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I write about healthy aging, and dealing with aging loved ones.

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## Wealth Transfers: How To Reverse The 70% Failure Rate



70% of intergenerational wealth transfers fail, according to research conducted on over 3,250 families who transferred wealth.

That is, inherited wealth is dissipated by the heirs at this stunningly high rate. It's an international phenomenon.

What's going on here?

According to Roy Williams (The Williams Group) and his partner Vic

Preisser, their research indicates that wealth often becomes a source of friction and dispute among family members. They should know. These experts studied the phenomenon of substantial wealth transfer by families over a period of 20 years, comparing successful transferring families with unsuccessful ones.

They have identified the root causes of the failures and found that the major reason was that no post-transition planning or preparation was going on. In short, no one in the unsuccessful transferring families was preparing their heirs for the multiple kinds of responsibilities they would face when having to take over the reins.

None of the failed transitions could be blamed on poor legal preparation, inadequate financial advice nor improper tax preparation. Rather, these professions usually did well for their clients.

By contrast, the 30% of families who succeeded did so with broad and well thought out planning, preparing both children and grandchildren for their futures. A key component was to identify a **family mission** as well as a **strategy** to attain it. The heirs understood what the family's identified mission was about the family wealth. With that known they were given the opportunity to practice their roles for the future, in philanthropy, the family business and other ventures at a more minor level than they would have upon the passing of the patriarch or matriarch who headed the family at the time.

**Philanthropic endeavors provided teaching for the heirs**, enabling them to have opportunities and responsibilities, even at young ages. (Williams and Preisser, *Philanthropy Heirs & Values*, Robert D. Reed, 2005)

Of critical importance in Roy Williams' work is the building or improvement of trust and open communication in families, to permit them to be among the

successful ones in transferring wealth. He does this through professional coaching programs, offering layers of learning for both those passing on wealth and those who will receive it.

While visiting with my 89 year old mother in law, Alice, my husband and I asked her whether she thought successful people her age are willing to discuss their assets, their businesses, their attitudes about passing on their wealth with their kids. "No!", she emphatically replied.

We wanted to know why. Her perspective is that people of her generation seem to fear that their kids will take advantage of them if they learn the true extent of what their parents own. They may feel entitled to their inheritances, she told us. They may get lazy and unmotivated if they know what is coming to them. They may manipulate their parents with guilt or other tactics if they know the whole financial story.

Lucky for us, Alice is very open and communicative, and she does not have a problem with trust. Transition planning has been going on for some time. Other families are not so fortunate. The breakdown of trust and communication can drive a family down the path of failure and dissipation of the success of a lifetime of work to build wealth.

After talking with Roy Williams, and inspired by his wisdom, we began to include our daughter more and more in managing the family real estate business. She attends business meetings and is learning the complexities of the job. She has expressed her interest in this venture, though her brother has not. She will likely step into the primary role one day and we will develop a different role for our son. Even our small family could learn from Roy's research and his work.

During this season, when many families get together, it may be an opportunity to open the door to the conversation about what your family will do with its legacy and how it will happen. The good news is that even if you have communication difficulties, [professional guidance](#) can help you improve what is going on in your family. Even if your family struggles with trust, there is hope for everyone that you can build better communication with new skills. No one is too old or too young to learn and grow as the member of a family.

If you, the reader of this piece have a role in making decisions about your legacy in your family, set a time to start talking. Maybe the first step is up to you.

Until next time,  
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