

TIAA 2017 Family Money Matters Survey

Executive Summary

March 1, 2017

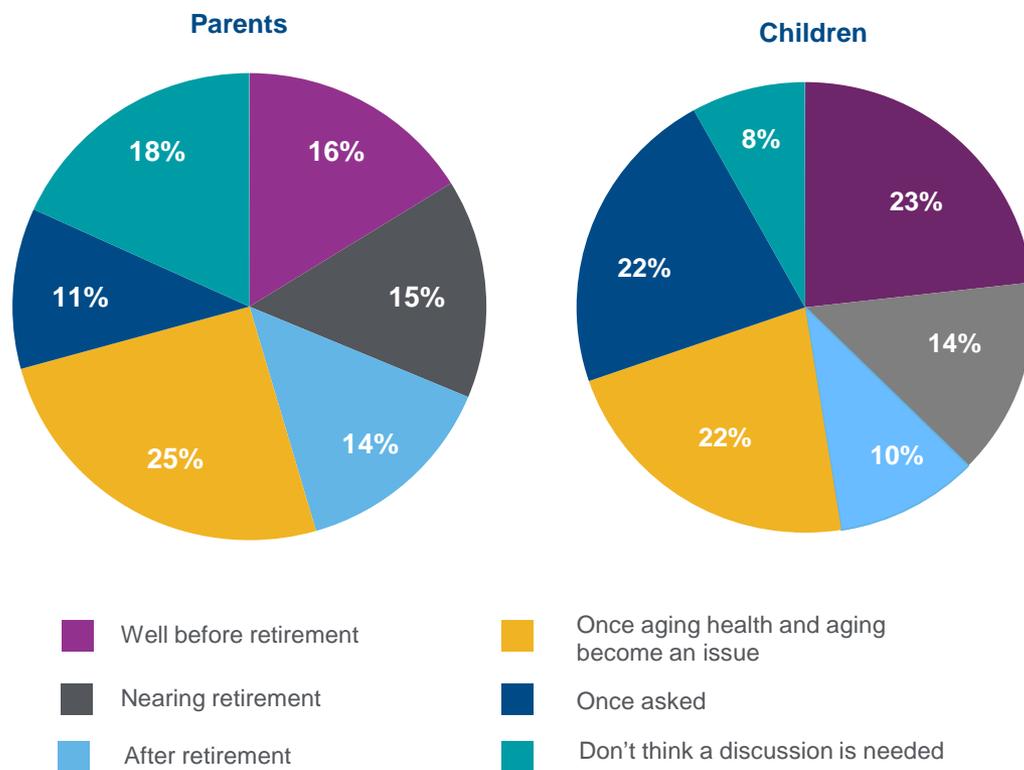


Families are open to having financial conversations yet too few are taking action

Most families are open to the idea of talking about finances, but too few are engaging in the actual discussion, according to TIAA's 2017 Family Money Matters Survey. While both parents and adult children consider financial conversations to be very important (74 percent and 87 percent, respectively), surprisingly few people surveyed in either generation are very likely to start a conversation about any financial topic (just 11 percent of parents and 37 percent of adult children.)

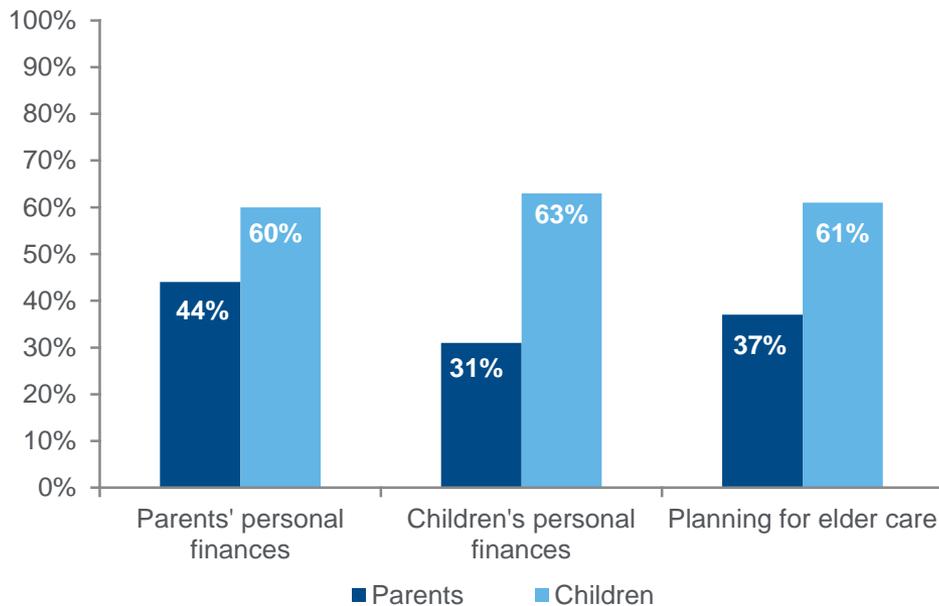
Today, these conversations are as important as ever. Americans are living longer into retirement and may need to stretch savings over multiple decades. With that in mind, families should consider having financial conversations earlier. In fact, parents may be surprised to find their children are already thinking about the future: 23 percent would like to have a conversation well before their parents retire, and 22 percent would like to have it once health and aging becomes an issue. Only 8 percent of children don't think a discussion is needed.

When should conversations about future financial plans take place?



The 2017 Family Money Matters survey was conducted by KRC Research for the purpose of understanding thoughts, emotions and behaviors around the transfer of assets from parents to adult children. The online survey consisted of 1,000 Americans age 60 to 70 with adult children age 30 to 45 and 1,000 Americans age 30 to 45 with at least one living parent age 60 to 70.

What percent feel they're having very detailed conversations (by topic)?



Financial conversations require preparation

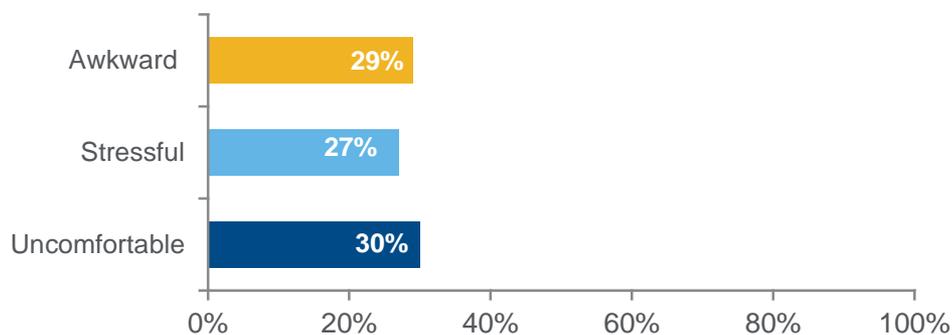
Regardless of timing, preparing in advance is essential. A well-planned discussion can help everyone walk away with a clearer picture of their financial health.

It can be helpful to set aside a specific time to talk about financial goals and develop a plan for achieving those aspirations. But that's a rare occurrence: nearly all of the parents (89 percent) and most children (70 percent) surveyed said conversations about parents' finances and future plans have happened spontaneously, making it difficult to prepare for a thorough exchange.

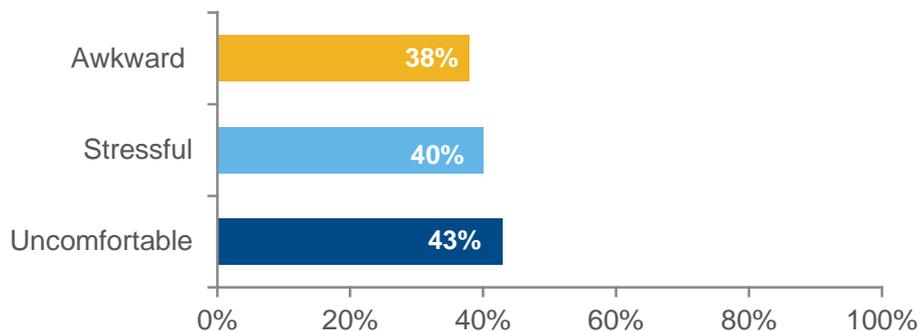
When asked about the level of detail in their financial conversations, parents and children don't always see eye to eye. For example, when talking about planning for elder care, 37 percent of parents feel they are having extremely or very detailed conversations compared to 61 percent of children. Talking about children's personal finances also reveals a discrepancy: only 31 percent of parents feel the discussions are extremely or very detailed compared to 63 percent of children. Setting ground rules for what to accomplish may help parents and children achieve more during a financial conversation.

What emotions come to mind when considering a discussion with your parents about future financial plans?

Sons



Daughters



Addressing barriers is key to success

In addition to planning in advance, families should be prepared to confront challenges along the way. Financial conversations may spur feelings of anxiety or discomfort for family members. Indeed, only 11 percent of parents and children said a financial conversation would be uplifting.

Ahead of meeting with their children, parents should realize a financial conversation may impact their children differently. Daughters, for example, feel more uncomfortable, stressful and awkward than sons when considering a conversation about future financial plans with parents. At the same time, children need to be equally cognizant of how their parents may feel. According to the survey, one in five parents say physical and emotional distance is a real barrier to having financial conversations with their children.

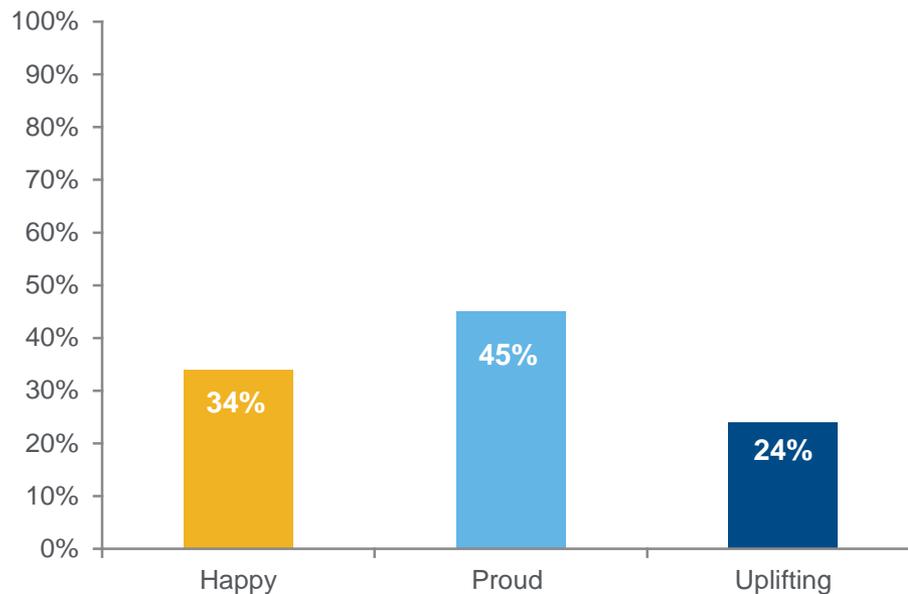
By recognizing these obstacles at the outset, families can prioritize transparency, be frank in their dialogue and position themselves for more constructive financial conversations.

Those who've had financial conversations are happy they did

When families commit to having financial conversations, the outcome is usually positive: nearly half of parents (45 percent) who talked with their children frequently about their future financial plans feel proud about how those conversations went. Families may be surprised at the intangible benefits these conversations can bring, including strengthening the bond between parents and their children and reinforcing the level of support among family members.

Those who aren't engaging in regular financial conversations may miss out on these benefits and fall prey to misconceptions. Take financial obligations, for example. The survey found only one-fourth of parents think their children are obligated to help them financially but three-fourths of children feel they are. Families are also misaligned when it comes to inheritance: while one-fifth of children expect their parents to leave them with nothing, nearly all parents surveyed are planning to leave an inheritance. Not having the full financial picture could negatively impact the way parents and children plan for their future and how they tackle bigger expenses, like college tuition or a first home down payment.

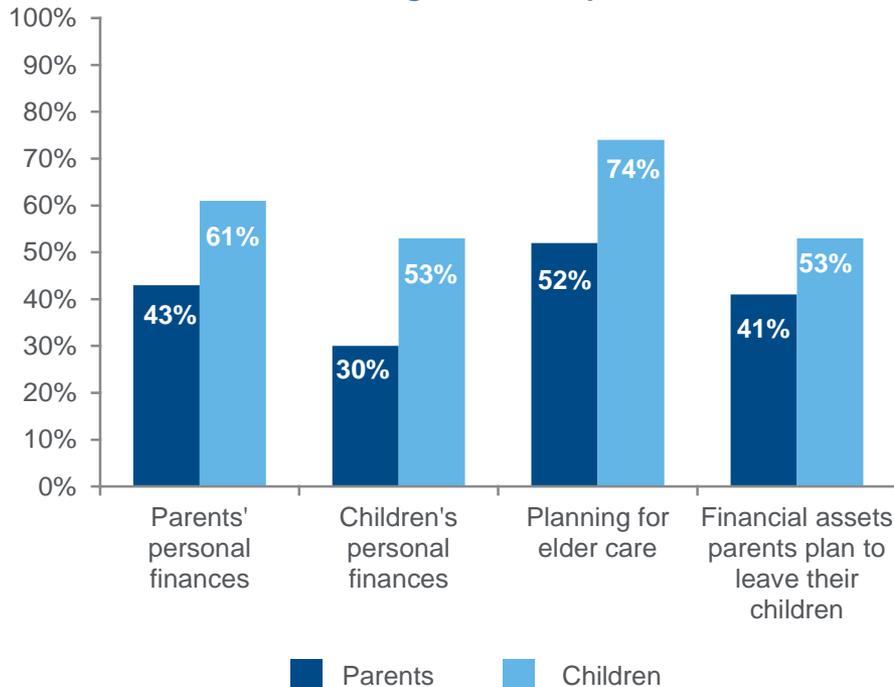
What emotions come to mind for parents when they frequently discuss future financial plans with their children?



A genuine financial conversation is within reach

While starting financial conversations may be difficult, parents and children should take comfort in knowing that their family is likely open to the idea. A majority of parents (74 percent) and children (87 percent) think it's important. (The graph below is calculated at "very important" but the latter is calculated at "at least somewhat important".)

How important is it to discuss the following financial topics?



To foster a genuine conversation, families should consider the following steps:

Commit to the conversation now – Talking now can help bring families together. Communication between family members can support your family's financial goals.

Ask detailed questions and make sure loved ones know where important financial information can be found – Don't be afraid to ask questions. Family members should know where and how to access important documents, along with keys to safety deposit boxes or other storage facilities.

Ensure goals and values are understood – Clear communication can help people understand and honor family members' wishes.

Continue the dialogue – Family financial conversations are not one-time events. It's important for families to revisit their financial situation regularly.

Seek help from a professional – A financial advisor can help arrange and provide assistance for a family meeting to ensure peace of mind. In fact, of those surveyed, 22 percent of parents and 55 percent of children said they would be more comfortable having a professional financial advisor present during conversations.



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For additional information on the importance of family conversations, TIAA has resources at www.tiaa.org/conversations, including educational materials and articles, such as "[Five Reasons To Hold A Family Meeting Now](#)," "[Family Meetings: Start The Conversation](#)," "[Living In The Sandwich Generation](#)" and "[Financial Advice Can Help You Plan For Your Family's Future](#)."

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