

# Legacy Issues:

Are you passing on just your valuables?... or your values too?

By Mark Stevens

Once you see hundreds of millions of dollars pass to the next generation, it gives you pause. And after twenty years seeing it happen, my assessment is this: Too often valuables are handed down, not the values.

One of my specialties as a financial consultant is elder issues, and related extended family finances. I have sat across the table from your sons and daughters, and grandsons and granddaughters and even nieces and nephews at least a couple of hundred times.

Summary? I don't like everything I've seen.

And, sad too say, my own industry has too often hurt rather than helped the situation. Financial consultants have become very good at guiding their clients on how to help increase their estates and help reduce their taxes, speed up the estate process and avoid probate. We've become experts at shifting assets to the Next Gen kids. But what is the result of our good work?

## Damage done?

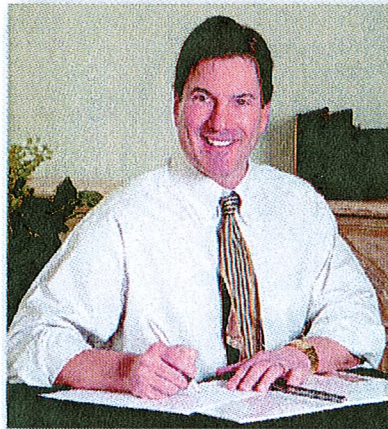
We've helped make it easy for children to receive fortunes from their parents, without having to do anything to earn them. No struggles. No worries. But, we've become so good at transferring valuables that we've neglected transferring values. Valuables are important, but they're temporal, temporary, and transitory. Values, however, are timeless. And they're worth much, much more.

"In families where new wealth is created by a generation, six out of ten of those family fortunes will be gone by the end of the second generation," say Cochell and Zeeb in *The Midas Curse*. "By the end of the third generation, nine out of ten families will be broke."

Why is there such a disconnect? Why do the succeeding generations not see the value of the assets bestowed to them? Let's look at my 40-something generation.

My personal opinion as a forty something guy, we live a life too pampered, and too over indulged. We were given way too much comfort, college, and cars without earning or appreciating them. Luckily the United States as a whole allowed us unprecedented ease, allowing my generation to adopt "vacuum values," or long-standing miss-guided attitudes regarding our conduct when it comes to our financial affairs, our views on debt, savings and frugality. It didn't help that many of us in my industry feed the frenzy; providing spoon-fed assets to the Next-Gen in record time.

Fortunately, I smartened up some years ago. I, and a few core advisors, realized that there is a major disconnect between



generations. Simply put, the Next-Gen is missing the values. They may have hard cash, but lack the touchy-feely stuff that is never needed until true hardship occurs.

Over the years I have instituted "values based financial consultations," for key clients. Here are some of the questions I ask them. I suggest that you ask them of yourself. And then, ask them of your living ancestors; too.

*"When you think back to when you were say, nine or ten years old, who do you remember fondly?"*

*"Can you remember any circumstance, discussion or observance regarding this person that affected you in a positive way?"*

*"How did it impact your life?"*

Powerful stuff? Bring a tear to your eye? Well if it does/did; does your granddaughter know those memories? Favorite niece? What about the "Greats" or "Great Greats"?

My personal assessment is this: By reversing the financial consultation process from your valuables to your values, the resulting end product or plan is completely different. We are all proud of our kids, and to say anything negative about them, I found, is a big mistake. But I'm sure you'll agree, that societal changes over the last twenty years regarding the growth of assets, the decrease in generational guidance and the increasing disconnect and fragmentation of families, is leaving more of a generational wake, than a legacy.

One last question, and it's a big one: Are you truly passing on the values you want to leave as your true legacy?

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