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Sustaining Effective Stewardship of Family Capital

The “three Ds” of family wealth—disruption, dissent and dissipation—may represent meaningful threats to capital longevity. We provide ideas and resources to address them.

Families who have built and preserved meaningful wealth often understand that protecting a balance sheet requires vigilance. They engage professionals to navigate external challenges, whether market volatility, geopolitical shifts, industry disruption, changes in tax law, exposure to creditors or natural disasters, to name a handful. Yet the most consequential threats to a family's financial legacy often come not from outside forces, but from within.

Challenges rooted in family dynamics, governance gaps and behavioral patterns may drive a significant wealth erosion across generations. They remain harder to quantify, easier to ignore and frequently unaddressed. We refer to these risks as the “Three Ds”: disruption, dissent and dissipation. Understanding and planning for such challenges may be essential to maintain effective stewardship of family assets over time.

Disruption: When Life Changes the Plan

Family disruption can arrive without warning and directly affect wealth management.

Death and incapacity are two of the most common disruptors—and each can stall, derail or alter a family's financial trajectory. When the primary decision-maker suddenly becomes unavailable or incapacitated, consequences may ripple quickly. It may be that no one oversees the investments, advisors delay business decisions, tax and financial opportunities pass or family members find themselves without clear direction or authority. In other cases, mental capacity may decline gradually, without definitive signals that prompt intervention.

Divorce, whether for parents or adult children, may also disrupt family dynamics. Beyond the financial impact, the emotional toll of marital dissolution can compromise the family's decision-making and planning for the future.

In our view, the antidote to disruption lies not in prediction, but preparation. Families that execute robust incapacity planning (i.e., durable powers of attorney, health care directives and clearly documented decision-making processes) can prevent temporary crises from becoming permanent setbacks. Trusts with thoughtfully drafted succession provisions, prenuptial agreements that protect inherited and family assets, and regular reviews of beneficiary designations can insulate families from the unexpected. As we all live in an increasingly digital world, also reviewing your roster of online and social media accounts with your estate planning attorney will help to ensure that your plan addresses your digital assets.

True preparation does not end when you sign documents, however; it extends to personally notifying every trusted person named in your estate planning documents of their role, the documents' existence and location. Thus, the conversation, not just the signatures, transforms a plan on paper into an effective plan.

Getting Organized

To enhance your family's preparation for common disruptive events, our comprehensive [Estate Planning Organizer](#)¹ can help your family easily locate and access essential documents and critical information. This tool ensures that your important details are organized and accessible, offering peace of mind to you and your loved ones.

Dissent: When Family Conflict Threatens a Collective Future

The second "D" of dissent can exist between couples, siblings and generations. Dissent can arise through litigation or, just as often, lie silently under the surface for years until exacerbated by an external event. Persistent conflict, unresolved disagreements and competing visions for the future can all compromise the clarity and insight needed to steward significant pools of capital. While institutions and businesses have formal processes for reaching decisions, families may also benefit from clarifying their priorities over the long run.

Fortunately, we see a relatively simple fix to help avoid dissent: communication about the purpose of the family's wealth and underlying values. In the absence of the original wealth generator, family members may dispute what he or she may have intended for the family's assets. Before this occurs, we believe wealth creators and their spouses can begin a productive dialogue with their children by expressing their hopes and aspirations for the family, as well as concerns over the impact of wealth. Hearing directly from the older generation can help potential heirs avoid the assumptions and interpretations that can arise in a vacuum.

In our view, families that address dissent proactively through facilitated meetings and clear written wishes can preserve their wealth far more effectively than those who must cope with the aftermath of fractured relationships and family litigation.

Communicating With Children About Wealth

A consequential—and often overlooked—task that wealthy parents may face is not how to transfer assets, but how to talk about them. [Mapping Wealth Communication to Your Children](#)² offers a practical, thoughtful framework for families navigating this challenge, walking the reader through a staged approach to disclosure. Whether you are just beginning these conversations or looking to strengthen those already underway, the article provides a roadmap you may find useful to raise financially responsible, values-driven heirs.

Dissipation: When Wealth Loses Its Meaning

The third "D" of dissipation can occur across generations, as families grow and spend.

While dissipation can mean financial dilution, it also refers to a loss of internal culture. Families can lose entrepreneurial drive and the sense of shared purpose that may have originally inspired the wealth creation. As a result, a common fear among wealth creators is the potential for excessive entitlement, diminished work ethic and the erosion of the motivation, resilience and identity of younger family members.

¹www.nbprivatewealth.com/en/insights/plan-for-peace-of-mind-with-the-neuberger-estate-planning-organizer.

²www.nbprivatewealth.com/en/insights/mapping-wealth-communication-to-your-children.

In our view, families can address these issues on two fronts. Structurally, they can create entities that preserve pooled capital and coordinate decision-making across branches and generations to preserve the collective asset base.

Culturally, we believe families should invest actively in the development of the rising generation—including financial education, mentorship, direct exposure to the family's philanthropic and business history, and opportunities to earn responsibility rather than simply inheriting assets.

Preparing Children and Setting Family Aspirations

[Preparing Your Children for Wealth: A Life-Stage Roadmap](#)³ helps to prepare your rising generation to steward wealth responsibly without diminishing their drive or sense of purpose. Our article walks parents through four key life stages—pre-teens, teens, college and adulthood—offering concrete strategies tailored to each phase of a child's development. Across all life stages, we provide the language, the timing and the tools to raise capable, grounded heirs.

Family success accrues every day, not just once a year. While [Setting New Year's Aspirations for Your Family](#)⁴ reflects the opportunity provided by a calendar-driven fresh start, its framework remains as relevant now as in January. This article offers an explanation of how families can define and grow their wealth—moving well beyond financial capital to embrace four interconnected pillars: financial, human, intellectual and social capital. Whether you are setting intentions for the year ahead, recalibrating at midyear or reflecting at year-end, this article provides a durable, values-centered framework for enhancing what you have built, and not just the financial balance sheet.

A Framework for Stewardship

The Three Ds—disruption, dissent and dissipation—all can emerge as recurring patterns for wealthy families. Future stewardship begins with an honest assessment: Which internal challenge do we begin to address first? From that point, proactive conversations and planning can help shore up your family's wealth against internal as well as external risks for generations to come.

³www.nbprivatewealth.com/en/insights/preparing-your-children-for-wealth-a-life-stage-roadmap.

⁴www.nbprivatewealth.com/en/insights/investment-quarterly-setting-new-years-aspirations-for-your-family.



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