

HOW PREPARED IS YOUR FAMILY TO INHERIT?

By Mark Borkowski

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The baby boomers have grown up in a very favourable financial period in history. They have reaped the rewards of the solid foundations that their parents laid through struggling and often overwhelming times. The boomers' hard work, determination and conservative approach to money were great contributors to their success.

In a recent discussion with Mark Landers, Managing Partner of The Northridge Financial Group, he mentioned some interesting challenges for this generation and their families over the coming years. "It appears that the future of wealth will be very dependent on the success of transitioning these assets as opposed to how they were created. This creates a very daunting obligation as to how to best serve both society as well as the next generation."

It has been said that over \$60 trillion of wealth will be changing hands in the next 40 years. This speaks volumes not only to the success but also the opportunity that is in front of us. "Despite this

staggering amount of money, only 50% of people in North America have a proper written will. This continues to astound me," says Landers.

Typically high net worth individuals tend to do work more closely with professional advisors. So perhaps the 50% figure is lower in this segment of the population. However, from discussions I have had with colleagues who work closely in this discipline with business owners and executives, there is a considerable amount of well educated, very successful, family focused people with exceptional compassion and integrity that cannot come to terms with ensuring their affairs are in order in the event that they did not wake up this morning. Very often time is their biggest objection to not completing their planning. When reflecting on the occurrence of this oversight Landers says "I have now come to terms with the fact that most people spend more time planning the yearly family vacation then planning for their financial future."

There is one other segment of this community that comes to mind. I take my hat off to them. These people are very diligent towards



their attention to their finances and have spent a considerable amount of time ensuring their affairs are in order no matter what happens. This takes a great amount of work and effort. Some of them have done some fantastic planning, experience great returns on their investments, are maximizing tax deductions, maybe they have even dodged the 'Paradise Papers' and have restructured their French villa to be owned by the off-shore holding company.

From a financial and tax perspective: a job well done. However, one thing that astounds me in this space is how much time they have spent 'preparing the money for the kids' but how little time they have spent 'preparing the kids for the money'.

The biggest challenge of all is ensuring that when you walk out of the room, and your wealth walks in, that the recipients understand the reasons why it is now theirs and how it was created. Also,

what is required of them to ensure that what they do with it benefits society and the communities where we all live. There are countless examples out there today, of big name celebrities and other small name 'internet heroes' that live a life that many would consider an embarrassment to the wealth in which they have come into. It is important that the next generation also embraces keeping the family together. "Family wealth distributed in the wrong fashion can rip a family apart and potentially lead some members down a very challenging path emotionally, physically and sometimes psychologically," says Landers.

How do you solve these issues? Landers mentioned that the answer is communication. "The key step

after a well-documented and structured estate plan is family discussions to communicate why," he says. This also can feel challenging. Many people feel it is in their best interest to keep their wealth private as their kid's may "take their foot off the gas" when pursuing their own goals. This mindset needs to shift, as there has never been a time in history where communication around wealth has been so important.

I once was told by a very wise woman (my mother) to ensure I

put my toys away and clean up once I was done playing with them. I even recall once forgetting to do this at a friend's house and not being allowed to visit again for a month. I am sure this is a common message in most households. When I reflect on this, between our kids and our finances are there any bigger items (toys) of importance in our lives? Let's make sure we clean things up when we are done.

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We do this through the development of deep relationships with our clients to help simplify their lives by achieving clarity on their Vision, Values and Goals.

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Mark Landers is the Managing Partner of Haunn Landers & Co. a boutique planning firm in Mississauga Ontario, committed to making a difference in clients lives and the communities we live in.

