



Generational Wealth 101



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Generational wealth encompasses financial resources, education, and support that is passed down from generation to generation. It doesn't mean everyone in the family can coast through life. What it means is giving each successive generation of your family a head-start in life so they can take advantage of opportunities and remain protected from economic downturn, sudden illness, etc.

As with most investments, generational wealth depends on time. The steps you take now will have some impact on your kids, but it will have a larger impact on your grandkids, and some of your generational wealth goals for your family may not come to fruition until your great-grandkids' lifetime.

Let's look at four areas of building generational wealth for your family.



Financial education and building good financial habits

Passing down the financial lessons you have learned saves your kids from repeating the same mistakes. Each good financial habit you teach and exhibit to a later generation, saves them from having to spend time in their life learning those habits from scratch. Talk to your kids and grandkids about budgets, taxes, saving, delayed gratification, and how savings and investments earn interest.

Financial support

This is another part of building and maintaining generational wealth that can be overlooked. Simply having a family support system that can step in when someone needs a helping hand or stability can prevent a family member from backsliding in their finances. This can mean a place to stay or sleep while looking for work or while in-between school and work; it can mean helping with groceries or having a shared meal once a week; it can mean adding young adults as authorized users on parent credit cards to boost their initial credit score; it can mean helping with childcare while parents are building their careers.



Savings

In addition to your own emergency savings (which helps keep you from financial trouble) and making sure your children know how and why to save with their own savings accounts, you can also put money into specific saving accounts for your kids or grandkids to pay for specific life expenses, like college. If you can fully fund a college savings account—for example a 529 savings plan—that is a huge leg up for that generation, who won't be taking on much if any student debt.

However you save money for a later generation's college costs, avoid putting the money in the grand/child's name. This can hurt their chances at financial aid through The Free Application for Federal Student Aid (FAFSA), since it calculates aid on a formula that would take any accounts in their name into the formula.

Investing

This is the big one—the step that has the potential to pay off in the largest way for later generations of your family. It's also the one that will most likely take the longest—we're talking two or more generations down the line. Of course, you can gift investments like an exchange-traded fund (ETF) to your young children or grandchildren with the intention of them accessing it in 18 or so years. This is a nice, shorter-term wealth-building tool. But if you're ready to build serious wealth for generations you might not meet, you need to think of longer investing timelines with a diverse portfolio.

Building generational wealth can start today for you. If you wish your ancestors had done it for you, imagine how grateful your descendants will be to you!

**Schedule a Complimentary Consultation with Anna
& Irene**



Anna A. Behnam
Financial Advisor



Irene Tata
Financial Advisor

How much does a financial advisor cost?

Your initial meeting with Anna or Irene is complimentary! Depending on your specific need, as well as the complexity of your situation, you may choose to pay for additional options. [Schedule a time to speak with them at your convenience.](#)

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The initial consultation provides an overview of financial planning concepts. You will not receive written analysis and/or recommendations.



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