

# The importance of engaging the next generation of millennials

By: Ruth Steverlynck and Deena Chochinov\*

## Money is in motion.

The biggest wealth transfer in history is set to take place. The enormous transfer of wealth has been the subject of much debate and publicity. Studies have attempted to quantify the magnitude of the wealth that will transfer between generations. In Canada, it is estimated that a trillion dollars will transfer over the next 20 years. In the U.S., the figures are much higher with some estimates in the range of \$41 trillion US. **(BMO Wealth Institute)**

Traditionally, planning for wealth transfers within a family only involves the wealth holders and their trusted advisor(s). The process typically is very well intentioned, thoughtful and based on the wealth holder's core values, without any input from those who will be affected by the plan.

However, when it comes to planning for millennials (those born between 1981 and 2000), this traditional approach may no longer be effective. Planning *with* millennials rather than *for* them is likely to achieve far more impactful outcomes.

### Why do millennials like to be involved?

**Ruth:** Deena, can you share why millennials favour engagement?

**Deena:** First, it helps to understand a bit more about the millennial mindset. Millennials, more so than any previous generation, are characterized by their team orientation, rather than their individualism. They typically favour egalitarian ways, not autocracies. They are oriented towards collaboration, working together, and service. They want to be part of something "big" – something with meaning and purpose.

Each generation is defined by the social and economic environment that shapes their life experiences. Millennials are a generation that has grown up in a highly protected environment, in an era of increasing safety measures and constant supervision. They have grown up being protected from 'unpleasantries' and sheltered from disappointments, in a society where everyone is a 'winner' (everyone on the soccer team gets a trophy.) They love to be included and valued, and believe that together, greatness can be achieved. They show high tolerance for diversity and love knowledge and learning.

Interestingly, millennials manifest high levels of optimism. In Canada, we call this generation the "heart" generation.

### How can wealth holders plan transitions of wealth to their millennial children?

**Ruth:** So, knowing this about millennials, what can wealth holders who are planning transitions to their "millennial" children do?

**Deena:** My work over the past years informs my view that millennials, because of the way they have been raised are far more in line with their parents' values than most other generations have been. They invite, crave and almost demand to be included in legacy conversations where their contribution and effort will be integral to successful execution. Generally speaking, excluding millennials is a missed opportunity. They want to be 'in the know'; inclusion is key for millennials and this means a more open and collaborative planning process.

### Plan *with* the family rather than *for* the family.

**Ruth:** I love this idea of planning with the family for successful transitions. But, isn't it true that we as human beings are hard wired not to think about death and loss? And yet planning conversations around wealth transition almost forces confronting an area that we typically avoid, even deny, and are reluctant to do anything about. So how do you help families engage in what could be a sensitive and difficult topic?

**Deena:** I think the most important work that families can do is broaden their definition of wealth. If wealth equals money, then the conversation becomes "*what happens to the parents' money when they die?*" and chances are, not many families are going to want to have that conversation.

## Families need to broaden their definition of wealth

The solution is to change how we define wealth. It starts by families asking themselves some important questions like: *What do we stand for? Who are we as individuals? What are our values, and shared hopes and dreams?* Suddenly the conversation becomes deeper and more engaging, stimulating both a need and a purpose to discuss wealth.

### TIPS

#### Follow this framework of Five Capitals

**Human Capital** — values, ethics, relationships, personal growth

**Intellectual Capital** — what we know/learn, mentoring, coaching

**Spiritual Capital** — shared vision and purpose

**Social Capital** — what impact we want to have external to our family

**Financial Capital** — our assets, financial literacy etc.

**Me** = Human Capital

**We** = Intellectual Capital

**Me and We** = Spiritual Capital

**Others** = Social Capital

**Wealth Wisdom** = Financial Capital

## 5 ways families can get started

**Ruth:** So how can families get started?

**Deena:** Here are five ways families can get started.

### 1. Have trusted advisors

Trusted advisors play an important role in broadening the definition of wealth, and helping their clients think more holistically about family wealth. They can be brokers of trust between generations, encouraging the conversations that need to be had. Advisors are also in a unique position to bring together the two generations in meetings about a family's assets, which addresses millennials' desire to both learn and be included, and can help normalize involvement of the next generations.

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## 2. Hold family meetings

Family meetings work best when thoughtfully constructed to ensure that all are included. Otherwise, the purpose of getting the family together may be defeated. The family can start to invest in their 'Five Capitals' by asking the following questions:

- What are our shared hopes and dreams for the future?
- How can we perpetuate the values that we share?
- What are we doing to support each of our family members realize their hopes?
- What are the family stories that we want to share?
- What skills and knowledge do we as a family need in order to be able to live well with the financial wealth we are blessed with?
- What impact do we want to have in our community, our country, our world?

## 3. Engage in family learning

Going to a conference together as a family or attending an event through an organization like Family Enterprise Xchange ([family-enterprise-xchange.com](http://family-enterprise-xchange.com)) can be a wonderful starting point. By learning together with other like-minded individuals, families can find a common language to advance much needed conversations.

## 4. Embrace philanthropy

Millennials are "purpose hungry"; they share a passion for meaning. What better way to engage such a generation than invite them into discussions around family giving? This involvement can start at a young age and serve as a wonderful platform for fostering the skills, knowledge and expertise needed to live well with wealth generally.

## 5. Seek help

People go to great lengths to seek help and guidance in creating and protecting wealth. And yet, when it comes to passing on wealth and matters of the heart like loved ones, children and families, people often choose avoidance rather than guidance.

Transitioning wealth well is hard work and *heart* work. It is okay to ask for help in navigating the complexity of successful wealth transition to the high energy, enthusiastic "heart generation".