



Family Money Talks

Transfer wisdom, not just wealth

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Most Americans believe it's the job of parents to teach their kids about money, yet many don't talk to their children about their wealth.¹ After spending years earning and accumulating wealth, and maybe some time establishing a plan to pass it on to their children, many parents spend little to no time preparing their adult kids to receive and manage their inheritance.

Consequently, a staggering 70% of families lose their wealth by the next generation, with 90% losing it the generation after that.² Research has shown that embracing the topic of money can help equip adult kids to sustain inherited wealth, creating a dilemma for parents who are wary of discussing a topic that's still taboo in our culture.

Here's the good news: There's a way talk to your adult kids about money and help set them up for future financial success, and it's likely not what you envision.

What we'll cover:

1. What a family money talk is
2. Three types of intelligence
3. How to begin a family money talk

The Money Talk Taboo



67%

of affluent Americans haven't talked to their children about wealth or don't plan on it.³



What a Family Money Talk Is

The mere thought of talking about money, particularly with adult kids, can be nerve-wracking. A few of the fears I commonly hear from parents are: talking about money would cause the next generation to become unmotivated and entitled, or it would change the parents' relationship with their kids. These are legitimate concerns.

But a *family money talk* is different.

The beauty of a family money talk is that it allows you to impart key principles of managing wealth without discussing family assets. In other words, you can have productive conversations about money without actually talking about money. Assets may be part of the conversation later.

Instead of numbers, family money talks focus on what money means to each family member and what they hope to accomplish with it. Topics can range from financial fundamentals to family members' thoughts, feelings, and beliefs about money and its purpose in their life.

The Benefits of Having Family Money Talks

Having family money talks are an opportunity to:

- 1. Help the next generation to be financially fit:** Having the skills and confidence to create and manage wealth and to achieve longer-term goals
- 2. Discuss family members' values and hopes for the future:** Understanding individual values to guide financial decisions and use money in a meaningful, satisfying way
- 3. Transfer wisdom, not just wealth:** Passing on financial insight to help sustain and grow wealth based on values and goals

Overall, a family that talks regularly about money in this way has greater financial wellbeing and is more successful in passing on wealth to the next generation. I assure you that I've observed the benefits of family money talks firsthand, many times over. I'll explain how to begin having family money talks in this workbook.



Three Types of Intelligence

When having a family money talk, you don't have to wing it, and it doesn't have to be boring. The activities in this section help you kick-off your family money talks and provide a structure for your conversations. These discovery exercises are based on three types of intelligence—financial, emotional, and family—all of which contribute to financial fitness. They aren't intended to test your financial know-how, but to create a safe space for sharing and learning.

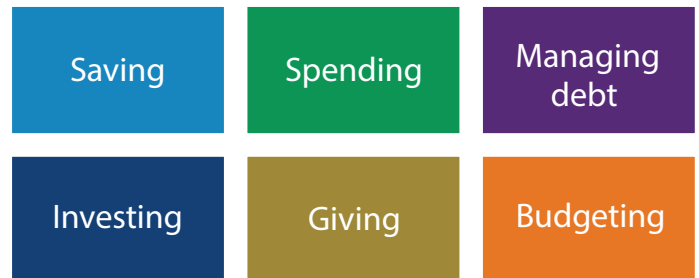
Financial Intelligence

Financial intelligence enables us to make wise financial decisions that help build and sustain wealth. The building blocks of financial intelligence are: saving, spending, managing debt, investing, giving, and budgeting.

You may not be an expert in each area, but you don't have to be. You know the fundamentals, some of which you were taught and some you learned on your own—possibly the hard way. Think of it as book smarts vs. street smarts. Either way, you have years of learning under your belt.

To pass on this wisdom to your adult kids, you can share a personal story. Why? Stories are an effective teaching tool. They're engaging, entertaining, and instead of sounding like a lecture, stories promote a back-and-forth discussion.

Financial Intelligence Building Blocks




Financial intelligence doesn't require an economics degree. You've naturally acquired financial intelligence through life experiences that you can share.


FINANCIAL INTELLIGENCE EXERCISE: SHARE A RELATED STORY


Stories allow your adult kids to learn from your real-world experiences—positive or negative. In this exercise, you can share a story about a triumph, a story of resilience, or a changed perspective.


1 Start by thinking about the six financial intelligence building blocks: saving, spending, managing debt, investing, giving, and budgeting.

2 Is there a story or experience you could share that's related to one of the categories?

 Your best decision

 A big mistake (It's okay to be open with your kids about financial mistakes you've made.)

 A funny situation

 Another idea

3 What did you learn from the experience, and how did it shape the way you handle your finances today?

After hearing your story, your adult kids may naturally share a story of their own. If they don't, that's okay. They might want to know more about your experience and ask questions. Either way, you're sharing wisdom.

Because managing wealth requires more than just knowledge, foundational financial skills are even more powerful when combined with emotional intelligence, which we'll cover in the next section.

Emotional Intelligence

Emotional intelligence is understanding our relationship with money, particularly how our thoughts, feelings, and beliefs about money influence our financial decisions and behaviors. In other words, it sheds light on the choices we make and why we make them.

Our thoughts, feelings, and beliefs about money aren't good or bad—it's how they influence us and our financial wellbeing that may need to be evaluated.

Emotional intelligence isn't as straightforward as financial intelligence. Frankly, it's complicated—but I've provided an exercise to simplify the concept. Let's look at an example below.

The Connection Between Our Thoughts, Feelings, and Financial Behaviors

Imagine someone's thought about money is, "If I can't pay cash for something, I shouldn't buy it." As you can see in the diagram, there are advantages and disadvantages to having this mindset. This may cause them to be fearful of spending money, especially on things they don't view as absolute necessities.



An advantage is living debt-free, or perhaps having very little debt. Sounds good, right? But potential disadvantages are denying themselves comfort and convenience, and possibly buying lower-quality items that will need to be replaced sooner, ultimately resulting in spending more money.

EMOTIONAL INTELLIGENCE EXERCISE: CONNECT YOUR THOUGHTS, FEELINGS, AND FINANCIAL DECISIONS

Use the diagram below to uncover your own thoughts, feelings, and beliefs about money and how they influence your financial decisions. Know that there are no right or wrong responses, and no one will have the exact same response.

1 The statements below represent common thoughts about money. Complete each one in your own words.

- When I save money, I...
- When I spend money, I...
- Investing makes me...
- When I have debt, I...
- Creating a budget is...

Choose one of your completed thoughts and write it under the **Thought** icon below.

2 How does that thought make you feel? Write it under the **Feeling** icon.

3 What do you or not do as a result? Write it under the **Decision/Behavior** icon.

4 What are the pros and cons of this mindset? Write those down next to the respective icons.

	THOUGHT	→		FEELING	→		DECISION/BEHAVIOR			PROS
_____	_____	_____	_____	_____	_____	_____	_____		↑	_____
_____	_____	_____	_____	_____	_____	_____	_____		↓	_____
_____	_____	_____	_____	_____	_____	_____	_____			_____
										CONS

5 Share your responses first. Then ask your adult kids to share theirs.

Teaching the next generation about the connection between how we think, feel, and behave financially can help your adult kids avoid mistakes, or at least perceive their mistakes in a different way and learn from them.



Family Intelligence

Family intelligence is your family history, values, and hopes for the next generation. Often values are part of the family history and shape our motivations and aspirations.

Being cognizant of our individual values is important,

because when our spending reflects our values, we maximize the utility of our money and spend in a more meaningful way. It also helps us spend more mindfully and limit spending money on the things that aren't worthwhile.

EXERCISE: IDENTIFY THREE CORE VALUES

The following exercise can spark a discussion with family members about what's important to them. Everyone's core values are unique to themselves and may shift over time.

But asking the next generation to share what they value and why is a great way to start a dialogue.

1 Scan the list of values words below, circling any words that represent what's important to you. Like the previous exercise, there are no right or wrong answers, so don't overthink it. Go with your gut.

Adventure	Freedom	Philanthropy
Career/work	Friendship	Play/pleasure
Community	Health & fitness	Power
Creativity	Helping others	Religion/spirituality
Ecology/environment	Independence	Security
Self-improvement	Leadership	Service
Family	Learning & education	Travel

2 Next, review the words you circled and narrow down your top three values. If you're unable to identify just three, don't worry. You can continue thinking about it and resume a discussion later.

3 Ask yourself:

- Why are these values important to you? _____
- How were these values formed? _____

4 Share one of the top three values you identified with your adult kids. Briefly explain why it's important to you.

5 Ask your adult kids to share their responses.

How Values Can Be Passed On

Some families use philanthropy as a tool for to teach the next generation how wealth can be used to support their values.

This may be in the form of charitable donations, patronizing businesses with a particular mission, or donating time and talent.

Others may identify and teach values differently.

- Parents who love adventure may travel with their kids to show them the world and share adventures together.
- A family that's spiritual may attend services together and take an active role in their faith community.
- Parents who value learning and development may not just invest in their children's education but further their own.

However someone chooses to do this, having clarity about their values can inform their saving and spending as well as investment decisions.

Living in alignment with those values leads to greater fulfillment.

How Do You Honor Your Values?



Values-based financial decisions may include philanthropy or aligning saving and spending with goals, interests, and priorities.





How to Prepare for Your First Family Money Talk

Now that you understand what a family money talk is and the three types of intelligence you want to instill in the next generation, I'll tell you how to use this information to start family money talks.

Preparing for Your First Family Money Talk

Preparing for a money talk is important and can boost confidence.

1 Float the Idea

Tell your adult kids you attended an interesting seminar that taught families how to have productive conversations about money. It changed your perception of what it means to talk about money and why it's so important. It was actually fun, and you'd like to tell them a bit about what you learned. You want to hear their thoughts and ideas about money too.

2 Decide Who to Invite

Depending on your family dynamics, you may want to invite all your children at one time, or you may decide to start by having individual meetings with each one.

This is a personal decision and it's okay to start small.

3 Pick a Convenient Time and Place

Select a time and place that's convenient for those involved, where family members can feel at ease listening and sharing. The location itself should be relaxed and comfortable but suitable for having a conversation. A crowded restaurant, for example, wouldn't be appropriate because of noise and distractions. Consider hosting your family money talk at your home, neighborhood clubhouse, or another relaxed atmosphere. Make sure it's a space where they can be at ease listening and sharing.

4 Pick One Exercise to Do

A family money talk doesn't have to be awkward, boring, or complicated. Choose one of the three interactive exercises designed to help families have money talks that are engaging and informative conversations—and a little fun.

Meeting Guidelines

Having guidelines for these discussions may seem overbearing, but they help set expectations for healthy, respectful discussions. As you move forward with your first family money talk, there are some guidelines that may help.

Listen and be curious. Ask questions.

- Showing interest can help a family member who's sharing feel to valued and encourage more conversation.

Allow each person to be heard—no interrupting.

- Be respectful of others' viewpoints, even if you don't agree with them.

Try to avoid reacting or worrying.

- This is simply a conversation. Fight the urge to control or dictate the dialogue. Instead, approach the conversation with curiosity and wonder. You just may be surprised what you learn.
- Consider working with your financial professional or a family coach to help facilitate the process.

Beginning a Family Money Talk is Just That, Because Family Money Talks Are Ongoing

Hopefully, that alleviates any pressure you might feel to have a flawless or transformative conversation. The fact that you've committed to starting the conversation is an accomplishment. By doing so, you can help the next generation avoid unnecessary financial stress and ensure their own financial security.

If You Encounter Resistance

After floating the idea, chances are your kids will agree to a family money talk. If they're resistant, they may be unsure about what to expect.

Telling them what *not* to expect can help. Depending on what their concerns are, the points below may help address them.

A Family Money Talk is Not a Time to:

- Discuss "who gets what"
- Impose your wishes or dictate what family members should do
- Judge or correct anyone's behavior
- Give a financial lecture



Next Steps

1. Determine the first topic to discuss with your family
2. Start small by picking one exercise to do
3. Have a family money talk and learn more about each other



Wealth psychology expert and coach **Kathleen Burns Kingsbury**, founder of KBK Wealth Connection, has more than two decades of experience educating professionals and empowering women, couples, and families.

¹ Who should teach kids about money? Americans say parents, but many don't talk to their own children about it: CNBC + Acorns survey, 4/22

² 5 Huge Lies About Generational Wealth, finance.yahoo.com, 1/22

³ 4 Reasons Parents Don't Discuss Money (and Why They Should), nytimes.com, 8/19

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