

# PRESERVING MULTIGENERATIONAL WEALTH BEGINS WITH GETTING EVERYONE ON THE SAME PAGE



RETIRE WISE

Leaving a lasting legacy for multiple generations is a goal many wealthy families share. However, studies estimate that 70% of families will lose their wealth by the second generation and 90% will lose it by the third.<sup>1</sup> While this doesn't have to be the case, there are a number of reasons wealth diminishes over time. A lack of clear guidelines governing the purpose and use of family wealth ranks high among them. This can be further exacerbated when poor communication, insufficient financial education, and disagreements exist among family members.

## Consider drafting a family constitution

Preserving family wealth begins with getting everyone on the same page. One way to achieve this is by creating a family constitution. A family constitution is simply a written agreement embraced by family members that provides a framework for:

- Communicating your family's values, priorities, and wishes regarding family wealth
- Providing guidelines governing the purpose and intent of family wealth, such as funding higher education costs or philanthropic endeavors
- Establishing a process for family members and future generations to follow when making decisions regarding the management and use of wealth, including how assets should be invested and who will have decision-making authority
- Outlining the rights of all stakeholders to head off disagreements between family members
- Ensuring future generations understand and respect the history and purpose of the family legacy

## Benefits of a family constitution

Although a family constitution is not legally binding, it can be an effective tool for maintaining clear and open channels of communication among family members and resolving any conflicts that may arise. While any family can create a constitution, it can be particularly effective for those with family-owned businesses by addressing and defining the roles of family members within and outside of the business and helping to smooth operational and leadership transitions between generations.

If you are not comfortable developing a family constitution on your own, seek assistance from your legal or financial professionals. Plan to review and adjust your family constitution regularly or as family dynamics or other circumstances evolve.

If you have questions about strategies for managing multigenerational wealth, call the office to schedule a time to talk.

1)"Generational Wealth: Why do 70% of Families Lose Their Wealth in the 2nd Generation?" Nasdaq.com, 19 OCT 2018,

<http://www.nasdaq.com/articles/generational-wealth%3A-why-do-70-of-families-lose-their-wealth-in-the-2nd-generation-2018-10>

## Lace 'Em Up for Senior Fitness Day

Health experts say that engaging in regular physical activity is one of the most important things you can do for your health. Physical activity is anything that gets your body moving. Because movement supports both physical and mental health, it can be especially important for preventing or delaying many health problems associated with aging. For people with disabilities, physical activity plays a vital role in maintaining health, well-being, and quality of life, helping to support daily living activities and independence.<sup>1</sup>

## How much is enough?

While any amount of physical activity that gets your heart beating faster can improve your health, the Centers for Disease Control and Prevention recommends that adults aim for 150 minutes of moderate-intensity physical activity, including muscle strengthening activity two days per week. While that initially sounds like a lot, it's less than 30 minutes a day of walking, cycling, swimming, dancing, strength training, or whatever gets you moving. Keep in mind, you can also meet this goal by breaking it down into 10- or 15-minute blocks each day.

## Getting started

If you're looking for ways to get started or add more activity to your day, you won't want to miss National Senior Health & Fitness Day® on May 29th. This is the nation's largest annual health and wellness event emphasizing the importance of regular physical activity and ways local organizations are helping to improve the health of older adults in their communities.

Over the last 31 years, National Senior Health & Fitness Day has grown to include mini-health fairs, exercise demonstrations, health presentations, screenings, fitness walks, and workshops in communities across the country. To participate, look for local organizations hosting senior-related health and fitness events at retirement communities, fitness clubs, senior and community centers, public parks, hospitals, houses of worship, and other locations near you. Activities will vary based on the organizations hosting the events.

Visit [FitnessDay.com](http://FitnessDay.com) to learn about other ways to get involved, or simply grab a few friends and get moving on your own. Whether you're walking, dancing, swimming, doing yoga, or gardening—all movement counts!

1)"How Much Physical Activity Do Adults Need?" CDC.gov, 2 JUN 2022,

<http://www.cdc.gov/physicalactivity/basics/adults/index.htm>

*This information was written by KRW Creative Concepts, a non-affiliate of the broker-dealer.*



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