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Talking to Your (Adult) Kids About Finances Part 2 (Video)

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In Part 2 of this series (watch Part 1 here), Grimes & Company Financial Advisor Neal French focuses on one of the most important—and often avoided—financial conversations: talking to your adult children about *your* finances. From estate planning and powers of attorney to healthcare directives and inheritance, he shares how to approach these topics with clarity and empathy.

Neal explains why these discussions matter and how open communication can help reduce conflict, protect your wishes, and strengthen family relationships. You can watch Part 2 below and view the full transcript below the fold:

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VIDEO TRANSCRIPTION:

Hello again, my name is Neal French with Grimes & Company. I'm a wealth manager here, and what I'll be talking about today is part two of a series we're doing about talking to your children about finances.

Part one was about talking to them when they're young about savings, investing, bills, credit, all of the things that they're going to be facing in their life.

Part two here is the scary one. It's really talking to them about your money, you know, as you get older older, you have to start thinking about estate issues, power of attorney, medical directives those types of things. It ceases to be as much about finances; starts to be a little bit more about emotions.

I want to start by telling you why this is an important conversation. This is scary, but they say that statistically speaking, the average inheritance lasts 18 months before it is depleted.

Add to that, over 70% of inherited wealth is lost by the second generation and 90% by the third. 70% of families lose a significant portion of their inheritance due to lawsuit and estate disputes

So as we get into the psychology of this conversation of why this is hard, as a parent, quite frankly, let's just be blunt. You start to think about your mortality when you have to have conversations like this, and that's never a good thing. But you're also thinking about the potential loss of your independence, your authority that you've had your whole life.

You have to start thinking and talking about, you know, the reality of health decline and using your finances for that. And the biggest thing I hear all the time is burden. You don't want to be a burden to your children.

Anxiety about favoritism or conflict between your children. You don't want that. That's the thing that we're trying to avoid here. But what are our children feeling?

They don't want to seem greedy, hopefully. They don't want to upset their parents by having this conversation in a wrong way.

That's why they avoid it. That's why a lot of times the parents avoid it. People resist these talks because they feel they're losing power. They open up when they feel they're gaining protection. So think about that as a parent. Think about that as a child.

Frame your conversation by am I helping them gain protection or am I gaining protection so that a third party isn't coming in and making a decision that they don't need to be making which, by the way, is what happens. How to start the conversation if you're the child. First thing is what not to say.

We need to talk about your will, something blunt like that. What happens when you die? Who gets what?

When you want to open up this conversation with mutual respect, instead, say hey, I want to understand your wishes so I can honor them. Think about where they're coming from with this conversation. If something unexpected happens, I

want to make sure I did what you wanted.

That's making them feel like, okay, I can have this conversation. People relax when they feel heard and their plans are being made.

So talking about the power of attorney, this is probably a difficult one most of the time. Reframe it as a backup plan, a way to keep decisions in our hands and trusted hands opposed to courts or strangers making decisions.

There's a medical power of attorney, by the way, but there's also a financial power of attorney. And that is who handles the bills, taxes, accounts, property, all the stuff that keeps going despite any kind of a health issue.

And sometimes you can split that among your children to A, get the responsibility split up between multiple people, but also it can help alleviate the, well, why didn't you ask me to do anything?

Let's talk about how we discuss that how we bring it up to our children. Inheritance isn't just about money. It's about fairness, love, and being open and honest with our children. So, be clear: explain why the decisions are made, not just what the decisions were.

If you have to write a written explanation or have a family meeting, again, it's about being open and honest. This isn't about loving a child more, we're trying to be fair based on circumstances.

Control the moment you have it, and it doesn't come up at a moment where it doesn't need to. Bring in a third party if you need to. We do this a lot. You can bring in an estate attorney, your wealth manager, somebody who can deflect, who can return the conversation to a middle ground. By the way, if this whole thing feels awkward, that usually means you're doing it right.

The greatest inheritance you can leave your children isn't the money. It's the clarity, preparation, and less conflict.

These conversations are not one and done. They're part of building a healthy financial habit for you and for your children.

Thank you, and I wish you luck with this meeting with your children.

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