



## Why Family Wealth Stewardship

### Five reasons inherited wealth doesn't last

You have spent a lifetime building your business, career and wealth. You've dedicated countless hours to making the right decisions and have focused energy on making sure things are managed correctly. During your lifetime, you have also prioritized raising your family and creating what you hope is a legacy for generations to come.

Deep down, we all desire to leave something behind and make a difference in the world around us. The challenge we face is that sometimes the lifetime of work we've accomplished doesn't fulfill that desire. The real hurdle is the risk of not passing our values or our valuables as we had hoped and dreamed of. As a matter of fact, that risk is unimaginably high.

At the end of the second generation, 70 percent of families have exhausted their wealth. They are educated and have a good life, but only 3 in 10 families have the assets that they began with.

Then, more than 90 percent of wealth does not make it past the third generation.

This simple and unfortunate truth, as discovered by wealth preservation specialist James E. Hughes, Jr., is that 94 percent of all traditional inheritance plans fail to achieve their goal of creating a legacy that lasts. By the third generation, all the money that the first generation built and struggled for is lost.

You spend your entire life building your assets, creating a family of values, and the one thing that you wish to achieve most is to create continuity to make a difference in the world for generations to come. The good news is that through academic studies and professional experience, we have accumulated the tools that can help you lower these statistics and increase the odds of a successful legacy plan.

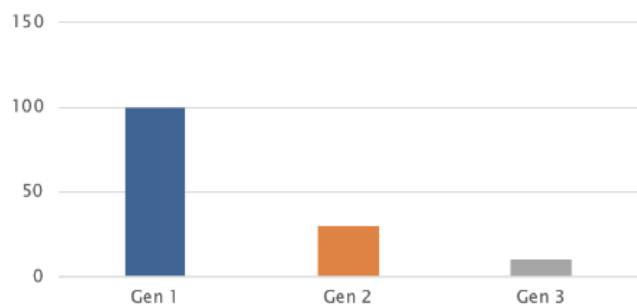
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Your economic security does not lie in your job; it lies in your own power to produce – to think, to learn, to create, to adapt. That's true financial independence. It's not having wealth; it's having the power to produce wealth.

- Stephen Covey, author

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### 90% OF FAMILY ASSETS ARE SPENT OR LOST BY THE THIRD GENERATION



Sullivan, M. (2013, March 8). *Lost Inheritance*. *The Wall Street Journal*.  
<https://www.wsj.com/articles/SB10001424127887324662404578334663271139552>

Let's first examine why this happens. There are many reasons and challenges that families with this unfortunate outcome share:

1

A lack of understanding regarding estate tax.

2

The heirs have not had proper training and education, therefore they make bad financial decisions.

3

Market conditions and poor investment choices.

4

Lifestyle creep or simply spending the money.

5

Lack of values the first generation had.

The combination of these cause an outcome that all legacy-creating families fear. When heirs allow their inherited wealth to affect their work ethic and ambition, they become dependent on the wealth rather than using the wealth to make a difference in their lives or stewarding it for future generations.

The biggest risk that causes the wealth to vanish is number 5. There is not enough emphasis placed on the continuity of values and a belief system and creating a series of traditions and guidelines.

Developing a process to educate and resolve all these issues, especially passing on your core values can help your legacy succeed. Families that begin and deliberately maintain a process like this actually increase their chance of success.

We believe that the tools to strengthen and unify your family across generations are already in your possession. They simply need to be applied in a thoughtful and prudent manner.

Don't sit back and let your family's assets fade away. Don't witness the damage done to individual family members or your family's unity because you didn't take steps for the future. Don't be complicit in the loss of both your values and your wealth.

Talk to your Hightower Bellevue advisor about how you can create greater unity, strength and prosperity for yourself and generations to come.

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601 108th Avenue NE, Suite 1510  
Bellevue, WA 98004  
(425) 455-6623  
hightowerbellevue.com