Building Legacies that Last
A Hidden Pathway to Heir Success?

Rick Rodgers, CFP®
Rodgers & Associates
What is a Successful Wealth Transition?

A successful wealth transition is when the heirs receive and manage assets in a manner to foster their development and lifetime goals in a cohesive family.

— Institute for Preparing Heirs®
The First Discovery

Assets are lost
and family harmony is disrupted

For a person may labor with wisdom, knowledge and skill, and then they must leave all they own to another who has not toiled for it. This too is meaningless and a great misfortune.

Ecclesiastes 2:21
AFTER The Wealth Transfers

Failure through loss of assets, control, and/or family harmony
Based on 20 years of field research with over 3,000 affluent families
Parents Are Concerned About The IMPACT of Money on Their (Unprepared?) Children

- 65% “Too much emphasis on material things”
- 55% “Naïve about the value of money”
- 52% “Spend beyond their means”
- 50% “Initiative could be ruined by affluence”
- 42% “Hard time taking financial responsibility”

Source: U.S. Trust Survey of Affluent Americans, XIX

“Not long after that, the younger son got together all he had, set off for a distant country and there squandered his wealth in wild living.

Luke 15:13 The Parable of the Prodigal Son
Consistent Estate Outcomes Over Time

- Data as far back as it is available (75 years) indicates an unchanging failure rate following estate transition*
- It seems unrelated to tax laws, depressions or recessions, or major geo-political events
- It is relatively consistent . . . unchanging, and most parents “sense” the (upcoming) risks

What is Different Today?
More Wealth Will Transfer, New Planning is Required

Largest Generational Wealth Transfer in History is Underway

$37.1 billion will transfer locally, each year, for the next 40 years from one generation to the next*

Challenge for Families:
Est. 70% of wealth transfers are not successful, loss of family cohesion and control of assets is most likely

The Second Discovery

Knowing the key drivers of wealth transfer success allows families to prepare

Be dressed ready for service and keep your lamps burning, like servants waiting for their master to return from a wedding banquet, so that when he comes and knocks they can immediately open the door for him.

Luke 12:35-36
Family dynamics play a much greater role in successful estate transfers than previously understood.
Three Key Drivers To Post-Transition Success!
(Influenced by family dynamics)

Opportunities For Families to Prepare

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Category</th>
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<tbody>
<tr>
<td>60%</td>
<td>Trust &amp; Communications</td>
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<tr>
<td>25%</td>
<td>Heir Readiness</td>
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<tr>
<td>10%</td>
<td>Family Wealth Mission</td>
</tr>
<tr>
<td>5%</td>
<td>Other</td>
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“Post-Estate Transfer Failure Causes”
The Williams Group field studies from 1985 to 2005
Strengthen the Foundation of “Traditional” Estate Planning

The Traditional Pillars of Estate Planning… Preparing Assets For Heirs

Now You Can Help Prepare Your Heirs For Assets

Estate Planning  Tax Planning  Investment Management  Philanthropic Planning

Trust & Communication
Heir Readiness
Family Wealth Mission
The Third Discovery

Philanthropy is a hidden pathway to heir success, and an easy starting point

Who then is the faithful and wise servant, whom the master has put in charge of the servants in his household to give them their food at the proper time? It will be good for that servant whose master finds him doing so when he returns. Truly I tell you, he will put him in charge of all his possessions.

Matthew 24:45-47
Dear Monica

We want to say thank you...

Thank you for your most generous grant! I can't tell you how appreciative we are for this. Recently, the Diaper Bank of NC has stopped supplying diapers because we require our clients to do lessons, homework, journaling, scripture memory, etc. to earn them. In 2015 our clients earned 17,000 diapers so this grant will help us supply those much needed diapers. Thank you for coming alongside of our clients. We thank God for you Monica and we pray with joy because of your partnership in the gospel.

Philippians 1:3-5

Thankfully,
Jamie Barnett
Executive Director
Where Do We Begin?

Initiate a family meeting on the topic of giving

Train up a child in the way he should go; even when he is old he will not depart from it.

Proverbs 22:6
Family Meeting Topics

1. Sharing The Family’s Legacy
2. Discussing Family Values & Priorities
3. Holding A Family Meeting
4. The Role Of The Trusted Advisor
5. Developing A Family Wealth Mission
6. Identifying Roles For Family Members
7. **Aligning Family Values & Wealth Through Giving**
8. Encouraging Family Financial Education
9. Understanding Communication
10. Understanding Trust
“Bridge” Between Historical and Current Transition Planning

Preparing ASSETS
- Investment Management
- Tax Planning
- Estate Planning
- Philanthropic Planning

Preparing HEIRS
- Strong Trust & Communication
- Prepared Heirs
- Clear Family Wealth Mission

Historical Transition Planning

Current Transition Planning

Family Philanthropy Across Generations
New Thinking About The Goals of Estate Planning

• Less focus on **HOW MUCH** money can be passed on to their heirs

• More focus on the **IMPACT** of money on their heirs

*So, it’s less about wealth accumulation and more about heir readiness!*
“What makes this book credible and comprehensible is the style in which Rick presents the material. *Don’t Retire Broke* has the scholarly content to be used in college-level investment courses and is yet readable for the lay person. We can all benefit from reading this book early in our career and using it as a reference in succeeding years to reexamine our investment plans. Fortunately, it is never too late to adjust our strategies. I know I have.”

John M. Anderson, Ph.D.
President, Millersville University (retired)
Millersville, Pennsylvania