

Building Legacies that Last

A Hidden Pathway to Heir Success?

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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



* Dun & Bradstreet, 1973, quoted in “The Succession Conspiracy” by Ivan Lansberg, Family Business Review, Summer 1988 pp 119-143

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

*Source: The Center for Rural Pennsylvania.
Estimated for the period between 2015 and 2055.

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

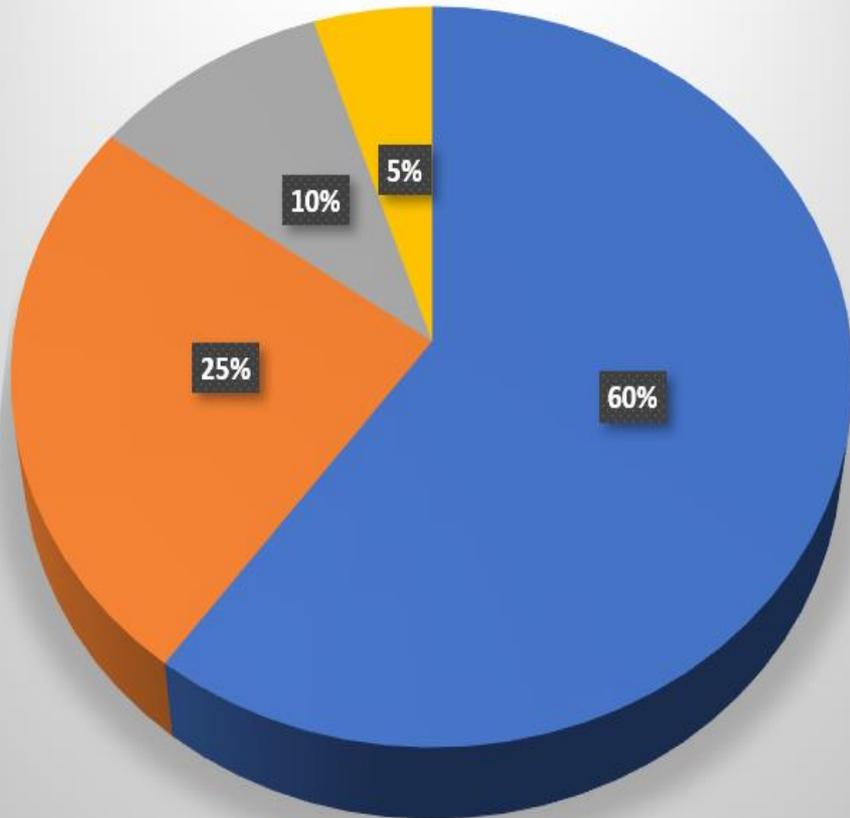


**Family dynamics play a much greater role
in successful estate transfers
than previously understood**

Three Key Drivers To Post-Transition Success!

(Influenced by family dynamics)

Opportunities For Families to Prepare



60%	Trust & Communications
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25%	Heir Readiness
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10%	Family Wealth Mission
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5%	Other
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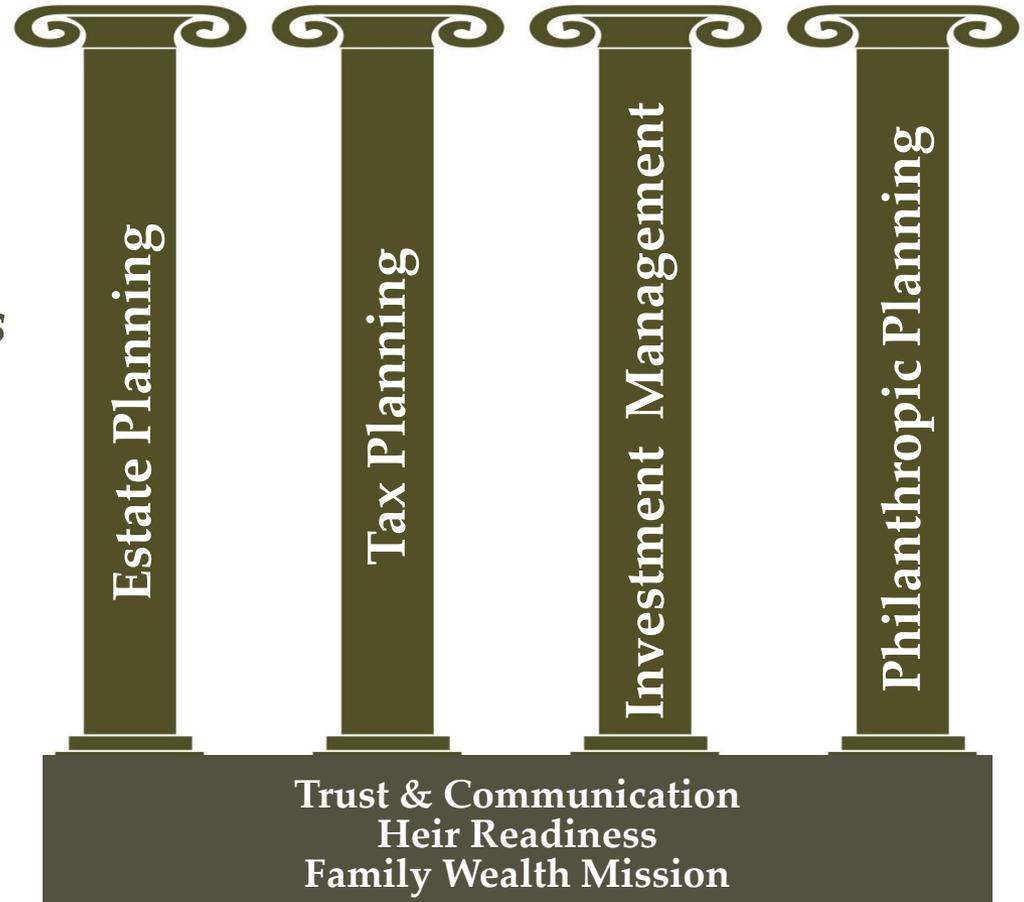
“Post-Estate Transfer Failure Causes”
The Williams Group field studies from 1985 to 2005

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*



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
Janie Garnett
Executive Director

Where Do We Begin?

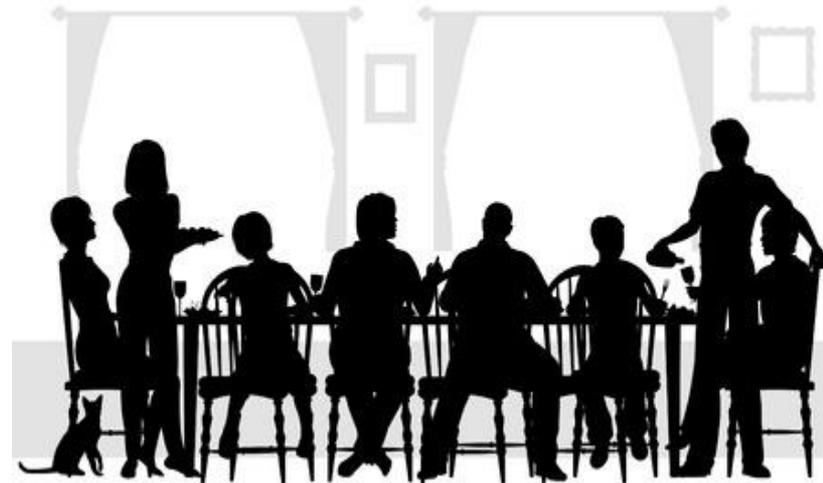
*Initiate a family meeting
on the topic of giving*

*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

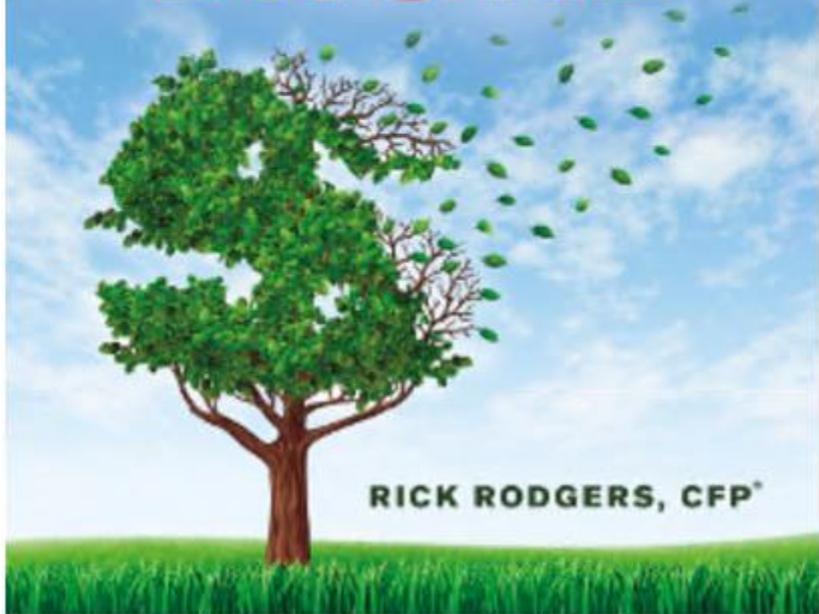
New Thinking About The Goals of Estate Planning

- 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!

An Indispensable Guide to Tax-Efficient
Retirement Planning and Financial Freedom

DON'T RETIRE BROKE



Forward:

“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.
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