

Your Blueprint for Building Generational Wealth and Leaving a Lasting Impact

After working hard to build your wealth, now is the time to shift your focus towards protecting it to leave a lasting legacy for generations to come. You've already set a strong foundation, making wise investments and doing what you can to plan for the future. Now all you need to do is create and manage a wealth strategy that ensures future generations are provided for.

Sounds obvious, right? But successfully building generational wealth can be a complex process, requiring careful planning and preparation. If you're looking to develop a robust plan for ensuring financial wellness transfers from each generation to the next, you'll need the right guidance and support, and an understanding of the three pillars of building generational wealth – investing, building, and protecting your assets.



1. Invest

A key component of building generational wealth is creating an investment strategy that meets both your family's immediate needs and future goals. Your portfolio should be tailored to your individual circumstances, preferences, and risk tolerance, but you should take a number of things into account:

- Your portfolio should be varied and could include different types of investment vehicles, such as savings accounts, bonds, retirement accounts, individual stocks, and diversified funds, such as mutual funds and ETFs (exchange-traded funds). This diversifies your exposure to different risks at different moments in time.
- Emergency funds are important, so make sure you include an easily accessible high-yield savings account.
- Investments that have the potential for longer-term gains are ideal for building your family's financial future. Equity in real estate - like your home or even rental properties - is a profitable source of wealth for future generations.
- Understanding your options for investing in the stock market lets you build a more balanced portfolio:
 - Individual stocks can be bought and sold by an advisor or client through brokerage accounts.
 - Mutual funds are professionally managed and commonly available in brokerage and retirement accounts.
 - ETFs (exchange-traded funds) are also available in brokerage accounts, and can be less expensive because they don't have a professional manager.
 - Mutual funds and ETFs let you invest in companies with values that align with those of your family if that's something that's important to you.
 - Working with a financial advisor to build and manage your portfolio is a wise move in terms of making sure your investment plan is not only diversified, but meets your family's circumstances and goals.

Generational Wealth

The type of wealth that builds from parents to children and grandchildren on its own. Truly generational wealth requires intentional focus, ongoing time, and a plan built on values.

- Debra Brennan Tagg, President, BFS Advisory Group

Another way of looking at investing as a pillar to building generational wealth is investing in the financial education of newer generations:

- Model good financial behaviors as early as possible, such as saving, investing, and spending within their means.
- Create games to increase knowledge of positive financial behaviors. This could include budgeting, saving, or investing.
- Be open and honest about money and financial management, both the positive and the negative aspects.

2. Build

No matter what stage of your financial journey you're in, there are always ways and means to build your wealth. The more you can do to grow and nurture family finances, the stronger your financial legacy will be.

Business Development

- Family businesses are a constructive way of passing wealth onto the next generation, with more than 30% passed down to the next generation and 12% to the third generation.
- Managing and retaining talent is often much easier in family businesses than in their competitors, thus strengthening the value of the business.
- Working with a financial advisor to ensure the most beneficial financial control makes it easier to set a course and support the security of future generations.
- To increase the strength of your business so that it can support the financial security of future generations, it's important to work with a financial advisor and lay out a plan for succession.

30% of businesses are passed down to the next generation.



Financial Education

- Building wealth that grows through multiple generations requires more than financial assets.
- Raising future generations to be financially literate and independent is critical to ensuring a lasting legacy, so don't shy away from talking to and teaching your children about good financial practices from a young age.
- Your family values show up in your financial choices, whether intentionally or not. Reinforce values by talking to your kids about the decisions you make about money.
- You want younger generations to see money and finances as important, understandable, and stress-free.
- Educate them about everything from budgeting to debt management, so they grow up equipped to manage the wealth that will eventually pass down to them.

Creating Multiple Streams of Income

- Building intergenerational wealth relies on diversifying the sources of income that fuel it. In addition to more traditional investments, look at other programs to give your family's wealth the strongest foundation.
- Various types of assets and investments have different tax rules, so working with professionals who can help you understand the taxation of your complete asset map is crucial.
- A lasting legacy relies on a variety of components such as life insurance, trusts, and real estate that are all valuable ways of building generational wealth that stands the test of time and weathers life's changes.
- To successfully build a legacy that's made up of multiple income sources, the support of a financial advisor is beneficial. With in-depth knowledge of exactly how each investment or income source works and matches your goals, an advisor can help make sure your legacy has the impact you desire.





3. Protect

Investing in and building your wealth are crucial steps to leaving a significant legacy that spans generations, and the final pillar involved is protecting that wealth. It's important to understand the potential roadblocks and frictions that can impact family wealth. That way, you can circumvent them to ensure your legacy is safe for future generations to benefit from.

- One of the major vulnerabilities of family wealth is, unsurprisingly, family members themselves. As well as starting general financial education early, you can help avoid problems caused by jealousy and in-fighting by having open dialogues with beneficiaries about the how and why of your legacy.
- Life insurance is vital to a wealth protection plan in more than one way. It can provide a bigger legacy to the next generation, make everyone in the family feel more confident in their financial security, and can even help as part of a tax-saving strategy.
- Setting up a family trust that will support its beneficiaries for many generations is something that is particularly beneficial for families with large or complicated estates or challenging family dynamics. Your financial advisor and estate attorney will work together with you to advise and decide the rules and conditions of any trust.

Invest in, Build, and Protect Your Wealth Today for a More Secure Tomorrow

The wealth you grow over your lifetime can make a lasting impact on future generations of your family. At BFS Advisory Group, we've worked with countless families to safeguard a legacy that's passed down from generation to generation.

We can work with you to maximize and protect your existing wealth while growing your assets, building a formidable bedrock on which your family's wealth can prosper for decades to come. For financial well-being and security that will last well beyond your expectations, book a call with one of our advisors today.

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