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# Three Common Goals Every Legacy Plan Should Have



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Even if you have an understanding of *what* your [legacy](#) is (or will be), you might still be wondering – how in the world do I plan for it? What exactly is a legacy plan?

A legacy plan is essentially a legal structure through which you can implement your life plan, and which also provides for the continued management of that legal structure after your death.

A legal structure, you ask? What kind? That depends, really. There are a variety of legal structures available these days, from corporations and limited liability companies to a range of trusts. Choosing the right legal structure will depend on a number of variables, including tax, liability protection, flexibility, required formalities and upkeep, cost, etc. The more important question is: What will that legal structure do?

While your legacy may ultimately represent more than the things you own (i.e., your estate), the truth is that your legacy will inevitably live through certain assets that you own and are part of your estate. I call these “legacy assets.” Take the famous artist Prince, for example. It is fairly easy to identify the assets through which Prince’s legacy lives – his music, films, art, image, etc. – as opposed to other assets that only have monetary value, like his stocks, bonds, etc. Much like Graceland for Elvis, Prince’s Paisley Park mansion is also very much a legacy asset, whereas other real estate investments he owned may not be. For lesser known individuals, their legacy assets will most commonly be a family-owned company or some form of family office or investment vehicle. It is through these legacy assets that the totality of your life’s work, the “everything you worked for,” including your intellectual, spiritual, social and relational capital, can be carried forward for the benefit of future generations.

While each legacy plan is unique, here are three common goals that every legacy plan should seek to achieve:

1. **Perpetual Existence.** This is an obvious one. If you want your legacy to live forever, then the structure through which your legacy lives must also be able to last forever. Many forms of business entities can have a perpetual existence (e.g., corporations and limited liability companies). Trusts, on the other hand, are more complicated. Only certain jurisdictions have trust laws that permit a trust to last forever.
2. **Separate Out The Principal of Legacy Assets From the Revenue.** Think about it – you should never intend to sell your legacy assets. Why? Because they represent your legacy. Now, be careful not to confuse your legacy asset(s) from other businesses you may own. For example, if you made your fortune selling widgets through Family Widget Co., you should have the flexibility to cash out and sell Family Widget Co. and diversify. Therefore, your legacy plan should almost always include a top-tier holding company – call it Family Legacy Co. – that owns, manages and operates all other investments and businesses. Assuming Family Legacy Co. is designed to manage your legacy, it should never be sold. Instead, it is the revenue

generated by the investments held through Family Legacy Co. that will be used to economically benefit you and your family for generations to come.

- 3. Separate Management and Control from Economic Benefit.** Who you want to benefit economically from your legacy is not necessarily who you want to manage and control your legacy. Your legacy plan needs to provide for the flexibility (and reality) that your legacy assets should be managed by either only a few of your heirs or at some point a professional who is not related or an heir. This also makes sense when you consider that your legacy is intended to last forever. If all of your heirs are necessarily part of the decisions making process, eventually (e.g., three or four generations later), you will have a very large class of heirs with input on how your legacy is managed. This could be a recipe for disaster and family squabbling. In addition, separating the management and control mechanisms from the economic benefit will relieve the almost inevitable tension between responsibly managing your legacy and merely maximizing short-term economic gains. Remember, your legacy is not just about the money so you do not want future heirs far removed from you to potentially compromise the integrity of your legacy.

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