ARTICLE:

Helping Children Achieve Success Through Being Strategic

Leveraging What You've Learned From Experience

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Today, it seems as though there is so much focus on the senior generation's affairs that it is common to overlook the need for adult children's planning to be as expertly handled as ours. Consider these important and often vexing issues:

LOVED ONES NEED QUALITY STRATEGIES AND DOCUMENTS TOO.

Let's consider the following scenario. If you have already passed family assets, possibly including business ownership, to your adult children, and a child dies prematurely without having implemented protection strategies, the assets would likely transfer outright to their spouse. That could work out fine, or it could mean your other family members may find themselves in business with your daughter-in-law or son-in-law, or whomever they may marry in the future. It could even mean that financial assets already transferred could become marital property in a subsequent marriage, thereby potentially disinheriting your grandchildren.

What if your child divorces? Marital assets are subject to divorce proceedings, often protracted and costly. Most adult children don't realize that something as simple as writing checks from a trust to pay bills such as their mortgage may bring the trust assets into the marital estate. Is it not sensible to keep gifted and inherited assets segregated, with the goal being for them to not become marital assets? Does it not make sense to address and implement strategies proactively to forestall these potentialities?

While estate planning for assets is important, people tend to think of estate planning only in terms of death, yet there are other issues of concern.

THERE ARE OTHER IMPORTANT ISSUES OFTEN NOT CONSIDERED.

If you have grandchildren, encourage your children to identify guardians, trustees and successors who have specified and separate roles. The person they trust to nurture and raise their children may not necessarily be the best person to also manage assets established for the benefit of the children. Separating those roles may protect the "care giver guardian" from future potential accusations of impropriety in managing the conflicts of interest inherent in serving both roles. It also removes what may be burdensome responsibilities, which likely would be outside their areas of expertise.

There are studies showing that young people are more likely to suffer a disability than a premature death. If a shareholder who has a role in a closely held business becomes disabled, it can become a huge problem for the business and the other shareholders. Think about these questions: Should and can their salary be paid, and if so, for how long and on what basis? What are the legal and tax ramifications? Do we need to replace them in their business role and how much will we have to pay their replacement? These issues are best addressed while shareholders are young and healthy.

THIS IS A GREAT "MENTORSHIP OPPORTUNITY" …WHY NOT USE IT?

There are powerful reasons to take this on in the near term. Someday your children will become stewards of the family wealth. What is preparing them for this responsibility? If you stimulate them to strategize now, your engagement can help them learn from your wisdom, experience, and decision making abilities. If they desire to have their own legal, tax, or financial advisors, select them together. Your children will learn from you how to evaluate professional advisors' integrity, expertise and "ability to get things done". Choosing the wrong advisors can result in painful setbacks.

Working together, you can help adult children gain confidence while avoiding costly mistakes. If you can be a catalyst for your children's planning, appropriate and powerful strategies are more likely to be implemented in a timely manner.

In order to give these issues due focus, you may consider talking with us about engaging our team.

As always, please feel free to call us at 216-765-0121 regarding this or any planning related questions.