

# EDUCATING THE NEXT GENERATION

*Ensuring the family legacy continues*

When it comes to estate planning, most people recognize the potential risks of giving too much, too quickly to the next generation. So what can parents and grandparents do to help the next generation become good stewards of the resources they will receive? How can they help them to become hardworking, productive, and charitable? We believe that parents and grandparents can focus on three key areas: involvement in family financial matters, values, and encouraging passions and interests.

Common goals parents have for the next generation include raising children who are good stewards and who know the value of hard work. In order to achieve these goals, families are encouraged to involve and educate younger generations in the family's financial affairs. This begins with discussing family investments, debts, and financial history. Typically, the more knowledgeable and involved heirs are with the family's finances, the more inclined they will be to protect and cherish the family legacy. In addition, it is important to find small ways to involve children in financial decisions. It is okay to let them make a few mistakes. Parents should use these opportunities to discuss the concepts of spending, saving, giving, opportunity cost, and investing. In addition, requiring teens and young adults to work can help to foster a strong work ethic and teach them the value of a dollar. The goal is to help them become financially competent.

Further, parents should consider the values they wish to pass down to the next generation. One way to initiate these discussions is to share the family's history and uphold family traditions. In addition, many wealthy families hold regular meetings with all generations to share how the family is using its resources. For example, what are the family's philanthropic goals? How are those goals a reflection of the family's values? Involving kids in charitable efforts can ensure that the family wealth will continue to make a meaningful impact. Further, these families often create and live by a mission statement which guides the values and goals of the family.

Finally, the older generation should encourage the passions and interests of the next generation. Individual passions and interests give young people avenues for personal and professional development that can help lead to a more fulfilling and interesting life. Encouraging these pursuits can strengthen bonds between generations. There are a number of ways to cultivate these relationships: attend a granddaughter's school play, invite your nephew and a friend on a lunch outing, or simply ask your grandchildren about their academic interests. Put simply, a child is more likely to carry on the family legacy if the family is supportive of his or her individual goals and endeavors.

Using these best practices, children generally grow to be more motivated, industrious, and happy individuals.

Along with a family's team of advisors, Cumberland Trust assists in educating younger generations in order to ensure the family legacy continues.

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