



Wealth transfer to the next generation and beyond: what do you want your legacy to be?

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Referred to as the “great wealth transfer,” baby boomers will be transferring over \$68 trillion in assets to Generation X (born 1965-1980) and Millennial (born 1981-1997) children and grandchildren over the next quarter-decade.

Planning for the transfer of wealth to younger generations includes addressing key questions, such as:

- When should I transfer—during my life or at death?
- How should I transfer—outright or in trust?
- What are my transfer goals—keeping assets in the family or privately providing for family members after my death?

Even wealth owners who have diligently addressed these types of questions and executed wills and other estate documents dealing with the transfer of their tangible assets (i.e., the things that they can touch) may struggle with disclosing their wealth transfer plans to their family. They may fear that their children or grandchildren:

- may not be ready or equipped to handle the wealth,
- might make poor decisions,
- could be taken advantage of, or
- may become dis-incentivized to pursue work or find a purpose in life.

In her book, “Raised Healthy, Wealthy & Wise: Lessons from successful and grounded inheritors on how they got that way,” Coventry Edwards-Pitt identified the following core markers of an inheritor’s successful launch:

- an ability to earn their own money,
- able to set and pursue their own vocational goals,
- a solid sense of self-worth that is not wholly wrapped up in family’s wealth or influence, and
- able to overcome setback.

Coventry goes on to encourage parents to love their child enough to set limits, to encourage them to make their own decisions and to live with the consequences, and to support them in a way that rewards their “striving” to succeed versus buys their success. Earning their own money, learning how to be a subordinate to others, and relating outside of their socio-economic bubble is key along with setting the expectations that wealthy family members find work and largely support themselves when they get out of college.

Coventry's survey findings align nicely with legacy planning by helping wealthy families address the same fears that can impede passing wealth beyond the next generation. In addition to sharing their plans for passing down tangible assets, families that embrace and share their intangible assets—their personal stories, core beliefs, life lessons, family traditions, and hopes for the future are linking past and future generations. In addition to passing down their financial wealth, they strive to pass down wisdom and a lasting family legacy for generations to come.

Legacy planning, the process of developing a shared vision for the future, starts with making sure everyone in the family has a sense of the family history—both the positive accomplishments and the negative experiences that helped the family learn, grow, and develop appreciation for the risks taken and the hardships endured.

Capable family leaders provide education and guide honest communication across generations after exploring questions, such as:

- What accomplishments are you and your family most proud?
- What guiding principles do you want you and your family to live by?
- What values and competencies do your family have in common or that complement each other?
- What family issues (jealousy, envy, or power struggles) lurk beneath the surface that need to be addressed and managed?
- How do you and your family want to support family members, if needed, during financial hardships, medical crisis, or business opportunities?
- How would you and your family like to make the world a better place?

Conclusion

Legacy planning is about helping individual family members live their dreams and passions while following the guiding principles that the family established together to manage both the assets that they can touch and the ones they can't, their lasting legacy—their accomplishments, memories, traditions, and collective experiences. It is more than just the "money," your legacy is how your family will remember you.

About Daintree Advisors:

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