

How To Successfully Communicate Your Legacy & Estate Plan



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“Communication is key” is an age-old phrase, but when it comes to your wealth transfer and legacy planning process, it couldn’t be more applicable. The conversations you have with your family before and during this process can go a long way toward avoiding aggravation, costly legal expenses, and even the deterioration of family bonds.

Starting an open dialogue with your family early and including those you care about in the wealth transfer and legacy planning process may help avoid these potential conflicts. While making sure the

financial complexities are in order is crucial to keeping your legacy and estate intact, it may even be more important that those complexities and details are properly communicated to your family to ensure that your estate, and ultimately your wishes, receive the care they require to uphold.

Remember, before talking with your family, you will need to have a fairly comprehensive idea of your own goals. Don’t come to the table unprepared. Figure out the basics first, then present your vision to your family.

This Can Be A Hard Conversation

Here's the reality: Legacy planning issues probably don't come to mind on a daily basis. But as we all know, we're not going to live forever, and creating an estate plan is one of the most loving and responsible things you can do for your family. Having a conversation about personal financial matters is something you may not be used to, even among those close to you. But you have to work through that uncomfortable feeling, at least long enough to have a few key conversations with your family. Involving them early and often will help you gather insights and build harmony with your family. It may even be therapeutic for you, too.

Ultimately, it's important to accept that a legacy planning conversation is not going to be comfortable. It's a unique and difficult conversation, but is highly important for you and your family. Therefore, it needs a thorough plan in place to execute properly.

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This material aims to help you get ready to have this uncomfortable but important conversation.”



What To Know Before You Have The Conversation

This conversation is your chance to communicate your legacy plans to your family clearly. It will also give you a chance to hear the input and opinions of your loved ones. Even so, getting the conversation started can often be the hardest part.

Determine What You Hope To Achieve

- You've considered your own questions. Now, consider your reasoning behind them so that you can explain your thinking clearly and honestly.
- Make sure everyone is on the same page and comprehends your decisions and why you made them. This will relieve stress and bring peace of mind to your loved ones and dependents.
- If possible, include your family and heirs in the process. Listening to and considering input from your family can help them feel involved in the process and may help them be better stewards of your wishes.
- Promoting openness and trust may offset any potential conflicts later down the road.



Who/Where/When?



WHO you invite to the conversation will determine right away who will feel involved in the process and who might feel left out, so consider your “guest list” carefully. It’s also important to recognize that not everyone may be able to attend at the time and place you’ve decided on, so make sure to convey the details to them personally so they don’t receive information second-hand.



WHERE the conversation takes place is easy to overlook, but the location of your discussion is also an essential, if subtle, part of the conversation. Pick a comfortable environment for all involved that limits distractions. Consider the family home or a private space rather than a restaurant.



WHEN to have the conversation is one of the most difficult questions to answer. Set a due date for yourself to initiate the conversation. You’ll want to discuss your legacy planning before executing it so all feel involved, but it’s also important to find a time free of stress and strife in people’s lives so that they can focus on the discussion at hand.

Prepare To Present Important Documents

- In preparation for your conversation, be sure to organize your important documents so that you're prepared to visually explain what you're talking about if need be.
- Make copies of relevant documents so that you can distribute them to those involved. There's no need to overwhelm your audience with paperwork, but using the documents as visual guides can be helpful.

Practice Makes Perfect

Your words matter. Clearly presenting your thoughts and setting the conversation off honestly and on the right foot is the best way to keep the conversation—and the estate planning process as a whole—productive.

It may be helpful to practice what you'd like to say. Type out your words, read them over, read them out loud, and be deliberate about what you wish to communicate.

Some might feel more comfortable having a moderator, such as an attorney, lead the discussion. Adding a legal professional to the conversation may help clear up any misunderstandings and will add a third-party presence to help ease potential conflicts or difficulties when talking about this sensitive subject.

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What To Know When Having The Conversation

Everyone's legacy plan will be very different. There are no one-size-fits-all rules, but having an outline for how to communicate the goals and issues you want to address in the conversation itself can help you initiate and maintain the dialogue around this difficult subject.

Begin With Brief, Honest Opening Remarks

1. Don't sugarcoat why you're all there. You're planning for a future without you in it, and you want to make sure everyone understands the preparations you're making for when that time comes, and you're inviting them to be a part of that process.
2. How you present the conversation at the outset can help your family relax and be ready for this hard discussion.
3. Understand that it can be very emotional for those you love to envision a future without you. Being overly emotional may not serve the purpose of the conversation. But be heartfelt and clear.
 - a. Reassure everyone involved that you are planning for the benefit of the entire family.
 - b. Let them know that you're involving them because it's important to you that everyone understands your plan so that there is no confusion later.



Explain The High-Level Objectives For Your Estate

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Balance Your Wishes With Theirs

Ensure their questions are addressed and allow everyone to have a voice in the conversation.

Letting everyone get their thoughts and opinions out in the open now can help avoid conflicts and hard feelings later on.

Remember, you have the final say in the decisions you make in your legacy plan.

Express your thoughts and feelings and let others express theirs. But if you've decided on something, unless someone has thoughtfully convinced you otherwise, stick to it.

Here are some common questions you should have your family weigh in on:

- Are there certain family heirlooms that might be more important to one person than they might be to another?
- Will you designate a caregiver in case of your incapacitation? Let them weigh in, as this might unearth important emotions as well as logistical solutions.
- Will certain people manage different parts of your estate?
- How have you decided to give or divide your properties?
- Challenge your audience to bring up other questions you might have overlooked.

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Getting everyone's opinions and thoughts organized may help them feel more secure during this process and will help you set the foundation for the best possible legacy plan for everyone in your family.

Every family has different needs and circumstances, so planning how to best meet everyone's considerations and requirements is of the utmost importance. Perhaps you have a loved one with an illness or a disability that requires special, long-term care. Discussing how to care for these people in your legacy plan can help to protect those most vulnerable.

Expect Controversies And Arguments

Ask yourself if there are aspects of your plan that might potentially cause a rift between family members, such as the allocation of items that may hold sentimental value, like jewelry and other family heirlooms. Consider these questions:

- Are there unequal parts of the plan that might cause hard feelings?
- Does the plan include support of individuals or entities other than direct descendants, such as stepchildren, close friends, or charities?
- How will you attempt to fairly balance out the gifts and responsibilities between your heirs? At the very least, let them know you're open to exploring ways to fairly construct or revise your estate plan.

Overlooking these important questions can, and has, led to controversy among families. Such controversies can be quite serious and can cost your family staggering monetary and emotional costs if rifts in familial bonds develop as a result. Addressing any possible conflicts or controversies early can clear up any possible confusion over your ultimate wishes.



Key Questions To Address In Your Conversation



Who Will Be The Key Players In Your Estate Plan?

When planning your estate, it might be necessary to appoint a family member or fiduciary, such as an executor, trustee, or agent under a power of attorney.¹

There will often be more than one leading role in your plan, and some of these positions may be held jointly.

It's also possible that instead of having a member of your family act in one or more of these functions, you might choose a professional, such as an attorney or trust company.

No matter who you decide will be the important players in your plan, it's important to convey your reasoning behind these decisions early on.

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Will You Be Using A Living Trust?

A living trust may be one of the most important and common tools used in an estate plan. If you're considering using a trust rather than an outright, one-time distribution of your wealth, explain to your family exactly what's in that trust and what it outlines.

Be Trustworthy With Your Trust

Secrets and mystery will only harbor ill will and distrust, so it's important to clearly explain how exactly the trust will work.

Answer these questions before talking about the use of your trust:

- When will they be able to access money in the trust?
- How will they gain access to it? How is it structured?
- Are there any requirements that must be fulfilled before they gain access to the trust?

Do You Have A Family Business?

If you own a business, it's important to consider whether you'd like to keep the business in the family via your estate plan or if it would make more sense to sell the business and use the proceeds as part of your plan.

If your loved ones share your passion and vision for your business or are already involved in its operations, it may make the most sense to pass your share of the business down as a sort of living extension of your legacy.

As you may know, owning and running a business is no small task. However, if members of your family are unprepared or unwilling to continue with the business, you might want to plan to sell it. This is a conversation and decision that should happen before finalizing your estate plan, separately from the estate planning process.



Will A Lifetime Giving Strategy Be A Part Of Your Plan?

Donating throughout your lifetime can be both rewarding and an effective tax strategy. There are tax exemptions for gifting during your lifetime. There are annual gift tax exemption limits and lifetime gift tax exemption limits. But if you leave everything to the wealth transfer process after your passing, various taxes will be levied on the inheritance you intend to keep intact for your heirs.

The annual gift-tax exemption, for example, can help you contribute to more urgent or time-sensitive matters for your family, such as medical or tuition bills. It can also help you have more control over your estate planning process. You can essentially oversee your own wealth transfer if you gift your assets over the course of your lifetime. For example, you may benefit from gifting a home to a family member while making sure you can still use it for the rest of your retirement.²

It's also important to know that real estate and stocks can be transferred to others or to charitable organizations tax-free during your lifetime. This can help you see the tangible benefits of your gifts as well as receive the associated tax benefits.

If a lifetime giving strategy is going to be a part of your plan, it's important to include exactly how you plan to distribute your gifts so that everyone affected knows what to expect.



Will Charitable Giving Be A Part Of Your Plan?



If philanthropy will be a part of your estate plan, it's wise to convey to your inheritors how and why the wealth you leave behind will support those causes and charities you value most.

Leaving a fund or an endowment for a charitable cause or institution can leave a lasting legacy for you and your family, and explaining to them why you've decided to support these organizations can lay the groundwork for your inheritor's charitable giving habits and instill family values for generations to come.

Clearly addressing your rationale for these inevitable questions can help you come prepared for the conversation and clear up any confusion and possible hard feelings in the future.

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What to Know After Your Conversation

Now that you've had the legacy planning conversation with your family and loved ones, there are a few steps you can take to ensure everyone is on the same page.

When In Doubt, Put It In Writing

It might be helpful to recap the main takeaways, to-dos, or responsibilities in an email or shared document. If there is any family member who plays a role in the estate transfer process who couldn't be present for the meeting, putting things in writing is a key part of making sure they're looped in and can help the estate planning and transfer process go smoothly. Though it might not be necessary for every estate planning conversation, for ones with action items and key wishes, a written summary can help provide clarity and should also include any tasks that might need to be completed by others. And, of course, to avoid confusion and argumentation, keeping things in writing can help everyone remember what was agreed upon and stay on track.

Upkeep Your Documents

Organizing, securing, and sharing the location of important documents, such as wills, trusts, insurance policies, bank accounts, tax returns, and other financial statements and records is one of the most crucial steps you can take, both before and after your legacy conversation. You may want to consider using a secure electronic documents storage service, as these are highly confidential documents.





Share Access To Necessary Items

Depending on timing, your comfort level, and your family's circumstances, it might make the most sense to share how to access these documents. It's important that a trusted person has the necessary information to retrieve the will, access assets, and more. Remember, these are documents that your family will need to be able to access at one of the most emotional times of their lives.

Finally, keep everyone aware of any major changes to your plan.

While the first discussion with your loved ones about your legacy plan is important, it's equally important to keep them informed of any changes or revisions to your plan, as legacy plans are rarely set in stone on the first go-around. Sharing progress on your ever-evolving plan will ensure everyone feels informed and included, key emotions in avoiding any potential family disharmony. If you make edits to the plan based on solid arguments from your loved ones, make sure to inform the right people of the changes.



What's Next?

This conversation may be one of the most important yet most difficult conversations in your lifetime. In addition, you only get one shot at executing your legacy and estate plan properly. That's why it's crucial to have experienced professionals like ours at VestGen Wealth Partners by your side. We have helped steward the process for others just like you, and we're ready to help you navigate this difficult process. Don't let your legacy fall apart. Sign up for a complimentary review of your finances and legacy plan with us today.

Sources

1. <https://smartasset.com/estate-planning/executor-of-estate-vs-power-of-attorney>
2. <https://www.investopedia.com/terms/a/annual-exclusion.asp>

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Disclosure

Note that the economic data presented throughout this material was gathered in September of 2023, and its sources are believed to be accurate at the time of research. The information presented is expected to change over time.

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