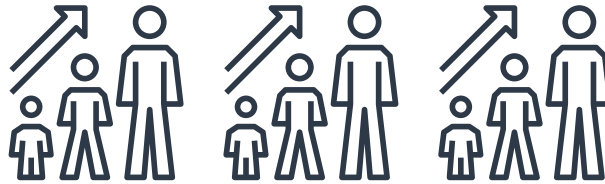


Hungry, Productive and Compassionate: *Raising Children into Wealth*

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Key Takeaways:

- Raising children to have a healthy perspective about family wealth is an ongoing process, not a one-off, check-the-box conversation.
- Lead by example and help your children see and experience how to live appropriately with wealth.
- Remember, there's no "right" way to raise children. Every family has a different dynamic; trust your instincts.

During a conversation with a friend of mine, she mentioned she wanted her children to be "hungry for living a productive life." She was concerned her family's wealth might lead her children to feel entitled, not work hard and expect everything to go their way. As a parent, you likely share these same aspirations and concerns.

So how can you raise your children to have a healthy perspective about money, work and society?

Envision your children as adults

To start, think about the traits and values you want them to possess. Anand Sanwal, CEO and Co-Founder of CB Insights, has identified four essential characteristics that he seeks and nurtures in employees, which are also important for children. He refers to them as the 4 Hs:

- Humble
- Hungry
- Happy
- Helpful

Happy and helpful are pretty straightforward. But what does it mean to be hungry and humble? According to Sanwal, hunger is "ambition, resourcefulness, scrappiness, having a get-stuff-done attitude." Humbleness is recognizing that "no matter how many nice things people say about us, we're still only 0.1% of the way towards what we could build" or be. Beyond that, you likely want your children to be productive and compassionate. Compassion helps keep them grounded. Without it, productive and hungry individuals may not fully appreciate or acknowledge the other people in the world, especially those who may be less productive or less fortunate.

Educate, empower and enable

Next, engage your children in activities and conversations that will help them appreciate and value what they have—and hopefully ward off the less-desirable characteristics sometimes associated with wealth. Ideally, this engagement should occur throughout their childhood and even into adulthood. It’s not a one-time event.

As you review the suggested actions below, keep in mind there is no “right” way to raise children. There is no better guide than your own instincts, and there is no value in comparing your child to another. Your situation and the factors influencing your family are unique, which warrants a unique approach to raising your children. There is no perfect result and no upbringing without challenges and mistakes.

With that, let’s look at some actions you can take with children of all ages:

Talk about your wealth

- Start at an early age. Talk openly and engagingly about money and the responsibilities that come with it. Listen and show respect for the questions your children may ask. Encourage them to be open with you and the rest of the family about money, especially regarding the things they hear in school and from friends.
- Be open about challenges. Discuss the expectations people may put upon you, rightly or wrongly, because of what you have (or don’t have). Educate them about quality vs. ostentatiousness.
- Discuss how your wealth was created. Emphasize the hard work done by you (and by your ancestors, if you’ve inherited wealth), and by others; the good fortune that played a role at particular moments; the challenges that were overcome and the wrong turns that were taken.

Provide opportunities

- Give children increased responsibility for money. Allowances can be good. Be sure to explain the importance of allocating a portion of their savings for charitable giving and maybe their favorite or “big” things. Teach them about simple budgeting and comparison shopping. As your children grow older, help them put away money for college, retirement, or difficult times. But avoid giving them everything they want; it can impede the hunger to earn it on their own.
- Foster independence. Give your children small and then more significant opportunities to make their own decisions while you mentor from the sidelines. They may struggle at first, but they’ll also become more confident and learn how to recover from mistakes.
- Encourage group activities. Team sports and similar activities help children see first-hand that “it takes a village” to achieve many things in life. Plus, they get to experience the satisfaction that comes from group success and helping others reach their potential.
- Grow their spirit. Mentor and involve your children in charitable giving and community endeavors. For example, you might let your teenagers select a charity of interest (and explain why) or meet with representatives from the ones in which you participate. Increased engagement can lead to increased appreciation. It also teaches them that privilege requires commitment—to the community and each other.

Lead by example

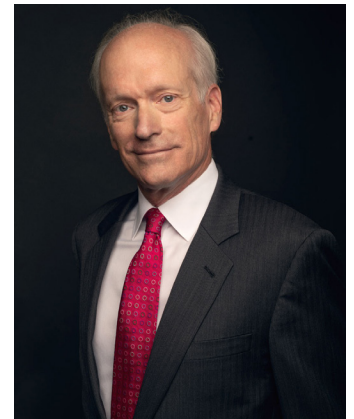
- Live the way you want them to live. At one time or another, all parents have said to their children: “do as I say, not as I do.” However, actions are more memorable than words. The more your children see you acting genuine and respectful at home, work and life, the more deeply they will get the important messages. This may have been best said by one of my friends describing someone else: “Because his parents (and grandparents) demonstrated through words and actions that they were hungry and productive, there just was no scenario where he’d be anything but.”
- De-emphasize material goods. Show your children that life is not about things but the people and the individual moments lived and shared. While money can sometimes enhance those, it cannot buy them.

One final thought: emphasize to your children that the wealth they inherit is not entirely theirs. Many multigenerational wealthy individuals want to ensure their legacy remains for future generations. This means wise use of the money today, and continuing to grow an inheritance, so it lasts. Give your children the capabilities to use the wealth you may leave them to make more. As American poet Richard Armour wrote: “That money talks, I’ll not deny, I heard it once: It said, ‘Goodbye.’” It’s doubtful Armour wrote the poem for wealthy parents, but it surely provides an appropriate and memorable message for anyone raising children into wealth.

Let’s talk

Our experienced wealth and investment advisors can work with you to help ensure your children develop a healthy perspective about money and wealth. Among other things, they can teach your children investment basics and help them become more comfortable seeking professional financial advice. Contact Cerity Partners to learn more.

Pierre is a Client Advisor in the New York office. He has more than twenty-five years founding, investing in and providing strategic growth advice to early-stage and middle-market companies, and mentoring their executives. He has advised business-owning individuals and families on the personal/ownership side and experienced many inheritance and business-ownership situations in his own family.



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