You’ve worked hard for your money, and now you want it to work for you. If you are like most Americans, you understand the importance of an estate plan. You’ve mapped out your financial future, including how your wealth will finally be distributed, and you are at ease with the notion that your final bequests will guarantee a financially successful future for your children. But have you taken the extra steps necessary to protect your children and grandchildren from the burdens that come with inheriting wealth?

Here are some issues to keep in mind during the estate planning process:

Grief. Inherited money usually comes at a deep personal cost—the death of a loved one. At a time of mourning, loved ones should not be asked to make financial decisions. They are simply not in the right state of mind.

Feelings of Inadequacy. Wealth is often created by talented and resourceful people. An heir may feel inadequate or unworthy of the inheritance because he or she doesn’t possess the benefactor’s talents.

The “I’m Entitled” Mindset. A tricky problem for some parents is children who feel they are entitled to a wealthy lifestyle. Sudden wealth often curbs ambition, leaving many “would-be achievers” unmotivated to reach their true potential. Others are just not financially smart—especially those who inherit money at an early age or have never been taught any money management skills.

Here are some steps you can take to help your children feel confident in managing sudden wealth:

Financial Training 101. No matter what potential issue you may face, it is important to teach your children all you can about money. Don’t ever assume your children value the money you earn as much as you do. And don’t hope they will learn the financial skills you may have taught yourself. Whatever values you want your children to have when it comes to money, you should take the time to teach them yourself.

Communicating About Money. Many parents believe that money is “grown-up stuff” and financial concerns should be kept a secret from children. This is doing a disservice to your children. You must become accustomed to talking with your children about money, its meaning, and its uses. Eventually, your child will be old enough to be told not only about their inheritance, but also about the whole of how you have divided your estate and the reasons why.

Encouraging a Spirit of Entrepreneurship. Your children may never be business owners or inventors, but every child has a talent! Encourage your children to find their own paths. Look for projects that encourage the use of their talents, and let them know you support their effort just as much as their achievements. By developing a sense of independence and accomplishment, your children will develop self-confidence. This will be a valuable asset in managing their financial future.

Tying an Allowance to Effort. By tying your children’s allowance to household chores or homework, your children will quickly learn the value of a dollar. You may even decide to tie allowances to good grades—further encouraging your children to achieve. But whatever format you choose, be consistent—if they don’t get their work done, they shouldn’t get paid!

Teaching Patience and the Importance of Saving. Encourage your children to develop the competence and confidence that comes from being a smart and frugal consumer. Even at an early age, children can grasp that by saving a little bit of their allowance, they can eventually buy things on their own. It may be difficult to
watch your children buy things that are overpriced or a waste of money, but this is the only way they will become discerning shoppers. This exercise will also help children realize they cannot buy everything they see. They may need to be patient and save for a few months to buy a particular item, but this will only increase their overall appreciation for what they save up to buy.

Instilling the Importance of Investing. In their early teens, children are ready to learn about investing and putting their own money to work. Talk about how the stock market works and how investments accrue or lose value. It may even be helpful to have your financial advisor talk with your children as well.

Devising Financial Planning Strategies. Financial planning is not reserved just for setting retirement goals and estate distributions. Once your children are in high school, they are ready to identify and commit to intermediate financial goals, such as buying a car, planning for prom, and paying for college. If your children will be fully or partially funding these goals, this exercise is also an important tool in helping children determine which financial goals are truly important.

Conclusion
Helping your children cope with the responsibility of money will help eliminate many of the psychological anxieties that can accompany an inheritance. Raising productive and financially savvy children who can successfully cultivate their inheritance into a wealth transfer for the next generation can be accomplished by making a real commitment to providing your children with a financial education. Remember, one of your financial goals is to build a roadmap for your children’s financial success!
The mission of the *Wisconsin Medical Journal* is to provide a vehicle for professional communication and continuing education of Wisconsin physicians.

The *Wisconsin Medical Journal* (ISSN 1098-1861) is the official publication of the Wisconsin Medical Society and is devoted to the interests of the medical profession and health care in Wisconsin. The managing editor is responsible for overseeing the production, business operation and contents of *Wisconsin Medical Journal*. The editorial board, chaired by the medical editor, solicits and peer reviews all scientific articles; it does not screen public health, socioeconomic or organizational articles. Although letters to the editor are reviewed by the medical editor, all signed expressions of opinion belong to the author(s) for which neither the *Wisconsin Medical Journal* nor the Society take responsibility. The *Wisconsin Medical Journal* is indexed in Index Medicus, Hospital Literature Index and Cambridge Scientific Abstracts.

For reprints of this article, contact the *Wisconsin Medical Journal* at 866.442.3800 or e-mail wmj@wismed.org.

© 2004 Wisconsin Medical Society