surprisingly, some of the biggest estate-related family conflicts can arise not over who gets the retirement account assets but over sentimental items with relatively low monetary value. Your kids may have deep emotional attachments to personal items in your home, from an old figurine to an extensive record collection. So decide now who will get which items, and be sure to communicate your decisions to your children. Better yet, ask your kids which (if any) specific items they would most desire.

Think through joint ownership. If multiple heirs want an asset, it's tempting to leave it to them jointly. However, this attempt at equity might backfire—if, say, the item is difficult or time-consuming to transport from one location to another. Joint ownership of a physical property, such as a lake home, might make more sense—but could still result in fights if the various owners have vastly different visions for the property's future use.

Communicate your wishes, intentions and decisions to your heirs. When you have your plan in place, tell your heirs your wishes for the assets and items you're passing on to them, and the reasons that drove your decisions. They might not agree with what you tell them, but at least they'll be clear on what you're doing and why. And you'll be giving them time to understand how their inheritance will play out and to come to terms with any outcomes they don't prefer.

Consider conducting a family meeting (or two). Getting everyone together to discuss issues around family wealth can be eye-opening and productive. A formal, facilitated meeting (run by a trusted advisor, for example) can help families better understand their financial goals and wishes, and how estate planning could play a role in them. Often, family meetings result in parents and children better defining their big-picture values around money and what they want to see their wealth accomplish in the world.

Introduce your family members to your advisors. Another way to smooth the inheritance process is to have your heirs get to know the advisors they're likely to deal with in the future—which may include your wealth manager, your estate planning attorney or your banker. Doing so gives you the opportunity to demonstrate to heirs your trust in these professionals, allows your heirs to become familiar with them and sets the stage for a smooth working relationship.

The future is uncertain, by definition. By taking some proactive steps now, you could potentially help create a peaceful, conflict-free environment for the people you care about most.