



*Dreams cost nothing...  
Implementation gets expensive.*

## The Incredible Journey

*A grandparent is a little bit parent,  
a little bit teacher,  
and a little bit best friend.*

Anonymous

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The views and opinions expressed in this essay are solely my personal views and opinions based upon my personal experiences, and do not represent the views or opinions of my employer.

## Introduction

On December 23, 2012 at 6:44 am, I became a grandfather or Grandad as I have chosen to be called. Our eldest son Michael, and his wife, Brianna, welcomed into their family a daughter, Emily Rose Livingston. My parents had nine grandchildren — all boys; so, this little girl has a special significance on my side of our family — in fact she is the first girl born in 56 years!

Grandchildren can provide a wonderful opportunity for grandparents to discover new adventures and passion in their lives; what I refer to as “the incredible journey.”

Grandparents can play an important role in teaching future generations the important values and skills they will need in their lives. Grandparents need to recognize when they give their grandchildren money without a purpose, they run the risk of spoiling them and helping create a sense of entitlement. On the other hand, when they give their grandchildren money with a purpose, they can teach them important lessons in life and help them become responsible adults.

These outcomes can happen whether it be a small gift on a Sunday outing or an inheritance left to them in a will. When grandparents leave their grandchildren just money, they will help them meet a need. When they leave their values, they will help them achieve their goals. When they leave some money and their values, they will help them achieve their dreams.

At this time, permit me to introduce the four generations of the Jackson family<sup>1</sup>, an imaginary family perhaps in some ways similar to yours. Carol Jackson, the matriarch of the family, will share with us a number of family stories involving her, her husband Doug, and their grandchildren.

What do I hope to accomplish by writing this essay?

I want to get you thinking — thinking about the incredible opportunity that lies ahead of you when you become a grandparent. I hope sharing Doug and Carol’s journey, their dreams and their plans, will provide you the wisdom, knowledge, and inspiration in your journey.

*The Incredible Journey*, a Walt Disney movie produced in 1963, features the challenges an unlikely trio of pets faced when left on their own; my essay, written in 2017, features the wisdom and knowledge that two caring grandparents shared with their grandchildren.

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<sup>1</sup> See Appendix A for the Jackson family tree.

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## Chapter 1: A City Called *Responsibility*

*A good man leaves an inheritance to his children's children.*

Proverbs 13:22

### **1.1 Establish Your Vision**

When we first become grandparents, we must define our vision for our extended family.

A vision is more than just a product of our imagination; a vision is a dream with a game plan. Going one step further, a vision is a “*realistic*” dream with an “*achievable*” game plan.

How we implement our vision will become our legacy.

Once we accept personal responsibility for the legacy we leave, we must create the right plans. However, it is not enough to just create our plans; we also must implement them. This requires discipline. There will be no bridge between our dreams and our plans if we fail to practice discipline.

### **Carol's Story**

*When Doug and I became grandparents, the happy event got us thinking. We first prepared a budget and realized we had more than enough money to finance a very comfortable lifestyle. This provided us with the opportunity to begin transferring some of our money to our children and grandchildren.*

*We recognized the importance of going slowly. This required patience and more importantly creating the right plans, both for our children and grandchildren. We wanted to begin the process while our grandchildren were still young and hopefully carry on as they grew up. We wanted them to enjoy the benefits of our gifts and we wanted to see the fruit from our plans.*

*We then asked ourselves three questions.*

- > *What is our vision for our grandchildren?*
- > *What is our dream for our grandchildren?*
- > *What plans will we use to implement our vision?*

*Many years from now there will be a financial inheritance to share with our family. More importantly, we hope there will be an inheritance based upon our values.*

*That will be our legacy.*

## 1.2 Define Your Role

*A Tale of Two Cities* is an essay I wrote to help young parents raise their children to become responsible adults. Parents' role is to teach their children the importance of establishing their values, learning some critical skills, and achieving financial independence. When the children don't accomplish these goals, they could be well on their way to a city I call *Entitlement*. However, when the children accomplish these goals, they are well on their way to a city I call *Responsibility*.

Here are some characteristics of traditional grandparents:

- > They don't practice what they preach
- > They spoil their grandchildren
- > They become "grandparents in control"

Here are some characteristics of caring grandparents:

- > They understand and are committed to their role
- > They are good listeners and learn their grandchildren's language
- > They are "friends" on call"

Parents and grandparents clearly want the next generation to end up in a city called *Responsibility*. While they share a common goal, their roles are very different. The next generation needs both "parents in control" and "friends on call."

Grandparents can be those "friends on call."

## Carol's Story

*A good friend of mine once shared with me some advice when she became a grandparent. She had quickly come to realize that her children and their spouses had their own views in raising their children and sometimes resented being told how it should be done. Her "suggestions" to her grandchildren's parents are now always prefaced with "for what it is worth."*

*I have taken her advice and try to resist the temptation to say: "In my day I would never let our children act that way."*

*Rather, I try to say: "For what it is worth..."*

**It is acceptable for grandparents to share but not force their views. Grandparents need to remember that many years ago they were once in their children's position.**

## Chapter 2: Create the Right Plans

*You don't have to do exceptional things in life to achieve happiness and success; you just have to do ordinary things extraordinarily well.*

Jim Rohn

Simply giving grandchildren some money teaches them little except how to ask for more. However, when grandparents use their money to help their grandchildren establish their values and learn some of life's critical skills; they are leaving a gift that will bless them for the rest of their lives.

Carol shares with us some wonderful ideas of how Doug and she used their money to teach their grandchildren how to do ordinary things extraordinarily well. Their approach was based on a quote by Benjamin Jackson: "Tell me and I forget. Teach me and I remember. Involve me and I learn."

### Carol's Story

*A good friend of ours shared with us the story of John Rockefeller and his three jars. In his family kitchen, John kept three jars for his children's allowances: one for saving, one for spending, and one for charitable giving. John would often place a coin in each jar to help his children establish the right core values and learn the critical skills needed in life.*

*The timing was perfect. Ted, our eldest grandchild, was celebrating his sixth birthday the following weekend. Like two youngsters on a scavenger hunt, the next day Doug and I went to Dollarama and bought three jars: a blue one for saving; a red one for spending; and a green one for sharing.<sup>2</sup> The next weekend we gave our three jars to Ted. It was hilarious to watch Doug help Ted fill them. It was a game, a game that Ted didn't fully understand.*

*Doug went out and bought his own coin jar which he put on his desk. All his loose change went into that jar to be given away at future occasions.*

*Doug couldn't wait until our next visit with Ted.*

Take the time to provide the coins to fill the jars. When your grandchildren turn six years old, let the game begin. By starting when they are young, this simple process will teach your grandchildren some of the core values and critical skills they will need later in life.

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<sup>2</sup> Our friend has introduced a fourth jar. The white jar is to help his grandchildren see the world. After all, John Rockefeller lived in a time when international travel was not an option. Today it is.

## Carol's Story

*One of Doug and my core values was to respect and help others who are not as fortunate as we are. We live in a wonderful country where we have been give so many opportunities, which in many cases is a result of being in the right place at the right time. We recognize and practice "from everyone who has been given much, much will be demanded."<sup>3</sup>*

*While the green jar taught our grandchildren at an early age to set aside some of their money to help others, we wanted to raise the bar as they grew older.*

*A good friend of ours shared with us a wonderful idea.*

*When Ted turned twelve years old, we offered to make a \$100 donation to the charity of his choice. The only stipulation was that he would meet with Doug and me to explain why he had chosen his particular charity. We did so and it was a wonderful experience for all of us. Ted spent some time on the internet researching several different charities that he was interested in. When he made his final selection, he prepared a presentation which he used in our meeting*

*We all agreed to make this an annual event.*

The cost to Doug and Carol?

\$100.<sup>4</sup>

The value taught?

Priceless.

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<sup>3</sup> Luke 12:48 (New International Version)

<sup>4</sup> For which they got a tax receipt.

## Registered Education Savings Plan

In today's world a post-secondary education can cost somewhere between \$10,000 and \$15,000 a year. In the case of graduate programs — for example medicine or law — the cost can double. Without some help from their family, children will graduate with student debts that will take many, many years to pay off.

The Registered Education Savings Plan (RESP) is a tax shelter designed to benefit post-secondary students. In 1996, the Government provided an additional incentive when it introduced the Canada Educational Savings Grant. The grant is designed to encourage contributions to the RESP. Today, the Government provides an annual \$500 grant for the first \$2,500. If proper planning takes place, each student will be eligible to receive up to \$7,200 in the form of grants.

### Carol's Story

*Doug and I had eight grandchildren. On each birthday Doug would meticulously write a cheque payable to their parents for \$2,500. The money was to be invested in the family's RESP. At the same time the grandchild received a present, which in their later years was simply cash.*

*On one birthday, I put both the cheque and the cash in our grandson Nigel's birthday card. When he opened the card, he let us know, we could keep the cash; he would keep the cheque!*

*Nigel recently shared with me how he has come to appreciate the money set aside for him for his post-secondary education. He has come to realize the importance of establishing a dream and committing to its fulfillment.*

Nigel's dreams at that age were focused on the short-term — a new Sony Walkman, trendy clothes, exciting computer games etc. Of course Nigel was kidding about the cheque, but there is a valuable lesson to learn from this story. While children sometimes just want to enjoy the moment, grandparents can help them focus on long-term goals. Nigel could see the cheque providing wonderful presents but his grandparents had their eyes on the future.

Doug and Carol established their dream — they wanted their grandchildren to achieve a fulfilling life; they defined their goal — they wanted to provide financial support so their grandchildren could afford a post-secondary education; and lastly, they created their plan — to help fund the family's RESP.

## Tax Free Savings Account

The Tax-Free Savings Account (TFSA) is a flexible, registered, general-purpose savings vehicle that allows Canadians to earn tax-free investment income to more easily meet lifetime savings needs. The TFSA complements existing registered savings plans like Registered Retirement Savings Plans and RESPs.

As of January 1, 2017, Canadian residents, age 18 and older, can contribute up to \$5,500 annually to a TFSA.

When our grandchildren become young adults, it is important to create plans that reflect their age and maturity. Plans must include good two-way communication, simplicity and transparency, and most importantly, some freedom of choice.

## Carol's Story

*When Doug passed away in 2007, I wanted to begin to transfer some of our wealth to our grandchildren. In consultation with my children, I decided to give each grandchild some money each Christmas. It was meant to be a special gift. For those 18 years and older, the money was invested in a TFSA. For the younger ones, it was invested in trust.*

*I wanted to teach our grandchildren an important core value in life — taking personal responsibility for the decisions they make. At the time of the gift, we explained to the older grandchildren that my hope is the money will remain in the plan until I am no longer with them. All the grandchildren have bought into my plan. They are all aware that while the money is legally theirs and they could take it out at any time, so far, they have chosen not to do so.*

*I wanted to also teach our grandchildren the importance of planning, discipline, and patience when it comes to managing money. Someday, I hope our gift will be used to buy a house, start a business, or send their children to camp. The grandchildren will always remember who gave it to them; hopefully, they will also remember why I gave it to them.*

The most important aspect of Carol's plan is the grandchildren were allowed some freedom of choice. It was their money. It was their choice what to do with it.<sup>5</sup>

**Doug and Carol plans are helping their grandchildren become residents in a city called *Responsibility*.**

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<sup>5</sup> When Carol passed away in July, because none of her grandchildren had touched their TFSA, they each received a wonderful inheritance from their grandmother.

## Chapter 3: The Greatest Gift

*Mentoring is our true legacy. It is the greatest inheritance we can give to others. And it should never end. It is why we should get up every day — to teach and be taught.*

John Wooden

Of course, there are times to just give our grandchildren a present. After all, that is the prerogative of being a grandparent. Remember though, Lego sets will come and go, but establishing the right core values and learning some of life's critical skills will last for a lifetime.

What is the greatest gift can we give our grandchildren?

Mentorship.

Grandparents can be valuable mentors for their grandchildren. In many ways, they can fulfill this role better than the parents. Caring grandparents understand they are not meant to discipline their grandchildren; that is the role of the parents. Grandparents usually have more time than parents. Lastly, grandparents have a wealth of experience they can share with their grandchildren. This experience can play an important part in helping their grandchildren establish their values and learn some of life's critical skills. These are precious gifts. These are gifts that will "keep on giving" long after you are gone.

However, we must remember establishing the right core values without learning some of life's critical skills is like a saw without a blade.

What makes a good mentor?

A good mentor must understand the importance of being a role model. He must have a clear understanding of his core values and the critical skills needed to succeed in today's world.

A good mentor must also recognize and become involved when the opportunities become available.

According to Jim Rohn: "Often, the most extraordinary opportunities are hidden among the seemingly insignificant events of life. If we do not pay attention to these events, we can easily miss the opportunities."

## **Carol's Story**

*My two grandmothers were so different. When I think of Grandmom, my memory is a five-dollar bill. Most times when I saw her, she would give me a five-dollar bill and tell me to go buy myself something. She was a wonderful lady, with a good heart, but that was the extent of her mentoring.*

*When I think of Nana, my memory is the valuable lessons for life she taught me. I remember staying at her house for part of the school year. I went home for lunch every day. One day my grandmother was out so she left hotdogs for lunch, much to my delight. I enjoyed my lunch but I didn't bother to clean up before I headed back to school. That night when I got home, I received a severe reprimand from Nana. She explained to me that life comes with responsibilities. After that lesson, I always cleaned up my mess when staying at Nana's house.*

*The five-dollar bill has come and gone but the lesson of taking personal responsibility for myself is still with me. And now, some 50 years later, I still think of Nana while enjoying a hotdog on a Saturday afternoon.*

**Your success is all about what you accomplish in your life. Your significance is all about the legacy you leave others, including your grandchildren, to help them accomplish success in their lives.**

## In Closing

*A journey of a thousand miles begins with a single step.*

Chinese Proverb

Let me finish with a personal story.

In August 2007 my father passed away from cancer. One of Dad's passions in life was to pass on his values to his family, to both his children and his grandchildren.

At our first Christmas without Granddad, we met at our house and spent some time reflecting about him, the impact he had on our family and the community we lived in. As part of our remembrance, we shared his will with the family.

We also gave each grandchild a special card from Nana, their grandmother. Each envelope contained some money and a cheque. Both were special gifts from Granddad. The money was to be enjoyed now in memory of the good times. The cheque was to be put away and saved for something special. In the case of our boys, the cheque helped Michael become a doctor, helped Ted start Kik Interactive, and helped Blair start Street Contxt. Dad, it was money well spent.

The meeting was not held in a lawyer's office — rather it was held in our house with all the family present. The reading of the will was not a solemn event — rather it was a celebration of Granddad's life. The inheritance was not shrouded in secrecy — rather there was an open dialogue amongst all family members. The reading of the will was not couched in legal terminology — rather it was given in an act of love.

And most importantly, the family focused on a man who not only left some money, but more importantly, left his values and his love.

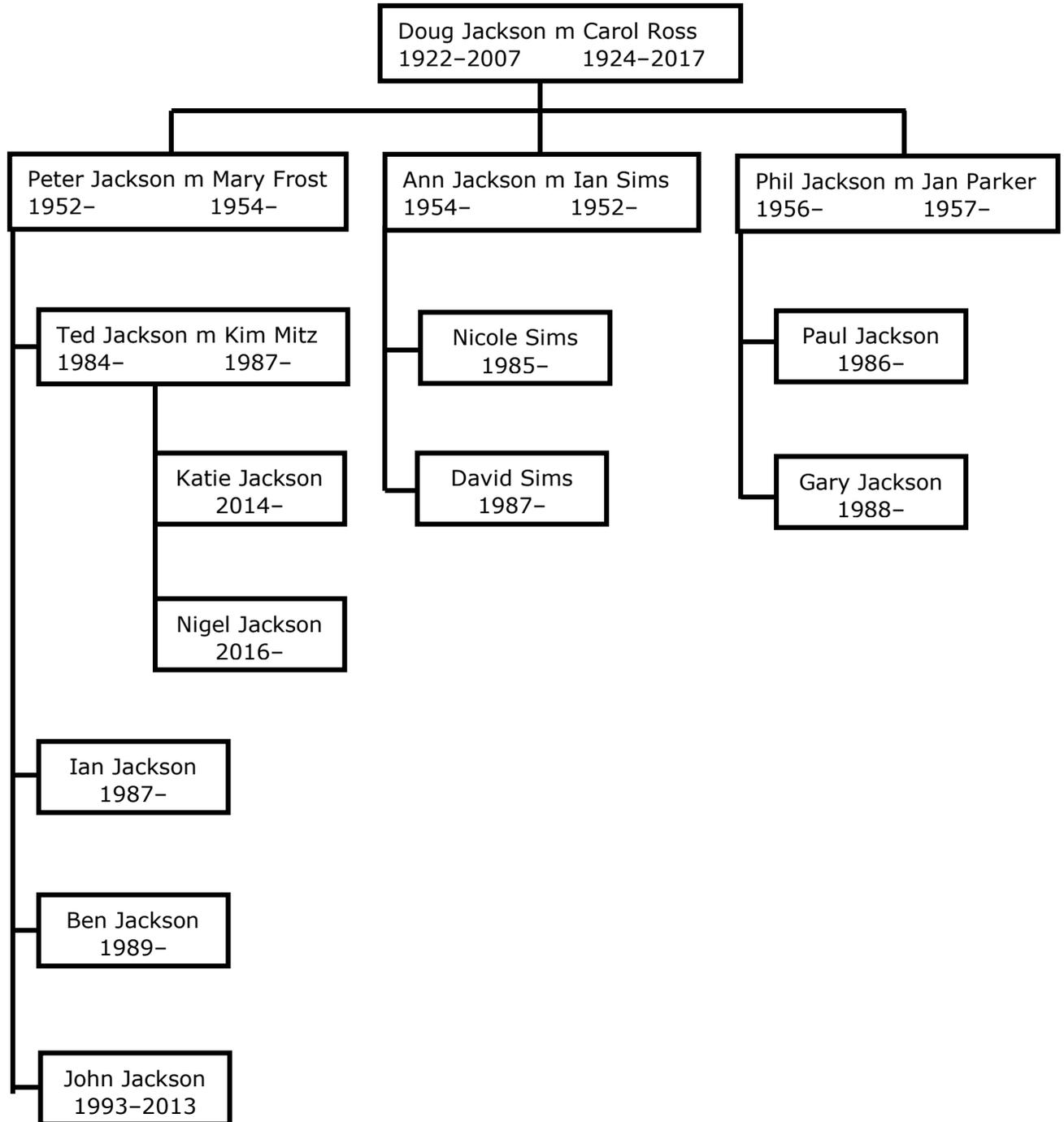
The transfer of wealth between generations can play an important part in who your grandchildren become. When grandparents allow their wealth to teach their grandchildren the wrong values in life, their grandchildren will be heading towards a city called *Entitlement*. On the other hand, when grandparents use their wealth to teach their grandchildren the important values in life, their grandchildren will be on their way to a city called *Responsibility*.

When most people think about the transfer of wealth between generations, they imagine the first reading of a will in a lawyer's office. This reading is a solemn event, cloaked in mystery, because beneficiaries have had little or no dialogue about the conditions of the will. Their interest focuses primarily on the money being left to the beneficiaries, whether it is family or their community.

The transfer of wealth between generations need not take place in a lawyer's office; rather it can be an incredible journey that starts early in life.

Why not start your incredible journey today?

## Appendix A: The Jackson Family



## Appendix B: Family Trusts<sup>6</sup>

Family trusts are one of the most effective tools in the intergenerational transfer of wealth. They can be a very effective way to move taxable income out of the hands of a high-income earner(s) and into the hands of lower-taxed family members while at the same time allowing the lender(s) to maintain control of the capital.

**Family trusts require a vision.** A vision is a dream with a game plan. A family trust brings our vision to life, providing the opportunity to transfer our wealth, both our money and our values, to future generations.

**Family trusts require a plan.** Creating a family trust requires a decision accompanied by a commitment, and a phone call to a lawyer. Usually, they are not very complicated to set up.

**Family trusts require good communication.** The discussion regarding the intergenerational transfer of wealth must start with the parents and then include their family. Good communication will help parents create the right plans.

While family trusts provide tax incentives, I believe their greatest benefit is the important part they play in family's approach to the intergenerational transfer of wealth. They not only provide a process to transfer the money, but more importantly they provide a process to transfer the family's values, wisdom, and knowledge.

Family trusts can help family members establish their core values and learn the critical skills needed to responsibly manage the inheritance they will be given one day. Both will be needed if they are to become residents in a city called *Responsibility*.<sup>7</sup>

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<sup>6</sup> Readers should obtain professional advice from their legal and tax advisors before acting on any of the following information.

A<sup>7</sup> My essay [Dreams Cost Nothing](#) discusses in greater detail family trusts.

## Appendix C: Registered Education Savings Plan

The Registered Education Savings Plan (RESP) is a tax shelter designed to benefit post-secondary students. In 1996, the Government provided an additional incentive when it introduced the Canada Educational Savings Grant. The grant is designed to encourage contributions to the RESP. Today, the Government provides an annual \$500 grant for the first \$2,500. If proper planning takes place, each student will be eligible to receive up to \$7,200 in the form of grants.

The following table outlines the contribution schedule which results in each student receiving the maximum \$7,200 Canada Educational Savings Grant.

Year	Contribution	Canada Education Savings Grant
Year 1	\$16,500	\$500
Year 2	\$2,500	\$500
Year 3	\$2,500	\$500
Year 4	\$2,500	\$500
Year 5	\$2,500	\$500
Year 6	\$2,500	\$500
Year 7	\$2,500	\$500
Year 8	\$2,500	\$500
Year 9	\$2,500	\$500
Year 10	\$2,500	\$500
Year 11	\$2,500	\$500
Year 12	\$2,500	\$500
Year 13	\$2,500	\$500
Year 14	\$2,500	\$500
Year 15	\$1,000	\$200
<b>Total</b>	<b>\$50,000</b>	<b>\$7,200</b>

## About the Author



Bob Livingston has spent over 40 years on Bay Street, on both the sell-side and buy-side. In the last 15 years he has made numerous presentations on wealth management and has spoken at several conferences on the part philanthropy can play in managing your wealth.

In addition to Bob's financial management experience, he has become very interested in personal development. He has made numerous presentations to high school and university students, stressing the importance of wealth management and personal development.

Bob has written numerous essays on family issues, personal development, philanthropy, and wealth management. Two common themes in his essays are the importance of developing financial responsibility in your life as well as increasing personal involvement in your community. These goals can be realized by learning the basics of wealth management and making personal development an integral part of your operating DNA. Bob uses numerous family anecdotes to illustrate his personal journey in pursuit of these two goals.

When asked why he has such a passion for personal development, Bob's answer is simple: "It is my way of giving back to the community, it expands my comfort zone, and most importantly, I am having fun doing it." Bob has come to realize one of his true passions in life is helping others achieve their dreams.

Bob has developed a website, [dreamscostnothing.com](http://dreamscostnothing.com), where you can access his reflections on family issues, personal development, philanthropy, and wealth management. There is also resource material available regarding specific topics like organizing your financial documents and starting a personal development library.

Bob suggests that you never forget: "Dreams cost nothing. Implementation gets expensive."

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