

Generational Wealth Planning: A Guide to Growing and Protecting Your Wealth For Decades to Come



It's common for people to want to leave money behind for their children and family members after death. After spending years working to earn a living, people are proud to leave behind a legacy and help their future generations to be better off. But there's a common saying regarding generational wealth - "Shirtsleeves to shirtsleeves in three generations." The idea is, by the third generation of wealth being passed down, it's primarily gone. With that being said, there are things you can do now to proactively protect your wealth and your heirs. Developing a generational wealth plan, communicating with your loved ones and working with a team of professionals can give your wealth a better chance at lasting for generations to come.

Here's how you can approach estate planning in a way that will last for generations, otherwise known as generational wealth planning.

Creating a Generational Plan

The making of a generational plan consists of two parts. First, the legal documents. Second, you will need a detailed plan outlined in a way that clearly states how your beneficiaries should address your wealth after your passing. There are several steps you can take now to begin the planning process.

Think Ahead, Far Ahead

It's important to remember that generational wealth planning is a bit different from designating gifts for your kids and grandkids through estate planning. When you start making a generational plan, you need to be considerate of future generations - even the ones you'll never meet. It may be hard, but try to think of your family as people you haven't even met yet. The point of generational wealth planning is to pass your assets down to those who haven't been born yet, but it can be hard to try to consider their needs alongside the family members you already know and love.

Have Conversations With Your Family

If you want your wealth to last for generations, it's crucial that you communicate your desires with your family. Everyone must be on the same page when it comes to leaving a legacy for future generations.

You are your family's best resource for wisdom and guidance when it comes to this, so don't make the mistake of thinking that your money and values need to be kept secret. Take the time to educate your children and grandchildren, sharing your vision with them so that they aren't left feeling confused and frustrated. This is an ideal opportunity to involve your financial advisor, as they can help you communicate your vision and answer any of the more technical questions your family may have.

Put It in Writing

Putting your plans in writing can rid future generations of potential doubt or confusion regarding your wishes. Your heirs are the ones who will truly be carrying out your generational wealth plan after you are gone.

Make sure you specifically identify how the money should be used, how it is accessed and how it is replenished. With proper planning, it's possible that your money could be used to invest in higher education, starting a business or other things that will help your family grow their wealth for decades to come.

Create a Support System

Do you know what a sustainable withdrawal rate is for your assets? It's possible you may not. And if you don't know, it's highly unlikely your heirs will know either. Understanding this, along with a number of other technical details, is an important part of maintaining wealth for decades to come. This is why working with the right system of financial professionals could be your greatest chance at successful generational wealth transfer. They will have the advantage of working one-on-one with you to determine your goals, develop a plan, educate your heirs and help them stay on track.

If you think you're ready to start creating a generational wealth plan, remember to have a clear vision and share that vision with your family members. Put these wishes into legal documents, too. Your trusted financial professional can help you begin the planning process, speak to your family members and answer any questions you may have.

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