Being a steward of wealth requires the ability to make smart financial decisions. Our accumulation, management and use of money are guided by and manifest those principals we hold dear. Family values tend to expose themselves through the ways by which families invest, give to charity and plan for another generation.

It’s wise to seize teachable moments and lead with your own actions. Model the money behaviors you wish to instill in your children and involve them in meaningful decisions. Hands-on lessons take conversations a step further because they allow you to express guiding values in real time. Think: “We’re buying your birthday cake from the Brown’s bakery because we want to support the local economy and they use all organic, locally-sourced ingredients.”

Once younger generations begin to show maturity, share your personal values with them and why they are so important to you. We often encourage families to have a meeting to discuss values and wealth. These may be formal or informal, but nonetheless, they require preparation. Having the forum to share worries, life goals and personal stories will most certainly assist in setting a clear path of wealth perpetuation in the future.

Effective estate planning, which successfully transmits values as well as wealth, takes ongoing time and effort well after the documents are signed. It’s not efficient—it’s effective.

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**The Importance of Sharing Family Values**

Traditional estate planning focuses on efficiency—passing assets to the next generation while minimizing taxes or the hassle from probate. There may be a nod toward charity or protecting assets for future generations, but there is usually minimal focus on the values accumulated by families over decades. While this efficiency is a necessary part of leaving an inheritance, it lacks the depth needed to prepare heirs to be good stewards of a legacy.

**Why does this all matter? A statistic tells a painful story:** 90% of wealth earned by generation one dissipates by generation three.

Inter-generational wealth has the propensity to decay over time due to poor family communication, weak preparation and a lack of shared vision. Successful preservation of family wealth requires you to pass along your family’s bedrock values well in advance of your assets. This emphasizes the importance and responsibility we have as parents to teach our kids life lessons. The educational process should begin early as youngsters embark on their financial life cycle.

The financial life cycle begins with simple concepts about money and savings. It’s why we’ve all had a piggy bank at some point in our lives. The cycle progresses through allowances, banking and budgeting. It develops into harder concepts that require time and energy such as building credit, investing, philanthropy and wealth protection.

Progression through the entire cycle requires designed programs and strong communication. It’s very reasonable, and frankly appropriate, to create expectations for your kids. How much should they save, spend and give? Encourage questions and candid conversation about money and finance, so that children are well-equipped to handle bigger questions and more complex circumstances as they age.

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