

# Consider Hosting a Family Meeting about Your Estate Plan

If you're a business owner and a high-net-worth individual, you may want to gather your family members together to discuss the details of your estate plan. This can be especially important if you own a business that employs family members. These meetings are a little like the Scottish clan gatherings held hundreds of years ago by clan chiefs to discuss their succession and inheritance plans.

## The Purpose of Gatherings

For centuries, some Scottish clans had a tradition of getting together periodically. When communication and travel were difficult, these gatherings provided a way to prepare for the future. Estate planning was simple then, with inheritances usually going to the eldest male in the family.

Of course, estates aren't so simple today. After your death, your assets will be distributed under instructions from your will, trust and beneficiary account designations — unless some of your assets aren't covered by such documents, in which case those assets will be distributed through the intestacy laws of your state. You can help your heirs accept the details of your estate plan by preparing them.

## The (Private) Reading of a Will

How many times have you seen a movie or a TV show that includes a dramatic "reading of the will," where the heirs find out what they receive from the estate? These fictional postmortem readings don't generally happen today. Instead, state law determines who receives copies of a will to read privately.

In some cases, beneficiaries learn about how an estate is to be distributed only *after* the death of the "clan chief," or senior family member who owns the business. This often has negative consequences. Here are a couple of examples:

- It can be stressful for heirs to discover — for the first time after a family member dies — how they fit into the distribution of an estate. The family business can suffer if relatives learn about its continuation or disposition in the deceased person's will or trust.
- There can be hurt feelings and questions about *why* the deceased individual made certain decisions. At a time of grief, family members can be unwittingly set off against one another as a result of the way assets are passed down. And of course, the estate holder is no longer available to explain the thought process that went into the distributions.

## Details of the Meeting

Holding a family meeting to clarify your plans can help prevent angst and intra-family squabbling. After your attorney and business succession team have completed your estate plan, and you're comfortable with it, you can ask your estate advisers to prepare summaries to distribute to family members. These documents can explain the estate plan in layman's terms and with current values.

Once the family summaries have been prepared to your satisfaction, it's time to call the family meeting and invite interested parties. Before the gathering, meet with the key stakeholders. This might include the person named as the executor or personal representative, those taking over the family business and perhaps any family members who may *expect* to take over. Hopefully, any issues with them will be resolved before the family meeting.

In addition to the family members, you may want to have your attorney or a CPA from your business succession planning team at the meeting. This person should be a trusted adviser to the family who has full knowledge of the legal, financial and tax issues in the estate plan.

As the senior family member, you (and, if you're married, perhaps your spouse) should lead the meeting. But you can call on your attorney or CPA to assist in explaining your estate plan.

The written summaries that are handed out should be labeled "draft" because issues might arise that cause the plan to be revised. However, make it clear to all attending that you (along with your spouse) will make all final decisions. The meeting should be open to discussion and questions.

## **Avert Misunderstandings**

The result of this meeting is that family members can participate in the estate plan and be fully informed as to the reasoning that went into it. A second meeting might be necessary to finalize everything. In addition, the meeting might bring to the forefront issues among family members that may need to be resolved in smaller meetings with just those involved.

In the end, an estate planning get-together can help your family be better prepared after your death and help avert misunderstandings and hurt feelings. It can also help sustain the business that you have spent years building.

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