

# VALUABLES

Ideas, Systems and Strategies for Managing Family Wealth to Fulfill Your Greatest Values.

## About VALUABLES

Many financial advisors focus on communicating with clients to provide complex analysis of the investment markets and economies. However, we have learned that most clients are not particularly interested in this complex analysis. Most clients hire an advisor for their knowledge of the markets, not for their ability to explain that knowledge. Most want to know what time it is, not how to build a watch.

Experience has taught us that wealthy families care most about using their wealth as a means to a desirable end, which is to achieve a more satisfying, fulfilled and impactful life, and to fulfill their most important Life Values.

**VALUABLES** is a periodic article series focused on the concepts, systems, and habits which we have observed among families who have been successful in this quest to use their wealth as a tool to live a life of significance. The most successful families share a set of habits, systems, and insights which enable them to use their wealth as a tool to fulfill their Values and what is most important to them.

We are naming this article series **VALUABLES**, because it will provide an exploration of those habits, systems, and insights. We hope it will help you to consider your assets and possessions which are most valuable to you, and how you can use your financial wealth to enhance and cultivate your true "Valuables".

## 5 Golden...Opportunities

By Erik Strid

*"On the 5<sup>th</sup> day of Christmas, my true love gave to me... 5 golden rings"*

*~ Frederic Austin, British Composer*

### Your Genuine Wealth – Pass it on...

The purpose of our Valuables article series is to provide readers with specific insights about the habits and values which we have observed among families who have been successful in their quest to become financially wealthy, and to use their wealth as a tool to live a life of great Significance, as an expression of their most important Core Values.

In our role as family wealth planners, many of our conversations with clients are centered on how to make wealth planning decisions which are consistent with their Values and the things that are most important to them in life. Very often, this also includes a desire to ensure that future generations of family members inherit more than just their financial "wealth", but that their children and grandchildren will also inherit their "Genuine Wealth", the combination of their Human, Intellectual, and Social Capital which represents what is truly most valuable to them. Many wealthy people fear that their wealth could become an impediment to the successful development and growth of their children and grandchildren, and hope that by passing on their "Genuine Wealth" along with their financial wealth, future generations will be empowered to flourish.

Read more about "Genuine Wealth",  
click [HERE](#).

### A Golden Opportunity

The holiday season brings significant opportunities for your family to cultivate your Genuine Wealth, and to exercise the skills and habits that may enable your family to express your deepest core Values. In the popular holiday song "The Twelve Days of Christmas", the 5th day of Christmas brings a generous gift of 5 Golden Rings. This month, we explore the 5 "Golden Opportunities" posed during the holidays for families to empower their Values.

**5. 'Tis Better to Give than Receive...** Many people think of the holidays as a time to be generous, and many families often step up their philanthropy and charitable giving during the holidays. This time of focus on giving and contribution can be a wonderful opportunity for families to become more proactive about their charitable giving plan, and to develop a "Family Contribution System", involving all family members in your philanthropy.

High Impact families know that it is important to instill charity and contribution as a core value in the development of their children and grandchildren, and take an active role in involving future generations in philanthropy. There are many ways to accomplish this training and to establish this habit, from a Family Foundation to a Donor Advised Fund, to other informal structures. However, the important ingredient is to make contribution and giving a "Family Affair". The holidays can be a wonderful time to involve your whole family – children and grandchildren – in your giving plans, and to focus on the wonderful benefits of contributing to the community around you.

The holidays may also be a time to make a resolution to be more proactive with your giving. For most people, charity and philanthropy happen in a reactive way. A telephone solicitor calls us at the dinner hour asking for a contribution to the cause du jour. A business associate asks us to lunch to make a financial commitment to support their pet cause. Very often we allow ourselves to be committed to a small contribution, to buying a table at a gala, or to take a foursome in a golf outing because we feel obligated, even when we have no emotional connection or commitment to the charity in question. How many of these causes for which we are solicited actually match up with the social issues that really matter to us most? Very few, because reactive giving is about **Someone Else's Cause** - We give reactively simply because we are asked, and because we don't want to appear rude.

Building a Family Contribution System enables a family to become proactive in making commitments, and to reap the joyful benefits of making a difference with commitments that are meaningful to your whole family. Perhaps this holiday season is a time for you to consider building a proactive and thoughtful approach to giving that involves your whole family.

Read more about **Family Contribution Systems**, click [HERE](#).

**4. Stocking Stuffers...** Many families use the holidays as an opportunity to make financial gifts to their children. It is widely considered a wise estate planning strategy to make use of "annual exclusion" gifts to next generation family members, and many wealth creators wait until the end of the year at the holidays to take advantage of this opportunity to make annual gifts of \$14,000 per recipient – a generous stocking stuffer indeed! This holiday season may be an excellent time to take a more thoughtful approach to your family giving, and how you communicate those gifts.

While all family gifting programs may be well-intentioned, there is an important distinction between gifts which foster freedom and

*"Cherish your life, Cherish your health,  
Cherish your family, Cherish your  
friends. For these are the things that  
money can't buy and will define your  
TRUE WEALTH."*

flourishing, and gifts which feed a sense of entitlement. When gifts are made in the absence of a thoughtful and mindful approach, there is a great risk that gifts may deplete the energy, aspirations, and motivations of the receivers, and create a sense entitlement and ingratitude. In other instances, in which gifts are made in a thoughtful way, the giving can lead to a greater sense of freedom and enhancement of the quality of life of the recipient, and a true sense of gratitude to the giver.

Proper communication is critical in any successful giving program. In the excellent book, [The Cycle of the Gift](#), authors James Hughes and Susan Massenzio demonstrate these complexities by using an example of a family who has decided to install a very common form of gifting, the "annual exclusion" gift. Confident that they were undertaking a wise financial planning strategy, this couple dutifully wrote out several \$14,000 checks each year, gave the checks to their accountant, and asked him to mail out all of the checks to their children.

As the years passed, this couple began to notice a disturbing trend: These gifts were being received without a peep. Not one of their children bothered to make a thank you call, write a thank you note, or even acknowledge of the gifts. Concerned that their kids were either not receiving the gifts, or more likely that they had raised ungrateful kids, the couple began to wonder about the impact of these gifts upon their children, so they decided to hire the authors as consultants to interview their children, in order to gather more information about why they were not grateful, and what impact these gifts were having.

Their findings were quite interesting, and a real revelation to the parents. As the book explains:

*One of the children's spouses, for example, had grown up in a blue – collar family. Once she was married – without a word of preparation - \$20,000 checks from her parents-in-law started showing up in her mailbox each December, as she put it, "like a meteor!" She had never received more than a few hundred dollars as a gift before. She did not know what the right thing was to do in response.*

*Adele and Albert's estranged son suspected his parents of trying to buy his affection. He blamed them for not sending a card or note with the check. He feared that "Mom and Dad's Money" came with strings attached. Also, he was angry with his parents for giving money to his three children (their grandchildren) without his input or oversight as their father. He worried that his parents' generosity would create dependency and entitlement in his own children. (He did not know that his parents were worried about the same thing with respect to him!) His reaction reflected the levels of hurt that existed between him and his parents that eclipsed money.*

*One of Adele and Albert's daughters summed up her response to her parents' checks very simply. She knew from reading books on finance that such gifts were a regular part of estate planning. She was grateful to receive the money, but she also wondered, "Are these gifts really for me? Or are they just a tax reduction tactic for mom and dad?"*

*Why had she or her siblings not asked Adele and Albert some of these questions? They all had more or less the same response: "it's their business and their money. I would not want to pry. I would appear ungrateful!"*

In any family gifting program, there are a variety of hidden "unintended consequences" which can occur, and which can turn a well-intentioned gifting program into a family crisis. In order to anticipate and overcome these negative unintended consequences, this holiday season you might consider a rigorous process for thoughtful and well planned giving programs, which include a robust communication element to ensure that the gifts are well received, and that they will enhance the lives of the recipients in the intended ways.

**Read more about Family Gifting Programs,**  
click [HERE](#).

**3. A Time for Gathering Together...** The holiday season is the time of year when families gather together to eat, drink, and be merry, and enjoy a warm sense of togetherness. We all long to gather together with our families and loved ones, and for many families the holiday season may present the only time of the year when the whole family can get together. Since this is the time of year for family gatherings, it is a great time to explore an important habit of successful multi-generational families: the Family Retreat.

Family meetings or retreats have helped many successful families preserve and perpetuate a healthy legacy, and groom and educate future generations to be proper stewards of the family's genuine wealth. While this concept sounds like the province of fabulously wealthy, sprawling old clans like the Rockefellers or the Kennedys, we have found that it's also a powerful tool for families with far smaller fortunes. Family ties as well as finances tend to weaken over time, and annual family meetings can shore up both. Indeed, highly successful multi-generational families who've adopted these annual sessions believe they are a necessity to help the family continue to thrive financially.

These gatherings can be an effective way to bring the family together to confirm and strengthen your mission and values, and to share news, concerns, opportunities and challenges openly and candidly. Family leaders can discuss and execute the financial decisions to support the family mission in a truly collaborative way. The meetings foster a sense of teamwork and togetherness when financial decisions are considered, and head off the resentment that comes when family members have no input. They also offer golden opportunities to groom future generations to become mature members of the family and effective stewards of the family's wealth and success.

The Holiday season is an ideal time to start this wonderful tradition with your family, and to gather together to cultivate and affirm your values, traditions, and Genuine Wealth. We hope you will consider adopting this habit with your family this year.

**Read more about Family Retreats,**  
click [HERE](#).

**2. Making Beautiful Memories...**As we look back on the days of our lives, many would agree that our memories of the holidays tend to be the most special times of our lives. The memories of time with family and friends at the holidays are the most vivid and meaningful we have, and when we think of those loved ones who have passed before us, we often think of our memories of holiday togetherness. Perhaps this holiday season might be a great time to build your Legacy, by focusing on these holiday memories.

Leaving behind a positive Legacy is a universal aspiration, but one which is commonly misunderstood. Most people think of their Legacy as the amount of "Wealth" they can leave behind for their heirs, but you may consider a definition of "Wealth" that moves beyond the traditional concept of material assets on your balance sheet. You may find that it is equally important to preserve and pass on your heritage, character, morals, and experiences, and to leave an "estate" that reflects the value of your family history.

Oral histories are a key way that all families "Pass on" their Human Capital, and gatherings such as holidays or family retreats can provide a golden opportunity for the "elders" of the family to share the history of the family and their own life experiences. It may be invaluable for a grandson to hear the stories of how his grandfather or great-grandfather forged his success in life, or how the family business began. Some families may wish to move beyond the concept of an "oral history" and create a written history of their family and its ancestors.

Technology and social media provide wonderful new ways of creating and preserving your family history and experiences. These online histories are much easier to create, maintain and update than a traditional written family history. Hundreds of websites or other technology platforms can help you create an online "scrapbook" or repository for pictures, videos, essays or other important pieces of your family history, which can be shared and preserved within your family. These social media and web services can act as an online repository, or archive, where you can capture your important family history to preserve your genuine wealth for generations to come.

These scraps of family history may become your family's most cherished possessions, and the primary means for you to preserve your family's genuine wealth. Consider

how wonderful it would have been if your great-grandparents had this kind of technology to preserve their memories, enabling you to understand their lives, character and values more deeply. This repository can act as a family history to ensure that future generations will have access to the experiences, knowledge, and character of those who came before them.

Why not make this holiday season the time to start recording and archiving your family's heritage and holiday memories? Perhaps you might consider hiring a videographer to capture your Thanksgiving feast on video, or to interview family members, to be saved in an online family archive?

Read more about Family Archives, click [HERE](#).

**1. Oh Lord you have given us so much, Grant us one more thing: a Grateful Heart...**This quote is a wonderful reminder that the Holiday season is a time to be grateful for all of the many blessings we enjoy. Indeed, the season is kicked off with a holiday that is all about Giving Thanks!

Gratitude is an important skill for families of wealth, because it is the key to the enjoyment of the wealth you possess. It is a natural tendency for many people, especially for successful wealth creators, to be highly focused on having more, achieving more, earning more, and accumulating more. We all tend to spend most of our time thinking about our next conquest, that which we want but do not have. While it is helpful and productive to maintain an achievement mentality, we also risk losing sight of the need to enjoy, and be thankful for, all of the blessings we have now. Instead of being thankful for what we have, we fixate on what we want. Instead of thinking about what is working, we focus on what is not working. When we refine our skill of Gratitude, we can balance our desire to achieve more and accumulate more, with the enjoyment of the blessings that we already possess.

Gratitude is also a key weapon in fighting one of the primary causes of dysfunction and unhappiness among future generations: the **feeling of entitlement**. Many children and grandchildren who grow up in affluent or wealthy households have never known what it means to **want** anything. Through their lives, they have always had

immediate access to anything they want, and as a result they may develop a sense of being entitled. Heirs who feel entitled do not value the family's wealth, and take no responsibility for stewardship of wealth because they take money for granted. Families who foster a feeling of gratitude teach future generations a deep respect and appreciation for the blessings in their lives, and for the hard work and sacrifice it takes to create wealth in the world.

In our view, Gratitude is the single most important skill which distinguishes families who achieve Genuine Wealth and Significance, and those who do not. However, it is also important to remember that Gratitude is a **skill** - it is a mental habit that must be practiced and reinforced to engrain it in the culture of your family. Like any skill, Gratitude must be practiced and exercised, and constantly reinforced through active awareness of being thankful.

We hope that you and your family use this holiday season as a special opportunity to develop the skill of being Grateful, and to develop a consistent Attitude of Gratitude.

Read more about Gratitude strategies, click [HERE](#).

### Happy Holidays!

We hope that you and your family will take advantage of these "Golden Opportunities" which are present during the holiday season, to strengthen and empower your Values. Before we close this month's article, we wish to use this space to commemorate the holiday season, by remembering to be thankful. We have many blessings to be grateful for this year, but among the most important are our relationships with our valued clients, and the confidence you have shown in us. We wish to sincerely express our thanks and gratitude that you have chosen to place your trust in us, and for the relationship that we enjoy together. We wish all the best of Health and Joy to you and those you love during the Holiday season.

**Erik Strid – CFP®, ChFC**

**Principal**

**Concentus Wealth Advisors**

1000 Continental Drive, Suite 560 | King of Prussia, PA  
19406

855-568-1500 | erik.strid@concentuswealth.com

www.concentuswealth.com | twitter: @concentuswealth

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