

# Creating a Lasting Legacy with Family Values

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Once you and your advisor have determined that you have sufficient resources for a secure retirement, the next natural step is to focus on estate and legacy planning. Thanks to the Tax Cuts and Jobs Act of 2017, wealth-creators and their families will be able to pass on a much greater portion of their estate to their heirs with little to no tax consequences.

However, studies have shown that most high net worth individuals also want to pass on their values along with their wealth. They want the inheritors of their resources to understand what it took to create the family's wealth and to handle their inheritance prudently so that the wealth can be passed down to future generations.

And yet, studies indicate that most wealth-creators do not discuss money with their children or heirs. There can be many reasons for this, but the challenge is that this lack of communication concerning the family's wealth can deprive the children, grandchildren and other family members of the opportunity to hear firsthand what it took to create the wealth, including the values that the wealth-creator(s) want to pass on. Given these dynamics, it should come as no surprise that 90 percent of family fortunes are lost by the end of the third generation.

If passing on your values to future generations and creating a lasting, meaningful legacy are high priorities for you, I urge you to consider creating a private foundation that your family members can manage.

## Here's why:

- Private foundations can be designed to last in perpetuity or terminate after a predetermined number of years. They can be as broad-based or narrowly focused in mission and scope as you and your family wish. If properly designed, this mission and scope can evolve over time to adapt to changing community needs and family interests.
- You can appoint anyone you wish to serve on the foundation's board, including your family members. Developing a thoughtful succession plan that allows for rotating terms can provide opportunities for broad family involvement, community engagement and leadership development over multiple generations.
- Family foundations can provide a great forum for the discussion of shared values, family history and connectedness for multiple generations. Since board members generally want to honor the wishes of the founder(s), board meetings provide a wonderful opportunity for the wealth-creator to share their story about the origins of the family's wealth, their personal values and their vision for the foundation's

grant-making and family involvement.

- Finally, and most important, a family foundation can unite family members in the shared and noble purpose of giving back to humanity — philanthropy can become the “family business” and stand as the family’s legacy.

The gratifying benefits of a private foundation do not come without proper establishment and functionality. There are complexities, from creation to management across generations, that require the skills and expertise of professional advisors. Contact us with any questions — we are happy to assist you.

**Michael L. Meadows**

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