



The Great Wealth Transfer: Protecting & Preserving the Family Legacy

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The next 25 years will see the largest historical intergenerational transfer of personal wealth. Against a backdrop of accelerating global, technological and economic transformations, generational perceptions of the purpose of wealth are changing.

While each family experiences generational challenges differently, three areas, in particular, require thoughtful consideration and proactive guidance: managing the founder's transition from wealth accumulation to legacy planning; preparing successor generations to be responsible stewards; and creating a unified vision for the family's legacy.

Drawing from decades of experience advising multi-generational families at every stage of the wealth lifecycle, we are able to share some observations and illustrate how families can overcome common challenges and create enduring legacies.

IN THE IDEAL CASE, FAMILY VALUES, ATTITUDES AND OBJECTIVES ALIGN. IN REALITY, THEY USUALLY DO NOT.

FROM ACCUMULATION TO DISTRIBUTION

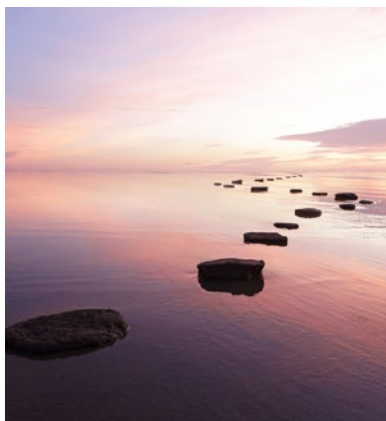
It is human nature to delay thinking about the future. Shifting gears from wealth builder to wealth distributor can be difficult, especially for baby boomers whose life expectancy and work ethic are redefining the concept of retirement.

This can manifest, for example, in a tendency to emphasize asset growth over legacy and philanthropic planning. A founder's inclination to maintain the status quo may also narrow the window of opportunity to expose next-gen heirs to the principles of responsible wealth management or to discuss family values and legacy goals.

Family wealth builders must eventually consider the distribution of their wealth. Initial and annual Goals based Wealth Review discussions encourage prioritizing wealth into three capital pools—lifestyle, legacy and philanthropy—each with its own time horizon, risk characteristics, optimal asset allocations and investment strategies. Deconstructing total wealth into discrete segments can have a transformative effect.

Case study

Lifestyle, legacy and philanthropy



One family's portfolio had a growth oriented allocation to stocks, bonds and cash, but as they approached midlife, the couple's objectives diverged. During their annual Goals-based Wealth Review, the husband remained focused on maintaining their lifestyle sufficiency, while his wife wanted to better provide for their children's future and emphasize her philanthropic interests.

Their Wealth Advisor and Portfolio Manager demonstrated that their assets exceeded their lifestyle needs and quantified the probabilities of successfully achieving a range of lifestyle, legacy and philanthropic goals. Data-driven decision making and the idea of three "buckets" of wealth reframed the conversation, opening the door to a revised wealth and investment management plan with dedicated investment pools to support a shift to greater emphasis on the philanthropic and legacy objectives.

PREPARING THE NEXT GENERATION FOR RESPONSIBLE STEWARDSHIP

Many parents are uncomfortable discussing wealth and inheritance planning, but failure to do so can create other challenges. Successor generations must be prepared for the responsibilities that come with inherited wealth, both to assure their personal financial sufficiency and assume stewardship of the family legacy. Younger family members need to develop sound financial management habits, understand family values and become familiar with the family's investment, estate and philanthropic strategies. Age-appropriate education and ongoing family conversations are essential.

In some cases, the gateway to engaging successor generations is through impact investing, which resonates with the desire to use wealth to effect positive social change. Since Millennials and Gen Z are often more comfortable with peer-to-peer collaboration, online research and digital communication, our team of next-gen professionals conduct individual and group tutorials, seeking to establish personalized communication and longterm relationships.

**ALL FAMILY WEALTH BUILDERS MUST EVENTUALLY
CONSIDER THE DISTRIBUTION OF THEIR WEALTH.**

Case study

Ensuring next-gen financial self-sufficiency



One couple expressed frustration when trying to involve their teenagers in the family's finances. Our next-gen team reached out to the children about developing the necessary financial management skills. Topics ranged from creating a budget to responsible use of person-to-person payment apps such as Venmo. We also introduced WealthView, our interactive financial management platform, and initiated a conversation about impact investing. As a result, the children became more active participants in family meetings and maintained contact with their peer advisors as their interests and responsibilities expanded.

CREATING A UNIFIED VISION FOR THE FAMILY'S LEGACY

The most successful intergenerational wealth transfers occur when the family has a unified vision for the legacy they want to preserve. Yet, identifying a common purpose can be a challenging process. Should assets be distributed to heirs, used to fund philanthropy or some combination of the two?

The answers to these questions are shaped by the objectives of the founders and individual family members. In the ideal case, family values, attitudes and objectives align. In reality, they usually do not.

Healthy family communication is critical. Glenmede frequently facilitates family meetings where differences can be aired and reconciled, and common ground and implementation strategies can be established.

MANY PARENTS ARE UNCOMFORTABLE DISCUSSING WEALTH AND INHERITANCE PLANNING, BUT FAILURE TO DO SO CAN CREATE OTHER CHALLENGES.

Case study Creating a shared legacy



One client was interested in starting a family foundation with all five multigenerational family members serving as board members. Their Glenmede team led a series of family meetings to define the mission and grant-making strategies, ensuring everyone had a stake in the outcome. Each person was asked to research philanthropic ventures and select two to present to the group. The family then voted on one from each person. The organizational focus of the five “winners” became the basis for the foundation’s mission statement, and the organizations themselves were candidates for the foundation’s inaugural grants.

Back to the future

Glenmede's mission is to manage, protect and preserve client assets. Our wealth advisory, tax and estate planning, investment management and philanthropic specialists provide families with the forward-thinking advice and solutions necessary to pave the way for a smooth transfer of family wealth, laying the groundwork for future generations.

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