

PREPARING THE RISING GENERATION: AN INTENTIONAL APPROACH

powered by **LEGACY CAPITALS**

As a parent raising children in a financially successful family, you likely feel both the unique blessings and challenges wealth can bring. You might grapple with concerns about how wealth could shape your children's lives: Will it create entitlement, complacency or even conflict? You might worry that, without proper guidance, wealth could overshadow the values of hard work and resilience. At the same time, raising children with wealth presents a profound opportunity. It's a chance to provide security, education, and experiences that can fuel personal growth and contribute to a meaningful, purposeful life.

The key to balancing these challenges and opportunities lies in intentional preparation. It's about ensuring your children are not only ready to inherit wealth but also equipped to take on the responsibility of stewardship that comes with it. This process involves more than just financial education; it means equipping your children with the mindset, skills and experiences necessary to navigate their future roles and responsibilities with confidence. This article will encourage you to reflect on what preparation means to your family, explore how you can prepare your RisingGen and offer practical ways to get started.

ARE YOU PREPARED?

While it's natural to focus on how to equip your *children* to inherit wealth, the process really begins with *you*. As a parent, your attitudes and beliefs set the tone for your family's approach to wealth and will significantly shape how your children engage with their future responsibilities. Without clarity about your own values, vision and goals, your efforts may lack direction. If you have a spouse or partner, aligning on these key points is essential for a unified message when you eventually involve your children.

- **Reflect on your personal values:** What is truly important to you? Wealth is more than just a financial tool. What you use it for reflects your priorities and what you hold dear. Understanding what you value most will help you communicate your priorities to your children and give them a framework for continuing and growing your family's legacy.
- **Consider what you hope your wealth can do for your family:** Do you envision it providing security and stability for your children, ensuring they have the freedom to pursue their dreams? Or perhaps you want to use wealth as a tool for teaching responsibility, hard work, and giving back. Articulating the purpose of your wealth gives meaning to the legacy you are building and helps frame the conversations you'll have with your children.
- **Define what "prepared" means for your family:** Define their roles, responsibilities and level of involvement: *Do you hope/expect your children to take on active roles in managing the family's wealth? Or will they work with advisors to oversee assets? Will they step into any leadership roles?* Identify any potentially shared assets: *Will they need to collaborate with siblings or other family members in managing shared wealth? If so, are they equipped to make joint decisions and navigate potential conflict?* The answers to these questions will guide the approach you take.

Jumping into this process without answers to these questions is ineffective. How will you know what you're working toward if you haven't defined your destination? If you skip this crucial step of self reflection, it's easy to get lost in the practicalities without truly understanding what kind of legacy you want to leave or how you want your children to engage with wealth.

MAPPING OUT A PROCESS FOR PREPARATION

Once you have a clear vision, you can create a structured approach to preparing your children with *intention*—one that is aligned with your long term goals and personal values. This involves designing a roadmap for the skills, knowledge, and experiences your children will need to acquire over time. This process involves three key components: communication, education, and opportunities for involvement.

COMMUNICATION: LAYING THE FOUNDATION

When it comes to preparing your children for the responsibilities of life with wealth, communication lies at the onset of your roadmap. Intentional, thoughtful dialogue is crucial to laying the foundation for your RisingGen family members to understand their future roles, responsibilities and opportunities. Being open and transparent with your children, even in small, gradual ways, fosters trust and sets the stage for a meaningful connection to the family's values and wealth.

Transparency doesn't mean you dive into the full details of your finances right away. It involves a process of gradual disclosure, evolving as your children grow and with the readiness of both parents and children. Effective communication is not just about the transfer of financial information - it's about sharing the bigger picture - all of the things you explored when you defined what being "prepared" means for your family. Start by discussing the values behind your decisions, then gradually move toward the responsibilities they'll inherit. Being patient and recognizing when your children are ready for more detailed financial discussions allows them to approach these responsibilities with maturity and confidence. The key is to cultivate an ongoing, evolving dialogue, rather than a one time transfer of information.

Here are key areas to consider when being purposeful with your communication:

- **Values:** After you've clarified your personal values, discuss your family values with your children. Share what matters most to you and why you've made certain decisions. These values will serve as their compass for decision-making and stewardship. Encourage a two way dialogue, acknowledging that your children will share some of your values and hold some of their own. Connecting with shared values will help foster a sense of purpose and responsibility.
- **Intentions for the wealth:** You've also clarified your vision for what you hope your wealth will accomplish. Discussing your intentions with your children—whether it's preserving the wealth, growing it, and/or using it as a tool for making a difference—will give them context for their future involvement and decisions. This clarity helps them understand that wealth is not an end in itself but a means to achieve broader goals.
- **Your definition of "prepared":** After clarifying what "prepared" means for your family, it's important to share these goals with your children. Explain the roles, responsibilities and expectations you've outlined, and invite them into the conversation. Getting their buy-in is crucial, as it helps them feel invested in the process rather than just being passive recipients of decisions. Encourage a collaborative approach where your children can express their own thoughts, concerns, or aspirations about their future roles in managing the family's wealth. Their input may even shape or refine the plan, ensuring it is more aligned with their interests and capabilities.
- **The emotional impact of wealth:** Wealth can bring unique emotional and social challenges, from feelings of entitlement to managing family and peer expectations. These dynamics often go unaddressed but significantly affect how the rising generation handles wealth. Open discussions about how wealth can impact identity, relationships, and personal goals, normalizes these feelings and helps your children develop a healthy mindset. Addressing these topics early, and providing a safe place for a discussion, can better prepare them to manage the emotional weight that often accompanies wealth. Addressing these topics early—and providing a safe place for a discussion—can better prepare them to manage the emotional weight that often accompanies wealth.

Communicating about these topics can feel overwhelming at first. Finding the right words to express your values and intentions may be challenging. Engaging a trusted advisor can offer valuable support, helping you clarify your message and even practice how to convey it effectively.

EDUCATION: BUILDING KNOWLEDGE AND SKILLS

Education plays a vital role in preparing your RisingGen to successfully sustain and steward your family's wealth, with both financial literacy and life skills at the top of the priority list.

- **Financial literacy:** Building a strong foundation begins with core personal finance topics that anyone, regardless of their level of wealth, should understand. Topics like budgeting, investing, taxes, basic estate planning, credit and insurance are all essential in helping your children gain comfort and confidence with their personal finances, before their financial lives become more complex. Early exposure is critical because it enables them to manage their everyday financial lives thoughtfully, laying the groundwork for more advanced financial understanding and decision making in the future.
- **Advanced wealth topics:** As they progress, introduce more complex subjects that are specific to families with significant wealth. This includes topics such as trusts, legal entities, prenups and philanthropic planning. Early exposure and education on these subjects equips your children with the technical knowledge they will need to navigate the unique aspects of managing wealth, while also empowering them to engage confidently with advisors. Even if they won't be handling all these responsibilities themselves, understanding the basics equips them to ask informed questions and make sound decisions in the future.
- **Interactive and hands-on learning:** Aim to make the learning experience as interactive as possible. Engage your children in practical activities like setting up a budget, opening and managing a small investment account, opening a credit card or reviewing an insurance policy. Taking advantage of everyday moments to introduce financial concepts makes the education more relevant and impactful. The hands-on experience not only reinforces theoretical knowledge but also helps your children understand how financial principles apply in real life, fostering the skills and confidence they will need to take on their future roles.

OPPORTUNITIES FOR INVOLVEMENT: GAINING EXPERIENCE

Experience is a powerful teacher. Exposing your RisingGen to real life situations and discussions about your family's wealth such as philanthropy, investments or other important decisions allows them to learn from both successes and mistakes, and gradually develop the confidence and practical skills that only come with experience.

- **Offer a "seat at the table:"** Invite your children to observe or participate in family meetings where important matters are discussed. Even if they don't make decisions initially, observing the process will help them understand the complexities and responsibilities that come with wealth. They will see first hand that managing the family's wealth involves much more than individual decision making—it requires considering the needs of the family as a whole, navigating complex trade offs, and making decisions with long term goals in mind.
- **Create decision-making opportunities:** Gradually involve your children in decisions and ask for their input, especially when shared family assets will be passed down. Working alongside siblings or other relatives teaches them to navigate differing perspectives and values, strengthening their ability to communicate, negotiate, and compromise. Structured family meetings, collaborative projects, or philanthropic initiatives offer ideal settings for this kind of learning, helping the RisingGen develop the interpersonal skills needed to manage shared resources effectively and prepare for future leadership roles.

Keep in mind that all of these recommendations depend on the age of your children. It is never too early or too late to start this process. Communication, education and opportunities for involvement can apply to children at any age, you can simply keep it basic and high level for younger children. For example, share your values, introduce financial education through allowance and choices, or let them plan family activities. With creativity and intention, these concepts can be applied to RisingGen of all ages.

HOW TO GET STARTED

Getting started with preparing your children for the opportunities and responsibilities of stewarding your family's wealth doesn't have to be daunting. You don't need to jump into all of this all at once. And remember - it's important that this process start with YOU!

- **Dedicate time to preparing yourself** and identifying what being "prepared" means to your family.
- **Set up regular family meetings.** Establish a routine for discussing family values, issues and goals. These can begin as informal and basic and can gradually become more formal to work toward the vision that your family has for preparing your children. The meetings can be in person or virtual.
- **Provide access to financial education resources.** Consider courses, workshops, books and articles. Learning from various sources will broaden their understanding.
- **Start with small-scale involvement.** Give your children opportunities to manage small amounts of money, make charitable donations, or contribute to a family project. This gradual approach will help them gain confidence in their decision making abilities.
- **Work with your advisors to facilitate learning.** Involve your family's advisors in the process of educating your children. Their expertise can provide valuable perspectives and learning opportunities.

Intentionally preparing your children to inherit wealth and the responsibilities that come with it is essential to balancing the blessings and the challenges that come with financial success. This meaningful journey begins with your own preparation and involves creating a roadmap that includes open communication, ongoing education and practical, hands-on experience. By fostering a two way dialogue and serving as a resource for your children, you will gain their engagement and commitment. Equipping them with these opportunities for learning and growth, you will set them on a path toward becoming confident, capable stewards who are ready to carry forward your family's legacy.

This content was produced by Legacy Capitals™ and licensed to Commonwealth Financial Network®. Commonwealth Financial Network and Wise Wealth are not affiliated with Legacy Capitals.



Wise Wealth

60 Waterbury Rd | Suite G | Prospect, CT 06712
203.888.0096 | 203.548.9024 fax | www.WiseWealthLLC.net