

# Family meetings: effective estate planning and business development

And how CPAs can work with other advisers

By Stuart C. Bear, Esq., Chestnut Cambronne PA

Estate planning, like people, changes throughout the years.

One trend among baby boomers (those born roughly from 1946 through 1964) is having a family meeting to discuss their estate plan with their children. The boomers' parents, the Silent Generation (those born between the mid-1920s and mid-1940s), are appropriately named in regard to estate planning: The terms of their estate plan were unknown and locked in a safe deposit box until death.

Baby boomers use the family meeting to share their estate plan in hopes that the transparency prevents their children from facing the same issues they did while settling their parents' estate. Family meetings provide value to clients and provide professional advisers (i.e., CPA, attorney, financial adviser) the opportunity to develop a relationship with the next generation.

This article examines how you can promote this practice for the benefit of your clients and their families and partners.

## Finalize estate planning with a family meeting

Family meetings are the final step in effective estate planning. To facilitate sharing a client's estate plan with their children, I offer to conduct a family meeting at my office. I strongly recommend a family meeting when: 1) assets are distributed unequally (whether actual or perceived) between children, 2) specific assets (i.e., family cabin or family business) are distributed to specific children, and 3) there is a second marriage or blended family. Professional advisers can also provide value by recommending a family meeting.

The goal of the family meeting is to avoid surprises and conflict between loved ones after death.

### When should the meeting take place?

The meeting should take place after documents are signed if a client is steadfast in the distribution of his or her estate. If a client is unsure about the distribution of his or her estate, I recommend an open discussion with their children before documents are signed. If a client is still unsure after hearing their children's thoughts and opinions, a family meeting may be necessary before the documents are signed.

### Who should be invited to the meeting?

An estate plan is most effective when everyone is on the same page, meaning everyone needs to be in the same room for the meeting. Fewer issues arise after death when the children, their spouses and the nominated representatives all have an opportunity to voice their opinions and concerns. The most common dilemma is whether to invite the children's spouses; I prefer they attend to control the message and reduce conflict between children because the spouses perceive something as unfair.

I also strongly encourage the entire "team" of professional advisers to attend. Communication and collaboration enable each adviser to provide a higher level of service. Clients appreciate the adviser's presence, which creates a strong first impression with their children. The family meeting also provides professional advisers an opportunity to develop a business relationship with future generations. When a client's children need professional advice of their own, they are more inclined to reach out to someone they have met before and know their parents trust. Attending the family meeting can be the difference between being "dad and mom's CPA" and being the "family CPA."

### What is discussed during the meeting?

The family meeting's focus is "big picture" details of the estate plan. Sending an outline prior to the meeting allows everyone to prepare questions, which results in better dialogue and, ultimately, a more effective meeting.

I open by explaining the difference between wills and trusts, and discuss the factors considered when choosing the primary estate planning document. I summarize the distribution of assets without disclosing specific financial information. The reason for distributing assets in trust is not to punish the beneficiary, but to ensure assets are available at a later stage in life when priorities have changed. Charitably-inclined clients are able to share their charitable values with their children and beneficiaries.

After describing the power of attorney and health care directive, the client shares their end-of-life wishes and preferences regarding organ donation and cremation or burial. This information provides solace to the health care agents when the doctor asks these difficult questions.

After each document is identified, I explain the roles of the personal representative, trustee, attorney-in-fact and health care agent.

Throughout the discussion, I turn to the professional advisers for their input and encourage they interrupt me to provide additional information or clarify information presented.

### Estate settlement meetings

Family meetings are the first step in setting the tone for efficient estate settlements. In the words of Alan Lakein<sup>2</sup>, “Failing to plan is planning to fail.” Creating and discussing a client’s estate plan are important steps towards reducing conflict during estate settlement, which allows everyone to properly grieve. However, in some families, nothing can be done to prevent conflict from surfacing.

There is no such thing as a reading of the will; the goal of the initial estate settlement meeting is to answer questions and provide a clear roadmap of the steps going forward. The tone set at this meeting can go a long way in making sure family members get along throughout the process.

#### Who should be invited?

I recommend the surviving spouse, children, nominated representatives and professional advisers attend the initial estate settlement meeting.

It is a best practice to get all issues on the table from the beginning. It is usually apparent within the first five minutes if there is dysfunction within the family. When you hear, “It’s not about the money,” you know it is about the money.

#### Set expectations.

It is important to inform everyone that the attorney’s client is the personal representative/trustee, and the attorney’s role is to act in the client’s best interest. With dysfunctional families, it is important to remind everyone the attorney’s role throughout the meeting.

#### What is discussed during the meeting?

Estate settlement meetings are most effective when each professional adviser discusses his or her area of expertise and feels free to comment at any time. Settling an estate has myriad issues; the more expertise in the room, the more efficient the estate settlement process.

The attorney focuses on the estate settlement process and the duties of each representative, encouraging them to reach out to the professional advisers for help. The concept that “no news is good news” is important to keep in mind. In second marriages, the attorney should explain statutory provisions that take precedent over estate planning documents. Less confrontation arises when the children are informed from the beginning that the surviving spouse is entitled to a life estate, one vehicle of any value, etc.

The CPA focuses on individual, fiduciary and estate tax returns that need to be filed.

The financial adviser focuses on creating separate accounts for each beneficiary, and discussing investment strategies for each beneficiary based upon his or her needs. If a client had retirement accounts, the financial adviser should explain the required minimum distributions and their application to each beneficiary.

<sup>1</sup>The author wishes to thank Ryan Prochaska, Esq., Chestnut Cambronne PA for his invaluable assistance in helping write this article.

<sup>2</sup>Alan Lakein is a well-known author on personal time management, including “How to Get Control of Your Time and Your Life.”



### Communication is key

The role of each professional adviser is to provide as much value to the client as possible, whether providing services in their area of expertise or encouraging clients to seek advice from professionals outside of their area of expertise. Both the client and professional advisers benefit from collaboration and open communication. The family meeting is an effective way to provide value to the client and an effective business strategy to build a relationship with the next generation. ■



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