

Thought Leadership

# PREPARING THE RISING GENERATION

How do you approach working with the sometimes perceived as angry, often misunderstood, rising generation that is set to inherit family wealth?

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How do you approach working with the sometimes perceived as angry, often misunderstood, rising generation that are set to inherit family wealth? We hear from Jessica McGawley, the founder of Dallington, qualified mediator and consulting psychologist, on why specialist support for the rising generation is so important.

## YOU SAY, "PARENTS ARE GOOD AT PREPARING THE MONEY FOR THE RISING GENERATION, THEY ARE OFTEN LESS GOOD AT PREPARING THE RISING GENERATION FOR THE MONEY." CAN YOU ELABORATE?

Affluent families have invested time building a trusted network, that provides specialist advice, to preserve and advance their financial capital for the next generation. From legal counsel, portfolio structuring, and estate planning to tax mitigation and asset allocation; you name it, there will be a 'best in practice' consultant(s) managing each aspect. Why? Because the potential opportunities and challenges they face are better known, and the solutions tried and tested.

Preparing the children for the financial capital, however, is a little more complex. The issues and opportunities aren't always known and are ever-changing with each generation. In addition to this, finding the right consultant can be a challenge. We all know which firms to go to for specialist family business legal and tax advice...

When I ask parents if they can predict some of the potential opportunities and challenges that may arise because of their financial capital over the coming 30 years, they usually answer with some certainty and approach them with confidence. When I ask them the same question in relation to their children over same breadth of time, we potentially open a minefield. A minefield that often feels safer to avoid than to confront.

## YOU WORK WITH A SPECIFIC AGE GROUP, 16-24, WHY?

The ages of 16-24 can be challenging for both parent and child. Even in the most supporting and loving of environments, a young adult will still go through difficult times. The journey of becoming an individual is one of frequent change and exploration, and whilst much of it can be wonderful, it can also bring challenges that affect the entire family.

We believe it is important to help both young adults and their parents to recognise the difference between normal growing pains, and behaviours that signal a need for extra support. We help families improve communication and bridge the communication gap that is often present during these transitional years.

In addition to this, many of the young adults we mentor are in secondary or tertiary education, so our Curriculum (that has been specifically designed with their needs and wants in mind) sits alongside their academic studies well.

## WHAT ARE SOME OF THE CHALLENGES YOU HAVE SEEN IN THE RISING GENERATION?

1) They can struggle with identity, which impacts their motivation: Forming our identity is a natural, life-long process but it can feel at its most intense during two key periods: mid-life and adolescence. We call the latter the 'boomerang' years, when young adults typically prepare for their transition into adulthood. Many young adults of UHNW parents feel their identity (and in some cases, career trajectory / potential spouse) has already been decided for them by their surname, net-worth and the family business etc; this can impact their ability to be self-motivated and discover a sense of purpose.

2) They can lack self-esteem: Children of affluent parents are often plagued by self-doubt as some feel the need to perform and maintain the same high standards of success as exemplified by their parents or, on the other hand, not try at all. The issue is worsened if the adults in their life (be that parents or caregivers) are overprotective and/or indulgent. Children in this environment are often not given, nor take up the opportunities to develop self-esteem...why? Because true self-esteem (not to be confused with the very natural phase of adolescent confidence) is partly developed through failure - and they are often shielded from it.

3) They are often lonely: It can be hard to know who to trust when you are 'the child of x', let alone if you are a TCK (third culture kid) as many of ours are due to their parents' businesses. Whilst they are highly resilient in many ways, the constant movement during their formative years means they miss out on making friends. The added component of technology means that for some, online connections are prioritised over in-person.

4) Some feel shame: We've all heard the sarcastic phrase "poor little rich kid", but it can be very challenging to grow up in the shadow of hugely successful parents - we see it all the time. The reality is these children have not chosen this life so there is a disconnect between their parent's motivation to create the wealth and the reward that they as offspring benefit from. For those who understand the psychology behind addiction and dependency, shame is at the root...

5) They can struggle to practise moderation: A young adult is unlikely to practice controlled spending or experimentation (a common rite of passage during the 'boomerang years') unless they have been given clear boundaries and taught the value of them. Although it can feel like it, having choice does not equate to having control.

## WHAT CAN WE DO AS ADVISORS TO THE PARENTS OF THE RISING GENERATION?

1) Acknowledge there is a legitimate need for support. First generation wealth creators have often reached stratospheric levels of success through grit and determination. They have had the privilege of being able to repeatedly fail and learn from those failures without public scrutiny or expectation. Their children are growing up in the fourth revolution and while much of it is positive, it doesn't come without its challenges.

2) Be proactive with support: Just as UHNW families are proactive about avoiding financial and legal issues where possible, I encourage parents to do the same when it comes to their children's emotional development. Depending on the culture and age, it can be normal for parents to view therapy or mentorship as a solution to a problem once it's happened, rather than a preventive method. Be proactive - not reactive.

3) Remind them how important it is to let their children fail: Possessing self-esteem is fundamental to a happy life. It means an individual has a vital combination of self-confidence and self-respect. Self-esteem gives a child the sense that they are inherently worthwhile and capable. By shielding the rising generation from failure (or cleaning up their mistakes) we prevent them from learning about themselves and standing on their own two feet.

4) Don't patronise their rage: I often get asked "Why are the rising generation so angry?..." well, wouldn't you be? They're tackling inequality, racism, climate change, gender roles, social unrest, and spent two of their most formative years in lockdown. They do all of this whilst constantly being judged externally, due to their family's prominence. Their anger signals a want and need for change, so we should listen and help them use it as a positive catalyst.

## CONCLUSION

As can be seen from the answers above, preparing the rising generation is a complex task which requires sensitivity, understanding and expertise. If you are lucky enough to be working with the rising generation to help them feel fully prepared for their wealth journey, please do get in touch, we'd be happy to help.

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## JARGON BUSTER

• **Next generation** - When applied in the context of a wealthy family, this means the next generation to take on leadership responsibilities and inherit the wealth. Typically, the age group is from 25-40 years old.

• **Rising generation** - A term coined by James (Jay) E. Hughes to give a voice to each rising generation, rather than the overused and sometimes confusing 'next generation'. In the context of this work, we are referring to those aged 16-24 who are maturing to become society's next adults, who will therefore soon have voting rights and jobs.

• **Third culture kid (TCK)** - Individuals who were raised in a culture which is different from that of their parents, or other than that of their country of nationality, especially if this occurred during their formative years.

• **Fourth revolution** - Or the 'Fourth Industrial Revolution' refers to the further development of the Third Industrial Revolution (digital and automation) with cyber-physical systems that bridge the gap between the virtual, biological, and physical worlds, and can be employed in artificial intelligence, gene editing and advanced robotics etc.

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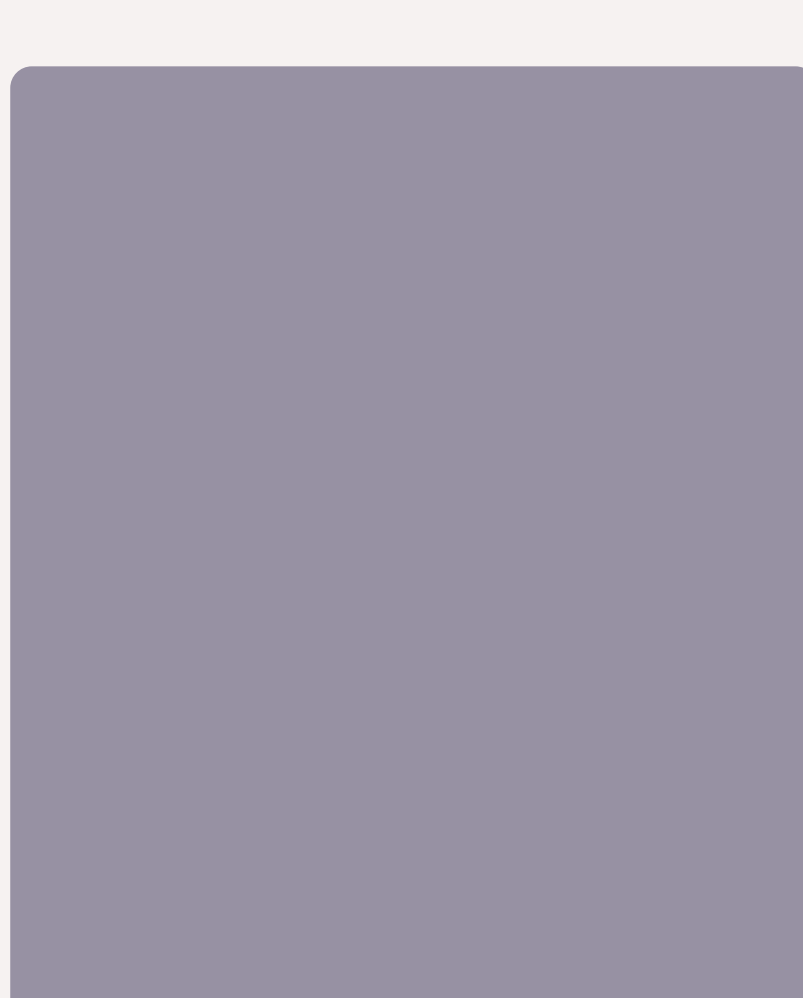
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