

Maybe Your Children Should Not Inherit Your Legacy



Daniel Scott Contributor ⓘ
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Here is an idea few advisors will suggest: maybe your children should *not* inherit your legacy. We are almost programmed to think that our children should inherit, in some form or fashion, everything that we have created. Your legacy—the sum total of your life’s accomplishments, the totality of your being—just handed over to your children. Why? Are they qualified to run the business you spent your life building, or to invest the wealth you have amassed? More importantly, do they really understand who you are and why you created the life and legacy you are leaving behind? When you really start to think about these questions, the answers

in many cases is *no*. The problem is that most people do not realize they have other options.

The root of the problem is that many do not appreciate the difference between control and benefit when it comes to legacy assets, such as a family business or a family office. Most people want their children and spouse to benefit from their legacy assets, but they do not necessarily want them to control or manage those assets. Creating a succession plan for the management and control of legacy assets separate and apart from a succession plan with regard to who should benefit from those assets is key to successful legacy planning. When it comes to succession planning for the management and control of a family business, very often key employees and professional advisors can play important roles. The point is to recognize and hire those individuals best qualified to run the business and ensure its continued success. However, it is equally as important to recognize that those individuals who may be qualified to run a business may not be the most qualified to dole out the benefits of that business to your family. The skills and expertise required of the person tasked with overseeing your business or other legacy assets are vastly different than those required of the person charged with managing the revenue generated by those assets, and the two roles should not always be combined.

I recently met a man, let's call him Steve, who sold his widget business for a significant sum of money (over \$50 million). Steve's father started the business, but it was Steve himself who really took the business beyond a small shop and expanded it into such a larger enterprise. Steve had worked hard most of his life on the building the business, so it was definitely a very large part of Steve's legacy. When I asked Steve why he sold the business, he told me it was because he did not want to give it to his children and he worried about the problems managing the business could potentially create for his family, which already had some delicate and complex dynamics. I could not help but feel a sadness for Steve, and that he had made the wrong decision. Steve had made his dent in the universe by creating amazing widgets for the world to enjoy. In addition, Steve's company was a reflection of who he was as an entrepreneur and business leader. Instead of selling, Steve could have created a legacy plan that ensured the continued success

of his business, so that Steve could continue to make his dent in the universe and provide for his family well beyond his life. In situations like Steve's, looking beyond your family and heirs to manage and control legacy assets may be the best option for protecting those assets and ensuring your legacy continually benefits your family and others long after your lifetime.

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Attorney, advisor, entrepreneur, speaker, writer, musician, artist, and innovator. I spent over 12 years navigating "Big Law" and have served as an advisor to some of the wealthiest families in the world. Now, my focus is on empowering others to proactively define and live t... MORE