

From Entitlement to Stewardship: *How a Prosperous Family Can Prepare the Next Generation*

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We have spoken at several wealth management forums in past years, and the major concern we hear from older family members can best be paraphrased “how can we raise our kids so that they don’t develop an entitled attitude, but have a positive desire to work, contribute, and care for others?” Each generation wants the next one to develop a healthy relationship to money, where it can be appreciated but not depended upon for self-worth. While parents want to develop responsible and caring children, the actions they take to make that happen may be irrelevant or actually produce the opposite result. Too often, they initiate a few well intentioned, but very limited actions, that don’t really respond to the deep challenge of raising children amid wealth.

In most cases, the parents have created the wealth, but their children are growing up in a world where the wealth is a given, which poses unique and significant dangers for personal development. It may act as a double-edged sword to a family: they want to give their children the best they can, yet they fear its power to corrupt. The founder of a large biotech company noted at a family seminar, “I came from a family with little means, my children always had more than they needed, but I am concerned about how their good fortune will affect their motivation and direction in life.”

Indeed, many wealthy heirs find that their wealth is not the blessing they expected. Willy Vanderbilt, grandson of Commodore Vanderbilt, who built the New York Central Railroad, creating perhaps the largest family fortune of that time, was healthy, wealthy, good looking, charming, and successful at running the family railroads. Yet, in a reflective moment, he conceded that wealth may have interfered with his ability to live a good and happy life:

My life was never destined to be quite happy. It was laid out along lines which I could not foresee, almost from earliest childhood. It has left me with nothing to hope for, with nothing definite to seek or strive for. Inherited wealth is a real handicap to happiness. It is as certain death to ambition as cocaine is to morality. (Vanderbilt [1989, p. 280])

Is there something the family might have done to make him feel less hopeless about his life?

This essay focuses on the influence of wealth on children who grow up in families with the highest level of family net worth; families with several residences, access to special vacation spots, who go to the best schools, have wonderful luxuries, and all sorts of family and personal helpers and staff. They live in what journalist Robert Frank [2007] calls

“Richistan,” which is an exalted social status, not a place. At this level, a family offers its children an inheritance which potentially could allow them to elect not to work for money and still have enough to support an affluent life-style. This status deeply affects their identity development and the choices they make in life.

The dilemma of the privileged second and third generations seems to be a global phenomenon. Raised with special status and experiences and thus perhaps higher expectations, their families find it a challenge to help them find their paths. For example, in a dialogue on next generation succession by several second generation family leaders held in Bahrain, Farouk Yousuf Almoayyed (FIB September, 2007, p. 56) noted:

I think it is very difficult to motivate the third generation because they have lived a better life than we did. We spent a lot of money on them and they have lots of money coming in. When they ask you for a huge salary it means nothing to them. Unless they can see that they are in power and are getting wealthy quickly, they get really despondent and, it has to be said, not all of them want to work. Some, I would say about 50%, are not really motivated. This is basically the problem we have, and I don't know what the solutions are.

So parents set out to try to save their children from themselves. With the advice and counsel of their attorneys and financial advisors, wealthy families may create trusts and other structures that limit the ability of young people to make choices that could harm them. Unfortunately, by limiting their ability to make wrong choices, they may also limit their ability to make good choices, or even more importantly, to make poor choices and learn from them. The existence of such limits may have the unintended effect of stifling growth.

In contrast, we believe that a family can help the next generation develop a relationship to the family's wealth that we characterize as *stewardship*. A steward feels a sense of pride and responsibility to wealth and therefore feels called to be involved directly in sustaining it as a gift for the future. As an ideal, the notion of stewardship can be described as attaining a life where one's wealth is accepted and valued, not as the definition of who one is, but rather as a vehicle to achieve one's life purpose, along with a responsibility to do so wisely and thoughtfully.

A steward does not emerge full grown. Rather, young people who inherit wealth must go through a developmental process that takes them from avoiding or overindulging in their wealth to struggling with its meaning and purpose for their lives, to finally achieving a mature, adult identity as a wealthy person. Since children tend to begin their lives with a sense of entitlement, the challenge for a family is how to support and nurture a growth process that moves them forward to stewardship. Obviously, the parents alone cannot make their children into stewards, but they can create a foundation and pathway that is more likely to guide their offspring in this direction.

Preparing the next generation to become stewards is about much more than limiting poor choices. Our experience is that parents and families that focus on creating happy kids end up paradoxically creating a more narrow view of the good life. Perhaps this results from a definition and attitude toward parenting that has developed in Western culture in the last decade which focuses so much on creating happy kids that the focus of control of happiness has shifted from an internal construct which derives from competence, efficacy, and successes to one which is external (Hallowell [2002]).

How a person relates to money in everyday activities of acquiring, spending, wanting, giving, saving, and negotiating communicates more about one's values and attitudes toward it than what one says about it. A very wealthy family must approach the question of what values, legacy, personal motivation, and opportunities they want to offer along with inheritance in a reflective and systematic manner, by example rather than exhortation.

Wealthy parents would like their children to outgrow an attitude of entitlement and its attendant passivity with regard to wealth, to develop engagement in doing something significant, and to understand and participate in sustaining their family's wealth. This article offers a model and set of practices to develop a next generation who are able to both use the gift of family wealth to actively create a good life for themselves and their families and hold a broader vision for the fate of their wealth in the wider community.

We outline how a family can pass on wealth with positive strings attached—the strings of shared values, capability, and motivation to use the wealth to make a difference. Developing stewardship is about helping the next generation learn to make expansive and creative choices about their lives and doing so within the community of

other family members. Stories of how succeeding generations have been destructive to families and their wealth seem to be more common than stories of creativity and success in second and third generations.

We outline the ways a family can increase their chances of overcoming entitlement and creating a next generation of stewards. The pathway includes active engagement by the older generation, a clear and consistent set of living values to guide the family, and offering opportunities for the next generation to learn and grow. To set such an ambitious program into effect, the older generation has to be aware that they cannot control or program their children's choices. Success entails taking risks and a letting go that the older generation may not be comfortable with. It starts with them examining what they want their wealth to do.

We will explore how the messages, expected behavior, skills, and values that young people receive from their family can lead directly to a successful or unsuccessful future. Too many families just assume that giving, or not giving, money to their children is all they have to do to lead them to develop a healthy relationship to money. With this attitude they miss many opportunities to help their children. A family must become conscious of what they pass down to the next generation along with money. For example, what do children actually see their parents do that relates to acquiring or using money? After wealth has been created, children may never have the chance to see how money is made, so their only experience of it may be spending. Young people who have been raised in modest circumstances, who see their parents work hard and then benefit in terms of lifestyle, may have a more realistic idea of where money comes from than a young person who has always been around it.

ENTITLEMENT AS A FAMILY REALITY AND STAGE OF PERSONAL DEVELOPMENT

Entitlement was first used by Robert Coles [1977] to refer to “a psychological common-denominator” that characterizes the shared reality of the wealthiest families in relation to their children. Quoting a parent, Coles describes the social fact of the special opportunities that are open to such children: “These children have a good life ahead, and they know it” (p. 363). He notes that this is not an uncomplicated opportunity since these children tend to struggle to make meaning of this legacy and the

mixed feelings that arise when they see suffering and inequality in the world.

While the term has a more pejorative meaning today, Coles viewed it as a normative process that is part of the culture of wealth. He uses the term “narcissistic entitlement” to denote the meaning we have come to accept, that is, when the social reality of wealth takes a patina of self-justification and self-satisfaction that “this is as it should be.” Narcissistic entitlement is an attitude where their wealth leads to a sense of grandiosity and assumptive behavior. Some of the outrageous activities of the young and wealthy that have been chronicled in the media seem to arise when the normal elements of entitlement develop into a sense of exaggerated specialness that goes far beyond the individual self.

Thirty years since Coles' book, we have incorporated the second term into the first and talk about entitlement not as a social reality but in the extreme sense of a narcissistic attitude about “I deserve this.” No wonder it scares parents; it seems to be common enough that families worry about it arising out of the mere existence of great family wealth.

Focusing on the ability of the wealthy to be their own agents, Paul Schervish (Schervish, Coutsoukis, and Lewis [1994]) coined the term *hyperagency* to denote the way that people of great wealth have heightened opportunities to make choices, take action, and make things happen. It refers to the huge potential that their actions have to affect others. A wealthy person has the capability to do large things—in business, spending, service, or to influence others. They might also have added the characteristic that often derives from the other qualities, power over other people, and the ability to obtain what they seek sometimes by making others silent and/or by doing their bidding. As members of the wealthiest class, they have access to the best schools, vacations, and activities that others only dream about. They can want something and they get it; they can want to do something and it can happen. As children, they can get the sense that they are very special because of this.

It is true that the presence of extreme choice and limited controls leads to a sort of psychological challenge that can get the better of otherwise normal people. The presence of so much choice and so little need may distort the person's inherent inability to delay gratification or plan for the future. While this may be true for all who have wealth, it seems to be an especially potent blend for those who have not participated in the wealth creation.

Since they don't really know what it takes to make money, they are especially prone to feeling that the presence of wealth is magical, and they fear they would be nothing if it was to suddenly disappear. Jay Hughes notes:

...they are people who live in fear of losing their "rights." They become so attached to the things in which they are "entitled" that they live with the delusion that they could not exist without those things. (Hughes [2006, p. 1])

The Experience of Wealth

Children in wealthy families grow up in the presence of family wealth that is integral to their daily life. What do they conclude about what wealth and lots of money means, where it comes from, and who it belongs to? It is hard to avoid the feeling that money and wealth make them special, yet inwardly they are also aware that they did not create it. F. Scott Fitzgerald, who mythologized the lives of the very wealthy, famously described this in his short story, "The Rich Boy":

Let me tell you about the very rich. They are different from you and me. They possess and enjoy early, and it does something to them, makes them soft where we are hard, and cynical where we are trustful, in a way that, unless you were born rich, it is very difficult to understand. They think, deep in their hearts, that they are better than we are because we had to discover the compensations and refuges of life for ourselves. [2000, p. 11]

Indeed, many young people from wealthy families do not question their good fortune while others grow up with deep anxiety or internal questions about the nature of the wealth and its place in their lives.

Often related to the affluence is a relative absence of discussion of it. In our culture, money is one of the few remaining taboo subjects. After being shocked to hear his son say openly that he was actually proud that his family had made great wealth, heir Peter Bronfman recalled, "Up in the castle where I grew up, the three things we never were allowed to talk about were money, other people and sex...what else is there?" (Newman [1979, p. 245]). Families feel that it is unseemly to talk about money. One reason for the difficulty is that it defines differences that are uncomfortable for people, as well as that it is often

attached to so many emotional things like power, love, control. Perhaps what we want is to create more young people talking about what money means to them.

In addition to discomfort with and about money, the absence of money discussions may lead to assumptions by young people that lead them to difficulty, especially since many of them are made with little opportunity for validation. For example, the lack of information and the presence of money may lull young people into thinking that it is endless, and lack of consciousness about money may lead individuals, and even whole families, to spend beyond even their very extensive means. Or they might make up their own story of their right to money and what it is for, which reflects their entitlement and manages their inner anxiety about not knowing why it is there.

Writing about the Mondavi family wineries, Siler [2006] reveals that one of the reasons for the sale of the company was the extensive philanthropic commitments made by the patriarch, which could not be sustained. The family had a long history of living high, at several times in their history far beyond the means of their business to sustain it. Children often grow up with a sense of style and grandeur, without an understanding of limits or the extent of what lies behind it. Of course this can all be further complicated by the public nature of the family's wealth or name, which influences what others expect of the young people.

When a young person sees wealth around him/her, but doesn't know how much there is, where it is, or how to access it, what does he/she do? The social structure, their schools, neighborhoods, and daily experiences reinforce their wealth and the privilege that goes with it. Every encounter tells them that they are special because they are wealthy. Because they are special, "charmed," they may limit their interaction with the less privileged, and when they meet others, they are indeed treated as special and important, even if they are also the subject of behind their back criticism for being wealthy.

They may also develop a sense of passivity, an "oh wellness" which typifies the sense that it is there and I don't influence or control it so I will just relax and expect it. The young person may also tend to live for the here and now, using the wealth, with little or no thought to its source or how it is obtained. The potential for a disconnection between cause and effect in their lives is great.

They may also develop a sense of anxiety, since having no sense of where the money comes from they may develop a worry about what would happen if they lost their money. Or, upon being exposed to the less

fortunate or being challenged by a classmate or friend, may begin to feel that their wealth is tainted or they are unworthy of it. John Sedgwick [1985], who interviewed 75 heirs about the effects of their inheritance, wrote:

For all rich kids, the act of inheritance is entirely passive. Yet this sometimes makes the guilt more severe, and more permanent. True criminals, at least, have something to confess. They can receive forgiveness, they can reform, they can put the sins behind them. But rich kids start to feel they are the sin themselves, and every crime that was ever committed hangs on their heads. They see the inequity that lies about them, or read about it in their money mail, and they think they are responsible for it. Because they are on top, they must be squashing those on the bottom. This is the true embarrassment of riches. (p. 106)

Few young people growing up in Western culture have experience before college in earning money. For working class kids it is often because they have difficulty finding a job. And for the more affluent ones, even if they could find a job, after-school schedules, homework, and living up to college requirements create lessened opportunities for working/earning. Thus for most kids but especially affluent ones, consumption may become the way in which they express themselves. It is no accident that the 18–25 year old age group is the marketer's delight.

For those who inherit wealth the dilemma is greater since they may also have little to motivate them to earn more money. From their family, they may get the message “money will always be there, so why worry.” One young woman reported that, one day in high school she came home to proudly say that she had been offered a summer job. Her father responded, “Why would you want to do that. You don't have to work.” She continued to be conflicted about why she should want to work.

This may be one of the key sources of what has been observed as a sort of malaise that affects inheritors. Many of them seem to lack motivation or energy about anything. Since they do not have to work, they don't find much that really interests them. Psychiatrist Ned Hallowell [2002], writing about the roots of happiness, notes that until a person has learned to be good at something, that they feel productive about and are rewarded by others for, they will feel somewhat empty inside. While non-remunerative tasks such as social service can offer this inner satisfaction, in

fact, the ability to work and be paid is an important element in self-esteem, which is harder to develop in people who inherit significant wealth at an early stage of life.

Inheritors often don't have any vocational training and see making more money as pointless (unless they are doing it to show a parent that they can out-do them); so their focus on lifestyle and consumption may become greater and with more freedom to pursue it, even more so. Increasingly we have seen young people begin to use their opportunity and freedom to focus on having a positive social impact and making a difference, by living lives dedicated to philanthropy or service or the arts, or some important hobby.

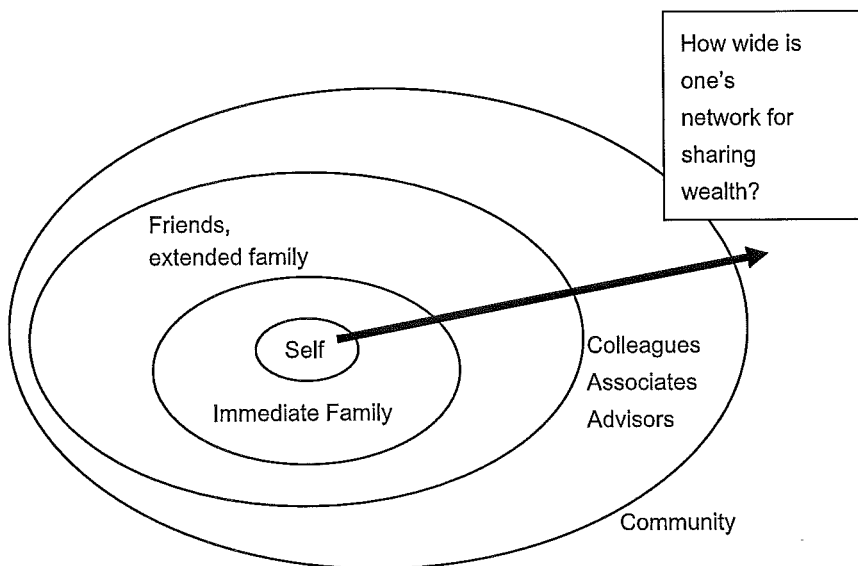
Another common theme that impacts young people's experience of wealth is the isolation that usually comes with it. Since we all tend to associate with people like ourselves, it is not unusual to find that the wealthy associate with the wealthy. However, combined with the personal services that are usually available to young people in these families, they frequently tend to experience life in a bubble where they are fairly secluded from others who may have less than they or their families do and where most of their personal needs are attended to by others whose job it is to do so. Frequent by-products of such living situations are not having people around who can challenge them, not trusting other people, and not seeing the effects of their actions.

Social Networks and Wealth Stewardship

We believe that one way to view family money in context is to view it as related to concentric circles indicating levels of relationships, caring, and trust. People can arrange the people in their lives as inhabiting a series of concentric circles, denoting how deeply tied they are to their lives and fortunes, as shown in Exhibit 1. The inner circle contains the self, usually surrounded by a circle of immediate family—spouse, parents, siblings, and children. Then there are extended family members, followed by close friendships and partnerships. Then there are colleagues, business associates, advisors, acquaintances, and so on. At the outer circle are those people who form our broadest connections to our community, and finally there are people and communities we know about indirectly. Of course, each person places different people within each circle. The question is how far outward does shared interest, involvement, and concern in relation to money lie? We might also inquire into which circle the family wealth lies, and with whom is it shared?

EXHIBIT 1

Levels of Wealth Inclusion



We can view these circles with two perspectives: how much trust, intimacy, or importance a person gives the people in each circle, and how much their wealth and energy is shared with them. The concept of narcissism refers to a person who basically does not trust or feel connected to any other people. Some people only have a small, very tight circle of family with which they feel trust and share their wealth.

Over generations, the question arises of how strong the barrier is between the inner circle and the outer ones, and who is inside and out. For example, a large multi-generational family could define a circle that includes all family members for several generations who share in the family wealth. Or they can split off into several discrete families and feel distance from other branches or generations of the family. Some parents put themselves in the inner circle, and see their kids outside. In other families, long-time advisors and employees are within one of the inner circles of trust.

Ram Dass, a spiritual teacher who came from a very wealthy family, refers to these different levels of connection and money, in a way that echoes our definition of stewardship:

My father was a lawyer at that time and I said, "You've been doing some law work for Uncle Henry."

And I know you charge high fees. You going to charge him the same fee?" And he said, "Well. Don't be silly. He's Uncle Henry." I said, "Dad, in my work, in the world, everyone is Uncle Henry." (Quoted by Kessel [2008, p. 213])

Stewardship refers to how far beyond the self people go in their thinking about money. In contrast, entitlement carries the message that the innermost circles—those of the extended family and at the extreme, the self—are the only ones that are important, and little should be shared with others further out. In fact those that are entitled tend to view the outer levels of the concentric circle serving the inner ones.

Personal Development in Families of Wealth

As a young person from a wealthy family faces each stage of personal development, their understanding of money and capacity to use it wisely is dynamic and evolving. It helps to have a family that is thoughtful about the unique challenges they will face, that guides them in a developmental process of their offspring's relationship to money and the knowledge and skills to manage it in their lives. Guidebooks about raising responsible children suggest

that parents can do this by teaching financial skills and how to handle money. But we believe this is a very limited view of what young people need. Entitlement is a perspective stemming from an emotional attitude, indicating much more than simply lack of understanding of finance.

We believe that wealth adds a layer of complexity to life that must be approached purposefully and thoughtfully. A young person needs to negotiate a series of increasingly complex life challenges (such as dealing with different teachers' expectations, getting into college, getting their own job, and so on) in order to grow and develop and not be stifled by the presence of wealth. Too much wealth can make them not care, or not have to face these. Personal capability arises from the outcome of each of these challenges, building self confidence and self esteem.

All young people need experiences with others outside their own social, cultural, and ethnic groups and to learn that not everyone has the same values or amount of family wealth. However, for a young person growing up in a wealthy household the need for leveling experiences is especially important. Leveling experiences have to do with breaking down the isolation of wealth and experiencing others' lives not just by working at soup kitchens but by working/being with the poor or needy in our country or others. Leveling experiences teach one through interaction with others that one is more simply human than otherwise, that is, to connect with the essential humanness in everyone whatever their background or circumstances in life.

During late adolescence and young adulthood, the individual is moving out into the world and defining who they are and who they might want to become. It is generally a time when there is a sense of possibility, of opportunity, and for most young people there is a feeling of power, of specialness. Entitlement in its original meaning (as used by Coles) is a normative element of this stage of development. It forms the backdrop of what makes each person feel unique and special; it is the sense that one expects to get at least what one has from life so far, but with a personal dream, even higher expectations. We view entitlement as a set of expectations with which a young person enters adolescence. While it might be normative to enter this life cycle stage with expectations of self and the world based on what your family provided, during this phase one needs to develop a better sense of who one is in addition to what one has been given.

The failure to move beyond this view inhibits the development of a sense of self as an active participant in relation to expectations—one “sits back” and expects to get. These young people tend to live in what financial planner George Kinder [1999] calls “innocence”—a state where money is just present, and they tend to be the passive recipients of it and other accoutrements that derive from it. Their life is comfortable, so why change it, a young person in the stage of innocence might feel. In some manner, the presence of wealth in their lives, much like a parents' death or divorce, creates an additional layer of developmental complexity to be mastered, but before that can happen, something must occur to trigger the developmental journey.

One would hope that these young people will eventually have experiences that challenge this view of “the world is my oyster.” However, as with the Pinocchio myth, this sense of power can last forever unless something intrudes to challenge it. It may take the form of a personal rejection, an encounter with poverty that disturbs them, loss of money, a personal failure, or even a health crisis. Kinder calls this challenge to a secure sense of self “pain,” and believes it is necessary for further growth and development. Some form of pain punctures the experience of contentment, the psychological Garden of Eden, and leads to a journey where the individual asks questions, seeks experiences, or faces adversity that they have not been prepared for.

In meeting these painful challenges they draw on personal resources that are not given to them, and in so doing develop a sense of confidence and personal strength. While other challenges may lead the young person to increasing inner confidence and competence, a personal challenge they must meet by themselves (without their money or their parents) is the final teaching. They learn from pain that they must rely on themselves and that they have the capability to do so. It is a lesson in human resource and strength as compared to financial resource, where they learn that money cannot get them everything, and that sometimes money isn't enough to rescue them from pain and difficulty.

Now the reader might wonder what makes the path to maturity different for a wealthy child. We believe the difference is that middle-class children more naturally experience such challenges all the way through their development. Wealthy parents must be more thoughtful

about providing challenges or mini hurdles for the child to jump over throughout their development. While all parents tend to experience the last year or so of high school as a time of what one could call a “last shot” to prepare one’s offspring for the world outside of the home, for families of wealth, it truly is such. There will be fewer times once the child is outside the home for the parent to have such a significant influence in creating challenges. In college, they may for the first time meet people who are greatly different from them and be without the status and security of their family.

If a parent continues to step in and take care of them, the child’s possible learning from the challenges is foreclosed. Parental involvement can become counter-productive. Rescuing someone from their pain is a well-intentioned intervention that backfires in that the person does not get the benefit of developing their own skills. Parents want to prevent their children from experiencing hardships and may forget that such experiences are what build competence, fortitude, and resilience. A subtle example of this can occur when a young person is struggling to be accepted socially and parents step in and allow the young person to throw a huge party, thereby ensuring a raft of social invitations. While this would lead the young person to see the power of money to buy relationships, she will not learn to cultivate friendships by give and take. At some time, she may find herself wondering if anyone values her as a person, or sees through her money to her as a person. Similar parental interventions can make it difficult for a young person to develop social skills that less financially fortunate people develop naturally.

Social contexts and relationships can also directly influence both children and parents in how they deal with affluence. As we all know it gets harder and harder as parents to counteract the influence of the media, especially television and peers, in defining what a child wants or thinks he/she needs. While a less-privileged person learns early about the limits of money, and therefore about earning, limiting desires, delaying gratification, saving, and budgeting, the wealthier a family, the less easily the need for these skills arises. For a lot of wealthy parents it becomes more difficult to say no when all of their children’s friends have the newest thing and they can easily afford it.

Combine that situation with a parental dose of guilt, confusion, or even lack of clarity about the meaning of money, and it becomes more challenging to provide the necessary money managing and defining experiences for

the child. So it is not uncommon for a young person to develop without these skills, and therefore the family finds they may spend without thought. Just teaching them how to balance a checkbook will not help them develop a sense of what the money is for, which is judgment rather than skill.

Affluence in a family can lead to other developmental deficiencies. The young person growing up in a family of wealth is often raised by or attended to by a variety of service providers or caregivers. For some wealthy families having the ability to have others provide such services to their children may diminish their sense that their personal touch might be necessary. And since many caregivers do not question those that pay them, they may find that there is increasingly little “need” for their hand in a variety of child-related daily activities. These relationships also provide further complexity to the parent/child dynamics with there being a lack of clarity about who the caregiver truly serves. Some children become masters at dealing with such complexity and actively manipulate the caregiver/parental relationship to their advantage, while others become more passive. Still others may become rebellious, which can be healthier for them since it leads them to rely more on themselves and to struggle with a definition of what they want, even if initially in opposition to parental wants.

The emergence of stewardship out of entitlement in young people is part of a developmental process, whereby the individual moves from the self-centeredness of youth to a broader and deeper engagement with self, family, and community. To emerge from entitlement and become stewards, young people must accomplish additional life cycle tasks:

1. Learning about the role of money and wealth as a young person.
2. Growing responsibility and accountability for money and other tasks.
3. Being initiated into the “secrets” of the family wealth, becoming a family citizen. ✖
4. Having experiences in making decisions vis-à-vis wealth. ✖
5. Having a path to a role and voice in the family and its wealth.

By moving through each of these tasks, the young person begins to develop a mature sense of capability, to face major life choices. Whether they have money or not,

EXHIBIT 2

Pathways for Success at Intergenerational Stewardship

PATH	Parental Relationships	Family Activities
<i>Cross-Generational Engagement</i>	Honest, Respectful Dialogue	Shared Family Mission, Values and Legacy
<i>Financial and Life Skill Development</i>	Promote Self-Development, Trust, and Compassion	Learning Pathways and Developmental Opportunities
<i>Community Citizenship</i>	Balance Control with Freedom	Meaningful Roles in Governance

they learn how to depend on themselves and to achieve things like earning their own money, thus leaving them with an inner sense of capability that is not propped up by their having money to provide for them. In the next section we will discuss the various pathways to achieving these tasks and parental and familial involvement in doing so.

Paradoxically, we feel that entitlement is not about having too much power, but rather, becomes more pronounced when a young person inwardly feels that he or she cannot really make it in the world separate from their wealth. Therefore, the path from entitlement has to lead through a developmental path whereby the young person learns to manage and live productively with their money. We have suggested that the presence of entitlement can lead to developmental difficulties that include failure to develop key social skills, which in turn create difficulties for young heirs as they seek to live their lives.

Positive development also includes learning to live within a wider community than just a small circle of family and rich friends. The concern that wealth will inhibit their children's personal development is the origin of the parents' fear that entitlement is a problem for their children. In the next section, we look at what some families do to meet this challenge, to assist their young people to accomplish the tasks of this developmental stage in personal relationships and as a whole family.

PATHS TO INTERGENERATIONAL STEWARDSHIP

Clearly the ultimate outcome of whether their children become stewards is not fully under the parents' control. However, there are practices and activities for families and

parents that make it more likely that their children will grow in a positive direction, developing personal self-esteem, competence and capability, in alignment with a family's direction and values.

While parents cannot guarantee that their children will develop into stewards, they can undertake family activities that create conditions that lead to success. This section outlines some of these activities.

There are attitudes and practices for parents in *personal relationships* with their children, as well as organized *family activities*. Family wealth adds a level of complexity to a family, due to cross-generational entities such as businesses, partnerships, shared investments, trusts, shared vacation property, and philanthropy. While others with less wealth may approach shared family assets in a less formalized manner, families of wealth must be much more systematic and thoughtful in their approach to counterbalance the negative possibilities of wealth on their family and specifically their children.

Our model focuses on three core pathways within families that contribute to positive development of the next generation:

- *Cross-Generational Engagement*. How the elder and younger generations are actively engaged with each other about issues that matter, how they respect each other, and work together in activities having to do with the family's wealth in the broadest sense and with shared values and family legacy. The patterns of engagement are set early and carry on into adulthood.
- *Financial and Life Skill Development*. Learning activities for young people to develop their capability to deal with their inheritance and learn about differences in and among people. It involves how they learn from their parents and from the extended family.
- *Community Citizenship*. How family members together develop and define their responsibility as stewards, participate in its governance, and make decisions together about their direction.

Pathway 1: Cross-Generational Engagement

The most direct and immediate way that parents influence their children is when they engage them in discussion and learning around the many situations that relate to family values, lifestyle, and money. Parents can engage their children in many ways—they can *avoid* an issue and not talk about it, they can *tell* their children what to do and believe, they can *teach* them, or they can share and *discuss* an issue with them. The continuum is from one-way or no communication, to dialogue, which is a give-and-take where each person is open to learning from the other, rather than trying to convince them or make them do something. In relation to wealth, parents have their own values and desires, and they want to impart these to their children. We have found, however, that approaches that focus on telling tend to be less successful than approaches that engage the children in dialogue about money and wealth.

Honest, respectful dialogue. One of the most basic questions about money that deserves sharing and conversation between the parents, children, and even grandparents is “What is money for?” A second question is “How much is enough?” The answers to these questions form the foundation for principles regarding the handling of money and money decisions in life. Communicating to/with children regarding these principles is important to their developing their own answers.

As a young person becomes aware that their family is special in that they have more wealth than many, if not most of their peers, they try to make sense of this in their lives. As they grow, they can develop a feeling of shame or guilt about their money and want to hide or keep away from those who don’t have it. They may also begin to feel that it is their money that makes them important and special. Or, they may become confused about what it means and where they fit. As they try to figure things out, these attitudes exist as questions a young person struggles with. If the family is engaged as well, by drawing them out, helping them make sense, the outcome is more likely to be positive.

Too often, parents want to tell their children what to believe, and undercut any other possibilities. In a wonderful novel about family wealth, Iain Banks offers a dinner table dialogue between the parents of a brother and sister who are heirs of a family fortune, their spouses, and their teenage children, cousins Sophie and Alban, which wonderfully illustrates the inadvertent way that parents

undermine their kids and avoid having a real dialogue about values. The novel follows the consequences of this parental behavior on these youngsters as they come of age. The tension between generations, the older generation with power and wealth, and the younger finding their way, plays out every day at the dinner table:

“How much did you give to Live Aid, Daddy?” Sophie asked.

Alban would have sworn she fluttered her eyelashes.

“That’s not really your concern, frankly,” Uncle James told his daughter, and smiled.

“Well,” Sophie said emphatically, “I gave all the money I’d saved from skiing last year.”

“You mean all the money that I gave you to go skiing.”

“It doesn’t matter where it comes from,” Sophie said emphatically. “It matters where it went.”

“Well bully for you. Hope the Ethiopians sent you a thank-you note. Now I’d like to get on with dinner, if it’s all right with you.”

Sophie made a growling noise and stared at her plate.

“Sophie, dear. Are you sure you won’t try one of the chops?” Aunt Clara asked suddenly.

“Mum,” Sophie said, exasperated, “I’m a vegetarian!”

“Yes, I know dear. But they’re awfully good.”

Sophie just rolled her eyes. Her gaze caught Alban’s, and they shared one of those rueful, parents, eh? smiles. [Banks, p. 42]

The parents in this excerpt systematically invalidate each positive statement by Sophie, in effect saying that her choices are not serious or even worthy of attention. If challenged on this sort of behavior, parents like Sophie’s will defensively say that they were “just kidding” and deny the serious effects of what they are doing. In the novel, this treatment deeply wounds Sophie, and leads her to need to break away from the family, while continually trying to get their respect for her own choices.

What if this conversation had gone differently, with the parents inquiring into Sophie’s feelings about the third world and talked about how she could respectfully follow her values? What if they had asked her about how she formed them, and why they were important to her? It would of course be a different family, but one where the bond of respect and engagement between generations was strong and vital.

In contrast, recently we worked with some family leader who were beginning to define the values and mission for their family, which consisted of three branches with eight cousins who ranged in age from 8 to 23 years old. The three older cousins were dealing actively with the entitlement issues of life and were willing to take to task their parents and their aunts and uncles with regard to the values they stated and the way they seemed to live their lives. For instance, one of the values was to be supportive of the ideas/directions of all family members, and the next generation pointed out that this value was not actively lived. In fact there seemed to be little financial or emotional support for any young person who chose a pathway for education or career that did not fit the pathway that the older generation believed in. Being able to engage in an open and honest dialogue about the disjunction between value and principle permitted both generations to be clearer about the future direction of the family.

The issue in a family with wealth is that the different generations have different ideas, and often somewhat confused ones, about whose money it is. It is the parents' money, but by growing up in the household the children develop ideas about the degree to which it belongs, or soon will or should, belong to them. Hughes [2006] talked about how a family must understand the nature of the gift that one generation gives to another and develop the proper sense of obligation or respect for what it means. The possibility of massive misunderstandings, which are reflected in family lawsuits that pit children against parents, stems from the emerging differences about whose money it is.

The notion of engagement has to do with whether different generations of the family—the young adults and their parents—get together to discuss what they expect from the family wealth. Too often, this conversation is held as a presentation by the elders of what they want and expect, with little or no engagement or discussion from the younger generation. Rightly, the elders feel that it is their decision, and that they don't want to ask their children to help them decide. We are suggesting, however, that this dialogue is not about having the next generation have a say in what is done, but simply to listen to their views and engage them in discussion of how the family wealth might fit into their lives.

For example, as the children in one very wealthy family graduated college and considered marriage, they had no idea what their parents wanted to do with their money. It affected how they made decisions about career

and family. The parents were concerned about how much money their children would want and expect. At a family discussion, the three children, and their new spouses, told their parents that all they expected from them was funding for the best education for themselves and their children, the best health care, and a comfortable and nice home within their community. The parents were surprised that they did not expect more, and they were able to very quickly create a family statement of what each family member could expect as they become an adult. Each generation was a little surprised to find that the other generation was much more reasonable and open than they had expected around these issues.

Family legacy. On a family level, defining the family history and legacy further connects the next generations with how the wealth was made and exposes them to a sense of the kinds of work and effort it took to become wealthy. Knowing about its source and the values of their parents can help build a sense of stewardship, though it can also inhibit the younger generation, out of a feeling of obligation, from defining their own path. While teaching the family legacy, the family must take care that it is presented as an example, not a straight-jacket that dictates what proper behavior is.

Most often, the earlier generation generated the wealth, often as entrepreneurs whose life journey involved creating the business or product that led to it. They want their children to not just use the fruits of their labor, but to take on their own life challenge, and create their own wealth. Their value is self-expression by creating wealth, rather than spending and consuming. They may try to foster this value in their children by limiting the amount of money they directly inherit. For this strategy to be successful, the younger generation must understand the reason for this choice, adopt the values of wealth creation of their parents, and develop the skills to do this. Just not giving their children an inheritance does not lead to the values that they want them to embody.

Our experience is that the longer a family has wealth, the less connected each succeeding generation is with the original productivity and creativity and the more attention needs to be paid to the history/legacy of the wealth. In one 6th generation family, not one single blood member of the family was gainfully employed (though several had jobs in philanthropy and art). One of the ways that the family can engage and look at the meaning of their wealth is through learning about the legacy of earlier generations and articulating the special values and mission of their

extended family. While there is a danger in defining the family history as only originating from the act of creating wealth, it is the appreciation of the values that the earlier generations developed along with their wealth that can be developed not by telling children what to do, but by their learning about their forebears. The younger generation might demonstrate their technology skills by electronically interviewing members of the elder generations. As they engage their grandparents, they can share how they earned money, and the values they hold, and they can ask them how they would like to see these values expressed in the future.

While history and legacy projects include storytelling and sharing, they also entail creating a lasting archive regarding the legacy that is there for the future generations. In one family, the twenty-something third generation developed a film and a book of the family history before and after the wealth-generating generation.

But a family has to do more than just live with its legacy. Hughes [2007, pp. 189ff] says that for a family to remain vital it must recognize that the mission of the past generation is not enough for the future. He talks about the dual mission of the family, to respect the legacy of the founders but also to promote the growth, development, and fulfillment of the next generation. The family's purpose must include the development of the human capital of the members of each generation.

Family work on legacy, mission, and values provides a forum for the intra- and inter-generational dialogue of engagement. For young people the most important aspect of the engagement process is having the opportunity to hear others, particularly one's elders, discuss their relationship to money/wealth. By learning from real examples, they are less likely to feel compelled to adopt a certain mindset and more likely to feel invited to make their own contribution to the family.

Pathway 2: Developing Financial and Life Skills

The second path to creating stewards involves helping young people develop the knowledge and skills to make decisions and manage money. This path is in many ways a continuation of the first. Parents want their heirs to have the skills to be informed about the decisions about life, work, and relationships that they will make to sustain and protect their wealth, and they want them to have the competency to create a life for themselves that

probably includes earning money as well as spending it. They want the advantages of their affluence to help them get educated and find resources to enable them to succeed.

As one entrepreneur put it:

“Our goal is not to give them all of our assets as much as give them the knowledge to manage the assets they have, and give them the ability to do what they want in life,” Mr. Williams said. “Your self worth comes from how you get where you are going. If it’s given to them in a limousine, they’re not going to get there very well.” (Leland [2008])

A great deal of attention has been paid to developing life and money competencies that form the basis of increasingly popular programs that wealthy families can select for their kids. Kids can go to money camps, and families can have financial planners teach their children at family retreats. These knowledge and skill-based programs teach young people the essential elements that go into having a good command of money that they will not learn at school. However, the young people often ask us, “Why do we have to know this stuff?” They either feel uncomfortable, awkward, or just at a loss about what the learning is for. It is hard to get their attention.

One of the essential pieces of information for these young people is that they are eventually going to handle the complexities around some long-term family asset, and it is important for them to understand what others are referring to. The potential for abuse of the wealthy is greater when they have less knowledge about money than those who manage it. In addition, accountability and responsibility are related to money knowledge. If young people expect that it will all be done for them, they aren't motivated to learn how it is being done and how to oversee the process. It is hard for someone to be responsible and accountable without understanding the economics of transactions. Wealthy people who do not have these skills feel anxious about the degree of their childish dependency on their advisors. They may be afraid to ask questions or seek knowledge, for fear of seeming foolish.

One way to develop skills is for a family to give each young person some money to manage when they are young and to share with others what they do. It becomes a family game, with real consequences. Managing one's own money creates a sense of empowerment and accountability for self and a sense of responsibility to/for others. They feel a sense of confidence, and each time they

are held accountable their competence and sense of confidence grows.

Another very important and often ignored aspect of life and money competence is learning to deal with decision-making about family money. When one shares a family asset for the long term, whether a family business or a summer home, it increases the need to interact with others. All the knowledge in the world with regard to money means little if one cannot make decisions about it and if one does not have experiences in making decisions with others who will be sharing the wealth with them. If family members will have to share assets over their lifetimes, they need to learn how to make decisions together, to compromise, listen, and move toward agreement despite differences. Many families neglect to teach their children these skills.

We assist families in creating learning opportunities to have young people work together either in philanthropy or investments. In several families we know, the young people have an investment club in which several groups compete on developing investment strategies and knowledge. Intra-group dynamics that promote collaboration are developed while they are having fun. There are many ways to expose the next generation to these kinds of experiences, but the earlier the better, since working together often decreases the sense of singleness.

Competencies are not just about financial skills; young people growing up with wealth also need to develop their human skills. The parents' fear is that having access to wealth may lead to an excessive selfishness. A young person must develop skills in relationships, and the ability to care for others. If relationships with others are based on distrust, and a fear that others want to exploit them, then they will remain in a narrow and somewhat isolated world. The early development of young people should focus on helping them to develop prudent trust with others, and an ability to care and respond to the pain of the world without feeling guilt or inadequacy. In order to do this, a young person must learn to listen and be open to others and to give and respond with compassion rather than guilt.

Young people can learn this by working together on a project beyond their own personal enjoyment. For example, if the members of their generation are invited to do a project organized around philanthropy, the young people also have the opportunity to experience some "leveling," e.g., what it is like to be part of a larger world with people of varying needs and financial status. It is

fairly common for wealthy young adults to go to private schools and have others perform the daily necessities of life. These experiences do not provide opportunities to learn specific life skills necessary to get along in the world nor opportunities to interact with people with different life circumstances. Families that provide such experiences by requiring their children to do daily chores and tasks rather than letting others do them decrease a sense of entitlement and create a broader sense of being connected to others.

As we presented the origins of entitlement, we noted that young people growing up in a very wealthy environment may not understand how different they are and how isolated they are from other social levels. They may grow up with a feeling that they are special, or better. Part of their development of life skills has to do with helping them to make choices about what to do with their lives. A family may feel confused about how to motivate them to want to work for a living. If they know they will inherit a degree of wealth, why should they be concerned to pursue a career? Many inheritors of third or fourth generation wealth find it difficult to decide to earn money or stick with a career, and so the family's wealth is depleted over the years. We note that many wealthy young adults have trouble sticking with a task because their motivation for doing so is not apparent.

While some members of a wealthy family can decide to develop careers in the arts or social services that do not add to the family's wealth, at least some members of each generation must become active in adding to the family's wealth. They need to develop professional careers where they are attentive to the family's money and are able to take advantage of new opportunities to generate wealth for the family. A study of multi-generational family wealth (Miller and Le Breton-Miller [2005]) found that families that had sustained wealth over many generations had found ways to develop members of each generation who were entrepreneurial and risk-taking in building the family's wealth and taking it in new directions.

Families who have an operating business, or many businesses, can develop a process to aid and support family members in making career choices, finding jobs, developing skills, and growing, and learning. Some families have gotten together with peer families and helped young people find internships and learning opportunities in each others' businesses or family offices. Other families provide career counseling or help young family members find mentors in their extended families. The family as a whole,

like a large corporation, makes the decision that it has an interest in developing the capability of many members of each generation.

Pathway 3: Community Citizenship

After a young person has chosen values and principles for life and developed the skills and capabilities to act on them, the final pathway to stewardship is taking up a positive role in a wider community than just their own lives and those of their immediate family. If their family has substantial shared assets—a company, investments, shared vacation property, or a foundation—they must take an active role to manage and sustain their assets for the benefit of their own children and the rest of society. Stewardship implies that a person of wealth takes a responsible role as a citizen, of both his own extended family and the community at large. With the presence of wealth comes the responsibility to be engaged in these “circles” to work on shared goals. If you inherit wealth and a family foundation, you have a responsibility to be a steward of the mission of that wealth and philanthropy, to make sure that it does what it is supposed to do.

As young people move into adulthood, the family must find ways for them to participate responsibly in the decisions about the management and disposition of the family wealth. Too often, the family has a format whereby all decisions are vested in a single person, or a non-family trustee. We suggest that to fully overcome the tendency to entitlement, young family members must have a pathway to demonstrate their responsible involvement in major decisions affecting wealth. This is what is meant by *family governance*—the ways in which adult family citizens participate in this decision and oversight process.

The notion of citizenship implies a sense of belonging to something larger than oneself, with a set of expectations for and boundaries around participation. A good citizen is also required to have a good sense of his/her own voice and separateness from the collective. Critical to the development of this is experiencing increasingly complex collective relationships with others with an ever-increasing sense of his/her limits and the ability to control his/her own destiny. While this task is important for all young people, it presents greater challenges for the wealthy who frequently may not live their lives among others of different social strata or be required to deal with the daily challenges required by being of a different social stratum. Thus as with other elements we have

described, parents and families cannot just expect that this area will be a normative part of their children's lives, like it may have been even in their own early lives.

Toward Independence: Freedom and Connection

Citizenship begins with responsibility, while entitlement is premised on what you have and will get. The challenge for parents of a young person is to teach them to make their own choices and to live with the consequences of them. If one has a large amount of money, the experience of living with one's choices is difficult to come by. The presence of wealth buys protection, including the experience of being bailed out of poor choices and misjudgments. Yet, without learning to make choices and live with their consequences, a young person cannot develop a positive sense of self, of personal capability. Without this, a person can have many possessions, but live in total anxiety about losing them or have very little sense of personal self-worth. In his influential model of emotional intelligence, Goleman [1995] presented the development of patience and acceptance of limits as a key marker of this capability. Wealth may make it difficult to teach this to a young person.

Parents may begin to teach the limits of self and the importance of the collective when they require their children to learn to play with other children and when they set increasing expectations for how the young person will behave vis-à-vis family members, classmates, teachers, and in other social contacts. By the time the young person reaches late adolescence and young adulthood one would expect that they have learned some sense of what others expect and how he/she will meet those expectations comfortably. However, two specific challenges are frequently difficult for those of extra means: 1) delayed gratification/learning to live with no and 2) learning to manage limits in other authority and peer relationships.

Many affluent parents view their responsibility as “raising happy children.” We view happiness as a byproduct of raising children. That is, providing children with experiences that increase their self-esteem is what creates happy children. Viewed in this manner, helping kids to experience that they cannot always have what they want is essential to learning to live and work with others. Most young adults are fairly self-centered; it is intrinsic to their stage of development. But for children of wealth it may tend to be a more difficult challenge. This is a group who

knows that there are resources to provide them with what they want. They have to learn to delay their wants or perhaps to even see things as wants instead of needs so that they can work with others. In fact, working with others often requires subsuming one's wants to the wants of others, which can be a harsh lesson for the privileged to learn.

To achieve this, parents must learn to say "no" to their children—and assist them in participating in the process of seeing to their own wants. This is often difficult for even those parents who believe that "no" is an okay word since the next generation usually have strong peer support for their requests. It takes a sturdy and principled parent to withstand the peer pressure applied through their child.

In offering a child choices and the increasing ability to make increasingly complex decisions, parents offer children the opportunity for building self-efficacy and competence and an internal sense of happiness. "Controlled hardship" is what one of our client families has termed their way of providing their children with opportunities to deal with less privilege. While their children do not "have to" work over the summer or breaks from schools, they make sure that at 16 their kids find a job. From their viewpoint having everything—living a charmed life—does not provide their children with the chance to master challenges and feel success in doing so. By having those challenges come in a measured manner where the parents could act as coaches, asking questions and providing direction, they help their kids develop skills as members of the community of productive adults.

Children are often viewed as a reflection of their parents, and if they are not successful it is because of what the parents have done or not done. Combine this tendency with the pressure on parents and children to do well and get into the best colleges, and you have a good deal of pressure on both. The pressure to fit family expectations can lead to rebellion—or failure. Often, a young person breaks away from the family to seek his or her own path and may return later with a sense of who they are and a willingness to return and contribute to the family. Often the most successful member of the next generation was the most rebellious as a youth.

While in other generations, children were encouraged to deal directly with both peer and authority challenges, more recently, with increased pressure, parents are more likely to intervene on their children's behalf. While this may be helpful for the moment, in the long run the young person does not learn to deal with the challenges that face

him/her in daily life. For instance, the minute the young person experiences difficulty with his/her classmates and teacher, the parent tends to rush into the school and demand that the situation be addressed. While private tuition payments may suggest to the school that they do as the parents request, the young person learns additionally that money, authority, and power can be used to humble most people, an often unintended but significant lesson.

Thus it is important to give young people as many experiences as possible in social and school settings where they must work out solutions on their own. Parents can offer their thinking on how the situation might be approached but basically assisting the young person in thinking through solutions is what is called for. Balancing control over a situation with the freedom to develop is a talent that parents can develop overtime as their children become more capable.

Family Governance and Decision Making

On a family level, it is useful to apply the concentric circle model we described earlier to help young people consider their connection to others and to move comfortably in wider circles. One path to defining a sense of self is by interacting with others in a variety of settings, so it is important to expose young people to a broader family context and invite them to participate with siblings and cousins in making joint decisions. In a wealthy family this is critical in that as a family they will have shared assets, often considerable ones, which they must eventually manage together. They can do this by developing a representative system of governance in which the will of the family is defined explicitly by elaborating the individual thoughts of the members. In stages of responsibility, they can learn to make good decisions with other family members.

One of the ways in which parents try to define family citizenship that has long-term consequences for the next generation is the creation of trust(s) whereby control over the inherited wealth is given to an outside trustee or a senior family member. The concept of trustee emerged in medieval times, when landowners went off to war and left their lands in the care of a person who they trusted to take care of their family and to give everything back when they returned. Another form is the regency, when a young monarch is not yet of age and ready to take up control. But today's trusts are far more comprehensive, and unlike the original ones, they tend to continue even when the inheritor is fully grown. They maintain an artificial state of childhood far into adult life.

Our experience is that trusts are frequently used by families to not only pass assets in a tax-efficient manner but also to serve as a mechanism of control over young people. The trust limits the choices of the person who inherits or benefits from the trust capital. In families concerned with the behavior of their children, trusts are created that control and limit what can be done—how much can be spent, when, and on what. By separating benefit from control, children can benefit but not be in control of their inheritance. In this way, many parents try to make sure that their children spend wisely or at least with limits.

But the existence of a trust and trustee can have a curious effect on many inheritors, one that may impinge on their ability to grow. This is especially true for young people who have not been able to develop the sense of money and life competencies. By having an outside trustee, the young person may further limit his/her ability to develop an inner compass or ability to make choices. Rather than be delighted with the gift that has come from their parents, the next generation may often feel angry or frustrated by the limits. They focus on how they feel that their parents don't trust them, and what they can't do, rather than on what they have. The issue for the younger generation is *trust*—do their parents trust them to make choices and use the family wealth that they did not create themselves? For the parents, the trust issue has to do with letting go and taking the risk that the young people will do the right thing. Each side is looking for a sign of respect from the other, and too often the result is that each one feels distrusted and misunderstood.

Perhaps when time has run out and the parents feel powerless to impact their young adult in a useful manner they approach the problem of avoiding entitlement by trying to control their children with restrictions on their inheritance. They are certainly within their rights to do so. However, by doing this they also send a message that they regard their children as less able than they are. Their behavior may make it difficult for their children to go through a developmental process around money.

As an alternative to control, families can enter into a dialogue about what they expect from the family wealth, and what their obligations and responsibility ought to be. Since the younger generation did not create the wealth, the question arises how can a young person demonstrate that he or she is able to make decisions about what to do with it? How can they earn that trust from their elders? We find that a family has to create a set of steps whereby

young people can enter family leadership and demonstrate their ability to participate in decisions. If a young person is to become an adult, the family has to create a path whereby they can come into some sort of control over the family trusts.

Families that have a family office, or manage many family ventures, can create a series of paths for young people to participate in. After participating in educational ventures where they learn about family wealth and develop financial and human skills, the family provides several paths for involvement. First, there are family investment efforts where a young person is asked to manage a small amount of money. Sometimes the results are shared in a next generation learning group or seminar. As they get older, there may be internships and ways to learn more directly about the family's money management or family businesses. There are frequently shared family activities where young family leaders can begin to make an impact, for example, an annual family retreat or maybe a family task force that conducts such activities as creating family histories, a family web site, or educational activities. Young family members need opportunities to show the rest of the family what they can do.

A wealthy family often has a governance structure that includes a family council, and various boards that manage family ventures, such as the family foundation. For a young person to become a responsible family citizen, the family has to offer ways for young people to get involved in these activities. If they want to show responsibility, they need to have a way to do that. Eventually, when they demonstrate their ability, they can enter a role that has decision-making power. The issue for the family is that the elders often fill the positions (the notions of term limits and retirement haven't made great inroads in family governance). There are ways to shift generation responsibility gradually.

One family instituted a program for observers to be part of the board of the family business. At first they were not allowed to speak but were provided with mentoring from members of the board who met before and after the meeting to discuss the process and decisions made. After a year of this, the board felt that they could speak up and listened to their contributions. At some point, one or more younger family members will become voting members. These steps helped them learn and offer a way for them to demonstrate their capability. Another family board of directors has one slot for a member of the next generation, as well as what they call a Junior

Board, which is a seminar for young family leaders to begin to learn about the family financial activities. Other families require that potential family board members are required to first participate and/or serve on boards of nonprofit organizations.

Family stewardship is more than simply attending a meeting or voicing one's thoughts and ideas. Stewardship is about having a voice, which takes several forms. Eventually the voice should become a vote, that is, a voice that carries decision-making power. If trusts and closed boards make all the decisions, a family member can be frugal and responsible about money but not really be a steward of the family wealth. In order to be a steward, a young person needs to have a vote in what is done. This is not an all or nothing process—everyone can't vote on everything. But family stewardship and governance has to include a clear set of rules and agreements about who makes what decisions and how they are made.

A wealthy family that views themselves as stewards of their wealth will work towards a clear structure and set of agreements (in plain English, not legalese) about how decisions are made, and a set of values that guide these decisions. To implement the family's mission and values, they create structures that are open and transparent to family members, where they can exercise the right to vote and influence the future that they have as citizens.

An issue that comes up is that these features enable the eager and already mature young family members to develop their presence, but what of family members who are satisfied to live in a smaller circle, to live with their wealth in a narrow world of peers, with little interest in such matters? This may be a greater challenge for a family—to invite those with the greatest tendency for entitlement and immaturity to learn and grow.

Families that are successful in creating a sense of stewardship have designed mainly positive ways to invite and encourage young people to get involved in family governance. Many families encourage attendance at an annual retreat by paying expenses for all family members, making sure they are scheduled well in advance, and are a lot of fun for the family, not just work. They find ways to recognize family involvement which exerts a positive pressure on avoiders. Other families have gone so far as to pay for participation (for example, one family recognized that young people had to get time off from their jobs to attend). Another family requires attendance for a vote on key family issues.

CONCLUSION

In our exploration of the nature of entitlement and the development of stewardship in young people from wealthy families, we have traveled from developmental psychology to civic governance. After outlining the complex issues that influence the development of a young person growing up amid family wealth, we then outlined processes whereby a young person can grow from entitlement to stewardship of their family wealth.

We outlined three forward pathways that that have emerged in our experience working with many families on this issue—beginning with active engagement with young people in issues related to money and wealth, to education and teaching skills, to finally active involvement and participation in family decisions. We contend that for a family to produce a next generation who act as stewards of the family wealth, they must actively engage in the education and development of their next generation.

ENDNOTE

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