

ON COURSE

Ensuring Wealth Lasts for Generations

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Most people who accumulate wealth wish to pass this wealth on, to ensure security for future generations. Yet it's estimated that 90% of wealthy families lose the wealth they've accumulated within 3 generations, and of that 70% lose their wealth by the second generation according to data from a Williams Group wealth consultancy study. The statistics are relatively staggering and indicate that the passage and preservation of wealth is not a simple task. When it comes to ensuring your financial legacy, a wealth manager can be instrumental in understanding how wealth is best preserved.

Leading Causes of Generational Wealth Depletion

The reasons why generational wealth

often disappears so quickly are varied but are most often attributed to a few main factors.

Lack of Foundational Financial Education

Future generations may lack knowledge on financial best practices, including investing, budgeting, and financial goal setting. When it comes to investing, there is often a lack of understanding around the importance of investing in general, starting to invest early in life, and ensuring portfolio diversification.

Reluctance to Discuss Money

Often, we witness a reluctance to discuss money within families. It can be a tough conversation, and one that many people are unsure how to approach.

Questions like when to start the discussion, who to have the discussion with, how much to share, and how to talk about the time after your passing can be difficult topics to tackle. It's hard to know where to start, which can discourage many from beginning these conversations.

Lack of Understanding in Preserving Wealth for the Future

One challenge for beneficiaries can be the difficulty of thinking about – or grasping the implications of – their future wealth. An inheritance amount is not always as much as it “sounds like,” especially when received in a windfall. This can lead to a lack of understanding of how far money will go, which can in turn lead to unsustainable spending practices.

Estate Plan Not Reviewed (Or Updated) Regularly

It's important that your wishes for passing down wealth are explicitly stated. This ensures the wealth goes to the appropriate parties and is passed along and allocated as desired. To achieve this, it's not only essential that an estate plan is created, but also that it's both reviewed and updated as needed over time. The estate plan should also be communicated to those it appoints to act on your behalf as executors, trustees, etc. Common challenges to smoothly transitioning wealth to the next generation include undetermined or uncommunicated plans, or at times both.

The Role of the Wealth Manager

A wealth manager can play an

instrumental role in overcoming the challenges outlined above. A wealth manager can not only help you plan for your own financial goals and needs during your lifetime, but also provide guidance on achieving your goals for passing down and preserving wealth. A wealth manager can be especially helpful to clients who are the first generation in their family

be harder for clients to have similar discussions with their family. A wealth manager can help strategize on how to have these conversations with family, and even facilitate them. At Richard P. Slaughter Associates, we often bring relatives into the conversation with clients when the time is right. Who we bring into the conversation (and when) occurs on a case-

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to accumulate sizeable wealth through a holistic approach, which includes a few key components:

Education of Family Members

For those passing down wealth, it's important to discuss the process with your wealth advisor as soon as possible. While conversations with clients are commonplace as part of financial planning, it can

by-case basis that is specific to each family, and takes into consideration when the client is ready to begin the discussion and how much information they wish to share.

Coordination with a Team

Another key role of the wealth manager is to coordinate with a team of trusted, expert professionals to help clients flesh out and achieve their goals. Clients may either have a team

ABOUT RICHARD P. SLAUGHTER ASSOCIATES, INC.

Richard P. Slaughter Associates is a leading wealth-management firm specializing in delivering tailored strategies as a fiduciary for high net worth individuals, families, and businesses. Slaughter Associates constructs a comprehensive financial relationship with its clients by delivering expertise in financial planning and asset management while coordinating with tax, insurance and estate professionals. The result is a holistic approach—unique in the financial industry—that generates a clear path to the individual financial goals of the client. Founded in 1991 in Austin, Texas, Slaughter Associates was among the first fee-only firms in the nation, a fiduciary status that allows it the freedom to provide advice that is always in the best interests of the client. Slaughter Associates is a NABCAP Premier Advisor, recognized for its commitment to maintaining top business standards, first-class financial-management capabilities and dedication to preserving transparency in the financial services industry.

EXPERTISE

Areas of Expertise

Specialization in comprehensive wealth-management services for families with over \$1 million in net worth

Other Interesting Fact

One of the first fee-only advisor firms in the United States

in place already, or a wealth manager can help connect them with key parties including:

- **CPAs:** to help ensure tax efficiency both during your lifetime and during the wealth transfer process.

- **Estate Planning**

Attorneys: to assist with articulating and structuring your wishes within your estate plan in a way that avoids common pitfalls and unintended consequences.

- **Insurance Professionals:** to help mitigate personal risk to protect wealth down the line.

The wealth manager's role is to work with all parties to keep the financial team on the same

page and provide the client with a full picture of their wealth. To ensure successful collaboration, it's important that all parties involved know what the strategy is.

Financial Planning

In addition to coordinating a team of experts, a wealth manager also helps provide the bigger financial picture. Comprehensive financial planning includes considerations for growth of investments over time, your spending needs, charitable and family gifting, tax mitigation strategies, and estate planning including wealth transfer strategies (which can potentially include gifts, trusts, family

limited partnerships, and other financial tools).

Getting Started

If you're planning to pass down your wealth and would like to lay the groundwork for its successful preservation by future generations, a great first step is to begin the conversation with your wealth manager. We'll assess where you are in your journey and help you to carve a path forward through facilitation of conversations and guidance in decision making. At Richard P. Slaughter Associates, we're here to guide you – and your family – every step of the way. If you are unsure where to start, you can begin with us. 🦋



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