

## I. General Objectives

Many people remember sitting at the “kids table” at family gatherings through childhood. Often, the younger generation still feels like they are relegated to the “kids table” of family finances well into adulthood! No matter how old we get, our parents, aunts, and uncles will always think of us as the “kids.” In the financial realm of familial interaction, the same thing is true. Many children remain at the financial “kids table” into their 40s and beyond without learning the “adult” facts about the family’s financial situation or worldview!

Parents tend to hold their financial cards close so as not to circumvent the motivation and career development of their children. However, the plausible deniability of parental wealth has all but vanished in the modern family. More families own multiple residences and, for many of our clients, cash and equity compensation is a matter of public record, a mere Google search away in their employer’s Proxy statement. Though the larger cultural narrative says that parenting gets easier the more money you make, it is our observation that, paradoxically, parenting becomes *more* difficult.

In the realm of finance, Story Capital takes an approach far different from almost every other firm: we aim to serve the **entire adult family**, not just the wealth holding generation. Educating adult children about finances while maintaining confidentiality between generations and siblings leads to greater relational satisfaction or flourishing within the family by reducing tension and taboo surrounding financial and non-financial discussions. Western culture promotes John Wayne-style independence as one of its most cherished virtues. Story promotes conversation within the family around the alternate virtue of “*interdependence*,” a higher calling within most families that better honors the spirit of helping families to flourish together. Story’s objective is to graduate children from the “kid’s table” to the “adult table” where a new level of relationship is achievable for all participants.

## II. Benefits for Parents

Starting a conversation with your children about financial matters is daunting. It is easier, and perhaps safer, to ignore the topic and let your estate plan do the talking when you are dead. Question: Is taking the path of least resistance the *best* or *optimal* path for your children? Rarely! There is a better way forward for the whole family. When we suggest multigenerational planning to our clients who have already become aware of the sense of empowerment derived in the process, they are not only enthusiastic, but they often *pay for it* to be provided for their adult children. If you are not a Story Client, the first step in multigenerational planning and conversation is to begin with yourself and progress from there. Rome was not built in a day. Why do parents love this intergenerational, coordinated approach? Here are a few reasons:

- Multigenerational planning dramatically enhances financial literacy in their adult children.

- Having learned the value of great financial counsel in their own lives, parents find that introducing advisors of proximate age to their children, brings a sense of peace.
  - Story builds a complete team of young advisors (lawyer, accountant, property & casualty) that can grow with the children throughout their lifetimes.
- Parents learn to fully appreciate the creation of a neutral environment for prioritizing difficult conversations.
  - Using a third-party facilitator like Story makes it easier and more comfortable to begin discussing a wide array of financial and non-financial topics with their adult children.
- The coordinated effort provides an opportunity to talk about the basics of the parents' estate plan to pave the path for the inevitable future. The elimination of surprises reduces tension and worry for both parents and adult children.
  - This emergency preparedness gives one's children insight to know who to call and where to get information.

### **III. Benefits for Adult Children**

Many young people do not have a financial planner, let alone one who has comprehensive knowledge of the entire family's financial situation. By paying for initial financial planning, parents are giving their children the gift of sophisticated financial advice that they may not otherwise be able to access. Our technology-aided financial models empower our clients to make informed decisions with the help of our counsel. We use the same cashflow modeling technology for adult children as we do for their parents! By doing so, a common language is developed between the generations and siblings.

When authorized by parents, we integrate lifetime parental gifting and other details of the parents' [Legacy Planning](#) into the individual models of the adult children. This helps the children to optimize asset purpose and allocation *today* by giving them a more robust picture of their future. If the parents have achieved asset management fee discounts, Story extends these same discounts to the adult children which they otherwise would not achieve for decades. This process is appropriately termed "Householding."

Here are some examples of questions we discuss with and model for our clients' adult children:

- We are tired of renting – should we buy a home? If we buy, what should the down payment be? I hear my friends and family talking about putting 20% down, but we don't have the liquidity for that. Can you show us 5% down with mortgage insurance versus 20% down and no mortgage insurance?
- What kinds of retirement accounts should we have?
- How much should I contribute to my 401k?
- I have an Employee Stock Purchase Plan at work...can you explain to me how that works?
- My husband and I both have medical insurance through work. Which plan should we utilize?
- Should I pay for supplemental life insurance at work?
- Should we lease or buy a car?

- How should we approach paying down our debt?
- Can you build potential child education costs into our model to see how much we could potentially contribute?
- What if I changed jobs and took a lower salary with better job security?
- Can we afford full time parenting on only one income?
- Can we afford two kids in daycare?

This list goes on and the real beauty comes as parents begin to share information with their children. When this happens, we immediately see a shift in the questions adult children ask our team. For example:

- Since we know mom and dad have 529 accounts for our kids, we are no longer going to contribute to a 529. What are some alternative uses for this cash flow?

#### **IV. Why the younger generation likes working with Story**

When we advise multiple generations in the same family, we maintain strict confidentiality. There is a privacy barrier. We do not share information with parents or siblings unless explicitly instructed. The adult children can ask us questions about parental finances which they would be uncomfortable asking their parents directly. We NEVER answer these questions without checking with their parents first and frequently, these questions become topics for conversation in an upcoming family meeting. While few of our clients operate family businesses, there is always “the business of the family” which Story loves to support and strengthen.

Collaborative multigenerational family financial planning also provides additional context for model building. We can incorporate not only the children’s current personal financial world, but also, with the approval of parents, begin to include potential lifetime gifting and future inheritances. This has shown to be a major value add for our adult children clients.

Additionally, adult children enjoy working with someone they can relate to because of similar life experiences and age. Story Capital has the advantage of sophisticated knowledge of complex financial situations, but many on our team are age 35 or younger! Adult children want an advisor they can relate to. The “gray haired advisors” remain in the background with the adult children.

Story typically charges a planning fee which disappears as assets are placed with Story to manage. Our adult children clients generally have insufficient assets under our management to waive planning fees. Additionally, these fees can be hard for younger clients to swallow early on as they do not yet know the true value of financial planning. Having parents cover the first year of fees to “launch” their children into the financial planning world is the gentle encouragement adult children need to make a step in the right direction and expand their financial knowledge *now*.

## **V. Benefits for the Entire Family**

Story Capital believes that multigenerational wealth planning enhances human flourishing in the family. Why do we have such strong feelings about this?

Over the years, our team has noticed that when families open lines of communication on basic financial matters, other avenues of communication are also established.

- They discuss philanthropic matters, vacation properties, family vacation destinations, lifetime gifting, and coordination of education funding dollars. This gives Story the opportunity to assist as a third-party facilitator and thus strengthen a relationship with both generations.
- We also value empowering each generation to ask questions of the other with a high probability of getting straight, meaningful answers. However, there can be NO requirement to answer ANY question in either direction.
- There are some topics families don't discuss but they wish they could. Maybe financial matters don't seem as important with younger children, but as parents age and their kids turn into adults, there is greater urgency and priority. Some families will never take this step unless they have a safe third-party directing the conversations.

We want to be clear in saying that money is *not* the most important matter in a family. However, it does matter. Parents love their children and want to make sure they are well equipped for the future. Many parents have a heart for lifetime gifting and want to leave a legacy that will benefit their family well into the future. However, parents also fear damaging their children by giving too much information or actual dollars. It is Story's job to be sensitive to the concerns of parents and beneficiaries alike.

## **VI. Benefits for the Story Team**

Our tagline at Story Capital is "strength along your journey." Part of our mission statement reads: "We help our clients manage life's profound uncertainties with a core objective of enhancing human flourishing within the family." We are serious about this mission. We take pride in building trust with the next generation. We feel that we add major value for our clients by creating a safe and knowledgeable environment for their adult children to ask financial questions they might not otherwise feel comfortable asking their parents. We understand that harmony within the family is key to enhancing human flourishing and it gives us great joy to provide a platform for growth for the whole family.

If multi-generational financial planning sounds like just the thing your family needs, please give us a call!