



RAISING LITERATE Heirs



Introduction

Jesus discussed the moral burden of wealth (Matthew 19:24)

“Again I tell you, it is easier for a camel to go through the eye of a needle than for a rich person to enter the kingdom of God.” I’ll say it again—it is easier for a camel to go through the eye of a needle than for a rich person to enter the Kingdom of God!”

Wealth is neutral. Like medicine, it can either help or hurt. (Or a hammer, which can build or demolish) So the moral burden has more to do with matters of the heart and hand, which are organically linked. Money amplifies. It will enlarge whatever is in your heart.

Money (W-2 Income) is a resource we engage with every day at the practical, transactional, and emotional levels. It is the practical use of income to resource our lives and lifestyles. It is discretionary and represents about 1-3% of what we have. The challenge with money is contentment.

Wealth is represented by the number that shows up at the bottom of your financial statements such as your “net worth” on your **Balance Sheet**.

Wealth is the accumulation of money and assets for restricted purposes such as retirement and represents 97-99% of what we have. Accumulated wealth eclipses money. The challenge with wealth is security.

THE DATA

74% of all wealth in America is held by people born before 1964.

| | |
|---|------------|
| Silent Generation | 17% |
| Boomers | 57% |
| Gen X | 24% |
| Millennials | 2% |
| \$68,000,000,000 will be transferred in the next 30 years! | |

There are currently 6.3 million individuals in North America with a net worth of between \$5M and \$30M, and an additional 73,000 with a net worth above \$30M (ultra high net worth). That's one out of every 4,500 people!

THE DILEMMA

Wealth Cycle Around the Globe

- The first generation **CREATES** the wealth. *(80% of American money is created wealth, only 20% is inherited wealth)*
 - The second generation **CONSERVES** and **COASTS** on the wealth.
 - The third generation **CONSUMES** the wealth.
- *Then the cycle repeats.*

There is no contention that money makes life easier. The ultimate power of money and wealth is freedom.

80% of wealth in America is “new wealth.” It has not been inherited, so those who have it did not have parental models for how to deal with it let alone transfer it. We are immigrants to the land of wealth; our heirs are natives. Therefore, we don't know how to talk about it. *(example: digital natives and digital immigrants)* “The limits of my language becomes the limits of my world.”

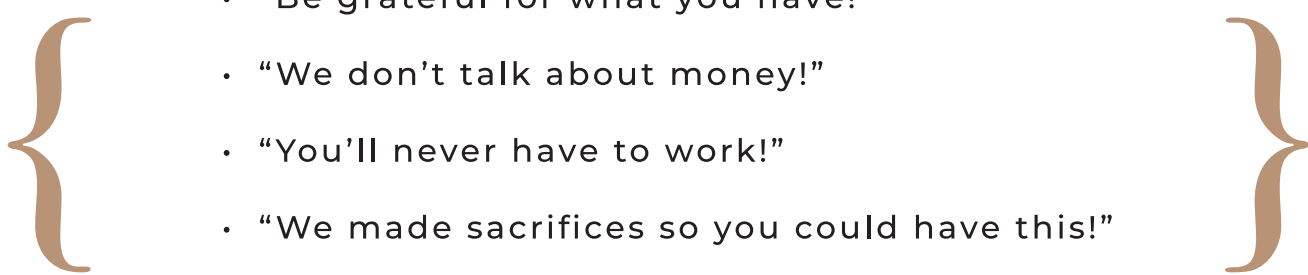
THE DANGER

Heirs may be paralyzed by predecessor, privilege, and possibility.

1. **PREDECESSOR:** The shoes are too big to fill. For example, only 28,000 people have ever played a single snap in the NFL. Of those, only 280 (1%) have been fathers and sons. This can create an unimaginably high bar which produces pressure to succeed and a deep fear of failure.
2. **PRIVILEGE:** Over identifying with family wealth, which may cause a faltering motivation that is enabled and not empowered.
3. **POSSIBILITY:** Under identifying with or denying family wealth. Some may feel shame surrounding wealth. Americans admire those who create wealth and dismiss those who inherit it. There can be social isolation due to the “illegitimately” gained status, leading heirs into duplicity where they behave one way with family and another with friends. “The ovarian lottery winners.”

The limiting beliefs and behavior patterns that we hold about money that can be harmful to our well being and the well being of our heirs.

EXAMPLE: the self narrative that equates family money with self worth or shame, or lack of basic monetary skills.

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- “Be grateful for what you have!”
 - “We don’t talk about money!”
 - “You’ll never have to work!”
 - “We made sacrifices so you could have this!”

FAMILY: WHERE DO WE BEGIN

There are Three Organizing Principles of Successful Families

1. Telling the Family Stories that create meaning and share information. They connect us to our history and purpose.
2. Balancing belonging to a family (enmeshment) with being an individual within a family (differentiation)
3. Helping children discover their independent life quest while also remaining part of the family heritage

THE FOUR CORNERSTONES OF FINANCIAL PARENTING

1. Competence
2. Self Reliance
3. Self Respect
4. Independence

What are the Best Practices?

1. Focus on human assets, not just financial assets
2. Stress each person's own pursuits rather than just fitting the mold
3. Constantly work to improve family communication dynamics
4. Mentor the next generation while maintaining the long term focus across generations
5. Develop a shared family dream or a family mission statement
6. Tell and retell the family stories until they become legendary
7. Be willing to share responsibilities with the next generation

FAMILY: WHERE DO WE BEGIN

The Goal of Financial Parenting is to Educate, Elevate, and Assimilate

I. EDUCATE

Lee Hausner writes that, "Financial parenting begins the first time a child says 'mine!' and you teach them how to share."

AGES 6-12

- Children begin to learn about money
- Children are given household chores
- Children may have a three part allowance (spend, save, share or give)

TEENAGERS

- Teens should have a job
- Begin to fund an IRA with their earnings
- Get a credit card with spending limits
- Engage in family giving

COLLEGE

- Have a summer job
- Awareness of trusts
- Mature role in family giving

ADULTHOOD

Liminality: "On the threshold of becoming."

Those in their 20's and 30's are breaking loose and building a nest. When those in their 20's are told to find and follow their passion, this is same time they're least likely to be able to do it.

FAMILY: WHERE DO WE BEGIN

Parenting Well: PRACTICAL APPLICATIONS

- How to save
- How to keep track of your money
- How to get paid what you're worth
- How to spend wisely
- How to talk about money
- How to live on a budget
- How to invest
- How to handle credit
- How to use money to change the world

ADDITIONAL APPLICATIONS

- Expose them to the wider world through travel/vacations
Volunteer as a family
- Participate in family mission trips
- Use global crisis, natural disasters, and panhandlers as a teachable moment
- Use a DAF to create a family dinner table foundation. One of the best ways to convey values and develop responsibility is through philanthropy.

FAMILY: WHERE DO WE BEGIN

II. ELEVATE

Parenting Well Through Values Transferral

1. Ground decisions in values to create agency, not circumstances
2. Positive Role modeling
 - a. Make transparent the things we do everyday but may be invisible to our kids
 - b. Pay attention to what we're not doing but wish we were
 - c. Pay attention to what we're doing but wish we weren't
3. Be intentional about creating family culture – the combination of priorities, habits, traditions, beliefs, values and choices.
4. Give permission to grow by allowing for mistakes and failure early in life.

Parenting Well by Instilling a Positive Wealth Identity

1. A sense of personal security and self esteem
2. A lifestyle that is balanced and derives pleasure from the appropriate use of wealth.
3. The ability to trust others in intimate relationships
4. Acceptance of stewardship of wealth for future generations
5. Financial awareness and capability in managing wealth
6. Contribution matters. We're wired to contribute and be productive. Not having the financial need to work does not remove the human need to work. Help them see the distinction between inheriting and earning.

FAMILY: WHERE DO WE BEGIN

Five Big Rocks to Develop in Your Kids

1. **A Growth Mindset:** the belief that a trait is malleable and can be developed through hard work, good strategies, and the ability to receive and integrate thoughtful feedback. It learns to love the process of learning and doesn't shy away from difficulty.
2. **Grit:** maintaining passion and perseverance in pursuit of a long term goal. Single focused persistence despite setbacks and difficulties.
3. **Mastery Orientation:** focus on attaining a solution rather than ceasing to persist due to the potential for failure. You are committed to learning and growing.
4. **Close Positive Relationships:** includes the definition and pursuit of one's ideal self.
5. **Foundational Character Strengths:** the positive aspects of your personhood that impact how you think, feel and behave.

Key activities to support the emotional platform for your children:

1. Learn to recognize, and avoid enabling your children.
2. Show your children love by spending time with them.
3. Don't try to protect your children from the rawness of life.
4. Encourage your children to develop the competence and confidence that comes from doing things for themselves.
5. Start teaching your children the value of work by giving them chores early.
6. Always strive for balance.
7. Teach values through modeling.

FAMILY: WHERE DO WE BEGIN

8. Speak honestly about money with your children
9. When you speak about money, be positive. Avoid negative messages.
10. Tell your children about the good things your wealth has accomplished.
11. Teach your children to share their wealth. The earlier the better!
12. Remember that travel is a university without walls

Three Responsibilities:

1. Transfer and communicate values: work, community, career, character, spirituality
2. Mentor financial competency: save, keep track of money, get paid what they're worth, spend wisely, live within a budget, investing, handling credit, changing the world
3. Helping children envision their purpose in life: find their purpose, not yours; give permission to develop their own path; advocate and mentor them as they hit bumps in the road

III. ASSIMILATE

How and when do you communicate your plans to your kids? Communication is important, but only 35% have provided it. It should begin at 18, and for those who do, 66% feel confident. The average age is 27. If you wait until the child is 55, only 41% will feel prepared.

What Do You Want Your Heirs to Accomplish? (How Rich Do You Want Your Kids to Be?)

The financial default we have is “max after tax to the kids.” But is that the right number? How wealthy do we want them to become? How much is enough? Will it empower them or enable them? When will you give and in what form? What is the difference between fair and equal? We spend a lifetime creating wealth, then spend three hours in an attorney's office deciding how to distribute it.

FAMILY: WHERE DO WE BEGIN

Control vs. Guidance

Parents need to distinguish between control (*walking around money*) and guidance (*sent to the grocery store*).

Trusts enhance control, reduce taxes, and protect against predators and creditors. By the third generation, 90% of assets are in a trust. 80% of heirs say that a trust is a burden and not a blessing. Why?

- Dissatisfaction, feeling untrusted, infantilized, and unmotivated
- Demeaning, having to ask the trustee for money. Their parents are “ruling from the grave.”

70% of Trusts fail by the family’s own definition. Why?

- Trust and Communication break down = 60%
- Failure to prepare heirs = 25%
- All others, including tax and legal reasons = 15%

Model Financial Values

Money amplifies: whatever your child does/is doing will be amplified by money.

1. There is joy and freedom in financial self sufficiency
2. Fulfilling work is a lifelong gift
3. Just because we have money doesn’t mean we have to spend it
4. If you’re going to spend, spend it well
5. Cultivate gratitude for what money enables us to do, and maintain perspective.
6. Regardless of how much we have, don’t squander it.

FAMILY: WHERE DO WE BEGIN

Parenting Tips

1. Focus on Effort over Outcome
2. Model Grit and Resilience
3. Support your children to focus on the process and their learning
4. Be conscientious of power imbalances in friendships
5. Focus on expanding their strengths rather than reducing their weaknesses
6. Put your hands in your pockets
7. Teach them to take responsibility for their own lives.

Big Questions for Your Heirs to Consider

1. What about me have I overlooked or undervalued?
2. What strengths do I have from my unique life experiences that equip me to create meaningful change?
3. What tools do I have that would support me to use my strengths to magnify my impact?
4. What causes persistently knock on the door of my heart?
What do I see in the world that is calling me to sit up and pay attention?

Your moral biography is the confluence of capacity and character. We must discern the moral compass that will direct the deployment of our wealth.

Health is not just the absence of illness, it's the presence of wellness.

Scripture References

- Psalm 22:29-31
- Psalm 112
- Proverbs 13:22
- Proverbs 19:14
- Proverbs 20:21

Resources & Books

- The Myth of the Silver Spoon by Kristen Keffeler
- Generation Impact by Michael Moody and Sharna Goldseker
- Wealth of Wisdom by Tom McCullough and Keith Whitaker
- Beyond Success by Randall J. Ottinger
- Inheritolatriy by James Wise



How MortarStone Helps...

MortarStone helps you make the financial decisions that fulfill your God-sized calling and vision. We walk with you through the process of determining your current and future financial needs and how generosity can play a role in your legacy today.

Let's schedule a time to discuss your plans, scan to select your meeting time and day.



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