

Crippled

By

Prosperity

Authors

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Who Are We?

Charles G. Parten, adopted at birth, was raised in an upper middle class home in the Midwest. His story is about growing up in a loving, prosperous, Christian family, a feeling of not fitting in despite the love around him, his unfocused teenage years moving into his early twenties, the privilege of joining his 100 year old family manufacturing company and the wealth it brought him...and then the loss of virtually everything ...two divorces, family moving across the U.S., loss of dream home, two bankruptcies, seven career changes, loss of millions, flood and loss of all possessions, ten places to live, loss of real estate and investments, loss of sizable inheritance, IRS/tax problems, three stress attacks (in hospital), the death of both parents, sibling stress and bank accounts closing.

He had lost everything he had been given by age 40 due to his ignorance, selfishness and lack of money discipline.

He wondered, "How many other affluent people have experienced something similar or are on the verge of it?"

Since the devastation in Chuck's life, he has been blessed to rebuild another business and has since done very well. He did it on his own however and many years had passed before these hardships were finally over. He (and we, his associates, Mary Pat and Angela) consider it our fortunate opportunity to now educate you and your family about the dangers of poor non-financial legacy planning and to encourage you to heed our challenge of proper and wise legacy strategizing.

We invite you into our world. It's a world where money once really did grow on trees and where the land was always a forest. Just like the mining of the rainforests however, these trees of money became endangered, then extinct.

Let us help you not make the same mistakes that Chuck did. Your children and your grandchildren will thank you for it.

Statement of Purpose

Challenge

We write this booklet to challenge affluent parents and grandparents to examine and reconsider their thinking around the area of non-financial legacy planning.

We ask you:

- Who should inherit your money?
- Who should run your family business?
- Why have you chosen this person or group of people?
- Are you preparing your heirs for future responsibilities and expectations? How do you plan to do it?
- What do you expect the recipients to do with their inheritance and/or your family business? Has it been discussed in depth?
- How have you and will you successfully mediate problems that may surface around money and power conflicts?

Issues

We have found that many families are confused when trying to clarify and resolve the matter of inheritances. The topics below are snapshots of issues that often surface and in the following pages we spend a significant amount of time talking about them.

- *Power.* Power struggles occur when people feel out of control or uninformed.
- *Spending.* Unaccountable spending habits by family members creates distrust and often leads to abuse of funds.

- *Expectations.* Stress can be eliminated with reasonable expectations.
- *Behavior.* Positive behaviors should be rewarded and negative behaviors corrected.
- *Future.* The future is in the hands of your heirs; what should it look like? Have you discussed it with them?

Our Goal

Our goal is to offer you and your family assistance by providing means and methods for resolving family conflicts around money, power, and control. We offer common sense advice to families on how to raise children in an affluent family environment. Finally, we offer help on planning the future you wish for yourself and your heirs.

Ten Tips For Grooming Responsible Children of Affluence

1. *Earning it.* Never tell children they will inherit your money or run your business. No one should expect an entitlement. They should earn it.
2. *Boundaries.* Never tell your heirs they're wealthy or upper class because of *your* money or business.
3. *Needs vs. wants.* Be very clear as to the differences between wants vs. needs.
4. *Provide for needs.* Provide heirs with a stable foundation for what they need – not what they want.
5. *Limit unearned luxuries.* Don't fall into the trap of justifying your purchases, vacations, etc. Because you drive a luxury car or purchase luxury items does not require that you purchase them for your heirs.
6. *Be fair.* Let them earn their luxuries by working for a fair wage in a job appropriate for their age and education. Paying them too much and allowing work performance to be below average is to teach expectations that set them up for failure in the real world.
7. *Expectations.* Have a job description and performance review for family members working in the family business and hold the family member accountable. Exercise discipline and termination of the family member if necessary.
8. *Accountability.* Meet with heirs to review their expenditures on a monthly basis and hold them accountable when they exceed

predetermined financial boundaries. Take away plastic and put them on a cash basis until spending habits change.

9. *What it add ups to.* Show heirs the cost of their lifestyle in terms of their ability to generate wages based on their present age and education. E.G.: If they were 16 years old their earning capacity would be apx. \$7.00 per hour and based on their tuition, car insurance, clothing allowance and entertainment, the child would have to work "x" number of hours to afford their current lifestyle.

10. *Monitor spending.* Have separate credit cards and checking accounts apart from yours in order to clearly track expenditures. If you share cards, it's too difficult to determine who charged that tank of gas or that meal at the local restaurant or country club.

Above all, remember that responsible management requires that heirs learn the value of money and the responsible management of your family's assets. These lessons will provide a foundation that will help ensure that generations to come will enjoy the fruits of your years of developing the family assets, business, and/or nest egg.