



## What to Know About Lending to Family

Financial security brings peace of mind. When you don't have to worry about paying bills or lagging behind on retirement savings, you have time and energy to focus on other things.

And when you're in this position, it can be tough to see loved ones struggle with money.

Are you thinking of loaning money to a family member or friend, or have you ever been approached about a loan? Here's what to keep in mind.

**Do consider your financial situation first.** Emergencies happen. Maybe a loved one is sick or out of a job. Your first instinct could be to leap in to offer financial support. First, take the time to consider how much you can afford to loan, keeping in mind repayment will likely take time.

**Don't be vague.** Clearly communicating about the loan amount and repayment timeline before money ever exchanges hands can save a lot of hurt feelings in the future. Try to avoid allowing emotion to dictate your actions. Instead, put the agreement down in writing, like you would any other kind of deal.

**Do think about giving a gift.** You probably want to extend the loan because you care about your relationship with that person. Gifting the money, rather than loaning it, may sometimes be better (as long as you're in the position to do so). A gift means you don't have to worry about following up with the recipient for repayment. And, they don't have to feel guilty that they aren't paying you back fast enough.

**Don't forget to keep your spouse in the loop.** If you're married or share finances with a partner, talk to them about the loan (or gift) before offering it. You don't want anyone to be surprised or upset about the money you lend.

Do you have questions or need assistance? Reach out for guidance today.

*The highest Compliment you can give your ROI Financial Advisor is to refer them to someone special like yourself. We thank you for your business & most recent consideration.*



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