

V A L U A B L E S

Ideas, Systems and Strategies for Managing Family Wealth to Fulfill Your Greatest Values.

About *Valuables*.

Many financial advisors focus on communicating with clients to provide complex analysis of the investment markets and economies. However, we have learned that most clients are not particularly interested in this complex analysis. Most clients hire an advisor for their knowledge of the markets, not for their ability to explain that knowledge. Most want to know what time it is, not how to build a watch.

Experience has taught us that wealthy families care most about using their wealth as a means to a desirable end, which is to achieve a more satisfying, fulfilled and impactful life, and to fulfill their most important Life Values.

Valuables. is a periodic article series focused on the concepts, systems, and habits which we have observed among families who have been successful in this quest to use their wealth as a tool to live a life of significance. The most successful families share a set of habits, systems, and insights which enable them to use their wealth as a tool to fulfill their Values and what is most important to them.

We are naming this article series *Valuables*., because it will provide an exploration of those habits, systems, and insights. We hope it will help you to consider your assets and possessions which are most valuable to you, and how you can use your financial wealth to enhance and cultivate your true "Valuables".

What You Pass On

By Erik Strid

When I want you to consider making your life one long gift to others. And why not? All you have is on loan, anyway. All that lasts is what you pass on. Giving is a way of taking the focus off the money we make and putting it back where it belongs—on the lives we lead, the families we raise, the communities that nurture us.

A life of giving—not just money, but time and spirit—repays. It helps us remember that we may be going out broke, but right now we're doing O.K. Right now we have the power to do great good for others and for ourselves.

So I ask you to begin giving, and to continue as you began. I think you'll find in the end that you got far more than you ever had, and did more good than you ever dreamed."

— Stephen King

The purpose of our *Valuables*. article series is to provide readers with specific insights about the concepts, systems, habits and values which we have observed among families who have been successful in their quest to become financially wealthy, and to use their wealth as a tool to live a life of great Significance. It is our goal to identify the common strategies and principles which enable families to use their wealth as a tool to fulfill their values and what is most important to them, and *Valuables*. is an attempt to share that knowledge and understanding.

In our experience advising families, there is one trait that clearly stands out as the most common characteristic of wealth creators and their families: Wealth creators embrace Contribution and Philanthropy as a core value, and most important principle for living. Most wealthy families intuitively recognize the need to use their wealth as a tool to give back, and to help make the world a better place, and they tend to place a high value on their philanthropic efforts and commitments.

Indeed, our experience suggests that many successful people believe that they have an equal "silent partner" in their success, which is their God, the Universe, or some other benevolent force which has blessed them with the ability to use their capabilities to create wealth and abundance. Many wealthy people see their money as a sort of spiritual stewardship: they are the stewards and caretakers of their wealth, and they have an obligation to use it to help others and improve the world, along with their own enjoyment of their wealth. In many ways, philanthropy is an expression of our gratitude, and a way of "paying it forward". As a result, wealthy families from the Rockefellers, to the Fords, to the Carnegies have been famous throughout history for their generous commitment to Philanthropy.

Entitlement or Gratitude

For some wealthy philanthropists, charity simply takes the form of writing a check to contribute financially to the causes that are important to them. However, it has become more common among successful wealth creators to take a more active role in their philanthropy, and to share their time and talents as well as their treasure. Many have even become interested in the concept of “Entrepreneurial Philanthropy”, a model which demands of charitable institutions the kind of innovative, efficient and effective management that an entrepreneur would use in building and growing a successful company. In many ways, wealthy families today are taking an extremely proactive approach to their charitable commitments.

Many of these active philanthropists also understand the importance of making a meaningful effort to teach their families about charity and contribution, and to install philanthropy as a core value to their children and grandchildren. We have also observed that there is a very high correlation between a family's charitable culture, and their ability to create intergenerational wealth and stewardship. Interestingly, it seems that the more we teach our children to give to others, the greater chance they will have of becoming wealthy themselves.

This correlation may be related to an important danger or challenge for wealthy families:

One of the major dangers that wealthy families face is that their inherited wealth will “spoil” their children, and will stand as an obstacle in their successful development as high impact humans.

One of the primary reasons that family wealth can become an obstacle to the successful development of future generations is that children who are raised in a world of wealth and abundance are at risk of developing ***an attitude of entitlement***. They have no appreciation for the value of the abundance around them or the hard work that it took to create it, so they take wealth for granted. Families who successfully replace ***entitlement*** with an attitude of ***gratitude*** teach future generations a deep respect and appreciation for the many blessings in their lives, and the hard work required to create those blessings. Because philanthropy is the ultimate expression of gratitude, it may be a wonderful tool in the effort of replacing entitlement with gratitude and appreciation.

Family Philanthropy is a very common habit and tradition of families who are successful and wealthy over many generations. High Impact families know that it is important to instill charity and philanthropy as a core value in the

development of their children and grandchildren, and take an active role in involving future generations in philanthropy. There are many ways to accomplish this training and to establish this habit, from a Family Foundation to a Donor Advised Fund, to other informal structures. However, the important ingredient is to make contribution and giving a “Family Affair”.

Family Contribution Systems

Family Contribution Systems can range from the complex and expensive structure of a Private Family Foundation, to much simpler and cheaper programs. The important ingredient is not the amount of your giving or the complexity of your charitable tax planning, it is the effectiveness of your plan in impacting and involving your entire family. To demonstrate this, I offer a simple outline for a Contribution System that I have implemented in my own young family.

In the Strid family, we have established a small charitable fund called the “Strid Charity Account”, which is simply a small bank account which is funded with a small amount per month from our income, to finance our family giving. Once per quarter, we schedule a family gathering for dinner at which Emma, Max, and Carter are called upon to act as stewards of the “Charity Account”

Our quarterly family dinner provides us with an opportunity to formally integrate Contribution as a core value in our family and our children. At the dinner, we begin by talking in detail about our gratitude for the many blessings that we enjoy, and remembering those who are not as fortunate as we are. Each of the children is called on to talk about something that they have felt especially grateful for in the last quarter. We then talk about our obligation to share our blessings with others, and that “To Whom Much is Given, Much is Expected”. We also talk about the phenomenon that giving usually benefits the giver even more than the receiver; that there is a wonderful kind of Karma that happens when you give of yourself to do something nice for others, that good things tend to happen to you as well.

The final item on the meeting agenda is for our children to act out their responsibility as “Board Members” of the Strid Charity Fund, by making decisions about our financial charitable commitments for the coming quarter. Each child is given the opportunity to allocate a small amount from the fund for that quarter, to any cause or charity they choose. The only requirement is that the contribution must relate to something that is personally meaningful for them, and that they feel would make a significant difference in the world.

Exploring and discussing possible charitable contributions with each of the kids has been among the most fulfilling and meaningful parenting experiences. My wife and I are constantly amazed at how creative and thoughtful our children are about coming up with impactful Contribution ideas. Typically they choose something that is personal and meaningful to them, and often not a formal “charity” – it is usually a thoughtful idea about doing something nice for someone they know personally.

For example, one quarter Max made a donation to Breast Cancer research in honor of his teacher from school who had just been diagnosed – she was incredibly touched with emotion when she received the notification of his gift. This fall, Emma used her contribution to shop for school supplies for a young underprivileged child we know, and had a fantastic day together at the mall. This Thanksgiving Carter used his money as the “seed money” for a fund he started and asked others to contribute, which helped to feed 285 families for Thanksgiving.

Case Study: Philadelphia Ronald McDonald House

Of all of the contribution ideas our kids have implemented, there is one that clearly stands out as the most meaningful experience we have had in implementing this program. Last summer, Carter decided that he wanted to use his money to sponsor an Ice Cream Truck to visit the Philadelphia Ronald McDonald House to buy ice cream for all of the families staying there. Carter’s grandmother is a board member at the House, and he felt it would be important to do this in her honor.

On a hot Monday night in August, we packed all of our kids into the car and drove down to the Ronald McDonald House to meet the ice cream truck, and help with the effort to treat everyone to a little ice cream. Our children ate in the dining hall with the families staying there that night, then at the end of dinner walked around to every table to invite the families outside for an ice cream, and then escorted the group out to the parking lot where there was an ice cream truck waiting.

There were several moments that night that gave my wife and me an enormous feeling of pride and fulfillment and gratitude for the evening. My mother in law joined us for the evening, and was obviously touched by the gesture our Carter had made for her. Carter was made an immediate celebrity as word got around among the House staff and resident families that he was responsible for the treats – he was even interviewed for a film on their website and which was also aired on TV. His sense of pride and accomplishment was obvious.

Most importantly, we were impacted the most by watching our kids interact with the sick children who they interacted with at the house. Emma met a 2 year old child with leukemia who was in a wheelchair and so sick he couldn’t leave the house, so she ran outside to get him an ice cream, special delivery. Max met 2 little girls who were scheduled for surgery the next day to repair their disfiguring scoliosis, and made immediate friends, treating them in a caring, gentle and friendly way. Carter spent time talking with a young couple whose child was extremely sick with cancer, giving them a brief distraction from their worries. In all, I was amazed to watch my children as they encountered these families and sick children, and treated them with such great respect and gentle care, taking pride in their ability to provide a little bit of happiness in their day.

We were proud that the Ronald McDonald House featured the photos of the day, as well as the video of Carter’s interview, on their Facebook and Flickr pages:

[RMD Facebook video of Carter](#)

[RMD Photos on Flickr](#)

Proactive Contribution

For most people, charity and philanthropy happen in a reactive way. A telephone solicitor calls us at the dinner hour asking for a contribution to the cause du jour. A business associate asks us to lunch to make a financial commitment to support their pet cause. Very often we allow ourselves to be committed to a small contribution, to buying a table at a gala, or to take a foursome in a golf outing because we feel obligated, even when we have no emotional connection or commitment to the charity in question. How many of these causes for which we are solicited actually match up with the social issues that really matter to us most? Very few, because reactive giving is about Someone Else’s Cause - We give reactively simply because we are asked, and because we don’t want to appear rude.

Building a *Family Contribution System* enables a family to become proactive in making commitments, and to reap the joyful benefits of making a difference with commitments that are meaningful to you. Our system has helped our family to become more thoughtful about our giving, and to focus our financial commitments on causes and social issues that we are passionate about, and which give us great joy and satisfaction to help. Importantly, it also gives us a platform for teaching our children the value of contribution, and how they can make a proactive difference in the world as well.



Ice Cream Truck Visit at Chestnut Street



Check out photos from Mr. Softee's visit to our Chestnut Street House. 11-year-old Carter -- with the support of his parents Karen and Erik Strid of Bryn Mawr, PA -- organized an ice cream truck visit to our Chestnut Street House on August 13 so that all of the families could enjoy an evening of delicious summer treats. Four times a year, Carter and his younger siblings Max and Emma decide what charity they would like to support and in what way, and this time Carter picked the Philadelphia Ronald McDonald House. Carter picked the House because of his grandmother Anne Scardino's long time involvement at the House as both a volunteer and a board member. Thanks Carter!

Items are from 13 Aug 2012.



It doesn't take a lot of money to do this, and to teach your children or grandchildren these same values. It is also not necessary that this program only be implemented with very young children. Family philanthropy can be instituted with college – age or grown children as well, and provide a wonderful opportunity for the family to gather together and reconnect throughout the year. All it takes is the discipline to start a new tradition, and stick with it. We hope that you will try something similar, and we are at your service to help you to build this system for your family as well!

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Disclosures

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