

# Building a Lasting Family Legacy

*Preservation of Both Wealth & Values*

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The fear of raising entitled children or watching a lifetime of hard work disappear within a few generations haunts many successful families. Yet this very anxiety can sabotage the wealth transfer process itself.

## **MOVING BEYOND FEAR-BASED PLANNING**

The old saying about going from "shirtsleeves to shirtsleeves in three generations" has shaped how many wealthy families approach estate planning. This mindset often leads to restrictive trusts, conditional inheritances, and attempts to micromanage future generations from beyond the grave. However, research suggests this fear-driven approach may actually increase the likelihood of family conflict and wealth dissipation.

Modern behavioral studies reveal that families who maintain wealth across generations define success more broadly than just financial metrics. They consider family harmony, individual fulfillment, financial literacy, responsible stewardship, and collective impact as equally important measures of prosperity. These families understand that each generation grows up in different circumstances and may define wealth and success differently than their predecessors.

## **5 THOUGHT STARTERS FOR ADOPTING BEST PRACTICES**

Rather than focusing on control and restriction, families who successfully preserve wealth across generations share five key approaches that emphasize trust, communication, and shared purpose.



## 1. BREAK THE SILENCE AROUND MONEY

Many successful families paradoxically become less comfortable discussing finances as their wealth grows. When resources are limited, families naturally negotiate and communicate about money out of necessity. But abundance can create silence, robbing parents of opportunities to teach crucial lessons about financial responsibility and family values.

The discomfort around money conversations often stems from childhood experiences where discussing finances was considered impolite or private. However, avoiding these discussions leaves children to form their own assumptions about wealth, which may not align with family values or realities.

Effective communication about money doesn't require sharing every financial detail with young children. Instead, focus on explaining how wealth creates opportunities - supporting family members, pursuing passions, contributing to causes, and maintaining lifestyle choices. When children ask direct questions like "How much money do we have?", acknowledge their curiosity rather than deflecting.

You can explain that they'll learn more as they develop the maturity to handle such information but use the moment to discuss the responsibilities and opportunities that come with wealth.

### PRACTICAL STEPS:

- Align with your spouse on how to approach money conversations
- Share the reasoning behind financial decisions to help family members understand your values
- Introduce children to trusted advisors as they mature, or even better, encourage them to develop their own advisory relationships rather than insisting they work with yours
- Encourage questions and create an environment where financial topics feel normal rather than taboo



## 2. AVOID OVER-RELIANCE ON FINANCIAL INCENTIVES

Many wealth creators achieved success through hard work and determination, naturally wanting to instill these same qualities in their children. However, using money as the primary motivator for desired behaviors often backfires. When monetary rewards become excessive, intrinsic motivation diminishes, and desired behaviors begin to feel like obligations rather than authentic choices.

This dynamic extends beyond childhood into estate planning, where overly prescriptive trusts attempt to control behavior through financial carrots and sticks. Such arrangements often breed resentment and can encourage manipulation rather than genuine personal growth.

Understanding your own relationship with money becomes crucial here. Reflect on your earliest money memories, significant financial events from your childhood, and how these experiences shaped your current attitudes. What values drove your success? What mistakes taught you important lessons? Your personal money story should acknowledge both triumphs and failures, providing a relatable rather than purely aspirational narrative.

### PRACTICAL STEPS:

- Articulate your personal money story, including both successes and failures
- Set clear expectations about the importance of work and financial independence
- Focus on explaining how desired behaviors align with family values rather than offering monetary rewards
- Ensure your estate plan reflects your values and provides flexibility for changing circumstances



### 3. PRIORITIZE OPEN COMMUNICATION AND TRANSPARENCY

Many families keep estate plans secret until after the wealth creator's death, leaving beneficiaries to interpret intentions through legal documents alone.

This approach can foster feelings of distrust and confusion about the family's true objectives.

Instead, consider creating a letter of wishes that explains your reasoning and values alongside your formal estate plan. This document should articulate not just what you're doing, but why you're doing it. A statement of wealth transfer intent can guide trustees and beneficiaries in making decisions that align with family values, even as circumstances change over time, and can even be shared with the family well ahead of its execution.

Regular family meetings create opportunities for ongoing dialogue about money, values, and future plans. These conversations might start informally around the dinner table but can evolve into more structured discussions as the family grows. The key is to ensure every family member has a voice and feels heard, transforming monologues into genuine dialogue.

#### **PRACTICAL STEPS:**

- Document your values and intentions in writing to accompany your estate plan, or to share and discuss in advance
- Schedule regular family meetings that allow everyone to participate
- Consider professional facilitation by your financial advisors
- Combine serious discussions with enjoyable activities like family meals or vacations



## 4. NURTURE AND FACILITATE FINANCIAL EDUCATION AND ENGAGEMENT WITH MULTI-GENERATIONAL ADVISORS

While most families recognize the importance of financial education, many struggle with implementation. Common concerns include children lacking interest or being too young for certain information. The solution lies in distinguishing between financial education (teaching concepts and skills) and financial disclosure (sharing specific family financial details).

Each family member learns differently and has unique interests and strengths. Some thrive in formal educational settings, while others prefer peer learning or hands-on experience. Working with advisors who can not only adapt their approach to different learning styles but can also present a multigenerational team that different generations of the family can relate to ensures more effective education.

Encouraging young adult children to develop their own relationships with qualified advisors who they trust, who are closer to them in age and circumstance, and whose style and means of communication resonate with them, fosters more effective learning and better preparation for responsible stewardship of wealth.

Nurture entrepreneurial thinking by allowing family members to pursue their own interests and goals, even if these differ from the wealth creator's vision. Provide opportunities for low-stakes financial decision-making, such as planning family vacations, making purchases, or managing small budgets, before they face higher-consequence choices.

### PRACTICAL STEPS:

- Separate financial education from financial disclosure based on age-appropriateness
- Encourage young adult children to develop their own relationships with qualified advisors
- Provide opportunities for practicing financial decision-making with limited consequences
- Encourage entrepreneurial ventures and calculated risk-taking



## 5. BUILD SYSTEMS FOR MANAGING FUTURE CONFLICTS

As families grow across generations, conflicts naturally arise from different perspectives, life circumstances, and competing priorities. These tensions intensify when families share assets like businesses, vacation homes, or charitable foundations that require collective decision-making.

Rather than hoping conflicts won't emerge, successful families anticipate potential areas of disagreement and establish frameworks for resolution.

This might include employment policies for family businesses, governance structures for shared assets, or decision-making processes for family investments.

The most effective approach involves establishing shared values that guide all decisions. When family members understand and commit to common values, specific rules become less necessary. The guiding principle becomes living according to these shared values rather than following a complex set of procedures.

### PRACTICAL STEPS:

- Create a cornerstone statement that codifies family values and guides financial decisions
- Establish clear policies for shared assets, including qualifications for family employment
- Form governance structures appropriate to your family's size and complexity
- Focus on uncovering shared values even when individual beliefs differ
- Build consensus around a shared vision for the family's future



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## THE LONG VIEW

Successful wealth transfer requires thinking beyond financial assets to consider the development of capable, motivated individuals who can steward resources responsibly. This process demands patience, ongoing communication, and the wisdom to adapt approaches as circumstances change.

The families who maintain wealth across generations understand that their true legacy lies not just in the assets they pass down, but in the values, skills, and relationships they nurture. By focusing on trust rather than control, communication rather than secrecy, and shared purpose rather than individual achievement, they create foundations for lasting prosperity that extends far beyond financial measures.

The goal isn't to guarantee specific outcomes - an impossible task given the unpredictability of life - but to equip future generations with the tools, values, and support systems they need to make wise decisions and build upon the foundation you've established. This approach honors both the achievements of wealth creators and the potential of those who will carry the family legacy forward.



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## About PUREfi Wealth

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