



To Conceal or Reveal?

How much should your children know about your wealth?

If you have money, your children likely know you have it. While they don't know exactly how much, they have thoughts.

Which leads to the question: When do you –or do you ever– reveal how much?

According to Dr. Carolyn Friend and Dr. James Weiner, there's no right answer. Partners in marriage and in the consulting firm, Inheriting Wisdom, Friend and Weiner work with high net worth families to help them develop their relationships and healthy working dynamics, and indirectly, sustain their wealth for multiple generations.

In this Q&A, Friend and Weiner, authors of *The Legacy Conversation*, reveal the different question for deciding what and when to reveal – and offer advice for managing the family dynamics that often accompany discussions of family wealth.

What is common wisdom about revealing or concealing?

Dr. Carolyn Friend: Many think, “Better to reveal. Better to be open!”

So, they call a family meeting, and invite their estate attorney to discuss their wealth with their children. They lay out the profit and loss statements. Everything is revealed. It's completely transparent.

They believe that by revealing and being transparent there will be multiple positive results. They think down the road the family won't be torn up by fighting over money. They also think it will ensure the family will take ownership of the wealth in a way that is congruent with family values.

On the flip side, what's the thinking behind concealing the wealth?

Dr. Jamie Weiner: Some families don't want to create unnecessary conflict while they are living.

They think, "Let them fight over the artwork or vacation home after I die."

Or they fear that a sense of entitlement will settle in, and their children won't learn the value of hard work. Still others worry about losing a real connection with their family members. They fear that if they knew about the wealth, the relationship would revolve around the wealth and what a child might get.

Is there a continuum between "conceal" and "reveal" for families of wealth?

Dr. Weiner: At a recent speaking engagement, a man came up to us afterwards and said, "I have a 26-year-old son and he wants to know how much money he is going to inherit. He wants to know if he should develop a plan for what he wants to do with his life. Should I tell him?"

I asked, "Whose money is it?"

"Mine."

"Well if it's your money," I said, "then you can decide what you're comfortable with."

Our common wisdom is first to figure out what you're comfortable with and then work on the why behind your decision.

How do you uncover the "why"?

Dr. Friend: Simply concealing or revealing wealth won't stop the fighting. But, if your goal is to minimize familial conflict, sustain the wealth, and pass on family values, family members have to be able to work together.

You will need to create opportunities, prior to the revelation of wealth, for the family to work together to sustain the wealth. It's about getting families to talk about the things that really matter to them, and to help them make decisions that are not divisive.

Otherwise it goes to the attorneys in the ensuing drama.

Can you provide an example?

Dr. Friend: One of the biggest arguments among families is over the vacation home.

The vacation home?

Dr. Friend: Vacation homes are tied to memory—and everyone holds different memories, some closer to the heart than others. The arguments tend to be over who will get the vacation home, and if it goes to the next generation, how will it get used, who will be in charge of it, and who will maintain it.

A wealthy man owned an island with a large house on it. He wasn't sure how to handle the property in his estate planning. His advisor had an idea.

To minimize future conflict over the property he suggested that the family, comprised of multiple families, run the property before it was passed on. The family then called in a hotel consultant who helped them convert it into a family hotel, run by the family. The father ended up changing the trust and putting more money into it so that it actually could run from generation to generation.

Dr. Weiner: Our belief is whether you reveal it or conceal it, you have to prep the next generation for the conversation. Because if you have money—and own something like an extravagant piece of vacation property – your kids know you have money. The preparation is about teaching values around the money as well as how to manage the money. Sometimes you'll find that the next generation has fresh ideas for doing something great with the wealth.

It sounds like families need to be more intentional.

Dr. Friend: When I interviewed Adam Rockefeller, his wife Katie, and his cousin Justin Rockefeller, they stressed the importance of working at their family relationships. The family works at having a “cousins club” or “next gen” events. They find ways to nurture the relationships.

At the core of the responsibility of the Rockefeller family is their belief system—that their relationships with each other matter.

Are there certain times when parents feel more pressure to reveal how much they're worth?

Dr. Weiner: Certainly in times of transition, especially if the transition is related to the business and they feel the next generation needs a bigger picture. Other times families feel pressure are when someone is marrying into the family, when health issues arise, when a child is failing to launch, or when there are questions about how the inheritance will be divvied up.

Can a plan to conceal or reveal backfire?

Dr. Friend: Yes and no. Yes, it can if your motives aren't clearly explored.

There was a patriarch of a family—with a thriving business, which he had decided to sell. He kept his wealth under wraps for most of his life. When he finally called a family meeting to tell the children about his wealth and that he had sold the company, his children were furious that he hadn't shared how much

wealth he had. They were furious, because if they had known, they would have made different decisions about how they worked, what they did, and how much time they spent (or didn't spend) with their families.

His decision not to reveal was rooted in control. He and his wife came from no money and learned the value of hard work; and he didn't like how the kids were spending their money (even though it was largely their money that they had earned on their own). He said he didn't like the values that he perceived his children were passing on to his grandchildren.

Is this need for control damaging?

Dr. Friend: Almost always. Someone has to be the leader of the family, of course. And that's not a bad thing. It goes bad, however, when the family leadership turns to "my way or the highway." He was that kind of guy.

The world is changing fast, and the values seem to be changing even faster. Some from the older generation can't keep up. They may think they will become irrelevant if they don't insist on their way. Often, however, the values are the same—just expressed in a different manner.

Is there a wealth threshold you have to reach before revealing or concealing becomes an issue?

Dr. Weiner: Complexity increases with increased wealth. But we believe that revealing or concealing is a concern whenever a family believes there will be money that will last beyond their own lifetime—that's the threshold.

Because, ultimately, it's not really about the money.

Most families are concerned about their family staying together—beyond their lifetime. That's always at the heart of it all.



Dr. Jamie Weiner



Dr. Carolyn Friend

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