

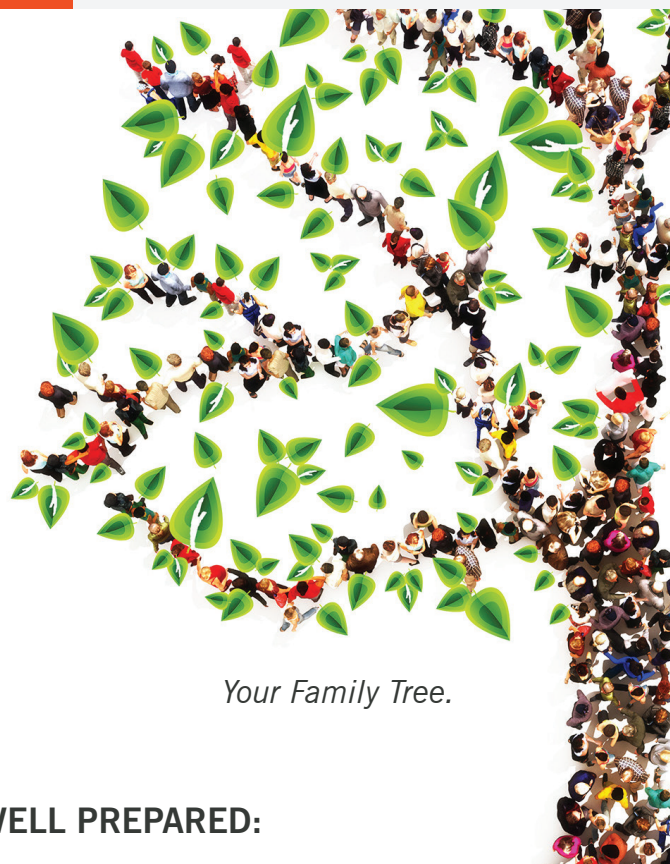
PRESERVING YOUR LEGACY

Educating the Next Generation

—Stephanie Zaffos, Managing Director, Trusts & Estates

—Ned Muskie, Managing Director

Being a steward of your family's wealth means preparing your heirs for the decision-making and the responsibilities that come with inheriting significant wealth. Family discussions about maintaining an enduring financial estate and legacy can be quite challenging. As with most things in life, the best place to start educating your heirs is to form a plan—one that involves familiarizing them with the basics of personal finance and wealth management, while sharing your family's history, values, and stories.



Your Family Tree.

FIVE STEPS TO HELP ENSURE YOUR HEIRS WILL BE WELL PREPARED:



Share your family's history and values. Lay the foundation for wealth planning with light-hearted family discussions. Early in your children's lives, share your values and family history. Begin a narrative that provides insight into the beliefs and decisions that shaped your successes, along with your vision for the future. Try to keep this early dialogue stage light, fun, and engaging. Empower your children to share their hopes and dreams. This approach will help the conversation to mature and keep the discussions mutually engaging. Additionally, these conversations will encourage your heirs to develop their own sense of personal worth and values. Recognize that your family's values and legacy will eventually become your children's to pass along to future generations.



Educate heirs and hold important conversations. Next generation education is often the key to successfully passing wealth and to achieving your objectives. This education includes helping your heirs become familiar with certain financial planning concepts, such as budgeting, saving, and investing. In addition, you should stress the importance of planning for future expenses (college tuition, vacations, weddings, buying a home, and retirement). To achieve your legacy goals, the heirs to your estate will be given rights and responsibilities over time. Once some of the basic financial planning education is achieved, the discussion should move toward sharing information about the 'structures' of your estate planning to date (e.g., wills, trusts, healthcare directives, applicable tax laws, and insurance). As you feel more comfortable that your children are growing and maturing, you can add additional details about your family's finances and your wealth transfer intentions. Remember to incorporate any charitable and philanthropic strategies into your conversations.



Decide the level of information to share, allowing maturity to be your guide.

Maturity and trust are two key pieces of the puzzle when deciding how much information to share with your heirs. From our experience as wealth advisors, we understand there is not one perfect timeline that fits all families. As a matriarch or patriarch, it is common to struggle with the level of financial information to share with your children. Yet, without this information, heirs are often ill-prepared to manage their own finances, exercise their duties effectively, and achieve your family legacy goals. It is important for *all* heirs to understand what is being entrusted to them along with the accompanying responsibilities. Get to know your children individually in order to understand their capabilities to manage money, and handle (but not misuse) the freedoms wealth can create.



Express your words of wisdom in a Letter of Wishes. A Letter of Wishes is a lasting expression of your hopes and often speaks to your family's unique story. This document will talk about your ideals and values, as well as your dreams and vision for the future. It provides your heirs with a written record of your legacy wishes that may support cohesion, focus, and

engagement within your family. You should share this document with your team of professional advisors to establish clarity and support a shared mission around your intentions. Building commonality of purpose can help promote the harmony and functionality of your family across generations.



Convene family governance meetings. Consider holding regular governance meetings (often annually) to encourage collaboration and direction within your family. Update your heirs about your estate planning and why it's important to the family's legacy. Discuss what planning still needs attention. Including your wealth advisor at these meetings is often wise, as he or she

can introduce the basics of estate planning and answer your heirs' questions. Your wealth advisor may also serve as your advocate and facilitator while dispassionately explaining your wishes and helping to make complex planning techniques more understandable. For these meetings to be effective, recognize that generational differences in values and beliefs exist, and allow your heirs to express their wishes. When a wide range of values, maturity, and conflicting dynamics exist, consider involving a professional third party to moderate emotional discussions.

By following these five steps, each one of your heirs will likely be better prepared to bring their unique skills, perspectives, and values to bear, helping to ensure your family legacy flourishes for generations to come.

To learn more, read our primer *Building a Legacy – An Introduction to Multigenerational Wealth Planning*.

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