

GENERATIONAL WEALTH



Have you ever thought about how life would have felt much easier if you had graduated from school and pursued your family financial blueprint, Without any hesitation knowing what to do to build upon your family wealth, Without any financial worry about executing your desired business idea, or wished you had inherited a large sum of money? Alternatively, are you someone who was able to get ahead early in life because your family supports you financially?

Regardless of your situation, you may already understand the value of generational wealth without knowing it. It's a method of boosting our financial wellness, so much so that we can ensure the financial wellness of our children and perhaps their children, and so on. Perhaps you're focused on your personal finances, but if you're thinking about starting or growing your family any time soon, now is a great time to learn how to build generational wealth.



What is Generational Wealth?

Generational wealth is passed down within a family, from one generation to the next. The first generation accumulates possessions during their lifetime, which they then pass down to their children. With successful and proper planning, those children can then pass down wealth to their own children, and so on.

However, it's not easy to maintain generational wealth through several generations. Approximately 70% of families lose their capital in the second generation and 90% have lost it in the third.

While the concept is simple, unless you had wealth passed down to you, it can be slow to accumulate assets and extra money. Fortunately, it's entirely possible if you are strategic with your finances and when it goes well, it can be compounded with each passing generation.

How to Build Generational Wealth?

Let's use an example to help illustrate the meaning of generational wealth. Rumanzi and Kayitesi are a married couple who come from humble beginnings. Their own parents survived through some economic crisis and struggled to make ends meet. They decided that they never want their children to go through the same experience, so they live a comfortable yet frugal life to build up a sizable savings account.

Through their estate plan, they bequeath their life savings to their only child, Manzi. Years later, Manzi decides to use his inheritance to buy a rental property.

After several years, he uses his profit to buy additional income properties. By the time he retires, he passes on a robust rental property business to his daughter Keza.

The example above demonstrates how family wealth can be created and passed on. In this case, Rumanzi and Kayitesi's son Manzi made the wise decision to use his inheritance to invest in real estate. He then created even more wealth and passed it on to Keza, who will likely be able to pass on the family business to her own children.

Investing in real estate is just one of many ways to build generational wealth, which can take many shapes. Here are some examples:

- Real Estate
- Savings
- Cash
- Life insurance
- Investments
- Family Businesses
- Antiques and heirlooms
- Collectible items



Defining Legacy is Critical for Building Generational Wealth—As you work to build wealth, considering how you will define your legacy is a big part of ensuring your Financial Planning efforts are not done in vain.

Legacies are unique - it is your own story built on the values, wisdom, and learned experience that you have accumulated throughout your years. Distribution of your assets also play a key role here.

Defining your legacy will help you decide how you would like to pass on your assets - but what will that look like? Will this transfer be in the form of a substantial amount of money, a piece of real estate or a family heirloom? Whatever the item, it is important to have a plan in place, because as many have learned during housing booms and busts... you can't spend your house.

Establishing generational wealth and your legacy doesn't have to be a lofty pipedream — you can begin building it right away by sitting down with a Financial Advisor or Planner and creating a holistic plan that accounts for your current economic background, cultural beliefs and values, and the hopes and dreams for yourself and your family.

Setting your loved ones up for success with a strong financial foundation? I can think of no greater legacy. Learn more about how TheAdvisor can help you create or update your Financial Plan today.

TheAdvisor LTD
+250 788 307 288
office.TheAdvisor@gmail.com
www.advisor.co.rw