TRANSFORMATIONAL STEWARDSHIP

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SUCCESSFUL WEALTH TRANSFER

Over the decades I have observed that 95% or more of wealthy families focus their wealth transfer planning almost exclusively on minimizing taxes and drafting appropriate documents. They think that by using the most sophisticated planning and tax reduction techniques and drafting airtight legal documents, they can ensure the successful transfer of their wealth to their heirs. After such sophisticated planning, they must still ask themselves this most important question, "*Have we been truly successful in our wealth transfer plans if our heirs are not able to retain their inheritance?*"

Recent studies have revealed some very sobering statistics: 65% of wealthy families have lost all the family's wealth by the end of the second generation, and 90% of these families will have lost all of their family's wealth by the end of the third generation. It has been suggested that the primary culprit behind the disappearance of this wealth is the crippling Estate Taxes that are levied on wealthy American families. However, Australia has almost exactly the same percentages as the U.S. Yet, Australia has one major difference: **Australia has no Estate Taxes**! Wealthy Australian families are still losing their wealth at virtually the same rate as wealthy American families. The United Kingdom has almost identical statistics as well.

Obviously, Estate Tax avoidance does not ensure the successful retention of the wealth to the children or the grandchildren. So what is the reason for these pathetic results? The answer has nothing to do with how effectively you eliminate taxes or draft great legal documents. It has everything to do with ***TRUST*** and ***COMMUNICATION*** between parents and their heirs. The following is an illustration of this lack of trust and communication between generations:

A father has never turned over any of the responsibility of managing the family's substantial investment portfolio to his sons because, "They could never manage the money as successfully as I do," the father thinks. He's correct. He's correct now, and he'll be correct after he's dead. The sons will never learn to manage money because Dad never *trusted* them enough to let them try or *communicated* to them enough on how to be effective money managers. So, the first time the boys get their hands on the money, Dad, who could have been their best teacher and coach, is dead. He has left them adrift at sea with millions of dollars, no idea how to manage it, and no one they know and trust to advise them. No *trust*. No *communication*. Bad outcome. This is not an isolated example, unfortunately. It is almost routine among wealthy families both Christian and unbelieving.

Another example is the Dad who never tells his children how much wealth the family has because he doesn't *trust* them with that kind of sensitive information. They finally learn about the amount of wealth Mom and Dad have in the lawyer's office as he is reading the Last Will and Testament of the last surviving spouse. They quickly discover they are completely ill-prepared to manage the family's multi-million dollar wealth. No *trust*. No *communication*. Bad outcome.

It is quite common among wealthy families for their children to be resentful of the family's wealth. They often see Dad as being greedy, consumed with power and living an opulent lifestyle. They often will see the family's wealth as being something evil. They often take the side of those who are down and out—the weak and the poor. They can see their parents as the enemy. These children intentionally go to the other extreme in their lifestyles rejecting this cursed disease of "affluenza."

What they have never seen or understood is that their parents annually give substantial sums of money to help the work of any number of Christian ministries—a gift only made possible because of Dad's brilliant business skills. They do not know that Dad pays his employees very well and provides them with very generous benefits which give all their families a better and happier life. The kids do not see any of this. Why? They do not see any of it because there is No *trust*. No *communication*. Their parents have chosen not to include them in charitable giving. The children do not understand how their family's wealth can be used to help others.

If wealthy families are going to successfully preserve an appropriate amount of their wealth in the family for future generations to enjoy and use for good, they must do more than simply implement financial techniques and strategies. This traditional approach to planning guarantees nothing except a 90% failure rate. To ensure that future generations retain the wealth that their parents give them requires a radically different approach.

It entails all the traditional kinds of planning, but includes asking the critically important spiritual and emotional questions that other advisors have been trained not to ask or know how to integrate into an overall Master Stewardship Plan. These unique components will make you an essential player on any affluent believers planning team.

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 Transformational Stewardship 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 an extensive training curriculum for hundreds of professional financial and legal advisors in how to provide stewardship planning services for their clients.