

The DAILY PLAN-ITTM

Volume 21, Issue 9

Help clients maintain harmony among heirs

Sibling rivalry is as old as time. It was true in Cain and Abel's case, and it's true today.

One area of sibling discord is inheritance, and as [The New York Times](#) recently reported, deciding how to divide assets is one of the most difficult things parents - your clients - have to undertake. When deciding on how to divide assets, the last thing your client wants is a fight among heirs when your client is gone.

Of course, your clients should have a will or a trust that spells out how the assets are to be divided and a trustee to make sure the parents' wishes are followed. But beyond these basic documents, encourage your clients to have frank and honest discussions with their children to help ensure that there is harmony when your clients are no longer around.

Happy family?

It might seem natural that surviving children should inherit your clients' assets equally, but this is where conflict often arises.

A trust that holds all the assets can be ripe for disagreements among siblings. If they had ongoing disputes while your clients were alive, that will likely continue when your clients are gone, the *Times* says.

Separate trusts, instead of one large one, could help smooth friction between heirs. For one, it keeps the siblings from knowing each other's business. For another, it allows the family members to choose their own trustees.

Sometimes, reports the [Pittsburgh Post-Gazette](#), there are good reasons to leave unequal amounts of money to children.

If during their lifetimes your clients bought one child a house or paid for an education - but not for the other - the second heir could reasonably be expected to inherit more, the *Post-Gazette* says. If one child is financially successful but the other struggles to make ends meet, your clients could leave more to the less successful one.

Another time that it makes sense for parents to make unequal gifts to heirs is when a family business is involved, the *Post-Gazette* says.

If one child has been involved in the business and helped grow it and the family's wealth, often the business will be left to that child. That's sensible because the one child devoted himself to the business to make it a success.

But if the other heirs feel left out, it could lead to a lawsuit challenging the arrangement's validity.

Happy family!

Your clients have no idea where their children will end up financially. The successful one could lose a job and end up bankrupt. The other child might be less successful but more stable and have a fine lifestyle. In that scenario, it would be unfair to leave more to one than the other.

Perhaps your clients' children never fight, and there won't be a problem distributing assets. But you don't know that for certain until the kids live through it.

To give your clients' children the best chance of staying on good terms with each other, encourage them to leave a financial will that allocates the assets and an ethical will that conveys guidance to them. We are happy to meet to discuss this matter with you and your clients.

We hope this information is useful to you and helps your client and their families. If you have a specific case or question, please don't hesitate to call our office.

©2018 All rights reserved.

No portion of this newsletter may be reused in any way without prior expresswritten consent.