



***BUILDING CHARACTER AND INSTILLING VALUES IN
CHILDREN OF WEALTHY FAMILIES***

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Most parents want to transfer to their children not only material wealth but something less tangible but more important—their values. Responsible parents wish through their word and example to inculcate and repeatedly reinforce in their children a sense of personal responsibility, generosity to those who are less fortunate, an appetite for risk and a lust for living, insatiable intellectual curiosity and the pursuit of education, resilience or other attributes that the parents feel are most important to achieving success and happiness in life. While most, if not all, parents strive to accomplish these goals, wealthy families often feel an especially acute need. They appreciate how fortunate they are. They understand what’s necessary to maintain the financial wealth they’ve achieved without corrupting the sense of stewardship and responsibility that their heirs will need to keep it and allow that wealth to be put to good and productive use.

Values guide decision making throughout life. They can provide a particularly good compass during difficult times. An indifferent attitude in a child of middle-class or working-class parents can continue only until work becomes necessary for survival. By contrast, families with extraordinary financial means are often concerned that even a little knowledge of the family’s wealth might turn a child without innate ambition into a perpetually dependent ward with a strong sense of entitlement. They become selfish takers, not generous givers. They can come off as aloof and arrogant in their personal interactions. This “trust baby” image is frequently caricatured in popular culture (Paris Hilton, anyone?) in a way that often fails to appreciate how many a wayward heir’s hard-working parents’ determination, perseverance and entrepreneurship brought them the financial rewards that have enabled their child’s inert lifestyle.

Parents who are self-made wealth creators know firsthand the value of effort and determination. Many of them had their characters forged in home environments of scarcity that forced them to scratch and claw their way up. Many children of such parents who learn their values in environments of relative abundance know only the more affluent world that surrounds them in their gated communities. Sometimes, when such well-meaning parents desire to give their children a “better” life than they had, they may unconsciously infect their

children with the dreaded “influenza” virus. As a result, such children often are alienated from the rest of humanity. They fail to develop the empathy and social skills that will enable them to function in settings other than private clubs and elite schools where they connect only with other social elites who are themselves winners of the genetic lottery. They are also often denied the opportunity to develop the pride and self-esteem that their parents earned from having made it on their own.

Instilling solid character and work ethic in the next generation should be viewed as a long-term process and not an episodic endeavor. It is most effective when parents clearly articulate, but most importantly live by, the same values that they wish to pass on.

START EARLY AND KEEP IT SIMPLE

How can you begin developing a toddler into a responsible steward of wealth? The best way to build character and instill basic values is to start with the fundamentals.

Teaching your children to say “please” (to show respect for and awareness of others’ needs), “thank you” (to demonstrate gratitude) and “I’m sorry” (to express remorse and respect for the feelings of others) as soon as they can talk sounds trite, but is a critically important point of departure. Having young children pick up after themselves and carry their dishes and silverware from the dinner table to the kitchen sink sends a strong message that they are responsible for themselves and are expected to contribute to the family. Teach them to be grateful and well-mannered guests, and to acknowledge the generosity of others by sending hand-written thank-yous for gifts and other acts of kindness. These may seem like trivial gestures. But when they are done with consistency, they set the foundation for learning more complex values down the road.

TEACHING THROUGH ACTIONS

As parents, do you know what your primary personal values are once you go beyond the basics of “please” and “thank you”? Many of us live from day-to-day acutely aware of our values and make a strong effort to live by them; others may not be so conscious and informed. Some people can tell you what their values are, but do not live by them and even behave in a manner that contradicts them.

Your children will listen to maybe 10% of what you say, but will watch 100% of what you do. If you are not walking the walk, your “lectures” will be perceived as insincere and hypocritical. If you want your children to be able to respect and learn from others who might be less fortunate, do you do the opposite by patronizing or talking down to domestic help and others who serve you? If you believe that it takes two committed parents who consistently demonstrate love and respect for each other to work as partners in teaching the same values, do you sometimes quarrel selfishly in front of the kids and undermine each other’s attempts at discipline? If you are interested in teaching good cell phone etiquette, do you fail to model that same behavior by texting at restaurants, other public places and during family meals?

Even parents who are most passionate about teaching their values will, upon honest reflection, admit that they are guilty of lapses and contradictions. No shame in that; to err is human. What is important is that we try hard to identify our values, and live by them as much as possible.

REINFORCING THROUGH WORDS

While walking the walk is most important, actions must be backed-up by ongoing conversations with children about what's important to you and why. These conversations should be presented in a manner appropriate for a child's stage of development.

For example, talking about sharing and helping your 5-year-old might focus on how he shared his pail and shovel at the beach with a stranger who didn't have one. Relate that simple act of generosity to adults who do not have things they need each day, and how other people in the world - - both adults and children - - help through charity and volunteering. Demonstrate that value of charity by volunteering yourselves and the kids when they are old enough at the local food bank, shelter or soup kitchen. Teenagers are often acutely aware of social interactions and eager to seize any opportunity to make an impact.

IT'S NOT HOW YOU START BUT HOW YOU FINISH; THERE IS ALWAYS REDEMPTION

Maybe you didn't always model the best behavior or start a values dialogue when the kids were very young. Don't despair - - it's never too late to clarify those values first for yourself, use them to guide your own behavior, and discuss them with your children. Even self-obsessed, parent-phobic, social media-addicted teenagers and young adults can be cajoled into listening.

Although they may know that the example that you set wasn't always the best, you may want to talk to your teenager or young adult children about what caused you to fail to live-up to your ideals and acknowledge that you sometimes failed to practice what you preach. Emphasize that you are striving to be and do better. Sharing examples of these mistakes as teachable moments will arise organically and need not appear to be contrived or insincere even to the most cynical adolescent.

Each family member needs to define personal areas of importance and help define values meaningful to the whole family. When parents do this as a team, the experience and message will be even more powerful. Many teenagers are quixotic about the impact that they can have and are hard-wired to be passionate about most things. So find something that they value or want to change in the world and work together to integrate it into your and your children's lives.

THE CHALLENGES OF SURROGATE PARENTING

The ranks of one-working parent families have steadily declined since the days of June and Ward Cleaver. If both parents work and are busy with successful careers, they often need to rely on others to help care for and raise children. House parents at boarding schools, nannies and other “domestics” are commonplace for these families. Effort must be made to clarify with these surrogates the values parents are trying to reinforce in their children.

For example, the parents of a 3-year-old noticed that their nanny kept picking-up their child’s toys and taking all of his dishes to the sink after meals. The nanny felt awkward reprimanding the child for bad manners or an entitled attitude. The child sensed this and took advantage. The parents had asked the nanny to encourage the child to help with basic chores and discipline the child appropriately with “time-outs” as the parents might themselves. When the parents discussed this with the nanny, she admitted feeling she was not earning her living and felt guilty firmly demanding that the child help and punishing him when he disobeyed. After the parents more fully explained what they were trying to accomplish, the nanny felt much more comfortable following through.

STARTING A VALUES CONVERSATION

So where to begin the values discussion? One way to start is to meet as a family. Each participant might pick his or her top three values. For each value, take turns describing one way in which you live by it and one in which you don’t. Each participant finishes by committing to one change he or she will make to better aspire to model it in that participant’s behavior.

The values listed below can serve as a starting point. You may want to rephrase or expand them to make them more meaningful to you and your family.

- Civility
- Community
- Compassion
- Courage
- Determination/Work Ethic
- Education
- Effectiveness
- Equity
- Family
- Financial Success
- Fitness
- Freedom
- Friendship
- Helping
- Innovation
- Integrity
- Justice
- Leadership
- Loyalty
- Obligation
- Opportunity
- Peace
- Personal Growth
- Pleasure
- Power
- Recognition
- Resilience
- Responsibility
- Risk
- Social Action/Philanthropy

- Spiritual Growth/Religion
- Teamwork
- Tolerance
- Tradition

TEACHING FINANCIAL STEWARDSHIP AND LITERACY

A useful way to communicate the virtues of thrift and saving can be seen in how one set of parents who founded a profitable business explained their success to their children. They were very open about their finances. These parents wanted to impart how important the concept of saving versus instant gratification was to their development. They related how during lean years in their business only savings got them through. They also demonstrated through their own lifestyles and material possessions how they lived below their means by the size of their home, the modest cars that they drove, and the simple, inexpensive family vacations that they enjoyed.

When their oldest son turned 12 he wanted an iPad. The parents let him get one, but only with his own birthday money and savings from allowance. Though upset initially because his peers were given iPads by their parents, he felt pride in having earned it. When next he wanted a smart phone, the parents agreed to pay the basic line charge, but said that he'd have to be responsible for both the purchase of the handset and the \$30 monthly data charges.

These parents did not hide their wealth. To the contrary, they were very open about it with their children. They even shared important aspects of the family budget and how they managed their modest domestic overhead. By avoiding having the self-indulgent lifestyle that they could easily afford they clarified their values and integrated them into family life. They were then able to pass them on to the next generation, despite levels of openness that might make other parents very uncomfortable.

MAKING SURE THAT YOUR FAMILY VALUE SYSTEM SURVIVES YOU

Ultimately, then, values are instilled in the next generation when parents identify for themselves their own values, live by them, communicate them to their children, and create relevant, shared experiences. If the parents do an exceptionally good job the children will teach them to their children. This can perpetuate a virtuous cycle that institutionalizes the family value system on a multi-generational basis.

But remember that we are mortals, after all. How can we take steps to ensure that the children's value-based education continues if we do not survive through their formative years?

Carefully choosing persons who share your values and nominating them in your wills should minimize the chances that your children will be raised by someone who will corrupt the good foundation that you built during your lives. Working collaboratively with your spouse and even your young children to construct a family value statement will memorialize the important virtues that you would like to see fostered after you're gone. And carefully constructing value-based language in trust instruments and perhaps even an "ethical will" may provide a principle-

driven wealth management and distribution system that will continue to support, rather than undermine, positive character traits through the lives of your children and future generations.

More on these and related topics can be found in the following McDonald & Kanyuk, PLLC values-based estate planning publications available for download at www.mckan.com:

- Amy Kanyuk, ***Working Hard for the Family: Using Incentive Trusts to Motivate Beneficiaries***, January, 2012
- Joe McDonald, ***An Estate Planning Blind Spot: Choosing Guardians for Minor Children***, New Hampshire Bar Journal, January, 2007
- Joe McDonald, ***Important Considerations in Choosing Guardians for Your Minor Children***, January, 2007
- Joe McDonald, ***The Ethical Will: Passing Down Both Value and Values***, November 2013
- Joe McDonald, ***Sample Family Values Statements***, November 2013