



Part II: Fanning the flame of the family wealth The quality of an adult child's planning is a crucial element

In today's planning environment, there is so much focus on the current generation's affairs, it is common to bypass the need for adult children's planning to be as expertly handled as your own. There are three crucial issues to address.

1. Heirs need quality documents too

In the first realm, consider the following scenarios. If you have already passed family or business assets to your adult children, and the child dies prematurely and without planning, the assets flow to their spouse. That means you could wind up in business with your daughter-in-law. It also means that any financial assets already passed may become marital property, thereby practically disinheriting your grandchildren.

2. Mentorship as a positive spin

Realm number two offers positive reasons to address these issues now. Someday your children will hold the reins of the family wealth. What is preparing them for this journey? If the children are stimulated to work on planning today, you can sit side by side helping them to gain the wisdom of your decision making abilities. Let them choose their own legal and financial advisors, but do so jointly so they know how to evaluate integrity and expertise.



Also, adult children may make investment decisions without knowing what to look for. Walking through decisions together equips your children for their solo journey and provides you with confidence of their ability to take flight.

3. Crucial considerations for adult children's planning

If you can be a catalyst for your children's planning, it is more likely to be executed in a quality and timely manner. In addition to having their own Wills and Trusts, consider the following elements.

The tendency is to think of estate planning in terms of death, however for young people, disability is a more likely and far riskier proposition. Advance Medical Directives are legally binding documents that voice the medical decisions you would make for yourself if you were unable to.

Next, they should keep inherited assets segregated so they do not become marital assets. Marital assets are subject to divorce proceedings. They also become the surviving spouse's property if your son or daughter dies first or early. Most adult children don't realize that something as simple as writing a check from a trust to pay their mortgage causes the assets to become marital assets.

Lastly, if you have grandchildren, the children should identify both a successor fiduciary and a successor guardian. The person they trust to nurture and raise their children isn't necessarily the same person who should manage the children's assets.

As we stated in the May issue, in order to give these issues due focus, consider engaging your advisory team in a separate formal planning arrangement with a defined scope.

And, as always, please feel free to call us with questions regarding this or other planning topics.



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