

How to Navigate Difficult Financial Conversations

Life is full of challenging conversations, especially those that are financial in nature. Whether it's budgeting with your spouse, talking to your children about spending habits, or helping elderly parents deal with their estate, it takes a lot of courage and tact to successfully manage a challenging financial conversation.

The New York Times bestseller [Difficult Conversations: How to Talk About What Matters Most](#), developed by researchers from the Harvard Negotiating Project, defines a difficult conversation as anything you find hard to talk about for fear of the consequences.ⁱ As financial professionals, we understand how to navigate tough conversations about money; here are a few tips that we have learned along the way:

Choose the right time and place. Where and when you speak with someone is as important as how you approach him or her. It can be tempting to put off a stressful conversation with someone, but delaying can heighten your emotions and increase the risk that a problem will turn into a crisis. That said, avoid springing serious discussions on your family during the holidays or large family gatherings. Try and find a time and place where you can be alone and free from distractions.

Consider the purpose of your conversation. Before speaking with the other person, think about your goals for the conversation and try to focus on a few key issues that you'd like to resolve. It's also important to delve into your own feelings about the situation. Understanding your own perspective and identifying the personal baggage that you're bringing into the conversation can help you downplay your own emotions and focus on the other person. Ask yourself questions like:

- What's the purpose of this conversation?
- What's my ideal outcome?
- What am I afraid of?
- Am I the right person to be bringing this up?
- What emotions and history are here?

It's also important to acknowledge the source of your own fears so that you can explain them to the other person. For example, you might be worried that your parents' lack of estate planning might damage important family relationships, or that your children's financial mistakes might affect your own finances. Your fears and concerns are legitimate. Understanding the source of your anxiety and being able to express it constructively to the other parties may help them understand how their choices affect others.

Avoid criticism and confrontational language. Few things are as likely to raise someone's defenses more quickly than outright or implied criticism. Resist the urge to criticize and focus on your goals by using compassionate and constructive

dialogue. Avoid using inflammatory language like:

- You *always*...
- You *never*...
- You *have to*...
- I *can't believe*...

Sentences that start with the above words can come across as accusatory and may force the other party into defending their choices. Your goal is to open up a productive conversation, not turn it into an argument. Try to say things like:

- I'd like to talk to you about...
- I need your help understanding...
- Can you explain to me why...
- I'm concerned about...Can we talk about it?

Try to see the other person's perspective. It's easy to get wrapped up in the outcome that you desire, but successfully navigating a challenging conversation means that you need to see past your own needs and understand where the other person is. What do they want? What are their fears and concerns? By understanding their perspective and treating them with compassion, you're much more likely to achieve a successful outcome. Though you may be frustrated, worried, or angry, take a step backward and try to approach every discussion from a place of love and sensitivity.

Bring in an expert opinion. Sometimes, issues become too complex or emotional to handle alone. It's very common for family members to be reluctant to discuss financial issues with each other. If your attempts to address the issue are rebuffed, it can be useful to call in an expert who can offer a neutral perspective and maintain focus on the problems you are trying to resolve. Sometimes, just sitting down with a financial professional is enough to move the conversation back to productive territory.

Next Steps

Financial conversations can be very challenging, but they are critical to maintaining your family's financial wellbeing. We hope that this article has given you the tools and the courage needed to have one of those talks that you've been putting off.

As financial professionals, we frequently have to engage in tough discussions about money with our clients and their family members. Often, one of the most important services we can provide is that of a neutral mediator in delicate financial situations. If you or someone you love is struggling to navigate a difficult conversation, we urge you to reach out to us or another trusted professional in your area.

ⁱ Difficult Conversations: How to Discuss What Matters Most, 2010; D, Stone, B, Patton, S Heen. (Accessed July 18, 2014)

Securities and advisory services offered through SII Investments, Inc., member FINRA, SIPC and a Registered Investment Advisor. Fross and Fross Wealth Management and SII Investments, Inc. are separate companies. SII does not provide tax or legal advice.