

## The Care and Prevention of Problem Children

### Planning for Family Harmony (Part 4)

#### It's Your Money

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It has been said that if you want to know a person's true character, share an inheritance with them.

While you may have a great relationship with each of your children, the question responsible parents ask is, "How will my kids feel about each other when they divide the money?"

Warning signs may be difficult to pick up. It may be as subtle as an uncooperative son-in-law or daughter-in-law. Perhaps one of your children resents the fact that you spent a large sum of money educating one of his/her siblings. Maybe there is the perception (or the reality) that you gave special help to one child's business development and not another's. Weaknesses or addictions (alcohol, drugs, gambling) financial failure or marital strife in one of your children's lives may make them desperate and impossible to work with.

#### An Ounce of Prevention

- Σ Document transactions properly. Was the \$50,000 check you gave Mary 10 years ago a loan or a gift? While your intent (and your family's understanding) might have been that it was a compassionate loan, if Mary hasn't made any payments, and there is no IOU, you've set the stage for a battle.
- Σ Don't punish success. You might be flattered and surprised to know how hard your children are working simply to gain your approval. Giving more to a needy child is a devastating blow to the successful child, and may be perceived as a lack of affection.
- Σ Be fair. Lifetime is the best time to play "catch up" with the children that have been financially overlooked. An unexpected gift now would be a

heartwarming pleasure for you, and a delightful surprise for the overlooked child.

- Σ Be discreet. If it is absolutely essential to help one child more than another, do so discretely. Don't let your will or trust publicly announce your favoritism. Give confidential lifetime gifts to the needy child. Or secretly purchase a life insurance policy on your life for the needy child's benefit.
- Σ Be creative. Sometimes business or family situations are too complex for a "share and share alike" distribution plan. There can be a different ways to provide fairness for each child. Please see the last article for a more thorough discussion of this issue. If that magazine has already gone to the recycling center, give me a call.
- Σ Pay careful attention to family heirlooms. While there may be no emotional preference for IBM or AT & T stock, your child may be hurt if someone else gets the gun collection they were expecting. Leave detailed instructions and talk to your children about this emotionally sensitive issue.

### **A Ton of Care**

Face it folks. You aren't perfect and your kids aren't either. If in spite of your best efforts, your family appears headed for a train wreck you may wish to consider the following options:

- Σ No Contest Clause. You should consider placing a "no contest clause" in your will or trust to attempt to disgruntled heirs from attempting to invalidate your estate planning documents. According to Michael Noland, partner in the law firm of Kahn, Soares & Conway, LLP of Hanford, California, "a 'no contest clause', provides that if any beneficiary, in any manner, directly or indirectly contests or attacks the will or revocable trust or any of its provisions, any share or interest in your estate given under the will or trust to the contesting beneficiary is revoked and shall be disposed of in the manner provided in your will or trust as if the contesting beneficiary had predeceased you. The laws of your state of residence should be consulted regarding the enforcement of such 'no contest clauses'". While this may force the peace on a legal level, it probably won't heal personal relationships.
- Σ Disinheritance. You normally are not any under any legal obligation to leave a portion of your estate to your children. So if your child's conduct has been singularly reprehensible, you may wish to disinherit them. Consult your attorney if you wish to take this drastic step.

Before using “the big hammer” consider talking to the wayward child and tell them, lovingly, what they are forcing you to do. You may open up communication and perhaps take a step toward reconciliation.

In our next installment we will explore what can be done with children who have addiction problems or other severe lifestyle flaws. We’ll also show you how to light a fire under the child who is idly waiting for their ship to come in.

Verlyn De Wit helps successful farmers and dairy producers make smart decisions about their money. To contact Verlyn, or to receive free information of a general nature, please call The Ranch Co. at 559-733-3232. Or call Verlyn toll-free at 1-888-468-1728.

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