

Parents – support your children now – not from the grave!

Surprises are great on birthdays – but not when the will is read. It's easy to understand disappointment and resentment if the inheritance is smaller than expected. But negative feelings are also common if the estate is larger than expected. In this case the heirs say, "I wish my parents had trusted me enough to tell me what to expect". If I had known what to expect I could have spent more time with my family and created family memories.



Studies show that 70% of wealth transitions don't work out as the parents wish, and the key to ensuring that your family successfully transitions wealth is to have a history of open discussions about money and your estate plans. Don't let talking about money be the 'last taboo'.

If your heirs are to inherit a significant amount there are good reasons to give 'advances' on the future inheritance.

By giving advances parents get to enjoy seeing the good that they can do. They're able to help when the children need it the most. They can see how the money is used and if it is being used in a self destructive manner they have time to change their will to protect the child. They reduce the income tax and probate fees on the estate. They give their heirs an opportunity to learn to manage money. It's always best to make your investing mistakes with smaller amounts of money. Finally, this reduces the probability that a large estate will cause the family to be torn apart.

Parents don't realize that they may be the glue that holds the family together. Even with a close family, when the parents are gone, and sons in-laws and daughters-in-law are involved, the possibility of a dispute over the estate is directly related to the size of the estate. Warren MacKenzie, CPA, CA, CFP, CIM, CIMA warren.mackenzie@optimizewealth.ca