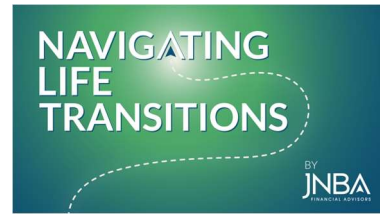


Podcast Transcript: Navigating the Challenges of Having Difficult Conversations



Kim Insley:

I'm Kim Insley. Thanks for joining us for Navigating Life Transitions, a podcast where we bring together advisors experienced in financial life planning to talk about ways to navigate life's biggest challenges, changes, opportunities, decisions. From growing a family to losing a loved one, promotions to retirement, marriage to divorce, we discuss these pivotal moments that could benefit from the guidance a financial advisory team can provide.

Today we'll be talking about navigating difficult conversations. How do you approach conversations that you anticipate could be uncomfortable, emotional, even confrontational? And specifically when those conversations have to deal with money. There are some ways to encourage constructive and productive communication, and you don't have to do it alone. Joining me is Richard Brown, CEO of JNBA Financial Advisors, and Elise Huston, an Advisor at the firm which serves clients in Minnesota, Florida, and throughout the United States. JNBA has helped people prepare for and navigate this transition.

Richard, hello. It's a pleasure to meet you, truly. And it's great to have you with us today. You're a business leader and you've had some tough conversations with a lot of people, I'm sure. What is one characteristic that you feel helps you and your team navigate these?

Richard Brown:

I'm glad to be here. I'm a fan of yours, and I have been for a long time, so this is fun today.

Kim Insley:

Thank you.

Richard Brown:

Some of these conversations are difficult. There's a lot of dynamics in dealing with money and emotions and people. And I always say you can't teach caring, but if you care, you can help people. There's always opportunities to come up with strategies that will help people. And our job is to stimulate thought and provide those strategies, and then it's the client's responsibility to say, "Hey, that feels good for me, and I think this might work. Can you tell me more about it?" We're always open to very much listening and showing that we care. There's more than just putting a financial plan together and managing the money. It's truly about caring.

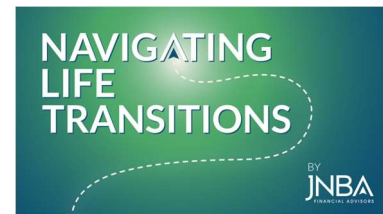
Kim Insley:

And you told me something earlier, as far as who you choose for your team, I tend to think, oh, it must be like a whole numbers equation, but for you it is that caring piece that can't be taught. This is something you look for because you value that so highly.

Richard Brown:

Absolutely. Because our staff needs to be an advocate for our client, so it's important that they do care.

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Elise Huston:

Yeah, and I think that's one of the things that's been great getting to watch Richard and all the other advisors at our team really be curious with their clients, create safe, open space. We can be that neutral third party for the client.

And there's actually a great book called *Difficult Conversations* by Douglas Stone, Bruce Patton and Sheila Heen that a lot of us here have read. And when thinking about difficult conversations and how we can best facilitate those, oftentimes what can make a conversation difficult is that people come to it feeling nervous. They feel like it's going to be a fight, so they're ready to defend. Who's right and who's wrong? And how do I prove my point? Our whole goal is to create that open conversation that Richard mentioned where we're giving all parties a chance to share their story, their perspective on the situation. Because oftentimes by having that dialogue, hearing each other, feeling heard, lowers defenses, people are more willing to listen and then we can have a productive conversation to reach hopefully resolution or just a path forward, like Richard mentioned.

Kim Insley:

Yeah. When you talk about difficult conversations, what kinds of conversations? What are the topics that are coming up here?

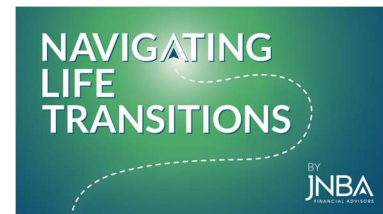
Elise Huston:

Yeah, with wealth can come unexpected challenges, so that can oftentimes bring up difficult conversations. But frankly, you don't need to have tremendous wealth to find financial conversations difficult. Most people do tend to avoid financial conversations because there's a lot of emotion behind your finances. This really isn't just the numbers. Maybe it's discussing a future inheritance with your children; that can sometimes be difficult for people. Preparing for a new marriage. There's a lot of maybe avoidance about talking about finances, wanting to make it just about the fun of the wedding, but that can be so important. Navigating a family business sale or transition. There's a lot of complexity between not only business but also the familial dynamics in that, so lots to talk about and navigate there. Or just determining what legacy you want to leave. Maybe you and your spouse don't agree on do you want to leave it to your kids, your grandkids, charitable organizations, communities? There can be a lot of tension and conflict at times when people just don't understand each other's perspective that are all wrapped up in these conversations.

Kim Insley:

What I love about this is that everybody... I shouldn't say everybody. People tend to think, oh, I go to a financial advisor because I don't like to invest. I want them to handle it. And they think it's just about that investment piece, which it's not, it's about your life. And Elise mentioned family business, which is huge and complex. And I know that you deal with this quite a bit, Richard.

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Richard Brown:

Yes. Business dynamics and family dynamics are two completely different things. When you put them together, it's a formula or a recipe for a lot of issues that can come up. And you have to prepare. Again, it's open communication in a safe place where people can share their thoughts. Generational things change, ways that folks want to run their businesses, what they think their children should do to take it to the next generation might be different than what the child thinks. What I found, there's a lot of ways to help with that. If there's a small business, you might have a board of directors and you might not. One way is if you don't have a board of directors is putting an advisory team together. An advisory team is non-threatening, they don't have a vote, and you can have a different type of advisory team; some younger non-experienced people with entrepreneurial spirit and some experienced people that can really help guide along the way. But there's different strategies to put in place to get that next generation ready. And then you have to deal with which children are right for running the company going forward. And there are some that are involved in the business or some that aren't. And then how do you deal with that and be fair at all?

Kim Insley:

There's the business succession plan and then there's the financial if you sell the business. Because the kids may not be interested in it, so that is another difficult conversation of how to navigate that. It's a lot going on. And Elise, you mentioned marriage, and we have talked about that in another podcast. And we'll have future podcasts about marriage. New or second marriages, third marriages can be another time when these tough conversations come up, and it's different based on where you are in your life.

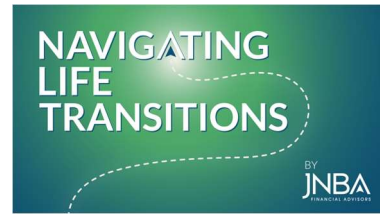
Elise Huston:

Yeah, maybe not surprisingly, but one of the most common arguments that may arise in a marriage can oftentimes be around money, and so taking the time before you get married, that's the key, but taking time before you get married to really understand each other's perspectives, their prior experiences around money, what's shaped their value set around money too. You might actually agree on the path forward, but understanding where you've been can be so important in disarming some of these difficult conversations. Feeling heard is just critical. Taking the time to have that conversation, that's, I think, key. But also we think it's important before you get married too to really understand, "Should we be talking about a prenuptial agreement? How are we going to be allocating our money going forward? And are we in agreement on that? Are we in agreement on the level of risk we want to take with our money, what we want to be investing in, how much support we want to provide to parents and our kids?" There can be differences there that can create tension if not discussed and understood before heading into marriage.

Richard Brown:

A common theme too is that opposites do attract. We know that. And it doesn't mean that the values of each side are wrong, it's just the values of how they've been raised. It's so important to have these conversations beforehand so that the values aren't bumping up against each other.

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You're really understanding them, and then you know how to work around them and come to a common decision that works for both sides.

Kim Insley:

Well, and it's emotional, right?

Elise Huston:

Completely. And it gives you a chance to create your new joint value set around money. And that can be empowering as well. It's no longer your way or my way, this is now our way. And you can only create our way if we talk openly about it.

Kim Insley:

And I love what you said too about understanding where people have been. Using my own parents as a reference, my mom, they grew up in the depression or immediately following that. Mom's family was extremely poor, very impacted by the depression. My dad's family, not so much. They were middle-class, so his view on money was vastly different than my mom's. And if you don't understand that about your partner, you might not understand why they get upset when you buy a big thing or you may not understand why that person needs that thing.

Richard Brown:

Correct. Open communication in a safe place really helps.

Kim Insley:

And before we go, we are going to have a podcast on second marriages, but just the complexity of adding, if you already have children and things like that, you really should talk to a financial planner, advisor.

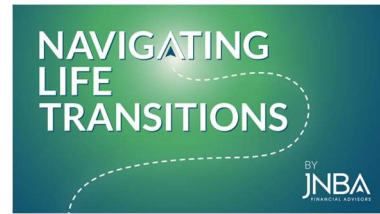
Elise Huston:

Yeah, I think bringing your professionals into the conversation, be it your financial advisor, your attorney is going to be important because whether one or both of you are bringing children into this new marriage from a prior relationship, again, you may have differences of an opinion on what assets you eventually want to leave to these children, what support you want to provide to them during your lifetime, be it for... Or even how you approach family vacations and education. So much of it can be really personal, and you can have a strong belief in that so talking openly about that. And then doing some pre-planning work too, be it through a prenuptial agreement or your estate planning documents to make sure that then there's no issues or question about how am I going to make sure that my kids and their kids are taken care of as we had intended?

Kim Insley:

Love doesn't solve all problems and things don't just work themselves out, right?

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Elise Huston:

Yeah, exactly.

Kim Insley:

And then end of life planning is a tough conversation. People think of it in terms of medical and whatnot, but obviously you need to be set up financially for that as well.

Elise Huston:

Yeah. I would say probably we experience quite a bit, a lot of just maybe feet dragging on estate planning conversations because it's not fun. You're talking about end of your life, and that's something that nobody enjoys maybe thinking about or spending a lot of time, but it can be really powerful. We talked about this in another podcast we've done previously just on what a gift it can be to your heirs to have done that planning work, but to then brought them into the conversation so that they can hear directly from you, the story, around why you set things up the way you did, why it was important to you, your perspective on what you hope is left for them. And then it gives them a lot of freedom to just take action or move forward. But I think the part of it that can oftentimes get difficult too is just maybe you made a really thoughtful decision around this child lives locally, the other lives across the country, so the local child is the first person named in all my estate documents to help with healthcare decisions or financial decisions.

Kim Insley:

Because they're there.

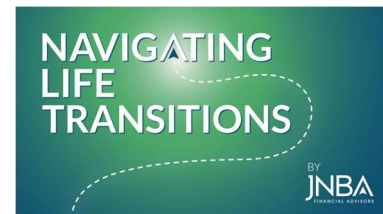
Elise Huston:

Because they're here. But without having that conversation with all of your children in advance where they understand, there can be some misinterpretations or people can perceive it differently and maybe have their feelings hurt. "Why didn't mom and dad want me to do that? Why wasn't I included?" And it was for a very thoughtful reason. Having those conversations in advance, having a meeting with your kids. We encourage family meetings all the time. It's just such a great way for then your kids to know your professional partners too so that they have a good resource should something happen to you. But all of that can really help to alleviate some of the tension that may linger when people don't understand, there's not clarity around intent.

Richard Brown:

And I think you hit the nail on the head; if you don't do that, you leave it up to interpretation of your own of why your family did what they did. And that can cause such chaos sometimes. And it's as simple as even understanding when the second parent dies, what all is going to be left in the home to whom. If you don't have that conversation, that creates a lot of concern, a lot of frightening talks, decisions. And someone ultimately has to make that decision. And how unfair is that to the person that you've given the responsibility to if they don't really know what your vision is?

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Kim Insley:

Because that might harm their relationships with people too.

Richard Brown:

Absolutely.

Kim Insley:

I feel like everyone thinks, oh, I don't have to worry about that yet because I'm only 45 or whatever. But I feel like the earlier you do it... Not when you're 20 and you don't know what's happening, but the earlier you do it, the less scary it is because it does seem farther out. And the opportunity you have, I think, important to introduce your kids to your financial team and to have those conversations, which is very hard to do when you're 85 and stuff is hitting the fan and it's imminent. You know?

Elise Huston:

Yeah.

Richard Brown:

And think about it. That is the worst time to make a decision when you're dealing with all of that.

Kim Insley:

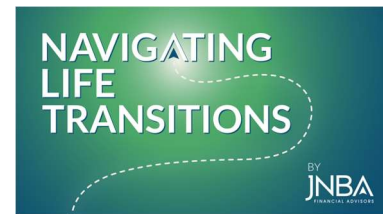
Yes. Absolutely. From estate planning, this leads naturally, Richard, then into generational wealth. Perhaps you are in a fortunate position to be leaving something to your children in that way. How do you approach those conversations?

Richard Brown:

Well, again, the conversation ahead of time is important. Sometimes an inheritance looks like a red Porsche. Well, you can't control everything from the grave, but what you can do is have important conversations about why maybe a family member is put in charge of something, and if it's a business, why that person should be the next leader of that business. And then how are you fair to the other children?

And there are strategies that can be put in place to make people feel comfortable that they weren't left out, that they were thought about, but those strategies have to be communicated with the clients. And then their responsibility is to tell you what feels good and why something is inappropriate for their values. And once you begin to understand their values, you really can create a plan for them that puts you in a position to have everybody understand why this is being done this way and the conversations ahead of time that were put in place. And it really does make a big difference because at the time of the second death or the loss of a family member, it is the wrong time to be having these conversations, the absolute wrong time.

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Kim Insley:

I agree. Do either of you find that sometimes people inherit money and they don't want to spend it because they don't want to dishonor the person's intentions or they're not sure what those intentions were?

Richard Brown:

Kim, that is so common.

Kim Insley:

Really?

Richard Brown:

That is so common. A lot of people who inherit money from family members will continue to say, "That's not my money." But it is their money and it is an important part of their plan going forward and needs to be incorporated in their plan going forward. But from a psychology standpoint, it takes them a little while to realize why that money was left for them and how it will improve their lives and the wishes that their family members had when they put it in place. But it is very common that they think it's not their money.

Elise Huston:

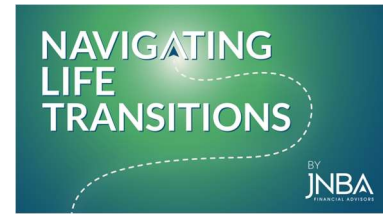
Yeah. And to touch on an earlier point that Richard shared as well, I think that is why those conversations with your family can be so important because you can give permission to things that they otherwise maybe wouldn't give permission to themselves, but you also might uncover there's components of the plan you have in place that they want you to further elaborate on or to share more about or maybe even document.

I worked with a client who, she had two adult children. Her plan was to leave her assets equally between the two of them, but one of her children, he often gambled. It was a lifelong struggle of his, and it was hard for him to not spend any excess money gambling. And that was a concern for her. It really was hard for her to imagine leaving and trying to leave money for him to make sure he was taken care of for the rest of his life. But how do I make sure it is there for the rest of his life?

And so she ended up establishing a plan that allowed for one of her sons to just receive his inheritance outright, do with it what you'd like, the other received it in a trust with very specific provisions around how much money he'd be getting each month. There's an increase each year for a cost of living adjustment and is overseen by a corporate trustee. But very different ways that these two sons were going to be inheriting their money.

And her son who was going to be receiving the funds outright had started to get a little bit more involved in mom's affairs just as she was getting older, make sure he understood who her financial partners were at that time. And when he realized this, he just really begged his mom, "Can we have a conversation with my brother about this? Because I don't want to have to be the one to deliver that news. And I want him to understand that you're doing this very purposefully from the right perspective out of love and care for him, not because you think that I'm better at money than him necessarily, it's just that we have our own challenges."

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And they had that conversation. And it was a great conversation to have. It alleviated a lot of stress for the one brother who was so worried about what it would do to the relationship with his sibling after his mom died. Again, a conversation that I'm sure was really hard for her, and in fact, I know it was. She lost a lot of sleep about how everybody was going to react. But in the end, it created a lot of peace for everyone because knowledge can be powerful, and feeling like you're part of that plan before it gets implemented can also be really powerful.

Kim Insley:

And for him to understand the perspective that it was done out of love, not out of a punishment.

Elise Huston:

Right. Exactly.

Kim Insley:

Wow, that's powerful. That is extremely powerful. And yeah, sometimes people want to avoid the difficult conversation from the grave, right? I'll just take it to my grave.

Richard Brown:

Right.

Elise Huston:

Mm-hmm.

Kim Insley:

One of the big things then that I'm getting out of this whole thing is in spite of the difficult conversations, it does help to have someone who's been through that process who can red flag things that you just pointed out. Your advisor is a really wonderful partner in all of this.

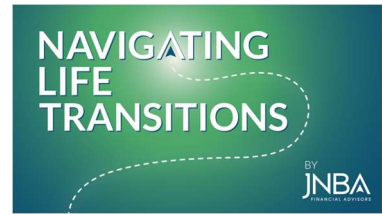
Elise Huston:

Yeah, completely. Richard said it at the beginning, "Our job and our role is to be an advocate for you and to create space for open conversations." We do really believe as your financial advisor, it's our role to help facilitate these conversations and bring to light other opportunities or considerations that might help to alleviate any of the stress or whatever it is that's making that conversation so difficult. And by having that independent third party and fiduciary by your side, we are always there to help make best decisions that we believe are truly in alignment with your goals and values. And to make sure that we're keeping that at the forefront is just so important.

Kim Insley:

And because people are now clued into this, the book title again that you are reading along with.

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Elise Huston:

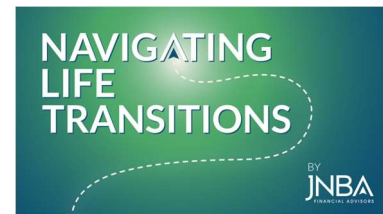
Yeah, Difficult Conversations.

Kim Insley:

Difficult Conversations. And the title of this podcast. Well, Richard, again, nice to have you with us. Elise, nice to have you as always. Thank you. And we hope that you'll listen to our other Navigating Life Transitions podcast. To get the full list of available episodes online at jnba.com, click on the Insights tab to find the podcast page. And you can help yourself to the free resources on JNBA's website. Again, that is JNBA.com.

And if you have any questions about navigating difficult conversations or you want to learn more about how JNBA can help you with your financial life goals, just give them a call: 952-844-0995, or you can use the contact form on jnba.com. That's where you can schedule a complimentary, no obligation call with their experienced multi-generational team. I want to thank all of you again for listening. I'm Kim Insley, and I look forward to navigating more life transitions with you on our next podcast.

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