

How Will Your Children Participate in Your *Wealth*?

If you have more wealth than you are going to consume in your lifetime, you need *a plan* for what will happen with the rest of it.

Planning is particularly important for how your children will or will not participate in your wealth. There are three general paths you can take. While many will utilize a blend of these alternatives, it is helpful to consider each independently. In general, family wealth can be:

Given to charity or other third-parties

Given to family members

Retained in a multi-generational wealth system for ongoing family participation



Giving to charity and others can fulfill a desire to positively impact the world or achieve personal convictions arising from your values or faith. On the other hand, you may limit the wealth going to your children or grandchildren out of concern for potential negative consequences such as reduced motivation, attitudes of entitlement, or destructive behaviours. If you take this path, it is important to be certain of your plan and to communicate it openly with your children, ensuring they understand why. Communication could accelerate the independence and character you want them to develop and avoid potential future resentment or conflicts. They might even join you in giving to important causes.

Giving your children some or all your wealth is the most common approach. While your heirs may appreciate this approach more than it being given to charity, planning, communication, and preparation are still required to ensure positive outcomes. If you own business or property assets, you should define how they will be held and managed. It would be best if you also considered how to minimize potential negative consequences related to motivation, entitlement, destructive behaviours, or strain on relationships.

Creating a multigenerational wealth system can be fulfilling but has the most opportunity for conflict. Families might own significant businesses, property, or other assets they determine to steward together as a team to benefit current and future generations. In this case, the critical path for the parent is to involve the children early, preparing them and the structure to support ongoing success. Everyone must understand and embrace the vision, roles and rules.

You must also determine when to transfer wealth. In general, the more of your wealth you can distribute while you are alive, the better. You can ensure it is used according to your wishes and transition it gradually while monitoring its effect on the beneficiary. You can enjoy allocating the wealth instead of someone else doing it after you are gone. In all cases, planning, communication, and preparation of your heirs will support a successful wealth transfer that blesses everyone involved.

