STEWARDSHIP MINISTRIES
219 N Defiance Street Archbold, Ohio 43502
Stewardshipministries.org | info@stewardshipministries.org

BLESSING AND NOT CURSING THE NEXT GENERATION

The single most difficult planning challenge for the affluent centers around this complex question: "How much of our wealth should we leave to our heirs?"

This has been a troubling dilemma that has nagged at wealthy parents for millennia. Even King Solomon (possibly the richest and the wisest man who has ever lived) struggled to answer this for himself. In Ecclesiastes 2:18-19, 21 NIV Solomon laments,

> *I hated all the things I had toiled for under the sun, because I must leave them to the one who comes after me, and who knows whether he will be a wise man or a fool? Yet he will have control over all the work into which I have poured my effort and skill under the sun. This too is meaningless. . . . For a man may do his work with wisdom, knowledge and skill, and then he must leave all he owns to someone who has not worked for it. This too is meaningless and a great misfortune.*

Affluent parents innately know that wealth is dangerous. Like a blazing fire, it can cook and warm (good) or it can burn and destroy (bad). Which it will do for their heirs depends to a great extent on how effectively they hand this "fire" off to them.

There are real and serious dangers to heirs who gain excessive access to unearned wealth. The wealth that parents leave their heirs is meant to bless, but it can and often does, curse instead.
Jessie O'Neill's excellent book, *The Golden Ghetto*[1] gives us five "bitter fruits" that can manifest themselves in heirs who have been given unearned riches. Let me introduce them to you and then briefly comment on each.

Bitter Fruit #1
Lack of Motivation to Work

When an heir has all the money he or she needs, what motivation is there to go out and get a job or do something meaningful with their life?

Some years ago, I was discussing this issue with a wealthy mother and she said she understood this problem all too well. She had been chiding her high school son to buckle down and start getting better grades so he could get into a good college, get a good education, and get a good job. Her son responded, "I don't need to get good grades in high school or college, because I don't need to get a good job, because when I turn twenty-two, I get the money in the trust that Grandma set up for me."

[1] O'Neill, Jessie H. *The Golden Ghetto: The Psychology of Affluence*. Center City, MN: Hazelden, 1997.

Whether it seems like it or not, all of us need that proverbial “carrot on the end of the stick” motivating us to go out and earn our own way in the world. It lets us know that we are capable human beings who can add some value to the world God has placed us in. Although everyone dreams about how nice it would be to have all of our material comforts provided for freely, only the wealthy know the downside of actually experiencing that and losing sight of living for any larger purpose than just pleasing ourselves. Many wealthy families—especially if they are first generation wealthy—rob their children of a life without even knowing it by taking away their need and motivation to work by leaving them too much of an inheritance.

Bitter Fruit #2
Lack of Perseverance

When people have plenty of financial resources, they do not have to endure hardship. They can simply bail out and go on to other things or just throw money at problems to make them go away. They do not appreciate the money going out because they never worked to earn it in the first place. If they want something, they can buy the best of whatever it is they want. They do not need to work hard at anything, or persevere through difficult circumstances to resolve them. Thus they only reach a certain level of discomfort in any situation before running away, and with enough money, they can be running away their entire lives.

Bitter Fruit #3
Problems with Relationships

This is one of the most bitter of all fruits. Consider the exposure unplanned wealth can create for heirs. All of a sudden your heirs are wealthy. How can they know whether people are genuinely interested in them or merely interested in enjoying the benefits of their wealth? Remember, the wealthy will always have many “friends.” (See Proverbs 19:4.) An heir may eventually begin to question, “Do you love me or my money?”

Bitter Fruit #4
Self-Worth Struggles

One of the main ways we build positive self-images for ourselves is by what we accomplish. Working to get a good grade, practicing hard to be a starter on a sports team, building something with our hands, becoming a member of an honor society—whatever it may be that we accomplish in life—all contribute to building a positive self-worth.

But what if your greatest accomplishment is that you just happened to be born into a wealthy family? If that is the case, kids often struggle to know if they really are able to accomplish anything on their own without the backing of the family money, name, reputation, or influence. That silver spoon they are born with can be great for taking care of basic physical needs. However, it can be a stumbling block to persevering through the struggles and character building challenges that come with not having everything you need easily provided. It is simply not true that having everything a person wants can give them a healthy self-esteem.

Bitter Fruit #5
Poor Understanding and Managing of Finances

A child will never learn to manage money well if he can never run out of it. He does not need to get on a budget. He does not need to learn to invest wisely. He does not need to know how to save up for something he has been dreaming of getting. And because of that, when he does get what he has asked for, he seldom appreciates it. Even what he gives to others means little because he did nothing to earn what he gave away.

Such heirs risk becoming obsessed with self-consumption. Their whole world can begin to revolve around their individual wants, turning them into the well-known and little-regarded "spoiled, rich kid." And, the younger an heir is when they receive their unearned inheritance, the greater the chance of this outcome.

Leaving Good Fruit to Your Heirs

I like what the billionaire investor, Warren Buffet, said about his inheritance plans for his loved ones. He said, "I want to give my children enough of an inheritance that they feel like they can do anything, but not so much of an inheritance that they may choose to do nothing." What Warren Buffet is really saying is that he wants to fund *life-opportunities* for his heirs, but not *lifestyle*. (And there is a huge difference in the amount of an inheritance depending on which of these you choose.) When I share Buffett's statement with our Christian parents, they universally nod their heads in agreement.

If this then is a valid guideline, we must attempt to determine what would be the level of inheritance that will allow them to feel like they can do anything—and the level of inheritance that might de-motivate them from developing meaningful and productive lives. Within these parameters, we can create a broad philosophical starting point with which to begin our decision making about how much to leave each person and the best ways to leave it.

I remember a man once said to me, "I do not know what to do about an inheritance for my son. He is such a fool." I told him, "If that is indeed the case, then the answer is very simple. Solomon tells us in Proverbs 19:10a NIV that, '*It is not fitting for a fool to live in luxury.*' He goes on to say in Proverbs 17:16 NIV, '*Of what use is money in the hand of a fool, since he has no desire to get wisdom?*'" I added, "If your son is indeed an incurable fool, then let him be a poor fool, do not make him a rich one."

But the definitive word in my statement is *incurable*. The traditional planning process sees a problem with an heir and attempts to address it by putting a bandage on it (i.e. if a child cannot handle money, their inheritance would be put into a trust with a spendthrift provision to keep them from wasting it all). A superior approach is to first seek to solve the child's foolish attitudes and behaviors. Much of this can happen even before you leave them anything. This can be a great opportunity to work on your relationship with your child to more fully enjoy the time you have now.

In other words, if a son is bad at handling money, we help dad invest the time and set up the opportunities while he is still here to help his son learn how to better handle money. Just because he is your son does not mean that he has your knowledge, experience, or your natural aptitude in these areas.
The first planning objective should be for parents to equip their heirs with the needed wisdom regarding how to properly and effectively handle their inheritance, however much you might choose that to be. Solomon said in Ecclesiastes 7:11-12a,

> *Wisdom along with an inheritance is good and an advantage to those who see the sun. For wisdom is protection just as money is protection.*

Parent's planning mantra should be, "If we are going to leave our heirs wealth, let us also leave them the wisdom to know what to do with it." If you are not going to give them both, do not give them either. If you give them the wealth without the wisdom, the blazing fire of wealth is going to burn and destroy them—it will be a curse and not a blessing.

To help assess how well your offspring are exercising wisdom, let me suggest these four Maturity Markers. They will give you a hands-on and practical way to proactively address and work to correct any problem areas in your heirs' lives.

Spiritual Maturity Marker #1
(An Heir's Relationship with God)

Signs for this Spiritual Maturity Marker would include an heir who is…

(1) Growing as a personal follower of Jesus;
(2) Developing in godly character; and
(3) Ministering to others.

Emotional Maturity Marker #2
(An Heir's Relationship with Himself)

Signs for this Emotional Maturity Marker would include an heir who is…

(1) Taking responsibility for his/her actions and proactively seeking to correct his/her mistakes and sins;
(2) Controlling his/her anger, frustration, disappointment, and stress appropriately; and
(3) Avoiding chronic problematic and self-destructive behavior.

Relational Maturity Marker #3
(An Heir's Relationship with Others)

Signs for this Relational Maturity Marker would include an heir who is…

(1) Developing and maintaining healthy and meaningful long-term relationships with friends and family;
(2) Treating other people with respect and dignity; and
(3) Making personal sacrifices for the benefit of others.

Financial Maturity Marker #4
(An Heir's Relationship with Money)

Signs for this Financial Maturity Marker would include an heir who is…

(1) Living financially independent of parents;
(2) Exercising consumptive self-control in spending; and
(3) Engaging in enthusiastic and generous giving.

A Place to Start

These maturity markers should better equip you to have real, meaningful dialog with your children enabling you to establish measurable and attainable standards by which to make more objective inheritance decisions instead of having those decisions driven primarily by emotion and guilt.[2]

That is why we strongly believe that the solution to this inheritance dilemma will be achieved far more

[2] For more on matters to consider before choosing how much inheritance to give to each heir, see my books, *Spiritual Thoughts on Material Things* (pages 194-187) and *Family Wealth Counseling: Getting to the Heart of the Matter*.

effectively by what you do in your living room with your family than by what you do in some conference room with your lawyers and advisors. It is far more important how you prepare your heirs than how you prepare your legal documents. And that is why having open and honest family meetings—bringing the heirs into the planning process so they can know what is happening and why—is so critically important.

Start now, while Mom and Dad (or Grandma and Grandpa) are still alive. Begin the mentoring process of preparing the next generations for what will be coming. We are convinced that personally revealing your plans to your heirs in an organized and thoughtful way before you relocate to heaven is vastly more effective in successfully transferring wealth to the next generation than having some attorney reveal your plans to them after your funeral. Does that not really make more sense?

ABOUT THE AUTHOR — E. G. "JAY" LINK

E. G. "Jay" Link has a unique combination of being an ordained minister with a Master Divinity degree in Biblical Theology and a professional Stewardship planning coach who for over 40 years has been working with very affluent Christian families to enable them to optimize their Kingdom impact with all that the Lord has entrusted to them to manage. After retiring from his personal practice, he then served for five years as Director of Taylor University's Stewardship Planning Ministry, which he launched for them. Most recently, Jay founded the Stewardship Resource Group to serve Christian ministries, colleges, and churches to better minister to their highest capacity families. He has written six books, hundreds of articles and has provided extensive training curriculum for hundreds of professional financial and legal advisors in how to provide stewardship planning services for their clients.