THE TIES THAT BIND > How To Keep the "Family" in Family Business

Show Them the Money

Teaching the next generation how to handle weatlh

BY TOM HUBLER

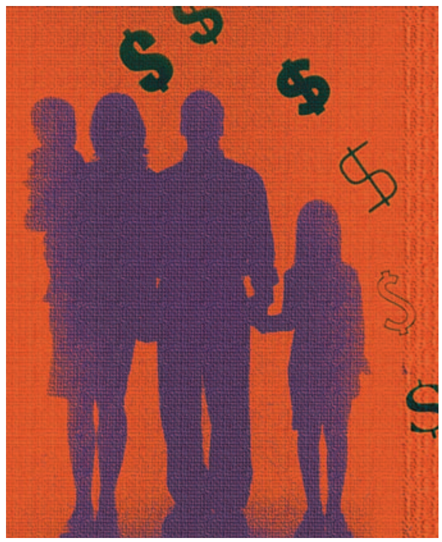
When Kailey, my oldest grandchild, was entering first grade, I gave her a "share check" to give to her school or church. I explained to her that many kids don't have the money to buy clothes and supplies for school, so from now on each time I gave her a present I would also give her a "share check" to help anyone she wanted. I explained she could have a discussion with her parents each time she received a check to identify the recipient. (Among others she has chosen are the Brownies, the Humane Society, and her school.)

"Grandpa, does that mean I won't get my Christmas presents?" she asked.

"No," I said, "you will always get presents, but you will also be able to share."

My "share checks" experience with Kailey has rewarded her and me with wonderful, positive money memories. It is a small step that has made a big impression on her along the road to what I tell clients is family wealth preparation planning. See, we really do learn everything important in kindergarten.

The turn of the year symbolizes an excellent opportunity to make a significant New Year's resolution: a plan about wealth and money.



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One of the greatest fears parents in family businesses have is the impact of money on adult children and grandchildren. I often hear parents lament, "It was much easier making the money than figuring out what to do with it." Among parents' deepest fears is that money could corrupt their family's values or create a disincentive that turns adult children or grandchildren into (as one client put it), "slugs."

According to Nathan Dungan's book *Prodigal Sons and Material Girls: How Not to Be Your Child's ATM* adolescents have certainly become consumers, spending (on average and adjusted for inflation) five times what their parents were able to spend. That should come as no surprise since the advertising industry starts branding children almost from birth.

Marketers spend approximately $20 billion a year to influence children's buying habits. By the time a child is 21, he or she has been exposed to 23 million ad impressions—that's 3,000 a day on average! As a result, children 0 to 18 years of age spend or influence the spending of $1 trillion a year. No wonder parents are concerned about passing their wealth on to the next generations. In the book *Philanthropy, Heirs & Values*, authors Roy Williams & Vic Preisser assert that 70 percent of estate plans fail when their goal is to maintain control over assets. There are many reasons for this, but generally it's poor preparation. The natural question that comes to mind is "what's a parent to do?"

Here is a straightforward three-step plan: Initiate a family meeting to share your concerns. Involve the entire family—all generations—in the process of solving the problem. Identify your family values and use them to create a family culture where wealth and money become an extension of those values. This creates a "share check" for family members to use their wealth for good in the world and to include philanthropy in the family culture.

Consciously nurture positive money memories that develop a sense of gratitude.

Family wealth preparation planning starts by asking, "What are our family values, are we as a family aligned with those values, and how can we use them to guide us in years ahead?" When you can answer them, you have begun to develop financial wisdom and graciousness in the coming generations.

the contributor

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