

Building character

Raising children under five in the midst of affluence



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Raising children in a context of affluence presents unique opportunities and challenges to the already complex tasks of responsible parenting. This article springs from generally accepted principles of early child development theory and practice, but seeks to fill a gap by applying those principles in the context of wealth. In doing this, we seek to help parents leverage the very real potentials in helping children at even young ages develop the character that will stand them in good stead as adults who productively navigate the world of wealth.

We've found, after working with hundreds of families, that the children who effectively integrate wealth are those who've not only built skills across core competencies to manage wealth, but have developed the character to live balanced, productive lives in the midst of affluence. Competencies can be taught in young adulthood. Teaching these competencies requires diligence, attention and use of thoughtful methods for imparting both experience and education. Character is more difficult to shift in meaningful ways in these later years. This paper homes in on the development of character in the early years. In doing this, we'll first explore family culture, then core parenting principles, and finally, daily practices parents can use with children to help in their character development.

Family culture

In many ways, wealthy families face the issues all families face, including establishing clear communication, resolving differences, navigating intimacy and independence, and coping with the demands and stresses of modern life. Families who've been wealthy for generations often have

cultures that support this work, but families newer to wealth have the opportunity to build their own culture.

Wealth often amplifies ordinary complexities and can add additional layers of complexity not faced by other families. For example, families of wealth are often living in the shadows of trusts and entities they're expected to understand and manage. They likely have a network of advisors who, while at arm's length, are involved in significant aspects of family life and often know the family intimately. In addition, family members often have choices and opportunities that, while in some ways are enviable, can also make life more complicated. Raising children in ways that help prepare them to live with high degrees of maturity in this environment can be challenging.

Significant complexity also often gives rise to anxiety. Unfortunately, our evolutionary biological responses to anxiety are often not helpful in our complex modern world. Anxiety can cause reactive behavior. Common responses include fight, flee, freeze, flock or fix.¹ While these responses are natural, they can get us into trouble. We're often best served when we slow down to observe what's happening and take thoughtful and measured

action—which may include no action at all. In addition to navigating these anxiety patterns (that exist in most families), families with substantial wealth are often dealing with issues of power and love that are engendered and fueled by financial concerns. Families rightfully see money as a powerful force in their lives and, like any powerful force, it can raise issues of control and the proper use of that energy. For example, families who use material things as rewards for basic character development or as substitutes for attention and caring often come to regret those strategies in the long run. Often these responses are “easy” and therefore quite tempting. It’s often hard to say “no” to insistent children, and doing so requires a degree of self-management.

In light of the high level of anxiety that exists in family systems, particularly in families with wealth, families are well advised to pay attention to developing a robust family culture that can help effectively manage these concerns. A strong culture — with deep parental agreement — becomes an effective anxiety management (and child rearing) approach.

Family culture is difficult to clearly define — while it encompasses such things as values, beliefs and norms, culture extends beyond these components.

Perhaps the best way to think about culture is that it’s the invisible “software” that drives family interaction, It’s the “tribal identity” of the family. This tribal culture gives rise to patterns of behavior, roles within the family system, and how family members approach and interact with each other and with the world around them. When this tribal identity is well understood and made as explicit as possible by the family (and particularly by the parents), it lays

a solid foundation and becomes the bedrock of childhood development. In many cases, with a bit of conscious work, it’s possible to intentionally develop a family culture that can effectively meet the deeper needs of family members.

To understand and shape family culture, it’s important for parents to have thoughtful and in-depth discussions about the kind of family they want to create together. Even before children are born, it’s helpful for parents to discuss how they want to act and what they think success would look like at the various ages and stages of their children’s development. This includes frank discussions of the parents’ and grandparents’ convergent and divergent values.² It also involves questions of parenting styles and how they believe they’ll find the proper balances between supporting and challenging their children. Having in-depth discussions and coming to explicit agreements about parenting for character can help the parents be consistent with one another’s actions and be motivated to have intentional conversations if and when they deviate from their agreed-upon philosophy. Writing out the core principles and agreements is helpful to some parents. It can also be helpful to complete a mini self-assessment to help deepen understanding and guide conversation about parenting in a “no blame” environment that’s aimed at mutual understanding and learning how to be better parents.³ At the heart of this work lies a profound commitment of the parents to the well-being of each other and to the family.

For single parents, this same process can be accomplished through self-reflection and conversations with friends and extended family members. Here, self-reflection and self-awareness become even more important. Single parents should consider having intentional conversations with the grandparents to ensure the parent’s goals regarding financial parenting are supported and

Client story

In one family, the grandparents created a will that enriched their grandchildren without seeking the input and consent of their children. The parents felt their parental authority was undermined by what was a well-meaning but ill-advised act of generosity.

not undermined by well-intentioned but ultimately misguided grandparental influence. It's important to become self-aware of how one is parenting on a daily basis and find ways to regularly reflect on any gaps between what one believes makes for good parenting and what one is actually doing as a parent. Beyond strong family culture—or a clear sense of tribal identity—there are studies that reflect the importance of connection to others beyond the family. These studies show that the well-being and happiness of children is deeply affected by their sense of compassion and caring for others. Meaningful relationships with family, friends, peers and other adults promote healthy development in children.⁴ To incorporate these insights, parents can model healthy connections with others, for example, by building robust social networks with other families and peers in the community. The parents in these families often form powerful networks that develop into communities, which can help individual families take charge of the development of their own family cultures. They can also model and encourage connection to and compassion for the world beyond the family by encouraging young children to give to, and be directly involved with, causes that might be age-appropriate and meaningful to them. An example may be giving to the zoo or supporting the rescue of animals. As children get a bit older, this might involve volunteering and giving to meet basic human needs in the community in a more significant, hands-on manner.

Core parenting principles

Developing a family culture conducive to raising motivated and responsible children requires that parents work together to understand and reconcile their beliefs about money, articulate what they want as parents for their children, and agree on the core character traits and parental expectations that will support those desired outcomes. For single parents, understanding how these three factors influence decisions and actions will be equally important, ideally in the context of a helpful and trusted support system.

Committing time and thoughtfulness to these issues before having children, or in the early stages of child development, can help set the stage for years to come.

After parents come to alignment regarding their beliefs, their vision and what success looks like, they're in a solid position to begin to work together to accomplish what they desire most for their family.

Client story

In one family, the parents placed a high value on spending time together and gaining quality experiences. While one parent was accustomed to lavish vacations and wanted to provide the same opportunities for the children, the other was less comfortable with the expense. The parents were able to find common ground in their values and reframed traveling as a way to deepen family relationships and gain an appreciation for different cultures. When planning for a trip to Ireland, the parents discussed with their four- and six-year-old children the reasoning behind their decisions. They stayed in less expensive but comfortable hotels. A trip to the coast was emphasized as a way to spend time together as a family, without additional stress.

Understand beliefs and perspectives

Each individual is exposed to a multitude of money messages, which, over time, shape how that person views money. Money messages include nonverbal and verbal cues, depicting how one communicates about, manages and feels about money. For example, telling a child that it's impolite to talk about money or dismissing questions such as "Are we rich?" can send the message that money is shameful and not something to inquire about.

A family who agonizes over purchases and argues about how much is spent on vacation will send very different messages than a family who openly and calmly discusses spending. The negative or positive emotions associated with money at an early age often carry over into one's adult years, forming a unique money personality.

Parents' money personalities will become the backdrop to messages conveyed to their children over the years. To create clear and consistent messages, take into account each partner's preferences when it comes to decision-making about expenses such as travel, gift-giving and charitable donations. Discuss ways to reconcile differences and decide how to make collaborative decisions that honor the priorities of each individual.⁵

When thinking about what messages are conveyed in a wealthy family, it can also be helpful for parents/guardians to frame wealth in the broader context of the world. To help put wealth into perspective, consider the framing of three types of families in the world: those who don't have enough, those who have just enough, and those who have more than enough. In the client story example provided in the call-out box, the parents emphasized that their family is fortunate enough to be able to travel and experience different cultures, while recognizing that most are not in the same position.

Even at a young age, experiences with money can leave strong impressions on a child and resurface through memories later on. Inconsistent messages generate misinterpretation and confusion in children. Unacknowledged differing perspectives can be the root of conflict around financial behaviors and contribute to the anxiety system, which can impede the family's ability to build their desired culture. Understanding how each partner views money and lessening discrepancies are the first steps to being intentional about what messages are transmitted in the home. It's important to note that honest differences shouldn't be glossed over. To say, "Mommy likes to find the best deals and Daddy spends a little more to get something he really likes" is an honest and helpful disclosure if it's

Client story

The young first-grader in one family who valued honesty as a core principle helped another student cheat on a test. When confronted, he immediately admitted the bad behavior and said that he knew what he did was wrong. The principal, who expected lies and deflection, was surprised by this level of radical honesty. The boy said his family admired honesty, and he didn't want to have two dishonest acts. He was punished at home and at school, and he understood why and accepted the consequences of his actions. His father told him how proud he was of his son's honest response to the principal. In talking with the father, he told us that this work began with his children when they were very young.

explained to the children and they have an opportunity to talk about these differences. The point is to be as aligned as possible, and thoughtful and measured where there are honest differences.

Envision the outcomes you want for your children

Once the parents have a better understanding of how they view money, it's important for them to create a heartfelt idea of what they want for their children's future. Making this future as vivid as possible helps to tailor messages conveyed to children. This is not a "plan" so much as it's a direction. Consider the question, "What would real success look like in your family?" Some may envision success as making a lasting and measurable difference in the community, or striving for excellence in all that one does, or maintaining strong cross-generational family relationships. Each of these images will be expressed in different messages about what principles for living the family thinks are important as part of their culture. A key component in gaining clarity on what parents want for the future is articulating how one wants to be wealthy and how to effectively integrate wealth into the lives of family members. Consider the impact of the type

of schools children attend (for example, public or private, boarding or day), what extracurricular activities they engage in and what neighborhood they live in. These decisions will help create the environment in which children learn what it means to be wealthy in their family.

In one family, the wife grew up accustomed to certain principles in her family of wealth, while her husband held on to values stemming from his middle-class background. The wife believed that wealth should be used to make life a little more comfortable for everyone. From the husband's point of view, they were indulging their daughter. The husband wanted their daughter to grow up with less of a sense of privilege. From the wife's point of view, they were depriving their daughter. Both perspectives held merit; however, the parents' outlooks on how to integrate wealth were not in synch. It was only after they discussed their underlying beliefs about money and focused on their common interest in raising a wise, balanced and competent young woman that they agreed on their approach. By focusing on what they both most wanted, they were able to apply that to their day-in, day-out spending decisions for their young daughter.

Dr. James Grubman, Dr. Dennis Jaffe and Dr. Keith Whitaker, consultants in the field of family wealth

psychology, address the challenges of “adapting to wealth” and integrating aspects of different economic cultures and identities in their article, “Immigrating to the Land of Wealth.”⁶ They state that, similar to how a family of origin shapes one’s beliefs and habits, the economic culture of origin also carries certain attitudes, behaviors, norms and approaches to money. In facing the challenges of integrating two economic cultures, discussing concerns openly and taking an integrative approach, rather than avoiding the impact of a parent’s differences or one partner’s assimilating into the other’s culture, is most effective. In the case of the parents disagreeing about spending on their daughter, the thoughtful approach was for them to take a step back and understand first what was causing their conflicting opinions — in this instance, their differing money personalities — and then look at their core common interests and beliefs. They were then able to work together to define how they ultimately wanted to see their daughter effectively integrate wealth into her life in a positive way that supported their core principles.

Agree on core character traits that will serve your children well in life

To help translate desired outcomes for children into action, consider the character traits that will be helpful to the children in their lives. Take into account what traits may be helpful for the children at a young age, as adolescents and as adults.

Consider what impact certain traits may have on the children themselves, their future families and their communities.

Continuing with the example of the parents from different economic cultures, the next step would be for them to identify the broader

values and skills, from both cultures, that they deem most important to pass on to their daughter. This might entail how best to integrate into their parenting what Grubman characterizes as middle-class orientation and skills (individualism, self-sufficiency, managing one’s own assets) with wealth orientation and skills (wealth literacy, working with advisors, philanthropy, enjoying wealth responsibly).⁷ Gaining clarity on agreed-upon principles can help mitigate future clashes in opinion posing a threat to both the family culture and the effectiveness of intended money messages.

When thinking about what would have to be true in your family to achieve your desired outcome, consider the traits most important to you. These traits should align to your overall approach to parenting. For another family, their articulated goal is for the rising generation to effectively steward the family wealth, continuing to preserve assets and exercise a commitment to supporting their local community. In order for this statement to come true, the parents decided they needed to focus on responsibility and generosity as core foundational traits. Narrowing in on generosity, the parents emphasized the importance of sharing with others and giving back at an early age with their children. From discussing the different reasons why people share, to reading bedtime stories about the power of community giving and engaging in food drives, the message of generosity remained consistent throughout childhood years.

The key aspect is to be proactive. Doing nothing — and simply drifting as parents — will likely result in less-than-ideal outcomes. Patterns that are established early tend to continue and grow. Focusing on building strong character will help lay the foundation for a healthy relationship with wealth, as children reach their teenage and young adult years.

Navigating the early years with intention (ages 0-5)

Once parents are aligned around expectations for their children and have a general vision for how to best integrate wealth into family life, powerful opportunities arise for developing relationships with children in ways to help maximize their potential and the potential of the family. How early should this start? Very early.

In the history of planning for generational wealth transitions, families tended to start late (in the worst cases, this happened when wealth creators passed away and left their adult children to manage inherited money without any guidance). In almost all preparation models, the focus tended to be solely on building competence with money. These models ignore the importance of character development. Current enlightened practices start earlier and focus on the healthy development of responsibility, connection, gratitude, respect and self-reliance, to name a few.

Many legacy families include the rising generation in aspects of education and forms of governance (sharing of information and decision-making) when they're in their 20s and often late teens. By suggesting parents be as proactive as possible, intentionally developing their family before having children and during the first years of life, the strongest possible foundation can be laid. This sets the stage for handling the challenges and opportunities that wealth will bring. Some of the most common struggles parents encounter with their children as they develop into young adulthood and beyond can be proactively addressed through the opportunities of thoughtful parenting in early childhood. These include forming and maintaining healthy relationships with a diverse array of people, managing emotions with maturity, developing self-motivation, and pushing through frustration and setbacks.

While acknowledging money skills are an important part of the equation later in the game, the game can be very difficult to win if these early-stage issues aren't addressed. Practices have emerged to help build character, including documenting the family's story and perpetuating it (legacy), defining values and operating principles, setting parental expectations related to material wealth, instilling values on how others should be treated, contributing to the family and society, and fostering the personal growth of each member as they develop passions and preferences.

a. Infancy

There's a broad body of literature in the behavioral sciences related to attachment between young children and their caretakers and the powerful effects of that bond into adulthood.⁸ Research reflects that even in utero, the child is capable of incredible perception and connection. Dr. Peter Hepper, a well-known fetal researcher and professor, found that as early as 22 weeks, the fetus can hear speech outside the womb relatively clearly, and it will become part of the fetus's daily environment.⁹

After the baby is born, healthy attachment, also known as secure attachment, occurs when parents/caretakers tune in carefully at the youngest stages to help understand and meet the child's needs. Parents/caretakers being able to discern the various cries of a baby and learn whether she's hungry, hot/cold, tired, in pain, or simply wanting connection and being able to provide it, can lead the child to develop a sense of trust in the world and in people.¹⁰ Consistent soothing by parents of the distressed infant leads the child to internalize the ability to manage her own emotions and self-soothe. This ability to self-soothe is among the very first steps to taking responsibility and feeling empowered to manage life on one's own. Early on, this takes the form of a child who can cry when put to

bed but reliably calm down and go to sleep. Later in life, this might be reflected when a child who is nervous about a demanding school workload is able to manage this with a sense of balanced perspective and ask for help as needed. Children with strong attachment skills know they're safe and capable and that others are there for support in appropriate ways.

b. Beyond infancy

D. W. Winnicott, a pediatrician and psychoanalyst, coined the term “good enough mothering” in his book *Playing and Reality* (1971). This term embodies the idea that perfection is not possible or even a healthy goal for child or parent; the goal is to get it right most of the time. Our parental imperfections are necessary to our children's development. Misunderstanding and failing to meet the child's needs in small ways can help the child develop a tolerance for the natural frustrations of life and the grit to navigate them. While love and concern are necessary to good parenting, perfection is not.

As children grow and develop, the work of promoting healthy attachment focuses on the ability of parents and caretakers to encourage and support children to take risks, leave their parents' side and explore the world while protecting them from dangers beyond their ability to handle. The baseline needs for independence and closeness are different in every child and vary from stage to stage. Holding the reins too tightly can stifle the child and engender anxiety around separating, causing the child to perceive the world as unsafe. Too much independence is equally frightening, leaving the child overwhelmed and believing needed support won't be there when needed. While “balance” here is elusive, if not impossible, paying attention to both autonomy and connection — and emphasizing each at different times as appropriate — will help parents raise well-adjusted children.

Being able to communicate and enforce expectations in calm, consistent and loving ways becomes increasingly important over time (think “terrible 2s” and tantrums, and teenage years). Insisting children follow important rules about respecting the home and how they treat other people is important. This is best done with firmness, patience, respect, love and even fun. As the parents set boundaries and expectations, the children begin to internalize these norms as parents wish. It's through these expectations that children adopt a healthy structure for their own lives.

Daily practices

Daily practice 1

Start with the basics: “Please,” “Thank-You,” “I'm Sorry” and the Golden Sippy-Cup Rule¹¹

As we look at the development of character, three qualities stand out: respect, gratitude and remorse. The foundations for these are laid early in life.

“Please” and “Thank you” are often considered the magic words. When parents insist their children say “Please” when asking for something, they're working to teach them to be respectful of others. The children learn they aren't the center of the world but are part of a larger community. They learn that people are more likely to be kind and helpful when treated with respect. “Thank you” completes the cycle by expressing gratitude and acknowledging that no one is required to help but does so voluntarily. When others are spontaneously generous, as opposed to responding to a request by the child, “Thank you” shows appreciation of that person's unsolicited thoughtfulness.

Ideally, “Please” and “Thank you” should become habits as a child gains early language skills, around the end of the first year, and parents should be encouraging proper use of these terms by saying them for the child at this age (“modeling”). When parents ask their child to do something, they too should say “Please,” and when it’s done, “Thank you.” This modeling can be turned into a game and be made both fun and even funny. Positive emotions around the desired behavior make the behavior more likely to stick than more serious or punitive approaches. This is the best foundation for inoculating against unhealthy entitlement. Instilling these terms to be automatic requires consistent effort on the part of parents, extended family and the community. Having grandparents and family friends reinforce this by asking questions such as “What do we say?” will help to ensure the behavior is not seen as something that only applies to mom and dad.

Teaching children to apologize can help them learn that their behavior has an effect on others and that they have the ability to hurt others’ feelings. Taking responsibility for that early is an important skill in character development. To apologize requires honesty and integrity. When a person falls short in dealing with others, there’s work to be done—acknowledging the hurtful behavior, accepting responsibility through a sincere “I’m sorry,” and making genuine efforts not to repeat the behavior. “I’m sorry” expresses remorse, which, along with respect and gratitude, completes a solid foundation of character upon which an enlightened and loving human can develop.

The Golden Sippy-Cup Rule states, “Any child who can walk and hold a cup should be expected to carry it to the sink when empty.” Since most sinks and counters are too high for kids this young to

reach, a parent can stand by to accept the cup, or a place can be designated for placing the cup when empty (with praise for a job well done). Children learn that, while they’re unconditionally loved, they’re still expected to contribute, take some responsibility for their lives, and help take care of themselves and others. Very young children love to contribute like adults do; putting the cup in a dishwasher comes with the added joy of pressing the power button, which delights any young child every time.

Daily practice 2

Be the best version of yourself with your children

We all know parents must instill the foundation for their children to go on to a well-lived life. This includes helping the child develop deeply held beliefs about what’s important in life and gaining the decision-making skills to live according to those principles. As we noted above, when parents are clear about shared expectations and which priorities to instill in children, they can work as a team to integrate them in fun and creative ways so that children will internalize them as they grow up. The greatest threat to these lessons are gaps in parental behavior. Young children cannot easily process mixed messages. This means parents must be on the same page and consistent with each other. Even more importantly, parents must be unsparingly honest about any gaps that exist between what they say and what they do. Children are laser-focused on the clues they receive about these things, and they’ll notice discrepancies. If you demand that children say “Please” and “Thank you,” but they observe you at a restaurant not showing those courtesies to others, they’ll see that for what it is.

Client story

One family was concerned about their children learning healthy eating habits, and broccoli consumption was part of that program. The parents liked broccoli (giving broccoli to the child while parents grimace and avoid it probably will not be effective). The parents pretended to be a huge monster, and the broccoli was a small tree. They growled and roared, and, while the child held the piece of broccoli, the parents grabbed it with their teeth and ate the tree with powerful monster jaws. The parents then flexed their arm muscles to show how the broccoli was making them stronger. Next it was the child's turn to eat and flex. He now enjoys broccoli and other healthy foods.

If they see a lack of gratitude, they'll likely feel entitled. If they see failures of respect, they'll take on airs of superiority. If they never see parents apologizing, they'll be less likely to take responsibility for their own behavior. No parent is perfect, but those parents who constantly seek to close gaps and demonstrate for their children the kind of people they want their children to become do a better job of parenting. One way to think about this is whether you're showing your children, day in and day out, the best version of yourself. This isn't easy to do, but at the end of the day, would you rather be the best version of you with your children or with strangers?

Daily practice 3

Make it fun

Children who associate good character with punishment and drudgery are likely to rebel at some point. The lessons that stick are the ones that are fun, lighthearted and consistently delivered in positive ways. Of course, punishment is occasionally required, but the research shows that a ratio of five positive interactions for every one negative is likely to keep relationships strong.¹² Save the criticisms for the things that really matter. Gentle correctives for the lesser offensives make more sense.

It's crucial for parents to gain clarity about what's important; modeling and activities you do together instill far more values than talking will. If learning and education are important to you, take your children to the zoo to learn about animals and their habitats, or go to the library once a week to find and check out books (your children can swipe the library card or eventually get their own). Talk to them about beginning your own school days when you became a "big kid" and what it was like. At some point you might even arrange a tour of the elementary school so they can see for themselves what's happening there.

Daily practice 4

Delaying gratification

One of the hallmarks of character development is delaying gratification. In her 2016 book, *Grit: The Power of Passion and Perseverance*, psychologist Angela Duckworth discusses how successful people at the top of their fields had to be able to fail repeatedly, often for long periods of time, and somehow keep trying. Not simple. She describes grit as a combination of passion and perseverance, and she finds it's more important than talent alone for accomplishing great things in any arena of life.

Researchers have evidence strongly suggesting that early nurturing behaviors by caretakers can “switch on” DNA-related mechanisms that control the management of stress.¹³ This is hopeful research connecting early attachment behaviors by parents with the ability of the child to manage stress. This is certainly useful in the context of a young child learning to fail and press on with effort — a stressful experience indeed.

For parents with significant economic resources, it can be easy to give children opportunities they wouldn't get on their own. Over and over again, we see parents of adult children “overfunction” while their children are “underfunctioning.” They find their children jobs, supplement their incomes, smooth over difficulties to make life easy and so on. These patterns begin early when parents start rescuing or protecting their children from small failures and upsets. It can range from buying things to soothe emotional upset to intervening too early in a conflict. Parental overfunction is almost always rooted in parental anxiety and overcomes parental wisdom. Parents who overfunction may hinder

their children's opportunity to grow and develop their own capacities and capabilities. This can undermine the development of grit and the ability to work through smaller frustrations and challenges. Gaining skill in these little things will serve children well within the family's enterprise or on their own path. It's important to expose children to different things so they can find something for which they feel passion, and then encourage them to take on hard challenges related to that passion. Allow them to fail and support them to persevere. Passion + Perseverance = Grit. And if they aren't failing — it's too easy.

The psychoanalyst Heinz Kohut coined the term “optimal frustration” and said it's necessary for healthy self-esteem in his book *Restoration of the Self* (1977). Too much frustration and children may become hopeless and give up. Too little and they don't experience the growth that comes from struggling and succeeding. It's important to expose children to demanding activities and support them to continue when frustrated. It's their internal interest in and desire for the activity that fuel success and growth — and that is passion.

Both science and anecdotal evidence suggest that making life too easy has negative effects on children's self-esteem, their ability to manage stress on their own, and their motivation to make their way in the world. When parents “rescue” kids from difficult and challenging situations, they rob them of powerful growth that would otherwise help inoculate them against many of the pitfalls of wealth.

Daily practice 5

The power of stories

A legacy is something handed down from the past. For families, telling stories of the family's history is a powerful way to develop and perpetuate legacy and influence how the family's wealth affects children and their relationship to what the family has created. They can learn powerful lessons from family members, which will guide them in handling issues related to money, family business and much more.

Bohanek and colleagues studied styles of family storytelling and identified several types.¹⁴ Only the “coordinated perspective” increased self-esteem in children. This manner of storytelling involves parents and kids taking turns sharing thoughts and feelings about a family story. No one person dominates. Parents help their kids think through various aspects of the story and its deeper meaning by asking questions and encouraging kids to talk about their own reactions. Parents engage kids to better understand their own perspective and those of other family members as well as how children and their ideas fit into the bigger family picture. This isn't done in a lecturing manner but through back-and-forth exchange; the creation of meaning is done collaboratively.¹⁵

Researchers Duke and Fivush¹⁶ studied the relationship between knowing about one's family history and factors of health and resilience. They developed an exercise called “Do You Know” that asked children to answer 20 questions about their family, such as, “Do you know where your parents met,” “Do you know the story of your birth” and “Do you know an illness or something terrible that happened to your family?” They found the more children knew about the family history, the stronger their sense of control over their lives, the higher their self-esteem, and the more successfully they believed their families functioned.

They also found family narratives take one of three shapes: ascending, descending and oscillating. Ascending starts out with challenges and ends well. Descending is about things going well and ending poorly. They found the “most healthful” narrative is an oscillating style in which the child is told the family story balanced with ups and downs — as life usually is. Telling the family's story with your young children in simple and straightforward ways has significant impact. As you do this, make sure to tell the story in ways that make sense from a child's point of view, then ask them what the story was about. As you tell stories, make sure you include those about challenges (descending) as well as successes (ascending). Even some upsetting stories can often be told in a way that children can understand and learn from. If too upsetting, wait until they're older.

Conclusion

Parents who focus on the character development of their children when they're very young can often save themselves from challenges when their children get older. Good parenting isn't a solution for all difficulties — there are plenty of things that can derail children in their teens and 20s. That said, a good foundation more often than not endures, and even if children stray a bit as young adults, they often return to the lessons learned in the very earliest stages of their lives. Our advice is actually quite simple: Develop a family culture you're proud of, be intentional about the parenting principles you adopt, and practice simple things daily. These three components are like legs on a stool. Following them can help you raise children equipped to navigate the complexities of affluence with purpose, wisdom and balance.

Appendix A: Self-assessment

- Do we agree on how we want to parent our children? How would we describe our parenting philosophy to others if they asked?
- If there are unhelpful differences in our parenting approaches, how can we resolve them? What are the assumptions and beliefs that are governing our individual parenting decisions? To what extent are we trying to compensate for what we see as blind spots in each other?
- Are we emotionally supportive of our children? How, specifically, do we support them? How could we be more effectively supportive?
- Are we kind to and considerate of each other?
- What are we modeling to our children that's positive?
- What are some things we're modeling that we should consider changing?
- Do we effectively challenge our children? Do we set appropriate expectations?
- Do we have balanced and effective ways of holding our children accountable when they fall short of these expectations?
- Do we encourage enough healthy failure and "getting back on the horse"?
- How are we preparing our children to succeed? Are our expectations age-appropriate?
- Are we allowing our children to become self-reliant? Fostering this? Demanding it and providing opportunities to practice?
- Are there any issues in our marriage affecting our parenting?
- What are we doing individually to personally grow and develop?
- Do we use money or things to soothe our own anxieties or the anxieties of our children?
- How do our values and beliefs about money, finances and wealth converge and diverge? How does this affect our parenting?
- Is the lifestyle we've chosen consistent with the messages we want to communicate to our children about wealth?
- What are we doing that connects our children and us to the larger world?
- Everyone is naturally hypocritical at times; this is human. How are we?

Appendix B: Further reading

Gottman, John, et al.

*Raising an Emotionally Intelligent Child:
The Heart of Parenting*
(1998)

Grubman, James

*Strangers in Paradise: How Families
Adapt to Wealth Across Generations*
(2013)

Lythcott-Haims, Julie

*How to Raise an Adult: Break Free of the
Overparenting Trap and Prepare Your Kid
for Success*
(2016)

Siegel, Daniel, and Hartzell, Mary

*Parenting from the Inside Out: How a
Deeper Self-Understanding Can Help
You Raise Children Who Thrive*
(2003)

Tough, Paul

*How Children Succeed: Grit, Curiosity
and the Hidden Power of Character*
(2012)

Tsabary, Shefali

*The Conscious Parent: Transforming
Ourselves, Empowering Our Children*
(2010)

Twist, Lynne

*The Soul of Money: Transforming Your
Relationship with Money and Your Life*
(2003)

About the authors



Jeff Savlov is a consultant to enterprising families and is the founder of Blum & Savlov, LLP—Family Business & Wealth Consulting. His specialty is working with families who want their wealth to serve current and future generations in healthy and productive ways. Savlov engages families at the intersection of family dynamics and ownership, management and leadership of shared assets. He speaks in the U.S. and internationally, has been quoted in the *New York Times* and *Family Business* magazine, and authors a popular blog—“The Family Business Minute.” Savlov worked in his family’s commercial printing business before a career in sales and marketing and then returned to graduate work in family and group dynamics. He is also a family therapist, child play therapist and certified psychoanalyst.



Matthew Wesley is a managing director and Wealth Strategist in the Merrill Center for Family Wealth. He is an internationally recognized practitioner and thought leader on the issues facing financially successful families. With a career that spans 30 years as an estate planning attorney, family advisor, facilitator and consultant, Wesley helps address the complex issues of generational transition, family culture and ongoing governance. These issues often affect family enterprise succession, philanthropy and wealth transfer. He holds a J.D. from Stanford University and an M.Div. from Fuller Theological Seminary. *(Note: Matthew Wesley does not provide legal advice in his role at Merrill.)*



Phoebe Massey is a vice president and Business Support Manager in the Merrill Center for Family Wealth. She works with advisors and families to intentionally navigate the impact of wealth and to sustain wealth and values across generations. Massey’s work focuses on the rising generation and developing educational curriculums aligned to the family’s identified values and objectives. She facilitates meetings designed to educate and empower younger family members to effectively integrate wealth in their lives. Massey earned a bachelor’s degree in political science and government, with a focus on legal studies, from Trinity College.

Endnotes

- ¹ While fight, flight and freeze are widely understood, flocking and fixing are not. Flocking is the response of seeking sympathy and support as a way to self-soothe and work through stressful situations. Fixing is the reactive attempt to address anxiety by doing something — often without sufficient thought.
- ² Merrill Center for Family Wealth has developed a set of Value Cards to help families define their core values in order to guide financial and lifestyle decision-making. If you are interested in learning more, please contact your Merrill advisor. Value Cards were co-created with the Money, Meaning and Choices Institute.
- ³ For a sample self-assessment, see Appendix A at the end of this paper.
- ⁴ Harvard Medical School's longitudinal Grant and Glueck Study, beginning in 1939, reflects that meaningful connections with others have a direct positive impact on individual well-being and happiness. The study is currently part of The Study of Adult Development, now under the direction of Dr. Robert J. Waldinger at Massachusetts General Hospital. See also Fivush, Robyn and Duke, Marshall, *Do You Know: The power of family history in adolescent identity and well-being*, Journal of Family Life, 2010.
- ⁵ If interested in identifying money beliefs and money personality types, please see the Merrill white paper on *Navigating Newly Created Wealth*. Contact your Merrill advisor for details.
- ⁶ James Grubman, Dennis Jaffe and Keith Whitaker, "Immigrating to the Land of Wealth," *Private Wealth* magazine, March/April 2009. (Latest available.)
- ⁷ James Grubman, *Helping Strangers Adapt to Paradise* (presentation), 2014. (Latest available.)
- ⁸ Refer to the work of John Bowlby and Harry Harlow as well as works such as *The Conscious Parent* by Shefali Tsabary, *Parenting From the Inside Out* by Daniel J. Siegel and Mary Hartzell, and "The Conscious Baby" program for parents: birthpsychology.com/news/conscious-baby-parents-course.
- ⁹ Dr. Peter Hepper, *New Scientist*, 2010. (Latest available.)
- ¹⁰ See note 8, above.
- ¹¹ Jeff Savlov, "[Raising a Two-Year-Old Millionaire: Please, Thank-You, I'm Sorry and the Golden Sippy-Cup Rule](#)" [Blog post], April 29, 2015. (Latest available.)
- ¹² Kyle Benson, "The Magic Relationship Ratio, According to Science," The Gottman Institute, October 4, 2017.
- ¹³ In *How Children Succeed: Grit, Curiosity and the Hidden Power of Character* (2012), Paul Tough writes about and reinforces the importance of being able to delay gratification. He also reviews interesting and creative research about the power of parents and other caretakers (human and other examples) who form close bonds with children to develop resilience in them. (Latest available.)
- ¹⁴ Bohanek, et al., *Family Process*, 2006 Mar; 45(1):39-54. (Latest available.)
- ¹⁵ As children get older, conversations about finances and wealth become more explicit. Merrill has a number of papers and tools for these kinds of discussions. As you get ready to have conversations with children about wealth, you might want to consider consulting resources like *Is There Love in Money*, which addresses such things as effective parenting styles. (See page 8.)
- ¹⁶ Specifics of Marshall Duke and Robyn Fivush, as detailed by Bruce Feiler, "The Stories that Bind Us," *The New York Times*, March 15, 2013. (Latest available.)

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