

Passing on Values to the Next Generation

By Ellen M. Perry

If you are reading this article in hopes of obtaining strategies and recommendations on how to have your children and grandchildren embrace many of the same life choices that you have, you may well be disappointed. You are not alone, however, in wanting to leave your children a legacy that goes beyond financial capital. I have worked with very successful and affluent families for nearly 25 years, and the issue of passing on values is the most frequent topic on which I am consulted. The process of understanding your own strongest values, being intentional about how to instill some of those in your children, embracing their unique values, and taking the many steps necessary to create a legacy is indeed a life's work.

During these many years, and through the extraordinary openness of my clients, I have learned five important lessons about values transmission:

- Values are caught, not taught
- Values are different than beliefs, preferences, choices, and principles
- Leading a life that is consistent with your values is the greatest predictor of happiness
- Storytelling is a powerful means of sharing your values
- If the family is to flourish for multiple generations, the attention to human capital should be as serious as that of financial capital

VALUES ARE CAUGHT, NOT TAUGHT

We all heard as children that “actions speak louder than words.” Well, in fact that turns out to be quite true. Our values are on display every day in so many ways, for our friends, family and community to observe. We demonstrate our values most clearly in the ways we choose to spend our time, our money, and our energy.

Families often come to consultants like me to develop a family mission statement or family values statement. They hope that these documents will teach the future generations what is important to them, what the family legacy is and what values they hold dear. Such formal statements may in fact help the family crystallize its thinking. But many thoughtful,

committed families have discovered that what is most meaningful is how you actually live your life, not what can be communicated in a written document.

Children are keen observers. They watch their parents, they listen to their interactions, and they have an almost unerring ability to discern dissonance between their parents' words and their daily actions.

As adults, we unmistakably demonstrate through our actions, in large ways and in small, seemingly inconsequential ways, who we are, what we truly believe, and what is really important to us.

Our core values are revealed, for example, not just through the philanthropic passions we pursue, but in how we treat others, and in the time and devotion we give to our family. They are shown in the generosity of spirit we show to friends, family, employees, and service providers, and by the priorities we make clear to others. Dr. R. Kelly Crace of Duke University, author of the Life Values Inventory (www.lifefvaluesinventory.com) and a highly respected researcher on values and life satisfaction, says that “If I followed you around for three weeks I could tell you exactly what your top five values are.” He believes that it is not what we say we care about, but rather what we do that most clearly and accurately informs others about our values. (Crace, 1996)

Our children learn about our values not just by observing our behavior, but through the daily life and actions of the family. We find that parents who are clear about the values that matter most to them also have an ability to be intentional about passing on those values. Their words and actions are consistent. This enables them to communicate the connection between their specific values and the actions they believe will effectively promote those values.

For example, parents who wish to pass on the value of responsibility must create opportunities for their children to be dependable and to have accountability. For families who wish to pass on the value of productivity to their kids, there must be real work experiences—through non-family related employers.

Wealth, however, brings with it what we think of as a gravitational pull—an energy around the money and privilege that is powerful, and frequently distracting; this can interfere with parents' ability to communicate and instill their values in others.

For families of wealth, too often we see children with few household chores, no summer jobs, and few consequences to their actions. Jobs that do exist may be obtained through parental connections, which may deprive children of the value of external, objective feedback. Summers are used for family travel and vacations, which are wonderful experiences, but children then miss the opportunity for employment. It is no surprise then that those parents might experience a discomfiting disconnection between their own values of productivity, responsibility, and hard work, and the values that their children display.

Parents who wish to pass on the value of commitment must commit to keeping their children engaged in activities long enough for them to experience a sense of satisfaction. Dr Edward Hallowell, author and noted expert on ADD and parenting points to this in his book The Childhood Roots of Adult Happiness. Dr Hallowell notes that children must have an opportunity to explore various activities, choose those that are interesting to them, practice them to proficiency or mastery, and then be recognized, even in small ways, for that skill. We sometimes find affluent parents more willing to allow their kids to quit a sport or music lessons than middle class parents for whom the financial costs of these activities are more meaningful. (Hallowell, 2002)

If parents hope to raise children who are productive, motivated, grounded and compassionate, as I believe most do, then actions that foster those values must occur consistently throughout the child-raising years.

VALUES ARE DIFFERENT THAN BELIEFS, PREFERENCES, CHOICES, AND PRINCIPLES

Values are the compass that each of us uses to direct our behavior, often unconsciously. I believe values are a core defining element of our being; without them, we are just not ourselves.

It is easier to pass on money than values, unless you have a plan and attend to it with the same thoughtfulness as you attend to financial wealth management. The way that one generation passes on its values to the next usually reflects the same philosophy and attitudes as the transfer of wealth. For example, someone who passes on the value of compassion and service will likely also pass on assets to charity. Someone who passes on the value of hard work to their children likely will not create an estate plan that allows

the heirs to live their lives unproductively. Those who believe in generosity will be generous to their family and in the world, while those who possess a less generous spirit might be more controlling and less able to help their children learn the joys and value of sharing their wealth responsibly.

We often mistakenly use the term values to describe what really are beliefs, choices, or preferences. As an example, a value is spirituality; the preference or choice may be Christianity or Judaism. A value is community service and civic engagement; a preference or belief may be conservatism or liberalism. A value is generosity; a preference is environmental conservation or the arts.

We often see families experience great concern that their deepest values are not being embraced by the next generation, when indeed the value is embraced, but the expression of that value is different. This is not to say that troubling values are not a real cause for concern. They are. But varying expressions of the same values are perhaps healthy for the individual's own development. Successive generations often struggle to find a sense of their own identity in wealthy families—a sense that they themselves are unique and wonderful in the shadow of a highly successful parent or grandparent. The more that these children and grandchildren can be honored and valued within their families for their own characteristics, beliefs and choices, the happier and healthier the individual will be, along with the whole family system as well.

Sadly, those families who have a rigid definition of “who we are” often find the younger generations creating distance and making choices that do not promote family unity, all in an effort to demonstrate some individuality. For some wealthy families, the notion of a common and narrow definition of family identity is deeply important, and sadly for some, it is tied primarily to the transmission of wealth. On the other hand, families who respect real differences and foster a sense of inclusion in the family find not only a richer family character, but a tighter and more committed family through the generations. Families for whom family unity is a strong value, even in the face of differing choices by various family members, learn that inclusion and acceptance are important allies.

LEADING A LIFE THAT IS CONSISTENT WITH YOUR VALUES IS THE GREATEST PREDICTOR OF HAPPINESS

Most thoughtful research shows that one of the most important predictors of happiness is the congruence of one's life with one's values. Dr. Crace has shown in study after study that when we live a life aligned with our four or five core values we are happy, healthy, and resilient. When you act on these values, you feel satisfied. When you do not, these same values become a source of frustration and stress. They create a bond when they are shared, but can be a point of contention when family members, friends, or colleagues have different ones.

Clarifying your personal values is the starting point for understanding what you want your legacy to be. Understanding your children's values can increase the chances that you will pass your legacy on in a way that is meaningful to you and to them.

Values are frames and filters for behavior and communication, and staying values-focused will help in healthy parenting. So, why then is passing on values such a complicated process for many? We find the most frequent problems that parents face are the following:

Parents lose focus on their own values. What will serve them well as parents is to reclaim and live their values. A life of privilege and wealth can be highly distracting for some. These individuals may lose sight of what truly matters to them in the face of almost limitless choices. In the end, when options are so abundant, values are one of the only effective ways of narrowing the choices and leading a life that reflects one's values. Families of real abundance have virtually limitless opportunities to live a life that is fully reflective of their values.

Parents experience a conflict within their own values that they need to resolve. Parents can help their children understand their struggles to balance multiple, and sometimes competing, values. As an example, a values conflict might exist between a goal of financial success and family unity; to persistently pursue financial success, a parent must often spend significant time away from the family. This is also an illustration of a values conflict that can be misunderstood by others. Spouses and children may see the value one places on financial success or productivity as being the guiding principal of an entrepreneur's life, or they may feel that it inhibits family togetherness, well-being, and unity. Values conflicts such as these have the

potential to send mixed messages to children about what's really important. This is a frequent issue in families of wealth.

Parents fail to understand that teenagers have a developmental need to challenge their parents' values. This is a healthy and normal part of child development for which, over time, parents are rewarded for their patience and perspective during the trying teenage years. Differences in values are not a problem: it's how they are played out. When parents have what appears to be a conflict in values with a child, they should ask: Is it a lack of respect for the parents' values or a problematic behavior? In general, children are not equipped to know how to express values or how to act on them. Parents help children develop a skill set to do this.

Helpful questions for parents to ask themselves include:

- What values did you have when you were younger?
- How have these values changed over time?
- What are the values that your children hold?
- How are they the same or different?

Communicating values to children entails:

- Knowing your values
- Managing your fears
- Being neutral and able to accept your children's different values

STORYTELLING IS A POWERFUL MEANS OF SHARING YOUR VALUES

“We tell stories to remind ourselves of who we are and to tell other people who we are. One of the basic functions of storytelling is identity maintenance.... When a person or a community is more interested in fortune seeking than in identity maintenance, stories are left behind and storytelling dies.”

From Telling Your Own Stories, by Donald Davis

Legacy is more than financial inheritance. Its definition includes anything handed down from the past as from an ancestor or predecessor. Your legacy—and your values—are more powerfully conveyed by telling personal stories than through legal documents.

Long before the written word, people told stories. Stories were part

of the life fabric of the whole community, the glue that held a society together. They were as essential as food and shelter. One of the most basic and powerful of human experiences, stories are the most effective tool for communicating, because they enter our hearts by engaging our imagination. They are how we human beings have passed on history and values, wisdom of the mind, and wisdom of the heart for thousands of years. Storytelling speaks to the human heart; it enriches the teller as well as the listener and we all have stories to tell; when we tell our stories, we are engaged in the act of discovering and creating meaning.

Telling stories is an opportunity to see your own life more clearly in terms of what's most important to you—what your values are. It is a means by which to live your life more fully according to and in alignment with these values.

When we tell our stories, we are offering three invaluable gifts to the next generation:

1. We are giving them a better understanding of who we are and the forces that shape the values we're trying to transmit.

The person hearing the stories receives a more complete picture of the parent as person. The storyteller can be seen not only as a parent, but also as a child, an entrepreneur, an adventurer, a learner—someone who has struggled and is making his or her way. The stories offer a broader perspective to the next generation, grounding the parent and the parent's values in a context.

2. We are giving them an opportunity to explore who they are and how they want to form their own journey.

When we hear a story, we project ourselves into it; we imagine ourselves there, we identify with the hero, and we make connections to our own lives and experiences. In this act of listening, members of the next generation can imagine their own stories projected on the template of the parent's story. It offers them an opportunity to discover how they are similar, or different, or both. It lets them fashion the ways they wish to emulate or the ways they wish to diverge from their parent's journey.

3. We are giving them the tools to continue passing on the family's legacy. By modeling the act of telling a story, we are teaching the next generation the importance of stories and legacy. They will learn to value

the family legacy and be able to continue telling the stories themselves. In this way, the family legacy is preserved and passed on through the generations.

Through the act of storytelling and being listened to, we can connect to our past, others, and ourselves. Passing on our legacy through our stories is not only a way to teach our values, it is also the essence of passing on a sense of self worth and identity to the next generation. Stories are a powerful tool to ensure that future generations do not define themselves exclusively by financial assets, while also helping to preserve a family's wealth.

IF THE FAMILY IS TO FLOURISH FOR MULTIPLE GENERATIONS, THE ATTENTION TO HUMAN CAPITAL SHOULD BE AS SERIOUS AS THAT OF FINANCIAL CAPITAL

Successful families often spend much of their time worrying, planning and attending to their financial assets. They hire and retain a team of experts to help them successfully manage their financial wealth. They spend many days each year attending to the successful management of their money. Additionally, they give much time and thought to how they will pass on that wealth.

We find fewer families attend with the same intensity, energy, and commitment to the human assets of their families—the family members. But if a family is to flourish for many generations and the wealth is to be a useful means for the family members to attain happiness and accomplishment, it is exactly that kind of attention that is needed.

After working with families of significant wealth for so many years, I have come to believe that the most important job of the second generation is to develop human capital with the same energy and intention that the first generation employed in creating the financial capital. Indeed, I believe that if a family is to avoid the “shirtsleeves to shirtsleeves in three generations” problem associated with wealth, the second or even the —third generations must fully commit to the enhancement of the family members—their human capital. To do this intelligently and successfully they must work hard to maintain healthy family relationships. They must use their financial resources to enhance the life experiences and opportunities of each member of the family. It is also essential that they welcome and integrate spouses

into the family, identify and encourage the gifts that they each bring, and lastly, develop practices and policies that create healthy connections and decision making.

Each and every healthy multi-generational family that I have known has accomplished this in some way. In every case, a family member or group of family members deeply devoted themselves to the notion of a healthy, committed, and vibrant family. Those family leaders acquired training and obtained skills to assist this effort in one way or another and encouraged the robust connectivity of the family in real and meaningful ways.

The transmission of values to the next generations is indeed important life's work. Many parents, regardless of financial circumstances, worry about how to do this well. While wealth brings with it a plethora of opportunities, it also brings with it complicating elements in the passing on of good values. Wealth allows for wonderful educational opportunities, travel, broadening experiences and access to enriching people and choices. But it also creates the possibility of entitlement, overindulgence, lack of motivation, and focus on materialism. In an effort to give their children the very best possible upbringing, some successful parents overload their children with activities and too much pressure to succeed.

The ongoing nurturing of good values, whether or not they happen to be those of the parents, is vital work that is essential if a family is to flourish for multiple generations. There are several important elements to doing this successfully: clarity on one's own true values, the acceptance of differences, the role of storytelling, and most importantly, the daily, ever-present actions that take place in your home and family. It is ever more imperative, when wealth presents its challenges, to be thoughtful and intentional about the process. The rewards that your family will reap, however, are real and immeasurable. Good values are the most important asset you will ever leave your children and the best estate planning tool you will ever discover.

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Ms. Perry is the founder and Managing Partner of Wealthbridge Partners LLC, a firm specializing in customized family consulting, educational design and implementation. She, along with her partners and external resources, designs, develops and delivers fully integrated programs to families interested in enhancing the sustainability and leadership skills of their family group. Wealthbridge Partners collaborates in their work with single and multi-client family offices, as well as financial institutions.

Ms. Perry has spent 20 years serving as a strategic advisor for families of substantial wealth. She is a frequent speaker, author and advisor on the constructive, multi-generational management of family wealth. Ms. Perry has been interviewed by National Public Radio, MSNBC, the *Wall Street Journal*, the *New York Times*, the *Financial Times*, *Worth Magazine* and *Fortune Magazine* on a variety of topics including money and relationships, generational wealth transfer, and family transitions.

Prior to forming Wealthbridge Partners, Ellen was the co-founder and CEO of Asset Management Advisors (now called GenSpring Family Offices), a multi-client family office, and Teton Trust Company, its affiliated private trust company. At AMA she was responsible for the overall management of the firm, client retention, development of the strategic vision and its implementation. Ellen serves on the board of directors of several family enterprises, nonprofit organizations and private family foundations. She holds a BS in Finance and has completed extensive postgraduate work in Family Systems Theory.

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