

Women & Wealth

Talking Money with Your Parents

Five life-driven conversations.



One of the most valuable assets your parents can leave you is their experience, especially when it comes to money. Leveraging the lessons they've learned while building wealth can help you stay on track financially, avoid costly mistakes, and pass your family's legacy on to future generations.

In addition, the more you learn about your parents' approach to money and investing, the more you can grow in each of the three types of intelligence necessary to successfully manage wealth:

- **Financial intelligence**—the sum of your financial knowledge and skills, plus your insight into your money mindset (your thoughts and beliefs about money)
- **Emotional intelligence**—how well you understand your own thoughts and feelings about spending, saving, investing and giving, as well as the impact of your words and actions on others
- **Family intelligence**—the sum of all the financial and nonfinancial knowledge of your family, including your family history, values and hopes for the next generation

Depending on your stage in life, there are many times when reaching out to your parents for insight can help. Here are five conversations you can initiate to start benefiting from their knowledge.

① I'm ready to buy a home.

Buying a home is as much an emotional decision as it is a financial one. Your parents might share details about saving for a down payment, understanding closing costs and locking in a good interest rate—all valuable details. However, be sure to ask about how they managed the stress involved with making such a big decision, as

well as how they knew when they had found the “right” home for them. Questions to start the conversation include:

- What did you learn when you bought your first home?
- What compromises did you have to make in order to stay within your budget?
- What do you know now about buying a home that you wish you knew then?

② It's time I create a spending plan.

Managing spending is important to preserving wealth, both in your own lifetime and for future generations. In some affluent families, the differential between money inflows and expenses may be wide. To the extent your parents have learned to strike a balance between saving and spending, they can impart that knowledge to you. Understanding their “money mindset” (what they believe about saving and spending) can help you shape your own. Here are a few ways to get the conversation started:

- What guidelines do you set to make sure you don't overspend?
- What happens when you disagree with a spouse or someone else about spending and saving?
- How does philanthropy fit into your spending plan?

There are many times when reaching out to your parents for insight can help.



SPECIAL CONTRIBUTOR

Kathleen Burns Kingsbury is a wealth psychology expert, author, and founder of KBK Wealth Connection. Her fifth book, *Breaking Money Silence®: How to Shatter Money Taboos, Talk More Openly about Finances and Live a Richer Life* will be published in the fall of 2017. For more information, visit kbkwealthconnection.com.

③ I need to ask for a raise/ negotiate a salary package.

Asking for money can be intimidating. Whether approaching your manager to ask for a raise or negotiating a bonus or salary, these discussions can be necessary in order to set expectations and ensure that your earnings remain competitive. In higher level executive positions, compensation can encompass much more than a paycheck, and it becomes important to understand other types of incentives, including stock plans, profit sharing, etc. Parents who have been successful in their careers have most likely had a number of these conversations. You can learn from their experiences by asking:

- Was there a time when you felt apprehensive about a financial negotiation? How did it turn out?
- What is the biggest mistake you think people make when asking for a raise or negotiating a salary? How can I avoid it?
- What should I know about executive compensation to make sure I receive a fair package?

④ I want to teach my children to be financially fit.

Do you recall experiences with your parents from your childhood that involved money? Chances are your parents were sharing some aspect of their values with you in those teachable moments. Passing those same values on to your children will not only equip them to manage their own money wisely but also ensure the continuation of your family's legacy. Probe your parents for stories from your

childhood that you can use to teach your children about money and wealth. In addition, ask them:

- How did our family become financially successful?
- What did your parents teach you about money?
- What is the one lesson I should make sure to pass on to your grandchildren?

⑤ My partner and I have to decide between joint and individual accounts.

Your parents' experiences as a couple have no doubt influenced their approach to this issue. Happily married couples may have no problem with joint ownership of all assets. But where trust has been broken, or when one partner enters the relationship with much greater wealth than the other, there can be sound reasons for segregating assets. Understanding your parents' journey and how they arrived at their choices about account titling can help guide your decisions. You can start this conversation by asking:

- What is your personal philosophy about joint vs. individual accounts for couples?
- What are the advantages and disadvantages of each?
- How do you have your accounts set up and why?

Your parents' path to financial stability and wealth is no doubt paved with successes as well as setbacks. Understanding both can be an invaluable advantage for you. The more you know about how they handle their day-to-day finances as well as their financial history, values and hopes, the better equipped you can be to successfully manage your own money—and continue your family's legacy of wealth.

Stoker Ostler

BMO  A part of BMO Financial Group

Stoker Ostler Wealth Advisors, Inc. is an SEC-registered investment advisor. The scenarios and descriptions above are for illustrative purposes only and may not be indicative of any recommendation for your portfolio. Investments carry risk, including the loss of principal. You should discuss your individual situation with your financial advisor before making investment decisions. Past performance is not indicative of future results.

BMO Wealth Management is a brand name that refers to BMO Harris Bank N.A. and certain of its affiliates that provide certain investment, investment advisory, trust, banking, securities, insurance and brokerage products and services.

BMO Private Bank is a brand name used in the United States by BMO Harris Bank N.A. Member FDIC. Not all products and services are available in every state and/or location.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP® and CERTIFIED FINANCIAL PLANNER™ in the U.S.

This information is being used to support the promotion or marketing of the planning strategies discussed herein. This information is not intended to be legal advice or tax advice to any taxpayer and is not intended to be relied upon. BMO Harris Bank N.A. and its affiliates do not provide legal advice to clients. You should review your particular circumstances with your independent legal and tax advisors.

Investment Products are: **NOT FDIC INSURED – NOT BANK GUARANTEED – MAY LOSE VALUE.**

© BMO Financial Group (2/17)