

## Preparing the Next Generation

***Transitioning wealth to the next generation is about more than the money; it is about establishing and carrying family values through the generations.***

Our approach has a dual focus: to develop strong lines of communication within the family, and to empower the next generation through structured training and a gradual, but ever increasing, level of responsibility. To this end, our process begins by building a family narrative and defining the family's core values.

### Building a Family Narrative

The exercise of working together to put the family story to paper provides the groundwork for identifying the core values that built the family fortune. This is a success story, and engaging each generation in the effort to build, preserve, grow and carry forward the foundational story has a powerful bonding effect. The process is designed to promote trust, communication, unity and respect amongst all participants.

### Defining the Family Core Values

Our clients consistently place the highest priority on working to ensure that their children have a true moral compass. We know that while it is easy to pass the wealth, it is difficult to pass on the family values that were developed while growing or preserving the wealth. This is why the sustainability of wealth hinges on the creation of, and adherence to, family values.

Asking the following questions of the generation currently controlling the wealth can help to build the family story and define the family values.

- How did you learn your own values?
- Have your values changed over your life? If so, what are they?
- Do you know your children's values? If so, what are they?
- Are these values similar or do they differ?
- How have you communicated your values to your children?
- How have they received the message?

While putting your family story and values to paper is a great start, leading by example is the most powerful way to transfer the message of your legacy. This instills awareness of the responsibility to adhere to the family values, and models the way for the next generation. They can then follow set examples to be productive, empathetic and act with accountability.

## **Effecting the Family Values**

Successful transitions of family wealth occur when the family understands and demonstrates a commitment to the values they have defined. This means that values are nurtured by being put into action, not merely handed down as a list of guidelines or principles.

Children of wealth may be championed by teaching them at a young age how to responsibly manage their wealth. The earlier children learn about the great things they can do with money, and how to steward their family's wealth with thoughtfulness and care, the greater their likelihood of success.

Encourage your children to take on jobs that teach them to honor commitments, be responsible to others and gracefully give and receive objective feedback. This is how they will learn the importance of follow-through, and that a job well done creates a sense of accomplishment that is all one's own. This confidence in their own ability will serve them well when times get tough.

Empowering your children to demonstrate how they are receiving and carrying on the family values is equally as important as delivering the message. It can be very daunting for the receiving generation to grow up in your shadow. It is important that to give them the freedom to create their interpretation of the family values, and cast their own shadow.

Mindful transfer of the family values is equally as important as a strong asset transfer plan and financial management. We strongly believe that absent the family story, the wealth will deteriorate as the family unity fractures. We are committed to partnering with our clients to ensure that the family values are well articulated through the generations. When the board of Johnson & Johnson meet they put their 10 values in front of each member of the board. We do the same with each of the families that we serve. It has made the process of agreeing on prudent decisions a great experience for the family and for us professionally.