You've achieved a certain level of success, and you understand that the privileges of significant wealth come with challenges in equal measure. Among those challenges is successfully passing your wealth and values on to the next generation – to help them grow and preserve that wealth in order to thrive. It's not a challenge you'll face alone; $30 trillion to $41 trillion is expected to be passed from one generation to the next by 2048. The problem? Without careful planning, almost 70% of heirs' money, assets and family harmony disappear after an estate transition.

You have the opportunity – while you're living – to set your loved ones up for success, so to speak. A chance for open, honest communication, and for nurturing future-focused conversations about values, charitable giving and diligent stewardship. Estate planning is more than transferring money. It's about what that money can do for future generations, as well as making room for your family to grow closer, stronger – to prosper. The conversations may be sensitive, but they'll likely be worthwhile. According to a UBS report, families are happier and more satisfied when parents include their heirs in inheritance planning. "Estate planning and document creation prepare the money for the family. But that's half the job," says Shawn T. Barberis, J.D., president of More Than Money 360, a proponent of family meetings to prepare heirs to successfully carry on their family's legacy, values, unity and philanthropic mission. "A family meeting process prepares the rising generation for the money."

If you're not sure how to start the conversation on your own, choose a topic below and let the dialogue flow naturally from there.

Define your family's mission statement and your intentions for your wealth and legacy. Take into account non-financial topics such as your values, expectations, the roles your family members will play and more.

If something happened to you tomorrow, is your family comfortable enough with your financial details to assemble a snapshot of your assets? Is your family prepared to competently manage their inheritance?

Let your family know where you've stored necessary documents and how to access them.

You may raise more questions than answers. That's OK. You can always revisit a conversation, with the help of an experienced advisor if need be, to get to a place of comfort and understanding.

Don't let your heir down

Money alone is a shallow legacy compared to a more meaningful one that also touches on who you are and how to make a difference. In short, a family legacy that will last for generations to come.

The greatest gifts you have to bestow may well be your values, spiritual beliefs, wisdom, hopes for your descendants and the love you feel for your family and friends – important intangibles worth sharing with those you care about deeply. Many parents worry about the damage a large inheritance may do to their heirs' work ethic or sense of gratitude. Along with establishing your estate plan, trusts and legal will, consider taking some time to create a family love letter, also referred to as an ethical will, for your spouse, children and grandchildren. Your family love letter should come from the heart, serving as guidance for your loved ones in your absence. Your letter can serve a variety of purposes, but most pass on facts, feelings, memories and wishes, important events and family stories – all the elements that make up who you are.

Open arms and open minds

Unfortunately, the majority of family wealth disappears when it's distributed across multiple generations. Research and data clearly demonstrate that lack of transparency or a shared family vision can adversely impact the rising generation. To stack the odds in your favor, you'll need to create a framework to help your heirs flourish, strengthening family unity. Family meetings can help solidify decision-making and wealth governance – providing a structure that supports and sparks meaningful, multigenerational dialogue, Barberis says.

Considering the complexities affluence brings, certain financial vehicles and strategies might prove useful as you plan to relinquish control to the next generation. For instance, if you're concerned a family member isn't capable of handling significant wealth, an incentive trust can provide comfort, controlled by a strong trustee who'll manage the funds according to the terms you lay out in the trust documents – and, in the interest of family harmony, that may not necessarily be a family member. If your priority is instead on minimizing estate or federal gift tax, an irrevocable life insurance trust or qualified personal residence trust can assist, depending on your needs.

Something to think about

Specialized strategies can help you strengthen your estate plan, creating a more equitable distribution among siblings, for example, as well as potentially minimizing taxes (subject to the most current legislation, of course). Not all strategies will work for every family, so it's important to think through an estate planning vehicle's benefits, as well as any potential drawbacks, with your advisor and accountant before making it a part of your estate. Ask about:

- Retirement plan beneficiary designations
- Irrevocable life insurance trusts (ILITs)
- Qualified personal residence trusts (QPRTs)
- Incentive trusts
- Charitable remainder or lead trusts
- Donor advised funds
- Private foundations
- Life insurance

And if one family member will inherit more than another, it may be important to share the reasoning behind your decisions sooner rather than later to stave off discord. Perhaps one doesn't need as much financial support or one received more early on. Or perhaps one heir is simply not ready to take on the responsibility, so it's all the more important to prepare them now. Spend the time to teach your children how to manage money and cash flow, or in the case of a business, mentor them until they can take the helm. Your advisor can offer support no matter how old your kids are.

Create a road map

Support whatever conversations you do have with documentation, storing legal paperwork, passwords, insurance policies, titles and deeds with a trusted attorney, advisor or in a secure online portal, like Vault, which allows you to assign various levels of access to particular people. Don't forget to include the contact information of your estate planning team, in case your heirs need it down the line.

You may want to include a philanthropic mission statement among these items, reinforcing the importance of sharing wealth to make the world a better place in some way. Doing so may just make them happier, and you'll be able to see their good deeds in action. Philanthropic giving has been known to boost health outcomes as well (e.g., increased dopamine and lower stress levels). Focused giving may also help your children develop an attitude of gratitude – not one of entitlement.

Each generation will have different ideas about how to use money to benefit their lives and those around them. While you may not always agree with your kids, give them a say in how the family wealth should be used. That can help connect generations and shape your family's future, while promoting openness and family harmony. If nothing else, family discussions will lend incredible insight into each other's values and temperaments and will give you an opening to understand them better.

Understand that wealth's privileges and complexities deserve, even demand, thoughtful preparation and honest, ongoing conversations. Circumstances can and will change, as should your estate plan. So work with your advisor along with your other planning professionals to find fair answers to important questions, establish trust and open dialogue, and provide the gift of opportunity to those who matter most.

Clear the air with your heirs

Here are three compelling reasons to help your heirs better understand your intentions and how to be good stewards of their inherited wealth.

1

It could reduce conflict. It may be awkward, but chances are they'll want to understand where you're coming from and your intentions. They'll have time to process what you tell them as opposed to trying to understand it all after they've lost someone they love.

2

You may get a chance to reconsider. You may learn something new or debate a better idea as part of the conversation, allowing you time to refine your approach, which could lead to a better result or at least better understanding.

3

You'll get to set expectations. Help them better understand their role in preserving family wealth, as well as how much help you're willing to give. Avoid the common misstep of using future inheritance as a means to control their behavior and decision-making while you're alive.

Sources: accenture; cegworldwide.com; marketwatch.com; nextavenue.org; theglobeandmail.com; Raymond James research; themckenziefirm.com; yourestatematters.com; thebluntbeancounter.com; cushingdolan.com; Journal of Financial Planning; bravotv.com; mybanktracker.com; kiplinger.com; forbes.com; legacyfamilyoffice.com; shwj.com; stokerostler.com