Providence
WEALTH ADVISORY GROUP
25 YEARS PURPOSE LEGACY TRUST

# Preparing the Next Generation

A guide to financial education, family values, and intergenerational wealth transfer

From inheritance to stewardship; James Smith, November 2026

Purpose Legacy Trust

**Core proposition**

The most valuable transfer is not simply capital. It is the judgement, capability, purpose, and family values required to assign capital well. Financial security with family alignment and harmony without entitlement.

This white paper aims to assist with intergenerational wealth transfer, financial assistance, education, and stewardship. How to help your family with property purchases, financial education and literacy, philanthropy, starting out on an investment journey and assisting with portfolio construction.

**Key considerations**

Education, guidance, values, navigation of wealth and giving.

## Executive summary

Australia is entering a period in which ageing, accumulated household wealth and longer retirements will bring increasingly significant monetary transfers between generations. For families, the challenge is not merely technical. Estate documents, tax structures, and investment portfolios matter, but they cannot substitute for financial capability, shared values, effective communication and progressively earned responsibility. A transfer made without preparation can magnify entitlement, conflict, or poor decisions. A well-designed family education program seeks the opposite: confidence without complacency, opportunity without dependency, and stewardship without secrecy. Openness and transparency, whilst at the best of times can be quite challenging, it opens the door for less surprise. Surprise often is followed with greater complexity.

At Providence, we not only focus on financial advice and investment management, we invest in the wellbeing of our clients and their families to ensure family harmony within the family's purpose and legacy. How do we help? We focus on the family, aiding financial education and investment literacy. Structures, strategies, and family values exchange that work and make sense for each family. We provide guidance and assistance helping to ensure successful family outcomes with regards to navigating gifting and intergenerational wealth transfer.

| Five foundations | Practical meaning |
|---|---|
| Purpose; your intention | Define what wealth is for and for what it is not. |
| Capability | Budgeting, investing, risk, tax and decision-making progressively. Self-awareness; recognising each family members' individual strengths and weaknesses and supporting and encouraging both. |
| Communication | Explain family choices, expectations, and constraints in age-appropriate language. |
| Governance | Clarify how decisions are made, conflicts resolved and accountability measured. |
| Protection | Coordinate legal, tax, estate, insurance, and asset-protection advice. |

**Key message**

Start young, start small and make financial learning part of normal family life. Education should precede access to substantial capital.

# 1. The intergenerational transfer context

## A transfer of wealth and responsibility

Intergenerational wealth transfer includes inheritances received after death, lifetime gifts, family loans, support for education or housing, business succession, philanthropic capital, and the transfer of control over trusts, companies, and investment portfolios. Each channel has different legal, tax, behavioural and family implications. There is no one specific way to do this. The important part is to communicate your intentions and be prepared to encounter differing views from your family, and for that matter expectations.

The scale is important, but timing matters too. The Productivity Commission found that inheritances commonly arrive later in life when recipients may already have established careers and assets. Lifetime support may therefore have a different effect because it can arrive when education, housing, caring responsibilities, or business formation create the greatest need. [1] Be mindful of how your intentions might be received, or for that matter what expectations there might already be before you begin.

## Ageing and multiple generations in retirement

Longer lives can produce a four-generation planning horizon: older family members funding their own retirement and aged care, adult children approaching retirement, younger adults facing housing and career uncertainty, and grandchildren beginning education. This makes liquidity and sequencing critical. Families should avoid treating expected inheritances as fixed amounts or dates.

## Changing careers and income patterns

Younger people may experience less linear working lives, including contract work, portfolio careers and multiple jobs. In March 2026, 978,000 Australians held multiple jobs, representing 6.5% of employed people. Workers aged 20 to 24 were the most likely age group to hold multiple jobs, at 10.3%. [4] This reinforces the value of adaptable skills, emergency savings, insurance awareness, and portable retirement saving habits. Formulating this concept into conversations with younger adults as they progress through education and into the workplace will allow for a more measured decision-making pathway. Planning for career development/pivots (a rainy-day fund) and allowing for a less linear career pathway than perhaps their parents or grandparents took will help minimize pressure points along the way.

# 2. What can go wrong

Wealth itself does not cause poor outcomes, but poorly prepared access can amplify existing weaknesses. It is not necessarily about money. Common mistakes include:

- Transferring substantial capital before the recipient has demonstrated judgement and basic financial capability.
- Using money to remove every setback, preventing learning, resilience, and accountability.
- Keeping wealth completely secret and then expecting recipients to manage it competently.

- Assuming equal dollar amounts will always feel fair, despite different needs, timing and prior support.
- Making informal loans that are later remembered differently by siblings or treated inconsistently in an estate.
- Allowing tax efficiency to dominate family purpose, relationships, or practical control.
- Failing to update plans for divorce, blended families, disability, incapacity, or family-business changes.
- Validation of a gift or wealth transfer can be complex. Those doing 'the gifting' often want and expect to receive gratitude for their generosity, those on the 'receiving' end may have deeply established expectations. Sensibly crafted conversation on both sides can go a long way to ensure that the intention and the expectations find an equal footing. Our aim is to assist with family harmony, coupled with an educational and values exchange.

### Spoiling, entitlement, and motivation

No family wants to engineer or create artificial hardship. However, the process of gifting can frame complexities via the expectation of gratitude, or for that matter, expectations of generosity that are never going to be met. Families should work together to provide a balance between expectations on all sides. After all, family capital is there to be shared and enjoyed in a balanced and respectful way. Funding education, health, safety, or a carefully assessed opportunity may expand capability, bring families closer and allow for sharing of deeply held values and bonds. That generosity needs to be measured and kept in check. Repeatedly funding discretionary spending without expectations may weaken it.

Quite often family disunity can be a result of poor communication and the emotion tied to financial support. It's not always about wealth; it is how it is perceived.

**A useful test**
Will this assistance increase the recipient's capability and independence, or principally postpone a difficult but necessary discussion?

## 3. Where families should start

### Values, message, and purpose

A family should be able to explain, in plain language, how its wealth was created, what sacrifices and risks were involved, what responsibilities accompany it and what outcomes the family hopes to support. This can be recorded in a family purpose statement, family charter or letter of wishes. It is not a substitute for legal documents, but it gives context to them. It will also ground the family with a formulative paternal/maternal message that has carry. A well-crafted, heartful message from a founding parent/parents/grandparent can be an incredibly powerful foundation to be referred to and referred back to helping a family understand and at times even respect where the wealth came from and what it means to those who helped create it. Call it a "Family Values Statement" if you like.

| Question | Illustrative discussion |
|---|---|
| What is wealth for? | Security, education, enterprise, family cohesion, philanthropy, or long-term stewardship. |
| What is it not for? | Status competition, unlimited consumption, avoidance of work or repeated rescue. |
| What does the family reward? | Effort, honesty, service, learning, prudent risk-taking and accountability. |
| What remains private? | Personal balances and sensitive structures may remain restricted while principles are shared. |
| How will disagreements be handled? | Clear forums, independent advice, documented decisions, and respectful escalation. |

## Self-awareness, resilience and learning from mistakes

Preparing the next generation is not simply about building financial knowledge. It is also about helping family members understand themselves: their strengths, weaknesses, behaviours, motivations and responses to pressure. Self-awareness can help a young adult recognise where they are confident and capable, where they may need guidance and, importantly, when to ask for help. The objective is not judgement or comparison between siblings. Different people will bring different capabilities. The aim is to help each family member build the right support around them and make increasingly sound decisions.

Financial responsibility should therefore be built progressively rather than transferred suddenly. Responsibility might begin with managing a personal budget, progress to a small investment portfolio and, over time, develop into participation in larger investment, philanthropic or family decisions. Greater responsibility should follow demonstrated capability, but capability should not be confused with an absence of mistakes. Young adults need sufficient freedom to make decisions, experience consequences and learn from them without believing that every mistake will result in criticism, embarrassment or the withdrawal of future opportunity.

A family environment in which mistakes can be discussed openly may encourage better judgement and greater resilience. This does not mean removing accountability. Poor decisions should be examined and understood. The important distinction is between accountability and retribution. Asking, *"What happened, what did you learn and what would you do differently?"* is likely to produce a very different conversation from *"How could you have got that wrong?"* Over time, reflection on both successful and unsuccessful decisions can build confidence, judgement and the ability to remain measured when circumstances become difficult.

Family elders have an important role in establishing this culture. Sharing the story of how family wealth was created should include more than the successes. Discussing investments that disappointed, business decisions that did not work, difficult periods, uncertainty and occasions when advice or support was needed can be particularly powerful. It demonstrates that good judgement is not the same as always being right. Often, it is the capacity to recognise an error, seek assistance, adapt and continue that is the more powerful learning tool than the outcome itself.

This openness also has relevance to mental health and wellbeing. Wealth can create opportunity, but it can also bring expectations, comparison, judgement responsibility and a fear of disappointing others. A young family member who believes they must live up to a successful parent or grandparent may be reluctant to admit uncertainty or ask for help. Normalising conversations about pressure, mistakes and personal limitations can reduce that burden and reinforce the message that seeking appropriate support is a sign of sound judgement rather than weakness.

The ultimate objective is not to create the next generation in the image of the previous one. It is to develop family members who understand themselves, recognise when they need others, can recover from setbacks and are increasingly comfortable making considered decisions in uncertain circumstances.

At Providence we spend considerable time at the outset with our clients, reviewing their individual strengths and weaknesses. This not only helps inform us as to the most appropriate risk profile for a client's investment portfolio, but perhaps more importantly, it helps us identify how our clients think, behave, process information and their individual personality styles. We use this not only for risk analysis but also for far better communication outcomes. We encourage our client families to do this exercise to also better understand how each family member processes and reacts to information.

## A useful principle

Give responsibility before control, allow room for mistakes and *reward the quality of reflection*. Resilience is built not by avoiding every poor decision, but by learning how to respond when things do not go to plan.

Practical ways to build self-awareness:

- Start with small, real decisions. Give younger family members responsibility where the consequences of error are meaningful but manageable.
- Review the decision, not the person. Discuss what information was available, what assumptions were made and what could be done differently next time.
- Encourage different strengths. One family member may have investment capability, another leadership, empathy, organisation or an ability to bring people together.
- Identify gaps without judgement. Knowing *"I am not strong in this area"* is valuable if it leads to seeking appropriate expertise.
- Increase responsibility progressively. Move from observation, to participation, to supervised responsibility and ultimately to independent decision-making.

- Share failures as well as successes. Parents and grandparents can make mistakes discussable by openly sharing their own.
- Make asking for help normal. An important measure of maturity is knowing when a decision requires another perspective or specialist expertise.
- Recognise pressure. Encourage family members to speak openly when responsibility, expectations or family wealth are affecting their wellbeing.

### Fairness, equality, and blended families

Equality usually means the same amount or percentage. Fairness may consider need, disability, caregiving contributions, prior assistance, business involvement, or differing tax consequences. Neither approach is automatically correct. The risk arises when the principle is unclear, undocumented, or communicated too late.

Blended families require particular care because a surviving spouse, biological children, stepchildren, and family entities may have overlapping expectations. Specialist legal advice is essential. Family communication should explain the principles without disclosing information that would breach privacy or create inappropriate expectations.

### Asset protection and sensible investment

Families should coordinate ownership structures, estate planning, superannuation nominations, insurance, debt, guarantees, and succession arrangements. Investment strategies should reflect purpose, time horizon, liquidity needs, risk capacity, diversification, and governance. Complexity should only be used where its benefits are understood and worth the cost.

## 4. Start young: small steps and real choices

By turning money discussions into regular digestible conversations, without overburdening can introduce and normalise lifelong lessons, helping children understand where money comes from, where it goes and how to make practical and sensible, foundational decisions. Age-appropriate learning reflecting on how money is earned, spent & saved will help cement foundation understanding whilst not becoming overbearing and misunderstood. Simple steps can go a long way.

An independent family advisor can lift the burden.

## Pocket money, jobs, and contribution

There is no one-size-fits-all approach to pocket-money. A balanced model separates ordinary family contribution from optional paid work. Children can be expected to help with age-appropriate household tasks because they are members of the family, while additional jobs may earn money. This teaches both contribution and exchange.

| Element | Possible approach | Lesson |
|---|---|---|
| Regular contribution | Make the bed, clear dishes, help prepare meals | Belonging includes responsibility. |
| Paid optional tasks | Wash the car, undertake a larger garden task | Effort can create income. |
| Personal spending | Use a set allowance for selected wants | Choices have opportunity costs. |
| Review | Discuss what worked each month | Reflection improves judgement. |
| Older recipients (40yrs +) | Create a framework for giving not just handouts. Children's education, assessment of the 'value' of the gifting; what is it for and scrutinise that value and purpose | Money is just not available to fill an income void. There needs to be a tangible rationale for the giving not just cutting a cheque |

## Save some, spend some, give some

A simple allocation system turns abstract ideas into habits. The percentages can vary by age and family values. The essential feature is that every dollar has a purpose.

| Bucket | Purpose | Example prompt |
|---|---|---|
| Spend | Enjoyment and current choices | Is this a need, a want, or an impulse? |
| Save | A future goal or emergency buffer | How many weeks will the goal take? |
| Give | Generosity and community awareness | Which cause matters and why? |
| Invest for older children | Long-term compounding and risk | What could make this investment rise or fall? |

## Learning through sacrifice and trade-offs

Children learn from seeing that families cannot maximise every preference at once. A discussion about one major holiday versus several smaller breaks or paying for household help versus collectively doing more chores, can demonstrate budgeting without creating anxiety. The emphasis should be on deliberate choices, not scarcity theatre.

## 5. Educational discussions around the table

### Normalise the conversation

Money conversations work best when they are regular, calm, and connected to real events. Parents do not need to reveal net worth or private details. They can reveal the reasoning behind decisions: why a bill increased, what a mortgage rate means, why work travel may involve sacrifice, or how a promotion changes responsibilities as well as income.

| Age/stage | Conversation | Practical activity |
|---|---|---|
| Primary school | Needs, wants, prices, saving | Compare unit prices or plan a small purchase. |
| Early secondary | Income, tax, bills, online safety | Build a simple monthly budget. |
| Late secondary | Work, super, debt, and investing | Read a pay slip and compare bank products. |
| Young adult | Housing, insurance, portfolios, and tax | Prepare a balance sheet and investment policy. |
| Adult successor | Governance, entities, and family purpose | Attend selected adviser meetings and present a decision paper. |

### Career conversations

Discuss what different jobs involve, how skills compound, why careers change and how reputation is built. A promotion can prompt discussion about responsibility, teamwork, and delayed reward. Frequent travel or calls can be explained as part of serving clients or leading a business, while also acknowledging boundaries and family costs.

## 6. Investment and economic discussions

The goal is not to turn every child into a market specialist. It is to develop a framework for asking good questions, recognising uncertainty, and avoiding avoidable errors.

- The economy: How do households' function (where does the money come from to buy what we need), what do businesses do and their relevance in the economy, government's role, trading of goods and services.
- Inflation and cost of living: why purchasing power changes and why budgets need updating.
- Interest rates: how they affect savers, borrowers, asset prices, and investment decisions.
- Risk and return: why a higher expected return usually requires accepting uncertainty, greater risk for said return and/or the prospect of illiquidity.
- Diversification: why a portfolio should not depend on one company, sector, property, or country.
- Compounding: why time, costs, tax, and behaviour can matter as much as headline returns.
- News literacy: distinguish facts, forecasts, opinions, incentives, and sensationalism.

### Make it interactive

- Ask: “What did you see, read or hear today that might matter financially?”
- Give each family member a hypothetical $10,000 portfolio and review decisions quarterly.
- Compare two products using fees, risks, liquidity, and likely use, not advertising.
- Run a family budget shock: higher rates, lost income, or an unexpected expense.
- Invite an older family member to explain one good and one poor financial decision.

**Investment principle**
Reward the quality of the decision process, not only the short-term outcome. A sensible decision can lose money, and a reckless decision can temporarily make money.

## 7. Gifting, lending, and staged access

Families should first decide what objective the transfer serves. Assistance for education, housing, health, enterprise, or philanthropy may require different structures and safeguards. A gift is simple but irreversible. A loan may preserve accountability and family equity but should be documented and administered as a genuine loan. Trust or company structures may offer control or protection but add legal, tax, and governance complexity.

| Method | Potential benefit | Key risks/questions |
|---|---|---|
| Outright gift | Simple and immediate | Loss of control; relationship breakdown; creditor exposure; perceived inequality. |
| Family loan | Repayment expectations and potential recycling of capital | Documentation, interest, security, estate treatment, and enforcement. |
| Matched saving | Rewards demonstrated discipline | Define eligible savings and verification. |
| Staged transfer | Capability can develop before full access | Milestones must be clear and not manipulative. |
| Trust/company support | Governance and continuity | Control, tax, cost, beneficiary expectations, and trustee/director succession. |

Australian legal and tax outcomes depend on the asset, entity, jurisdiction, and family circumstances. Families should obtain tailored legal, tax and financial advice before implementing transfers. Centrelink and aged-care consequences should also be assessed where relevant.

## 8. A living will for family wealth

In this context, a “living will” could be used as an educational family document, not as a legal term and not as a substitute for an advance care directive, will, enduring power of attorney, trust deed, or company constitution. It can record the family’s intentions, values, and decision principles while the founders are alive and available to explain them.

- The story of how the wealth was created.
- The purpose of family capital and preferred time horizon.
- Expectations regarding work, education, contribution, and philanthropy.
- Principles for gifts, loans, and support.
- Approach to equality, fairness, and special circumstances.
- Investment and risk philosophy.
- Governance roles, decision forums, and conflict escalation.
- A review cycle and the circumstances that trigger an update.

## 9. Governance, education, and measurement

### How advisors and parents can assist

- Facilitate a family values and purpose workshop.
- Map existing entities, decision rights, documents and key-person risks.
- Create age-appropriate learning plans and practical assignments.
- Introducing younger family members to advisers progressively.
- Use selected real decisions as supervised learning opportunities.
- Document gifts, loans, and rationale consistently.
- Coordinate legal, tax, estate, investment, insurance, and philanthropic advice.

### Measure capability, not conformity

Measurement should test whether the next generation can make and explain sound decisions, not whether they copy the founder's preferences. A simple scorecard can be reviewed annually.

| Domain | Evidence of progress |
|---|---|
| Cash flow | Maintains a budget, emergency reserve, and appropriate debt discipline. |
| Investing | Can explain objectives, diversification, fees, liquidity, and risk. |
| Administration | Meets tax, record-keeping, and reporting obligations. |
| Governance | Prepares, participates respectfully, and follows agreed processes. |
| Values | Can articulate the family purpose and apply it to choices. |
| Independence | Uses support to build capability rather than permanent dependence. |

## 10. Composite case studies

The following examples are fictional composites for education. They do not describe identifiable clients.

### Case study A: preparation before access

A family with an operating business began annual education meetings when the children entered secondary school. Conversations started with household budgeting and the business' customers, staff, and risks. In their twenties, each child managed a small, diversified portfolio, presented an annual review, and attended selected adviser meetings. Family support for housing was documented as a loan, with the same framework available to each sibling. By the time business ownership transferred, governance roles and expectations were familiar.

Why it worked: education preceded control; real responsibility rose gradually; family support was documented; and participation was based on capability rather than birth order alone.

### Case study B: sudden inheritance without context

An adult recipient received a large inheritance with little prior discussion. Some assets were illiquid; tax records were incomplete and several relatives believed they had been promised support. The recipient sold assets quickly, concentrated the proceeds in familiar investments and made informal loans to friends and family. Conflict grew as losses emerged.

How to reduce the risk: maintain current records; communicate principles before incapacity or death; provide access to independent advisers; create a liquidity plan; and encourage staged decision-making rather than immediate portfolio restructuring.

### Case study C: fairness in a blended family

Each couple had children from prior relationships. Rather than relying on assumed expectations, they documented which assets supported the survivor, which ultimately passed to each family branch, and how earlier assistance would be considered. They held separate conversations with adult children and coordinated wills, superannuation nominations, powers of attorney and entity succession with advisers.

Why it worked: the plan recognised competing interests, used tailored legal advice, and explained principles without inviting negotiation over every number.

## 11. A 12-month family action plan

| Timing | Action | Output |
|---|---|---|
| Months 1-2 | Clarify purpose, values, risks, and family stakeholders | One-page family purpose statement. |
| Months 3-4 | Review estate, entity, insurance, and succession arrangements | Issues register and adviser action list. |
| Months 5-6 | Assess financial capability by age and role | Individual learning plans. |
| Months 7-8 | Begin family meetings and practical exercises | Meeting rhythm and decision log. |
| Months 9-10 | Document gifting and lending principles | Family assistance framework. |
| Months 11-12 | Review progress, unresolved tensions, and next steps | Annual stewardship report and updated plan. |

**First step this week**

Schedule one 30-minute conversation. Explain one real family financial choice, invite questions, and choose one practical activity for the next month.

## Client interview guide

- What does successful wealth transfer mean to you beyond preserving money?
- What do you want the next generation to understand about how wealth was created?
- What behaviours do you hope wealth will enable, and what behaviours concern you?
- What assistance has already been provided, and how has it been recorded?
- Where do equality and fairness differ in your family?
- What information is appropriate to share now, and with whom?
- What capabilities should be demonstrated before greater access or control?
- How would the family respond to incapacity, divorce, disability, conflict, or an unexpected death?
- Which adviser relationships should continue across generations?
- What would you like family members to say about the purpose of the wealth in 20 years?

## Conclusion

Intergenerational planning is most effective when education, communication, governance, and technical advice develop together. Families do not need to disclose everything at once, remove every difficulty or prescribe one life path. They do need to create a deliberate pathway from awareness to capability, and from capability to responsibility.

The “burden of wealth” is real. It comes with expectation, obligation and sometimes fear. The only thing that wealth guarantees is choices.

The practical standard is simple: start young, use small real decisions, explain trade-offs, document important arrangements, review progress, and place purpose before structure. Done well, the transfer becomes more than an inheritance. It becomes a continuation of judgement, opportunity, and stewardship.

## Sources and further reading

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[6] Australian Treasury, 2023 Intergenerational Report. https://treasury.gov.au/intergenerational-report

[7] Varela, Breunig and Smith, Measuring the Changing Size of Intergenerational Transfers in the Australian Tax and Transfer System, ANU TTPI Working Paper 7/2025.

## Important information

This paper is general educational information only. It does not constitute personal financial, legal, taxation, accounting, estate-planning or social-security advice. Laws and individual circumstances vary. Obtain appropriately qualified professional advice before acting.