

Instilling Family Values in Children

Most parents want to transfer their deeply held values to their children. Whether it's a sense of personal responsibility, generosity to those who are less fortunate, an appetite for risk, the pursuit of education or other personal traits, parents generally want to instill within their children the values they strongly believe in. While most, if not all, parents strive to accomplish this, wealthy families often feel a particular urgency, because they appreciate how fortunate they are and understand what's necessary to maintain the wealth they've achieved.

Values guide decision making, and can be a particularly essential compass during challenging times. A laid-back attitude in a child of middle-class or working-class parents can be maintained only until work becomes a financial necessity. On the other hand, families with significant financial means are often concerned that even ambiguous knowledge of the family's assets might turn an average laid-back child into an unmotivated and dependent child. This type of situation is frequently caricatured in popular culture and done in a way that disrespects the many hard-working parents whose determination, perseverance and entrepreneurialism have brought them great financial reward.

Parents who are wealth creators, but who grew up in more modest circumstances, know firsthand the value of hard work and determination. By contrast, children who grow up with wealth know only the more affluent world that surrounds them. Sometimes, when parents desire to give their children a "better" life than they had, they may inadvertently feed an unhealthy sense of entitlement and dependency (although this often is done with the best of intentions).

Instilling good solid values in the next generation should be viewed as a long-term process and not a single event, and is most effective when parents clarify and live by these same values.

(continued on page 2)



Instilling Family Values in Children

(continued from page 1)

STARTING YOUNG: SMALL PHRASES AND SIMPLE ACTS

What can you do to begin developing a 1- or 2-year-old into a responsible steward of wealth? You can start to build character and instill basic values in young children by teaching them fundamental, universally held values.

For example, teach your children to say “Please” (to show respect for and awareness of others’ needs), “Thank you” (to demonstrate gratitude) and “I’m sorry” (to show remorse and respect for the feelings of others). Another example is to impart the value of responsibility by having your children carry their “sippy cup” from the dinner table to the kitchen sink. This sends a strong message that they are responsible for themselves and expected to contribute to the family. These may seem like small behaviors, but when done with consistency, they are the building blocks for instilling more complex values down the road.



WALKING THE WALK

As parents, do you know what your primary values are once you go beyond the basics of “please” and “thank you”? Some of us go from day to day acutely aware of our values and make a strong effort to live by them; others may not think of them much. Some people can tell you what their values are, but do not live by them and even contradict them.

If you are not walking the walk, many key teaching opportunities will be lost. Even individuals who are most passionate about their values will, with some honest introspection, find that there are usually lapses and contradictions; this is human. What is important is that you try hard to identify your values, and live by them as much as possible.

TALKING THE TALK: ARTICULATE VALUES CLEARLY

While walking the walk is important, it needs to go hand in hand with ongoing conversations with children about what’s important to you and why. These conversations need to be developmentally appropriate.

For example, talking about the values of sharing and helping with a 4-year-old might focus on how nicely your child shared his or her shovel at the beach with a child who didn’t have one. Then a link can be drawn to adults in the world who do not have things they need each day, and how other people in the world (adults and children) help through charity and volunteering. Teenagers are often incredibly thoughtful about social issues and keen on accepting an opportunity to make an impact. (See the simple family exercise in the sidebar on page 3 for a useful way to start a conversation of this nature.)

Instilling Family Values in Children

(continued from page 2)

IT'S NEVER TOO LATE

Even if you can't make a quick list of what you value most, it's never too late to clarify those values in your own mind, use them to guide your own behavior, and discuss them with your children. Even self-obsessed, parent-avoiding, text-loving teenagers can be brought into the fold.

You may want to talk to them about what caused you to stray from your ideals, acknowledge that you sometimes live your life in ways not completely respectful or representative of your values, and that you are striving to be and do better. Share examples of these mistakes as teachable moments arise naturally.

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. Teenagers are notoriously passionate about nearly everything, so find something they value or want to change in the world and work together on integrating that value into your life.

THE NANNY CONUNDRUM

If both parents work and are quite busy with successful careers, they often need to rely on others to help care for and raise children. Nannies are commonplace for these families and effort must be made to clarify with a nanny the values parents are trying to instill in their children.

For example, the parents of a 3-year-old noticed that their nanny kept cleaning up their child's toys and taking all of his dishes to the sink after meals. They had asked the nanny to encourage the child to do what he could, and then they could clean up the rest together. When the parents discussed this with the nanny, she admitted feeling she was not earning her salary and felt guilty asking the child to do these things. After the parents more fully explained what they were trying to accomplish, the nanny felt much more comfortable following through.

STARTING A "VALUES" CONVERSATION:

One way to start a conversation about values is to get together as a family and each pick your top three values. For each value, take turns describing one way in which you live by that value and one way in which you fall short. Finish by committing to one change you will make to more closely live by your top values.

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

- Tradition
- Tolerance
- Spiritual Growth
- Education
- Risk
- Responsibility
- Recognition
- Power
- Social Action
- Pleasure
- Personal Growth
- Opportunity
- Obligation
- Loyalty
- Leadership
- Justice
- Integrity
- Innovation
- Helping
- Friendship
- Freedom
- Family
- Equity
- Courage
- Effectiveness
- Compassion
- Community
- Financial Success
- Peace
- Teamwork
- Fitness
- Civility

Instilling Family Values in Children

(continued from page 3)

Note that these types of discussions can also help guide caregivers in entirely different situations, but where you are trying to impart certain values to your children.

TEACHING THE VALUE OF MONEY

Another example of how to impart values can be seen in the way two parents who created a successful business dealt with their children. They were very open about their finances, and wanted to share how important the concept of saving was to them. They related tales of downturns in their business when only savings got them through. They also walked the walk in terms of material possessions by living below their means when it came to the size of their home and the modest cars they drove.

When their older son turned 12 and wanted an iPad, they let him get one, but only with his own birthday gift money and savings from allowance. Though frustrated initially (his friends were given things like iPads by their parents), he felt a sense of pride in having bought it himself. When he wanted an iPhone, the parents agreed to pay the basic line charge, but said that he'd have to be responsible for the \$30/month data charges and for buying the iPhone itself.

These parents did not hide their wealth and were actually exceptionally open about it with their children, going as far as sharing tax returns. By clarifying their values and integrating them into family life through discussion and observable choices, they were able to pass them on to the next generation, even amidst levels of openness that could make other parents very uncomfortable.

Ultimately, values are instilled in the next generation when parents clarify their values, live by them, communicate these values to their children, and create relevant, shared experiences.

By Jeff Savlov, Founding Principal, Blum & Savlov, LLP, Family Business Consulting*, and James M. Kittler, Director, Family Office Group, Rothstein Kass.

For more information on this article, and for services offered by Rothstein Kass, please contact James M. Kittler at 617.849.6512 or via email jkittler@rkco.com.

* Blum & Savlov is a consulting firm serving family businesses, high-net-worth families, family offices and their advisors, with a focus on balancing family dynamics with ownership and management of shared assets across generations.



EFFECTIVE WEALTH

Managing Editors

Evan Jehle, CPA, PFS
James M. Kittler

Contributing Editors

Jeff Savlov

Rothstein Kass Locations

Beverly Hills | 310.273.2770

Boston | 617.849.6500

Dallas | 214.665.6000

Denver | 303.675.0666

Grand Cayman | 345.949.6333

New York | 212.997.0500

Roseland | 973.994.6666

San Francisco | 415.788.6666

Walnut Creek | 925.946.1300

www.rkco.com

Copyright 2013 © Rothstein Kass

All rights reserved.

The information provided in this newsletter is being provided with the understanding that it should not be construed as legal, accounting, tax or other professional advisor services. The contents are intended for general informational purposes only and it should not be used as a substitute for consultation with professional accounting, tax, legal and other advisors. Before making any decision or taking any action, you should consult your own qualified professional advisor. In no event shall Rothstein Kass, its officers, partners and employees be liable to you or anyone else for any decision made or action taken in reliance on the information provided in this newsletter. The information and content provided in this newsletter is owned by Rothstein Kass and should only be used for your personal or internal use and should not be copied, redistributed or otherwise provided to third parties.

In order to comply with U.S. Treasury Regulations governing tax practice (known as "Circular 230"), you are hereby advised that any tax advice provided herein was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of (i) avoiding U.S. federal, state or local tax penalties, or (ii) promoting, marketing, or recommending to another party any transaction or matter addressed herein.



A member of AGN International Ltd, a worldwide association of separate and independent accounting and consulting firms.