3 Quick questions: Preparing the next generation for family wealth

As family wealth grows, so does the responsibility of preserving it—and passing it on wisely. Preparing the next generation isn't just about transferring assets; it's about transferring values, knowledge, and decision-making skills. By nurturing financial literacy early and guiding children through age-appropriate milestones, families can help younger members step confidently into their roles as stewards of wealth. These three questions offer a starting point for sparking conversations and building a lifelong foundation of financial understanding.

Q: Why is it important to prepare the next generation for family wealth?

Preparing the next generation is essential for sustaining your family's legacy, values, and long-term financial well-being. It empowers children and young adults to make informed choices, avoid common pitfalls, and develop a mindset of stewardship over entitlement. Educating heirs early can help them understand the purpose behind the family's wealth, align with the family's vision, and become responsible decision-makers who contribute to the family's goals. This preparation also improves communication among generations, builds confidence, and helps facilitate a smoother transfer of financial responsibilities over time.

Q: How can families start conversations about wealth early?

Start by weaving financial concepts into everyday conversations in an age-appropriate way. For young children (elementary school), this can include discussing wants vs. needs, introducing the idea of saving with a piggy bank or savings jar, and giving them small allowances to manage. By middle school, you can begin talking about budgeting, how to make spending choices, and introducing basic banking tools like savings accounts. For teens and high school students, expand the conversation to cover topics like investing, interest, credit cards, and the value of earning money through work. You can also start introducing more personal aspects of the family's financial values and philanthropic goals. These small, consistent conversations build a foundation of basic financial literacy—understanding how money works, the importance of saving, spending wisely, and planning for the future.

Q: What steps can families take to build financial literacy in younger generations?

Building financial literacy is a hands-on process that should grow with your child. For younger kids, start with managing allowances, saving for small purchases, or setting goals with a simple savings tracker. As they get older, open checking and savings accounts for each child and walk them through how to read statements or use banking apps. For teens, introduce them to online budgeting tools, help them create a simple budget, and explain how credit works—including what a credit score is and why it matters. Once they reach young adulthood, consider helping them apply for a low-limit credit card to build credit responsibly and explore topics like taxes, investing, and retirement savings. If your family uses trusts or other estate planning tools, begin explaining what those are and how they function. Additionally, involve them in charitable giving decisions to reinforce your family's values around stewardship and impact.