Money talks

WE ALL HAVE A ROLE TO PLAY IN PROMOTING THE IMPORTANCE OF THE 'FAMILY WEALTH' CONVERSATION, SAYS **MARGARET O'SULLIVAN**

ONE OF THE issues of increasing concern to parents is having that 'family wealth' conversation. Given their increasing affluence, members of the post-war baby-boomer generation are confronting, more than their parents ever needed to, the best way to approach talking with their children about financial matters, including their future inheritance.

Although core subjects such as mathematics, history and languages feature on standard school curricula, it seems that financial literacy is only beginning to become part of the education system.

TOO LITTLE, TOO LATE

Generally, when it comes to learning skills – whether it is a second language, a musical instrument or downhill skiing – the earlier one learns, the better. The teaching of financial skills is, however, often delayed until our children are in their late twenties, and often comprises, at best, an informal mentoring process based on family discussion and anecdotal tips, rather than a formal, objective and structured approach.

'Too little, too late' perhaps best describes the present reality of financial education in most families. RBC's recent *Wealth Transfer Report 2017*[1] found that the key to raising financial literacy and building financial confidence in our children is to start early. Most of those surveyed believe a structured approach is more effective than an unstructured one.

A key finding of the report (with which, I think, many of us would agree) is that our present societal values include a reticence and lack of comfort in talking about financial matters, inheritance and death. This leads to inaction and a recurring intergenerational cycle of inadequate financial guidance. Such discomfort is ubiquitous throughout the world, although its intensity varies in degree between cultures.

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Simply repeating how our parents informally educated us is arguably not sufficient. Life and financial matters are increasingly complex, and if our children lack proper money management skills, their financial, emotional and social well-being, as well as the wealth they inherit from us, is at risk.

BREAKING THE MOULD

The wealth management conversation is slowly inching forward and now, at least, recognises the importance of an open dialogue on money issues, and the need for greater financial literacy and a more formal approach. I would offer a comparison – many of the present generation of baby boomers learned to drive a car under the instruction of a parent; driver education was just beginning. Now, though, few of our children learn without a formal education course with a qualified instructor.

Another comparison: the 1960s brought the sexual revolution, and paved the way for antiquated Victorian notions to be cast aside in favour of a liberalisation of values and open dialogue on previously taboo subjects. We need an equivalent shift in attitudes to break the mould when it comes to our attitudes to talking about money matters with our children.

Navigating the complexity of the modern financial world and arriving at the desired destination intact, without serious accident along the route, require a different approach and open dialogue. We can all contribute in our individual ways to this evolution, whether as parents or practitioners, by promoting that family wealth conversation.

1 bit.ly/2ims3w9