

## Family Money Talks

Transfer wisdom, not just wealth



By Kathleen Burns Kingsbury, founder of KBK Wealth Connection

Maybe you heard the adage, “The first generation makes it, the second generation spends it, and the third generation blows it.” Believe it or not, research shows it’s often true. When wealth is passed down, 70% of families lose their wealth by the next generation, with 90% losing it the generation after that.<sup>1</sup>

So why does this happen?

Often, the wealth transfers but the wisdom doesn’t. Sixty-seven percent of affluent Americans haven’t talked to their adult children about wealth or don’t plan on it. Parents often fear that talking about money will cause their kids to become unmotivated and entitled—or could risk changing their relationship. These are legitimate concerns—especially if assets are the focus of the conversation. But there’s a better way to equip adult kids to manage wealth responsibly. You can have productive conversations about money without talking about assets by using the family money talks approach.

### What we’ll be covering:

1. What a family money talk is
2. A financial intelligence exercise to get you started
3. How to bring it up

### The Money Talk Taboo



# 67%

of affluent Americans haven’t talked to their children about wealth or don’t plan on it.

Reasons Parents Don’t Discuss Money (and Why They Should),  
nytimes.com, 8/19

## First, What a Family Money Talk Is

Instead of assets, family money talks focus on what wealth means to each family member and what they hope to accomplish with it. Topics can range from financial fundamentals to family members' thoughts, feelings, and beliefs about money and its purpose in their life. A family money talk is not a time to discuss "who gets what," dictate what family heirs should do with their finances or give a financial lecture.

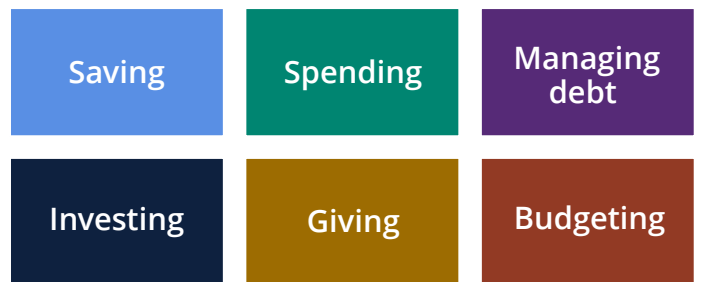
Rather, it's an opportunity to share the wisdom you've learned about earning and managing wealth in an engaging and non-threatening way. Not to be confused with estate-planning conversations, family money talks are discussions about family members' values and hopes for the future as they relate to wealth—without discussing family assets specifically.

Family money talks focus on three types of intelligences—financial, emotional, and family—all of which contribute to financial wisdom. They also help spark a family dialogue that's personal and insightful. But first let's define these intelligences:

- **Financial intelligence:** Financial knowledge and skills that enable you to make prudent financial decisions that build and sustain wealth
- **Emotional intelligence:** Understanding your relationship with money, particularly how our emotions influence our financial decisions and behaviors
- **Family intelligence:** Family history, values, and hopes for the next generation, and how these values were formed. How your parents felt and talked about money likely influenced the feelings and discussions you have with your own children.

When having a family money talk, you don't have to wing it, and it doesn't have to be boring. The following discovery exercise can help you kick-off a family money talk and provide a structure for your conversation.

## Financial Intelligence Building Blocks



*Financial intelligence doesn't require an economics degree. You've naturally acquired financial intelligence through life experiences that you can share.*

## Second, a Financial Intelligence Exercise to Get You Started

The financial intelligence exercise is effective yet simple, making it an easy place to begin your family money talk. There are six categories of financial intelligence: saving, spending, managing debt, investing, giving, and budgeting. You likely have a story or personal experience related to each one.

Stories are a powerful tool that allow your adult kids to learn from your real-world experience—positive or negative. You can share a story about a triumph, a story of resilience, or a changed perspective

1. Take a moment and think about the six categories of financial intelligence. Is there a story or past experience you can share that's related to one of those categories?
2. Your story can be about your biggest financial regret, your best money decision, a funny situation, or an important lesson you learned
3. Frame your story with the following:
  - What happened
  - How you responded after the event
  - What you learned
  - What difference it made

In other words, how did the experience shape the way you handle your finances today?

Sharing a story with your children is a great way to begin talking about money without the feeling of a lecture. After hearing your story, your adult kids may naturally



share a story of their own. If they don't, that's okay. They might want to know more about your experience and ask questions. Either way, you're sharing wisdom.

Don't be afraid to share stories about financial mistakes you've made, or hardships you've faced. Doing so lets your kids know you've made some missteps while also conveying the importance of perseverance. Now that you have a financial intelligence story to tell, you can start thinking about when you'll bring it up.

### **Third, How to Bring It Up**

Start simple. The conversations don't need to have grand themes but should have a simple idea of what you'd like to discuss. You don't have to call a formal meeting or schedule a sit-down with your children; these conversations should happen in settings natural to you and your family.

Be on the lookout for opportunities to share that story, e.g., a long car ride to the beach, over dinner, or over a round of golf.

You can easily start with, "Did I ever tell you about the time I..."

Over time, come up with and share more financial intelligence stories that focus on the other categories of financial intelligence.

### **"My Kids Are Adults, So It's Too Late To Have These Family Money Talks"**

Your kids may already have an established way of handling their finances. But over time, as you share financial intelligence stories, the bits of wisdom you've learned over the years may have an influence on them in future. They might even ask you first.

### **Remember Three Things About Family Money Talks**

First, family money talks give you a way to talk about money without talking about assets. It's a way to share the wisdom you've learned about creating and managing wealth without coming off as a lecturer. Second, financial



intelligence stories are a way to share your biggest financial regret, your best money decision, a funny situation, or an important lesson you learned. They're effective because we all like to hear a good story. Third, you don't have to share a financial intelligence story at a formal meeting. Bring it up during a casual conversation.

## The First Generation Might Make the Money, But the Third Generation Doesn't Have to Lose It

Do what most American families avoid—talk about wealth with your kids. The best part: You don't have to talk about your assets. Someday your kids will inherit your wealth. Make sure you pass along the wisdom to manage it too.

## Next Steps

1. Within a week, complete the financial intelligence discovery exercise
2. Within two weeks, share a financial intelligence story with your kids
3. Visit [hartfordfunds.com/family](https://hartfordfunds.com/family) to download the Family Money Talk whitepaper to learn about the other two types of intelligences



Wealth psychology expert and coach **Kathleen Burns Kingsbury**, founder of KBK Wealth Connection, has more than two decades of experience educating professionals and empowering women, couples, and families.

### References:

<sup>15</sup> Huge Lies About Generational Wealth, [finance.yahoo.com](https://finance.yahoo.com), 1/22

Kathleen Burns Kingsbury is not affiliated with Hartford Funds. This material is for informational purposes only.

Hartford Funds Distributors, LLC, Member FINRA. MAI399 0823 3076251