



Bridging The Generation Gap: What is the Wealth For?

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Significant wealth and family dynamics are always complex, but some aspects don't change from generation to generation—or from continent to continent.

I was reminded of that during a recent trip to Sydney. Speaking at an event with a number of wealth holders and wealth inheritors, I had numerous conversations I've heard repeated again and again in the U.S., Europe and Asia. They go like this: Wealth creators say their children are aimless and lack their passion and direction. Family money, they say, has made their adult children soft. They bemoan the fact that the children lack “motivation.”

For their part, adult children complain that their parents are too controlling. The children say they are passionate about their ideas and their future, but their overbearing parents are unwilling to help them use a small portion of the family fortune to change the world or fund their projects.

Watch a [video interview](#) of Charles Lowenhaupt discussing the generational wealth gap.

In essence, both sets of complaints are really different sides of the same coin.

So Much Frustration

The specific challenges I hear from wealth creators and wealth inheritors fall into two broad categories. First, wealth creators ask how can they raise children to be successful. As important, what can be done about the child that isn't motivated or living up to their potential? Second, wealth inheritors ask what they can do when parents force them to lead lives controlled or proscribed by their parents.

Curiously, both of these questions are often posed in the context of the family business or the family wealth. Case-in-point: An 80-year-old wealth creator still running the family business says

he would hand control of it to his son if only his son would straighten out. Or, the 40-year-old son of a matriarch controlling the family business says he is uninspired to work because he is not in charge. Indeed, each condition negatively feeds on the other.

The situation is not hopeless, if both sides start with the operative question: “What is the wealth for?” I once posed this question to a very wealthy man, who responded incredulously, “What are my options?” He never thought he had a choice. In fact, whether it is family wealth or dynastic wealth, the process always starts with that critical question and the answer is always the same: Wealth is for self-actualization. It is for ensuring that every member of the family can become all he or she can be.

A Way Out

The self-actualization of the wealth creator is a good place to begin in thinking about what the wealth is for. More often than not, he or she had a vision and passion that ended up creating wealth. Whether that was starting a newspaper, creating social connections through technology, or helping a country industrialize, that passion was rarely just to make money. The wealth creator was building something important and poured every ounce of energy into it.

As a result, wealth creation generally results from a passionate journey with a vision. That vision is rarely about creating wealth even though it results in wealth. However, when the wealth creator is at the “destination”—having large amounts of money—the wealth creator and his or her family frequently becomes defined by the money, rather than passion. The original vision gets lost amid the wealth. His or her legacy is now being rich and that is the legacy he or she wants to impose on their children. How to preserve the wealth or enhance it becomes the focus. The children are expected to pursue that goal, too.

Here’s another telling example that illustrates the point. A man who took over a family’s brick-laying business eventually turned it into a huge conglomerate. He sold it and told his children that the wealth was “family wealth.” However, they couldn’t benefit from any of it until they proved they could also make large sums of money—a tall order, for sure. As a result, the children seemed aimless and somewhat hostile. The father could not understand why they were not motivated. In reality, his accomplishment was only incidentally about making money. His wealth was created

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when he had found himself in mid-stream of a growing economy and effectively fulfilled its needs. Yet, he was telling his children to be passionate about making money. By keeping them from having financial security (“I buy them any house or car they need and take them on family vacations”), he was leaving his 30- and 40-year old children feeling completely dependent and insecure.

Likewise, the daughter of a man who ran a family business said her father controlled her every move. She was not given the freedom to lead the business nor her life. “I am controlled by my father in every respect,” she said. She couldn’t make a decision about the business without being second-guessed. She even had to join her father on family vacations. “How can I change him?” she asked me.

I pointed out that it is never “easy” to change a parent, but control requires two willing participants. A parent should want to raise children who self-actualize—who can become all they can be. And children need the freedom to self-actualize and do so passionately. The adult child who wants to be an artist should not be told he or she must become an executive of the family business. That individual cannot allow himself or herself to be forced into a role. In the extreme case, a parent who exerts too much control will force separation and estrangement. I am told that the only son of one of the wealthiest people in Asia was being made miserable trying to accede to his father’s expectations. His father was controlling him by using money and legacy of family service. To earn money, the son was obligated to work under his father in the family business, and he eventually walked away. At age 30, he joined a monastery and took a vow of poverty, leaving his father alone and unfulfilled but putting himself in a place where he could pursue his cultural passions.

Mutual Understanding

So how can parents and children resolve these issues? Through mutual understanding about what wealth is for.

A battle in which one side wins and the other loses does not remove the fear of raising a ne’er-do-well child or the resentment of a controlling parent. Communication can take family members only part way. In reality, there needs to be an understanding that wealth is for self-actualization and that self-actualization is a journey. The wealth creator can do much good for family relations by validating the importance of self-actualization as a journey by looking at his own road to success. More often than not, that journey still lies in the soul of the wealth inheritor, and he or she should feel free to share with family. It will likely be well-received.



Once self-actualization is recognized as the real purpose of great wealth, the wealth creator must give his child financial security. The studies show that financial security is fundamental to self-actualization. The mistake is in saying, “I made it on my own. My kids should do the same.” In my experience, that is almost a guarantee that the child will feel manipulated and resent the parent.

Instead, the parent needs to define his own accomplishments in terms of vision and passion, not money. And the parent needs to help the child find optimism, possibly by encouraging the children to participate in community through volunteerism or philanthropy. Wealth rooted in community always has a positive impact for the individual and community.

The parent also needs to live with the risk that the child will fail. Having the freedom to fail is wealth with freedom. Parents may instinctively want to be protective of their children, but it can deprive the wealth inheritor of the most important lessons in life. How do you teach your children to ride a bike? You let go of the bike and expect the child to fall.

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For their part, adult children must recognize their own responsibility in achieving self-actualization. When control is smothering the individual’s ability to develop, he or she should follow the model of the aforementioned monk and redesign his or her life so that they cannot be controlled. He or she can do that by changing their lifestyle or by moving away from the need for the wealth the parent is dangling. Let your parent pursue a passion, but make sure that passion does not limit yours. Consider the family “legacy,” which can be revised in each generation, so that it can allow you to be part of that legacy by becoming all you can become.

Parents and children looking at different sides of the same coin can usually solve the problems of “motivation” and “control” together. Recognize that how you raise your child and how to deal with your parent are really very similar issues. The key is recognizing and respecting an individual’s journey to become a full person. Encouraging self-actualization and chasing one’s passion will solve most family problems and allow several generations to live in harmony.

Charles Lowenhaupt is Founder and Chairman of Lowenhaupt Global Advisors, a family office with a 100-year legacy of working with individuals and families of significant wealth. He is also co-author of the book, Freedom From Wealth by McGraw-Hill.

Lowenhaupt Global Advisors: A 100-Year Legacy

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We have managed wealth for generations of families by integrating all components of wealth management—investment advisory, tax and estate planning, risk management, fiduciary services, family governance and philanthropy. Through seamless coordination of your advisors, we transform wealth into a source of satisfaction.

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