We need to talk about the wealth…

10 year old Jamie Johnson discovered just how wealthy his family was when a classmate found his Dad's name in a Forbes magazine article listing the 400 richest people in America.

In the documentary 'Born Rich, Children of the Insanely Wealthy' the Johnson and Johnson heir describes how the article was then read aloud, with Jamie, his teacher and the rest of his class listening on intently.

In the same documentary, Josiah Hornblower, a Vanderbilt / Whitney heir, described the day his uncle took him on a tour of New York, from Grand Central Station, to the Whitney museum and beyond, pointing out all the prominent buildings the family owned. Until that point he had a basic upbringing with no appreciation for the wealth in the family.

The examples here are exaggerated; few children come from families with their own museum, however, they still impart valuable lessons.

In both scenarios, despite the best efforts of the parents to conceal their wealth the children invariably found out. By failing to own and shape the conversation, the parents, in effect abdicated this responsibility and others stepped into the vacuum, creating an abrupt, life-altering experience for their children.

We should not be surprised by these examples. The Wall Street Journal reported that only a third of parents worth more than $20 million discussed wealth with their kids before they turned 21.

Why is wealth so difficult to talk about in families?

A common argument goes like this… Why would our 15 year old focus on schoolwork and passing exams, charting their own path, if they find out that the family is worth $100Million? Furthermore, why burden them with all the extra pressure so young.

Parents are often nervous about creating a sense of entitlement and lack of ambition among their children. These are valid and real concerns. However, there

are some flaws in connecting these concerns directly to the conversation about family resources.

First of all, a 15 year old probably has a good idea that there is wealth in the family and if you don't talk about it, your children will make their own assumptions. These assumptions are rarely accurate.

Secondly, the family wealth doesn't always connect to inheritance. It is important to talk about how the strategy and purpose behind the family wealth relates to your estate plans. It may be that the family resources are illiquid and tied up in a business.

In the worse case scenario should your children suddenly inherit wealth they were unprepared for, rather than protecting your children, you could be setting them up for failure.

By starting early and often, you have a much better chance of moving the conversation in a positive direction, which returns to our core philosophy and redefining what it means to be wealthy.

With this philosophy in mind, here are our top five recommendations for talking about your family resources:

1. It's not about the money

This advice sounds counter-intuitive but the goal is not simply to make your family aware of the resources available, it is to help them see those resources as a means to support activities that bring personal meaning and purpose.

Rather than structuring interactions around the money, see this as an opportunity to start a more progressive, holistic conversation.

Introducing the concept of stewardship, purpose and meaning alongside the wealth, sets the expectation that they go hand in hand. Talking about the family history at the same time creates an opportunity to integrate lessons around values and work ethic.

2. Don’t feel as though you need to have all the answers

These conversations can often be confronting because they open up questions that you may not be fully ready to answer.

What is your personal purpose and strategy for the resources in your family?

The example that parents set is fundamental to the process. It’s hard to expect your children to become confident stewards if you don’t demonstrate the same philosophy.

However, setting this up as a one-way conversation immediately undermines the confidence you are hoping to instil. If you start the process as a blank canvas that the family can shape together, you are more likely to have a meaningful and engaging conversation.

These conversations can be the first step in shaping the next chapter in your family story.

3. Make it a progressive family discussion

Our focus here is on the children, but fundamentally, this is a discussion involving the whole family, an opportunity to ensure everyone has a shared understanding. It is surprising how many spouses lack insight into the structure and composition of the family resources. This is sometimes as simple as knowing where the account passwords are kept.

Making the conversation a family conversation, takes the pressure off the children. It’s no longer a big deal, or focused on one individual, it’s something that the family does collectively.

4. Get help

If your child were struggling with their homework, you wouldn’t question the idea of getting a tutor, yet we often hesitate when it comes to financial education and sensitive topics like the family resources.

The truth is, for all of the influence we have over our children's lives, when we assume the role of teacher our children often react negatively or switch off.

You can use these conversations to shape your families approach to wealth and to set the goal of creating confident stewards. If you don't start the conversation it's impossible to articulate or reach this goal. But to execute this goal, get the right the help.

5. Start the conversation today

Watching the remainder of the 'Born Rich' documentary it becomes clear that the experience Jamie had that day at school didn't trigger a wave of transparency in the Johnson family. Accepting the fact he's on camera, the questions Jamie poses to his Dad about the wealth in the family is an excruciating experience; it captures just how uncomfortable the topic becomes when it is so rarely spoken about.

Don't fall into that trap. The earlier you start, the more you talk about it, the easier it becomes. Start small and build from there.

Remember it is a conversation not a presentation, don't over-engineer it, but think about what will work best for your family.

Start the conversation when people are ready, open and together and kick off with some open questions. You might be surprised what your family already knows or believes.