

## **Avoiding Estate-Related Family Conflicts**

Who benefits from estate planning? Good estate planning protects your assets and reduces tax on your estate. But when family members disagree about what is right and fair, the best-laid estate plans can fall apart. When that happens, no one benefits.

Family disagreements may actually be the rule rather than the exception, when one considers generational differences. If parents, children and grandchildren can't agree on how to dress, vote and talk, how can they agree on critical issues of family finance and estate planning?

### **Determine Your Goals**

Let's say you're middle-aged or older and have built up a family-owned business. Your goals are probably to:

- o Protect assets,
- o Distribute shares equitably (though not necessarily equally) to your heirs,
- o Reduce estate tax, and
- o Guarantee continuation of a family business.

But how you feel about your achievements and your accumulated assets may affect how you write your will or design a family trust.

A younger generation with a strong sense of entitlement may resent your placing restrictions on their inheritances. Children or grandchildren reared in a family-business atmosphere may want nothing to do with it but still expect to receive their shares of its value.

### **Consider All Issues**

You have many issues to consider when dealing with diverse heirs. Here are some questions to answer:

- Should your heirs receive equal shares of your estate?
- At what age should heirs receive their shares?
- Should heirs receive a lump sum or should their use of their inheritances be restricted in any way?
- Who should inherit specific property, such as a vacation home or an art collection?
- Do you want to disinherit any heirs?
- How can you deal with blended families, children from different spouses, late marriages and new heirs?
- How can you deal with mentally or physically disabled heirs?

You can be quite specific in your will -- for example, by empowering your executor to manage a complex series of structured payments or by creating family and charitable trusts to protect your assets and reduce estate tax. This specificity may sound attractive, but there's a catch: The more restrictive the

design, the more likely an heir will challenge it. And even if a challenge is not successful, the resulting conflict can devastate family members, creating schism rather than unity.

### **Communicate To Avoid Conflict**

To avoid conflict, elicit your family's wishes and concerns long before you create your estate plan. Good communication allows different generations to express their wishes and explain their positions.

For example, in the family business context, several questions typically arise concerning the heirs' wishes, including:

- Will any heirs want to personally operate the family business?
- Will the heirs want to sell off the business for its maximum value?
- Will the heirs agree among themselves about the proper course of action?

Whatever the issues, the resulting estate plan may turn out different from what you originally intended, but the experience will have at least two added benefits: You may avoid the legal costs of battling over an unnegotiated plan, and you may reduce the possibility of a huge family fight.

### **Start Now**

As you can see, estate planning for your family-owned business is complex and forces you to deal with many issues. We can help you decide the best course of action for your particular circumstances.