



Elder Care

By Dr. Jim McCabe

Estate Planning for Blended Families

The definition of family has been evolving for some time. In 1950, “nuclear” families—two-parent families with children—comprised 78 percent of the nation’s households. As a result of the increase in divorce, separation, death and live-in partners, today’s norm is a “blended” family, defined as a family in which one or both of the adults was previously married and has children from the former marriage. In fact, 1,300 “blended” families are formed each day.¹ Blended families present special challenges for the estate planner. In this column, I would like to address three variables arising in relation to estate planning and family structure that are especially complex in blended families: *allegiances*, *family values* and *consensus*.

Allegiances

Family loyalties and allegiances are even more complex in a blended family than they are in a nuclear family. Nuclear families face common estate planning issues, such as how much of the estate should pass directly to the spouse versus the children and whether the children’s portions should be allocated equally. In blended families, these same issues arise, but the differences in loyalty can make the decision-making process much more complicated. In many cases, a biological parent may have a greater loyalty to his own children than to his spouse’s children. Other times, there may be conflict between the step-parent and step-children that leads a spouse to worry that his biological children will feel abandoned or neglected by his estate plan or that his current wife may not be well taken care of after his death.

One way a blended family differs from the nuclear family is that it extends the number of individuals in the family scheme and creates additional roles in the family. Each person engenders differing degrees of allegiance. I have facilitated many family sessions where couples

strongly disagreed on where relatives were in the “loyalty chain.” For example, I worked with a family in which the eldest son Mark’s wife, Mary, was very unpopular with the rest of the family. However, Mary developed a very close relationship with her mother-in-law. When Mark and Mary divorced after 15 years of marriage, his mother maintained her connection with Mary, while Mark’s father chose to disassociate with Mary altogether, in spite of the fact that she had provided a significant amount of care to him over the years.

When it was time to sit down and discuss the distribution of the estate, Mary was a major source of conflict between her former in-laws. In my work with Mark’s parents, I was able to get them to agree on items in the estate (in this case—furniture) that would be provided to Mary. The furniture had emotional value to Mary and Mark’s mother, but had little value in the eyes of Mark or his father. However, before they could reach this agreement, they needed to articulate the degree of allegiance they had to Mary and why.

Family Values

Many of our values and priorities are driven by our experiences. The era when we grew up and the values we were exposed to in our youth strongly influence our approach to life. With blended families, the challenge comes in trying to combine various sets of rules, expectations and values that are a product of each part of the family’s history.

As planners, we are often called upon to translate or mediate between not only generational

Dr. Jim McCabe is the President of Eldercare Resources, an estate planning firm that specializes in working with elderly clients and their families. He has offices in Phoenix, Arizona and San Ramon, California. He can be reached at (800) 588-6088 or jmelder-care@yahoo.com.

differences, but also family-of-origin differences. Methods for managing money present one of the most interesting challenges that are a result of differences in family values. I had a case of a 75-year-old client, Bill, and his second wife, Joan, who had asked me to do a needs-assessment and cost analysis for long-term care. In the course of my work, I watched as Bill and Joan struggled to create a distribution plan for their estate. The couple has five children between them, and for two years, each child had received a monetary gift according to the estate plan. Bill discovered that one of his stepdaughters was not using the gift in a manner that he felt was appropriate. Bill discontinued the annual gift for that stepdaughter, Amelia. This created a conflict that was exacerbated by the fact that Bill blamed Joan and her first husband, for “not teaching *their* children the value of money!”

In this case, I pointed out to Bill that the adult children had never been part of a discussion in which Bill explained his goals and philosophies for his estate plan. We arranged a meeting where the family had an open and frank discussion about their conflicts. As a result of this meeting, Amelia better understood her stepfather’s motives and Bill felt comfortable reinstating the plan that he and his wife had initially developed.

I have seen conflict arise out of many factors, including spending versus saving habits, relocation, career choice, sexual preference, hairstyle and religion. While some of these issues seem trivial, the emotional force behind the conflict often involves far deeper issues. Unless we help our clients to have open discussions within their families and with us, it will be difficult for them to achieve a balanced perspective when making planning decisions.

Consensus

The entire family should understand the estate plan. If the children understand the motives behind their parents’ wishes, they can help work toward consensus. A family member’s commitment to the plan varies. This commitment may be driven by financial considerations or emotional factors. Family history has typically created expectations regarding who will be cooperative and who will not. Often, a person is labeled in a positive or negative way without any sense of the criteria used in this labeling. While this problem is common in all families, it is ex-

acerbated in blended families because the factors that are categorized as good or bad behavior may be quite different in each family of origin. Often, a planner’s role as a third party can be invaluable in providing an objective view of the impact of roles and expectations on the estate planning process.

Red Flags and the Role of the Planner

There a number of “red flags” to look for when working with blended families. Is the estate plan developed to serve the negative emotional needs (anger, guilt, revenge) of the primary decision-maker? Are there members of the family who are not included in meetings and discussions involving the planning process? Are nonrelatives more involved in the process than family members? Does significant conflict exist between husband and wife regarding the “status” of one or more family members? Are you given specific instructions not to involve particular members of the family in the plan?

Overcoming the obstacles presented by blended families involves creating a historical perspective of the blended family and the nature of the conflict that exists. Before an effective estate plan can be created, the planner must understand who’s who in the family, how they relate to one another and where there may be potential loyalty conflicts. In some cases, family members have an inaccurate account of the events that have been the barrier to communication and consensus for years.

In some cases, the primary client will not be willing to set aside emotional issues in the decision-making process. In my work with some older couples, the traditional role of the husband as decision-maker precludes the wife or other family members from providing much input. In Bill’s case that I discussed earlier, it was important for him to be in charge. His belief that Amelia did not appreciate the gift she was receiving was based upon his own set of values that money equals love and that Amelia didn’t appreciate the love he was showing her. My role in this case was to help Bill balance his negative view of Amelia with the true goals of his estate plan—how he and his wife could provide for their heirs. In the process, he was able to compromise his need to be in control with the wishes of his wife and the financial needs of the entire family.

When generational differences present themselves, I try to move clients away from the emotional and personal issues that are creating

conflict and focus on basic factors that drive estate planning—that is, investment goals, risk tolerance and habits related to spending and saving. Our role is to assist our clients in making decisions based upon logic and sound reasoning. In cases where blended families are involved, the

elements of allegiance, family values and consensus can create special challenges to this goal.

ENDNOTES

- ¹ Peggy L. Barta, *How to Make Sense of Your New Step-Family*, IN-TOUCH NEWSLETTER, Mar. 2003.



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