

SHOULD YOU TELL THE KIDS?

“We asked our three children how they would feel if we left each of them 30 percent of our estate instead of 33⅓ percent,” remarked a certain woman. She said that she and her husband proceeded to explain to the children that they were thinking of leaving 10 percent, the proverbial tithe, to charity and the remainder to them. Then they identified the intended charitable recipients and explained why they thought the mission of these organizations was so important to the community.

Some parents, unlike these two, do not discuss with their children their charitable intentions. Indeed, they may not inform the children even about the legacies they have provided for them individually. Only when a parent dies do the children learn what provisions were made in the parent’s will or living trust for them and other persons and institutions. In fact, because the total wealth of their parents was never revealed to them, they had no idea of how much was to be divided and what types of assets were owned.

There are several reasons why parents might not want to reveal details about their estates and wills to their children. It would be easier to change their minds about distributions if no one knows the current plans. If they are quite wealthy, they may fear that foreknowledge of substantial inheritances might be a disincentive for the children to develop their own careers. If they have provided for the children in different ways, based on each child’s circumstances, they fear telling them this might result in family dissension. They are concerned that children might resent a charitable bequest in their wills.

On the other hand, there are compelling reasons for parents to be open with children about their estate plans. Dissension over a will is more likely to occur when the children are surprised by its contents. By explaining in advance decisions that might otherwise be puzzling, the parents promote family harmony. If substantial wealth will pass to the children, it is important to discuss with them how to handle it responsibly. Estate settlement will go more smoothly when the executor (often one of more of the children) has full knowledge of a parent’s holdings and intentions.

The parents who advised their three children that they wanted to divide 90 percent of their estate among them and give 10 percent to charity were pleased that their children fully endorsed the plan. In the process of bestowing on the children most of the fruits of life’s labours, they transferred an even greater gift to them – a sense of responsibility for others. There is a good possibility that their children, in turn, will transmit this value to the next generation.