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How to Talk About the Family Money

Fighting over the family assets is usually about far more than that. Money is often how we keep a tally of love, approval and fairness.



Credit...Thomas Pullin

By Kerry Hannon

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Sibling relationships can be a delicate dance, and when money gets tossed into the equation, they can get prickly.

For Thomas Lloyd, 43, and his brother Stacy B. Lloyd IV, 42, it has been a journey that began with long-ago favoritism by their grandmother Rachel Mellon of Upperville, Va., (known as Bunny) who was married to Paul Mellon, the art patron and philanthropist.

Mrs. Mellon, who was 103 when she died in March 2014, had arranged that, after funeral expenses were paid and items specified in her will distributed, any remains of her estate would go to the Gerard B. Lambert Foundation, a philanthropic and grant-making nonprofit named for her father. Though her two grandsons received equal inheritances, complications arose when

they were given the opportunity to guide the foundation, along with their father, Stacy Lloyd III, who died in 2017.

The brothers never had a close relationship, and trying to work together to make the required charitable donations from the foundation strained it, according to Thomas. He said his younger brother did not return phone calls. Deadlines were missed. Frustration and resentment mounted.

This happens when siblings cannot talk about money, or when one family member is supposed to be overseeing a financial obligation that involves all the siblings and the communication is shut down, said [James Grubman](#), a psychologist and founder of FamilyWealth Consulting.

“He was unreliable,” Mr. Lloyd said. “I would send emails, ‘I need your thoughts on this specific issue, or a decision about grant distributions,’ and he would never meet those deadlines,” he said.

There are so many emotional aspects for siblings when it comes to financial dealings, Mr. Grubman said: “Parents or grandparents often never spend any time preparing adult children for what is coming ahead. This is usually built upon fear. Fear of entitlement. Fear of demotivating a beneficiary.”

While money issues may appear to be the cause of sibling angst, they are usually about far more than that, experts say. Money is often how we keep a tally of love, approval and fairness.

“A common pitfall is when there has been a history of favoritism among siblings,” Mr. Grubman said. “That is a big recipe for disaster. When Mom and Dad or grandparents have played favorites, or never communicated and pushed this down to the next generation, the legacy of conflict is more important than the inheritance.”

The money may get passed on, Mr. Grubman said, “but it travels with all the family dynamics, the resentments, the jealousies, the favoritism, the avoidance of conflicts, and that’s the real inheritance that siblings have to deal with.”

It turns out that less than 10 percent of adult siblings in the United States discuss money on a regular basis, according to an [Ameriprise Financial Family Wealth Checkup](#) study. And when they do talk, the most common topic is how *other* family members handle their finances (58 percent).

The survey of about 2,000 Americans ages 25 to 70 showed that nearly 70 percent of sibling money disagreements focused on issues like how an inheritance is divided, which child provides more support for their parents and whether parents are fair in their financial support of the children.

Beyond these disagreements, other topics that cause sibling quarrels include different money values or spending habits, varying levels of income, and issues involving repaying money.

The good news: 61 percent of all siblings will talk through their financial differences, although only a fraction of issues are settled as a result of [the talk](#).

Many parents either believe, or are told by their lawyers, that they should not tell the children anything about a future foundation, family trust or inheritance, Mr. Grubman said. He added that it is like a quarterback who is going to throw the ball to a receiver.

That is essentially what estate planning is about, Mr. Grubman said.

“The football is the money,” he said. “Ninety percent of the attention is spent on where the quarterback wants to throw it, when, and what his intentions are. The biggest flaw in the whole system is nobody prepares the receiver. In fact, they say don’t tell them that it’s coming.”

For the Lloyd brothers, the worsened communication breakdown in many ways stemmed from a lack of preparation for the “football,” as Mr. Grubman called it.

“When my grandmother passed away, no one ever explained how the legal and estate works in relation to the foundation’s assets, or what kinds of organizations we could make grants to,” Thomas Lloyd said. “Stacy didn’t want to ask questions because he didn’t want to sound stupid, so he stepped away.”

Sibling issues can be the fallout from the family dynamics, Mr. Grubman said.

“It is distrust,” he said. “That tends to be compounded by parents and grandparents who avoid communication and leave their children a legacy of suspicion. It gets played out among the siblings.”

When siblings are left to figure this out on their own, many of them often do not know where to start, and if there is a past dispute hidden away, it can complicate things, said Amy Castoro, a family wealth coach and president and chief executive of [the Williams Group](#).

“Sibling resentment can go all the way back to ‘Dad didn’t go to my games, but he did yours,’” she said. “And the kids often have different interpretations of each other than a parent or grandparent might realize. So if one son is designated as the executor of a parent’s estate, the other son or daughter are looking at him saying, ‘That guy cheated at Monopoly our whole life. Why would I trust this guy now?’”

There may also have been an unequal lifestyle growing up. “The youngest kid is driving the latest BMW the parents bought for her, and the older one had to buy his own first car,” Ms. Castoro said. “They take that out on each other. These things fester. Wealth becomes a magnifier.”

Those background stories must be dealt with in a productive way, not a psychological way, she said. "I encourage families to have these estate planning conversations early on, while Mom and Dad are on this side of the daisies."

She added that siblings "must care more about each other than they do about the money."

Most siblings do not understand how to have conversations about money, said Thomas Lloyd, who now specializes in working on this issue with his clients. "The biggest obstacle for me was how do I relate with my brother, who is not savvy when it comes to money discussions and not comfortable, and has felt like an outsider looking in."

Finally, last year, the brothers had a breakthrough conversation, which has made working on the foundation personally rewarding for both of them. Thomas asked for input from Stacy before he had to set an agenda for a fall meeting with the fund's investment managers.

Stacy then started asking questions that his older brother had never realized he was wondering about. "It was a way of venting," Thomas said.

The older brother listened.

"It was a conversation with my brother that was a recognition that his thoughts matter and were relevant," Thomas said. "My idea of the situation was that he just didn't want to get involved, and I was wrong."

Lesson learned. "When you're talking about managing money and the family dynamics that are tied into it, everyone needs to have that sense that they matter," Mr. Lloyd said. "That to me is the theme of what I see a lot of families, not just my own, go through."

There are always two sides. Siblings keep sweeping things under the rug "until somebody finally trips over the rug," Ms. Castoro said. "It's more about dignity. If I matter to you, why aren't you calling me?"

For the Lloyds, the aftermath of last year's call has been positive. "Once we had that conversation, it was like I am now a partner with him, instead of him trying to just swim on his own," Thomas Lloyd said. "It trickled down into our personal relationship as well."

He added that he was "not spending every week with my brother now, but it's at least not a target of stress the way it used to be."