



Shirtsleeves to Shirtsleeves in Three Generations

It's a global crisis. The first generation makes the money, the second spends the money and the third depletes what's left. The fourth generation must then start over. In Spain, the expression is "Those who don't have it make it, those who have it lose it." In Japan, it's "Rice paddies to rice paddies in three generations". In China, "Wealth never survives three generations."

In fact, for 70% of all wealthy families, the money has been spent, or otherwise lost before the end of the second generation. By the end of the third generation 90% of families no longer have their wealth. Amazingly, about the same percentage of wealthy individuals don't believe this is a problem for them! In view of these sobering statistics, is there any hope? In a word, yes. Families can avoid the pitfalls and retain their wealth with hard work, careful planning and the right skill sets.

In analyzing why family wealth transfer fails, both in monetary terms and in breakdown of family relationships, three factors have been identified. The first is communication and trust. Second is the failure to prepare heirs for the responsibility of wealth. Third is fragmented planning and advice.

Wealthy individuals and their advisors all too often focus on building and preserving financial capital but ignore the other fundamental requirements for successful maintenance of wealth. There are four critical capitals of Social, Human, Intellectual and Spiritual.

Social capital is philanthropy and community leadership. Human capital is pursuing one's calling and not becoming a doctor because "Dad is a doctor." Intellectual capital is getting the best possible education, working hard and challenging one's self. Spiritual capital includes religion for many families but it is sharing common beliefs and value systems.

At Sheridan Wealth Advisors (SWA), we focus on Financial and Social capital in industry-leading, cutting edge ways. And we introduce clients to "Family Coaches" who focus on the Human, Intellectual and Spiritual capitals. All in a holistic manner.

The results are gratifying. Families are happier, have better communication, develop similar values as well as greater trust and appreciation for each other. Best of all, the successful integration of all five capitals gives them a 70%-90% success rate after three generations versus the current dismal 10%.

At SWA we believe our work in this area is both important and fundamentally satisfying. We see the results. We know we can help. To find out how you can avoid making "Shirtsleeves" your personal family crisis, please contact Sheridan Wealth Advisors today.