Keeping Your Family Informed

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Your children are your greatest legacy. If they are trusted to be the custodians of your business and wealth, at the very least they should be informed about the basics of finance and running a business. This is a fundamental tenet of your succession plan to ensure effective management of your family legacy.

It’s important to teach your children the value of money while they’re young, why and how to save it, how to make it grow, and how to spend it wisely. Investing in a good education is imperative for ensuring your heirs are capable of taking the reins of managing the family wealth, and this education should be comprised of both school learning and hands-on experience with appropriate coaching and mentoring.

Giving your heirs a well-rounded education is significantly more advantageous to future family wealth than simply giving them money. If you doubt this, consider the contrasting stories of the Vanderbilts and the Rockefellers.

Around the turn of the 20th century each family had enormous wealth; by some accounts each possessed wealth equivalent to 10% of the US Treasury. The Vanderbilt strategy differed in one respect to that of the Rockefellers. They both employed fabulous financial strategies for the succession of their wealth, but the Vanderbilts ignored the relational strategy we are talking about above. The result of this was a complete implosion of their family wealth over the succeeding two generations. The Rockefellers continue to thrive to this day.

A smooth succession of your investments and wealth will require long-term and strategic focus on the preservation of family wealth. While advisors may be used, and will provide valuable insight and knowledge, your heirs should be able to converse with the advisors and understand the principles of different investments so that they participate in the decision-making process and are able to take ownership of the decisions made. These tactics will ensure that your legacy will last for generations as the Rockefellers’ legacy has.

Invitation for Discussion:

If you would like to discuss this article in greater detail, or any other business law matter, please do not hesitate to contact one of the lawyers in the Tax group at Shea Nerland LLP.

Disclaimer:

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