

No more drama — how to talk to your family about money

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Conventional etiquette says it's rude to talk about money, but the truth is, it's just really uncomfortable.

In fact, Wells Fargo ([WFC](#)) released a study in 2014 revealing that 44% of Americans believe personal finances are the most challenging thing to discuss with other people. It ranked above death (38%), politics (35%), and even religion (32%).

Merrill Lynch's Private Banking and Investment Group conducted [a study](#) to determine the best way for families to discuss their financial situation. The report talked to families who had more than \$3 million in investable assets, and two-thirds of those wealthy families say that they discuss money and inheritance as a way to avoid misunderstandings.

While most of us don't have that much in the bank, there are still some important lessons in the study about how to effectively tackle thorny family financial issues. Here are a few things to consider the next time money comes up at the dinner table.

Keep it 'neutral'

Let's face it: starting a conversation about money is never easy. People get sensitive about their financial situation, and the last thing you want to do is start a family battle.

In Merrill Lynch's survey 77% of respondents felt like it was the responsibility of the "wealth creator" (or the family member who earns the most money) to initiate financial conversations. Even so, 42% also said that those same wealth creators are the people who most prevented the flow of information about wealth.

So what are you supposed to do? According to financial therapist Amanda Clayman, the key to starting the money talk is to stop labeling it as "the conversation." "Money is something that people feel uncomfortable talking about, and when we make it a 'special' talk, there are a lot of expectations."

Instead, it should be an ongoing conversation, something you can talk about in everyday situations, Clayman says. Called neutral conversations, they don't have any specific intention other than to talk about money in a conversational and relaxed manner. For example, you can explain to your children why you chose to give money to a certain charity, and use it as an opportunity to talk about issues they're interested in. The key is to not make it an intense, formal conversation and send the message that money is not a taboo subject.

Consider the audience



As you approach a difficult financial conversation, it's important to note that different generations view wealth and money in completely different ways. The study found that 69% of older respondents viewed monetary gifts as an expression of love. On the flipside, 30% of millennials saw monetary gifts as a way to exert control or influence.

That disconnect can make what's supposed to be a simple conversation into a contentious misunderstanding. The study suggests "framing" the conversation, or asking yourself questions in order to see the financial situation from the other person's viewpoint.

"When we think about communication, so much is focused on getting the other person to see our point of view," says Clayman. "People only look for their opportunity to talk and convey how they feel, but it's important to listen and try to connect with what the person is saying."

For instance, 68% of respondents between ages 51 and 69 admitted that they put off talking about money because they didn't want to confront their own mortality. Simply put, the conversation about their end of life finances makes them feel overwhelmed and fearful that they are losing control. In this situation, it's more effective to begin the conversation by listening to your parent or grandparent's emotional concerns instead of trying to convince them to see the situation from your point of view.

Location, location, location

It might seem like an afterthought, but where you have conversations about money can strongly influence how well your message is received.

Wells Fargo has a wealth management company called Abbot Downing that helps families with assets over \$50 million discuss what to do with their piles of money. Again, the amount of money isn't relatable for average Americans, but the tools for how to discuss money with your family are applicable.

"Parental homes or offices make less-than-ideal locations," says the Abbot Downing playbook. "Meeting at 'the old homestead' may encourage family members to fall back into old patterns of behavior, plus it may be intimidating to in-laws or to children less familiar with the location."

In other words, having a serious conversation at a place where people feel too comfortable might inspire them to become emotional and overreact like a Real Housewife on a reunion show.

Families are encouraged to go to a neutral and quiet location to talk shop. If you don't have a second home (because seriously, who does?), it might be worth the money to rent out the private room at your favorite restaurant or a small conference room at a hotel to get everyone on the same page.

State your purpose, watch your body language

More than half of people surveyed by Merrill Lynch admitted that they were willing to have a difficult conversation about money because they want to keep their money and assets in the family.

Whether you're discussing a parent's end of life care, college tuition or starting a business, be sure to clearly state your intentions, and the ultimate goal of keeping the family financially healthy. It's also important to let participants know they are allowed to voice their questions and concerns.

"When you don't talk about financials, people get the impression that there is something dangerous or hurtful associated with talking about money," says Clayman. "People project a lot of meaning on money, if we're not talking about it, we're leaving a lot of room for miscommunication."

Non-verbal language is almost as important as what you say. If you're tense and anxious, then your family will react in a similar manner. Project calm, and there's a better chance the conversation will go smoothly.

How to talk to kids



You might think that kids are too preoccupied with their friends or videogames to know what's going on, but chances are, they know more about the family's situation than you think. At some point they will start to ask questions about money, and how you respond can have a big impact on their understanding.

When a child poses a question, Clayman suggests responding with the question, "why do you ask?" This lets you know exactly where your child is coming from, and lets you frame an appropriate response.

Clayman adds that if you don't think your child is ready for a completely candid conversation, it's OK to tell them that you're not discussing certain specifics, but give them an answer you think they can handle. With children, it's also more effective to have important conversations while engaging them in an activity that doesn't require them to make intense eye contact.

So if you're looking to have a serious discussion with your child, go in the backyard and throw or kick a ball around. If sports aren't your thing, go for a long drive, do a hands-on project, or bring up the topic as he's getting ready for bed. These mild distractions will keep them relaxed as you're sharing potentially stressful information.