

## **Investment Counsel and My Family Investment Background**

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**April 2006**

With this quarterly letter I am going to concentrate on family investing and some other issues often considered the *counsel* side of the Investment Counsel business.

My children recently turned six and my husband and I have been discussing our stance on allowances, chores, and how they can spend the money they have in their piggy banks. We believe it is important for them to be financially savvy. One thing we have done is to get piggy banks that have four slots (saving, investing, donating and spending). Of course, some days I am not sure they quite understand the differences between quarters, dimes, nickels and pennies and how they relate to one another. We do expect them to put their money into the bank and money into each category. When they have accumulated enough money I expect to take them to the bank to open a savings account.

My parents made investing and finance an important part of our education. Growing up we discussed current events and companies, learned about stocks, stock prices and earnings, and discussed our family's situation. We talked about the importance of investing and our family's values. One family value was to help the next generations. My grandparents continued the established practice initiated many years ago of passing assets from grandparents to children and grandchildren. My parents have continued this by establishing a college account for each of their seven grandchildren. Additionally, we continue to have family meetings.

I have seen people who have either inherited money or received a large windfall be paralyzed. Statistics show that most lottery winners end up bankrupt and/or divorced in seven years. In some cases the money is gone in a few years, and in others it stays "in the closet" and is ignored. One issue for people in this situation is reacting to people (including children and themselves) who ask for money, want funds for a business venture, desire a new fancy boat, or covet a certain toy. Since they have the money the common answer of "we don't have the money" can't be used. In this situation, it is useful to sit down and identify values and prioritize goals. This exercise helps people reconcile that while they can afford something it doesn't mean they have to do it. Another way to discuss this is to talk about "needs" versus "wants."

As a result of my family's philosophy, I have been fortunate enough to inherit money early in my life. At times this wealth has not been easy to have. As a teenager when I first became aware that I had some money, my first reaction was to give it all away. The inheritance has allowed me to pursue higher education opportunities and graduate without any debt. The money is not enough so that I could choose not to earn a living, but it has certainly added flexibility and choices to my life.

Additionally, my family has made a commitment to helping others either through volunteering and donating money to causes and institutions that are important to us. My husband and I have consciously thought through our charitable decisions so that we are not susceptible to every cause that comes knocking on our 'door' (via email, phone call, or letter). We have included charities in our estate planning documents. I have worked with clients and family members on

charitable donations and charitable planning. Some choose to include favorite causes in their will and others choose to donate while they are still living. Giving low cost basis stock is often a great way to contribute money to a charity. There are other options such as Charitable Annuities, and Community Foundations.

Please let me know if you would like information on talking about money as a family, educating your children (or grandchildren) about financial matters or charitable giving.