



The emotional currency of wealth transfer: navigating complex conversations

Money is emotional. Within families, differing values, financial literacy levels, and expectations around inheritance often lead to tension and avoidance. As a result, conversations about wealth transfer tend to remain superficial.

Here are three common scenarios that illustrate the challenges families face:

Unequal needs between siblings

A couple avoids discussing wealth transfer because one child needs financial support while the other doesn't. Their older son is a successful tech executive, while the younger son is a struggling artist. The parents plan to support the younger son more, but fear resentment from the older son. Though everyone knows money will be passed down, no one has talked about it, and the children are unaware of their parents' true wealth.

Blended family dynamics

An older couple, recently married, enjoys their retirement with travel and leisure. Each has adult children from previous marriages and encourages them to be frugal. However, the children see their parents' lifestyle and feel entitled to the family's wealth. Although wealth transfer was discussed previously, the new family dynamic requires a fresh, honest conversation — one the couple hesitates to initiate.

Philanthropy vs. family expectations

A widowed mother of four plans to leave most of her wealth to charity, hoping to create a lasting legacy. She informs her children that they'll receive a portion but are expected to build their own wealth. Shocked by this, the children stop speaking to her, leaving her hurt and disappointed.



What's inside

1. Celebrating aging, embracing the future: Planning for the unexpected
2. Planning for the family vacation property
3. The Happiness Portfolio



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You don't have to do it alone

Most wealth givers welcome third-party mediation, and beneficiaries often want financial advisors involved. Advisors can offer guidance, host meetings, and facilitate open discussions, helping families address sensitive issues and manage expectations.

Five steps for meaningful wealth transfer conversations:

1. Evaluate your family's circumstances

Start with an honest assessment of your family's situation. If a partner is involved, align on your plans before discussing them with children. Parents often have differing views, and resolving these is essential.

2. Engage your wealth advisor

Your advisor can support your discussions in various ways — from improving your children's financial literacy to hosting events with other families. They can also provide tools and resources tailored to your family's needs.

3. Decide what to disclose, and how

Work with your advisor to determine your approach. Do you want a light-hearted, values-based conversation or a detailed estate planning discussion? Decide what financial details to share and when, based on your comfort level.

4. Communicate your plan

Start the conversation — whether it's about charitable giving, financial education, or estate plans. These discussions can happen over time or in a single event. Sharing your plans and naming a successor trustee can be difficult, so consider doing it in stages. Your advisor can help structure these conversations.

5. Prepare for emotional responses

Expect emotions like shock, disappointment, or frustration, especially when revealing unequal distributions or philanthropic priorities. Allow space for your children to process and respond — your plans may not align with their expectations.

Funding your child's future – beyond the RESP

Investing in education: planning for private school and beyond.

For many families, few investments feel as meaningful as investing in their child's education. While that may mean aiming for an Ivy League degree, the race for academic advantage often starts much earlier — with private or boarding school enrolment.

"An elite education is still seen as a gateway to elite networks," says Sarah Burke, Wealth Planning Consultant at BMO Private Wealth. "This perception drives parents to consider prestigious private schools and universities – even when the price tag is substantial."

While the steep cost of post-secondary education is well known, private school fees can be just as daunting. "Many families underestimate these costs," Burke notes. "If you want to give your child access to the best education money can buy, it pays to understand the numbers and develop a tax-efficient strategy for funding them."

"Education planning should always be part of a broader wealth plan," says Burke. "We help families understand not just what their goals are, but also how to fund them efficiently."

Understanding the costs

In Canada, private school tuition varies widely — from a few thousand dollars to over \$80,000 per year depending on the school and grade.

- **Day schools:** Typically \$15,000–\$30,000/year
- **Boarding schools:** Often \$60,000–\$80,000/year

These figures exclude extras like books, uniforms, technology, extracurriculars, and trips. Over elementary and high school, tuition alone could total \$200,000–\$400,000 per child.

Once university arrives, the costs continue:

- **In-province program (4 years):** Up to \$100,000 (including residence, food, books)
- **Ivy League or top-tier U.S. programs:** CAD \$400,000+ over four years

When a RESP won't do

The Registered Education Savings Plan (RESP) is the go-to tool for post-secondary education savings. But it has limits — RESP funds can't be used for private or boarding school tuition, and certain lifestyle or travel costs aren't covered.

For affluent families seeking flexibility across all stages of education, a **discretionary family trust** can be an effective alternative.



“With this approach, parents or grandparents contribute assets to the trust and appoint a trustee to decide when, how, and to whom distributions are made,” Burke explains. “This ensures the flexibility to adapt to changing educational needs while keeping the family’s wealth strategy intact.”

Tax advantages of a family trust

- **Income splitting:** A trust can shift investment income to lower-income beneficiaries, reducing the overall family tax bill.
- **Intergenerational benefits** A trust can remain in place beyond school years, supporting other long-term family goals.

Note: Canadian attribution rules prevent income splitting with minors (except for capital gains) when funds come from parents, but contributions from grandparents or other relatives may avoid these restrictions.

“A trust is not a ‘set it and forget it’ strategy,” Burke warns. “It requires active management, compliance oversight, and careful integration with your broader wealth plan.”

Front-loading your RESP for maximum growth

Even if you’re funding private school, don’t overlook the RESP for post-secondary savings. Burke recommends opening a RESP early to benefit from compound growth and the Canada Education Savings Grant (CESG).

Example strategy:

- Contribute \$16,500 when your child is born
- Add \$2,500/year for 12 years
- Add \$3,500 in the final year

This hits the \$50,000 lifetime contribution limit per child and secures the maximum CESG of \$7,200 (20% of eligible contributions, up to \$500/year).

“Front-loading works best if you have non-registered funds you won’t need for your own goals,” Burke advises. “It generally doesn’t make sense to withdraw from a TFSA or RRSP to do this.”

Plan for inflation and currency risk

Private school tuition tends to rise 5%–7% annually, faster than general inflation. A robust education funding plan should account for these increases. If U.S. schools are on your radar, consider:

- Building your budget in U.S. dollars
- Using a conservative exchange rate in projections
- Opening a U.S. investment account early to reduce currency conversion risk later

Education planning in the bigger picture

A strong education plan is most effective when it’s part of a comprehensive wealth strategy. Your BMO Private Wealth professional can help you:

- Integrate education funding with retirement, estate, and investment goals
- Take advantage of changing tax rules and incentives
- Keep your plan flexible as your child’s needs evolve

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Bottom line:

From private school to Ivy League ambitions, education costs can be steep — but with the right strategy, they don’t have to derail your other financial priorities. By combining flexible structures like family trusts with RESP advantages and smart tax planning, you can give your child a world-class education while protecting your long-term wealth.

How to keep your emotions in check in volatile times

In the past year, market volatility has felt like the norm. With constant headlines about tariffs and geopolitical instability, it's easy to feel like you're riding solo on an emotional roller coaster — but you're not alone.

Plenty of investors get jittery when the news cycle is a revolving door of disasters and opinions.

The key is not letting gut reactions guide your investment behaviour — especially when CEOs, politicians, and media personalities can trigger momentary market swings. That's where behavioural finance comes in.

Behavioural finance explores how our brains rely on subconscious rules of thumb — or biases and heuristics — developed for survival. These instincts, rooted in emotions like fear and excitement, can sabotage rational decision-making in high-stress moments.

Since anxiety and fear are increasingly common, here are three behavioural traps to avoid when markets get bumpy:

1. Beware of herd mentality

Whether it's dumping stock after a CEO scandal or chasing the latest AI craze, herd behaviour is hard to resist. Our instinct to follow the crowd is rooted in survival, not logic — and while it helped our ancestors escape danger, it doesn't serve us well in complex financial markets.

When you feel the urge to follow the crowd, pause and ask why. This simple act helps you break out of autopilot and gives you time to examine the facts before reacting.

Herd mentality can increase volatility and destabilize markets. For example, in April 2025, markets swung wildly after the U.S. administration threatened tariffs on allies and adversaries. Investors panicked, but by month's end, equities had rebounded and hit new highs. While summer brought more stability, unpredictable trade policies continue to challenge economists. Instead of reacting with panic, many investors are now choosing to wait and see.

2. Stop telling yourself stories

Humans are natural storytellers. We often create tidy narratives to explain events — even when we lack all the facts. This tendency is known as narrative fallacy.

For instance, when inflation surged between 2021 and 2022, some

Canadians blamed the prime minister, overlooking broader causes like the pandemic, supply chain issues, and the war in Ukraine.

Narrative fallacy leads investors and pundits to oversimplify market movements, ignoring the complex mix of factors at play. The solution? Step back and examine the data. Let facts and long-term goals guide your decisions — not compelling but incomplete stories.

3. Don't rely on your memory

If you've ever avoided a neighbourhood after hearing about a violent incident, you've experienced the availability heuristic — a mental shortcut where we judge likelihood based on what comes to mind most easily.

Coined by Amos Tversky and Daniel Kahneman, this bias causes us to overestimate risks based on vivid or recent information. For investors, it means reacting to memorable headlines rather than relevant data.

Take the Air India crash on June 12, 2025, which caused Boeing's stock to drop 4.9% overnight. While the incident was tragic, data from the U.S. National Transportation Safety Board shows that global plane crash rates have remained stable — including in 2025.

To avoid falling for the availability heuristic, seek diverse, credible sources — from multiple news outlets to government-vetted statistics — rather than relying on memory or sensational stories.

Bottom line:

World events are unpredictable, but understanding what drives our investment decisions helps us stay grounded. By recognizing and managing behavioural biases like herd mentality, narrative fallacy, and availability heuristic, investors can make smarter, more rational choices — even in volatile times.

Contact us to learn more.



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