



KARDIA

FAMILY WEALTH COUNSELING

Keeping the heart of God at the heart of planning

Three Aspects of Every Family's Wealth

The vast majority of wealthy families do not fully understand the different aspects of their wealth. Sadly, as a result, many go to their graves leaving their assets to suffer devastating taxes and reap only a small portion of the benefits that could have been provided to them, their heirs and the Kingdom of God with strategic stewardship planning. In this article, we will review these three aspects of wealth and why it is so important to consider all three of them when planning.

1. Financial Aspect of Wealth

The first facet of wealth, and arguably the most mundane, is the Financial Aspect. This aspect addresses the tangible, material assets that a person possesses. It is all the stocks, bonds, business interests, real estate, etc. that makes up all of the family's "stuff". This "stuff" is listed on balance sheets, profit and loss statements, bank accounts, investment summaries and tax returns.

It has been our observation over the past 25 years that more than 90% of all the "estate planning" that is being done in this country is limited to the financial level. Most of traditional planning seems to focus simply on "running the numbers" and doing whatever can be done to improve those numbers for the family and reduce the amount going to the IRS.

Since most professional advisors are generally more left brain (analytical) than right brain (creative), it is understandable that most of their planning focuses on this analytical, financial level. If a planning process only addresses this financial aspect, then affluent Christian families will end up

leaving far more benefits on the table than they will ever take off.

It is our belief that the financial aspect of a family's wealth is the least important of the three aspects. We do not mean to say by this comment that we think it is unimportant, but we do believe it is the least important of the three aspects.

2. Social Aspect of Wealth

Most professional advisors who work with the wealthy do not fully understand the far reaching ramifications of the social aspect of a family's wealth. Consequently, they seldom, if at all, adequately explore with their clients this aspect and the issues and opportunities that go with it. Let me explain.

The government has set up capital gains and estate tax laws so that people are offered a distinct choice. They can either choose Involuntary Philanthropy (taxation) or Voluntary Philanthropy (charitable giving) – both of which support the general welfare of the country. They must

contribute one way or the other, but they have the choice. The term “*Social Capital*” has been coined to describe these philanthropic funds that make up part of a family’s accumulated wealth.

If the wealthy, by default, allow their *Social Capital* to be used for Involuntary Philanthropy, research has shown that very little discernible benefit from these collected taxes will actually “hit the street” and help people because so much of each dollar is consumed on the cost of collecting and administering it. If affluent Christians would, instead, choose to proactively direct their *Social Capital* towards Voluntary Philanthropy specifically to Christian causes which they believe best serve mankind, then significant benefits would be provided by those organizations that receive this *Social Capital*, and relatively speaking, little of these funds are lost to overhead and administration.

The wealthy must understand the importance of “voting” their *Social Capital*. The voting of millions of dollars of a person’s *Social Capital* can have a vastly greater impact on the healing and helping of this nation and the world than a single political vote could ever hope to accomplish. Why do liberal politicians always appeal to the interests of those in the lower classes in this country? As a group, the lower classes possess the millions of potential votes that politicians are looking for to get elected, so they historically have promoted what seems like a *Robin Hood* legislative agenda that “steals” from the rich and gives it to the poor. From a political/financial perspective, the very affluent are quite vulnerable. However, what the wealthy lack in numbers of votes, they can more than compensate for with their collective trillions of dollars in latent *Social Capital* – if only they can be shown how to “vote” it.

It is commonly acknowledged that a large portion of the American population have lost faith in the effectiveness of the political system to address the problems that face this country. Despite the ineffectiveness of the current political process, money still speaks, and the more there is, the louder its voice.

If wealthy Christians can be shown how to personally “vote” their millions of dollars of *Social Capital* as they believe best, the collective impact will be staggeringly powerful. Now wealthy Christians can exercise the right to decide what is important, what is in the best interest of our country and what issues they want to help resolve. Much of this can be done apart from the cumbersome and inefficient political system without so much as establishing one lobbying group, or PAC, or spending even one dollar to put the “right” candidate in office. Americans can effectively circumvent the unwieldy, bureaucratic, political system and go right to the need itself. Consequently, the destiny of our country can again be returned to the hands of its citizens and will, simultaneously, pressure our federal and state governments to become more responsive, less wasteful and more accountable to the American people who elected them.

Since our secular government unquestionably cannot and will not create all the needed real solutions to our social and moral problems, wealthy Christians, over the next 30 years, can take matters into their own hands and do it themselves. As affluent Christians choose to personally “vote” their *Social Capital* by passing their billions of dollars of accumulated wealth, they have the financial capacity to literally transform this nation. If their Master Stewardship Plans are set up correctly, it is beyond imagination what good can be done to fulfill the Great Commission worldwide. If done properly, it need not cost these wealthy families one penny of their accumulated wealth. In fact, in many cases, these families can often end up wealthier in the process and do the same thing again when the next generation transfers their wealth.

When these issues and options are fully explained, wealthy Christians always choose the option of self directing their *Social Capital* instead of relinquishing it to the federal government in unnecessary taxes. And, once they fully understand the power inherent in this social aspect of their wealth, it immediately opens up tremendous new and creative stewardship planning possibilities that they did not even know existed.

3. Spiritual/Emotional Aspect of Wealth

The most intimate and critically important aspect of wealth falls into the spiritual/emotional realm. It is with this aspect of wealth that each person must struggle to answer the question, “What is the purpose for all my work and the accumulating of all this wealth?” Or, “What does God want me to do with the wealth he has enabled me to accumulate.” (“*But you shall remember the LORD your God, for it is He who is giving you power to make wealth.*” Deuteronomy 8:18)

As Christians find themselves moving into the latter chapters of their lives, having accumulated far greater wealth than they ever imagined, often the simplistic reasons for accumulating wealth that may have motivated them in their earlier years now no longer seems fully adequate or entirely satisfying.

Tragically, very wealthy Christians are seldom discussing these spiritual/emotional issues with their existing professional advisors and certainly not with their Pastors or friends. In fact, many advisors strongly believe that exploring these issues of their client’s personal life is **not** even their place to bring up much less discuss. Is this because it really is inappropriate to bring them up, or is it that advisors simply feel ill equipped and uncomfortable broaching these kinds of spiritually and emotionally critical issues with the clients? We believe the latter is the case.

Most advisors seem to erroneously rationalize that if these spiritual and emotional issues are important to their clients, they will be the ones to bring them up for discussion. But how can a client bring up such complex and sensitive issues with all the accompanying planning ramifications if they do not even know what questions they need to ask or what planning options even exist? Who will tell them? Who will challenge them? Who will help them dream beyond themselves and their fleeting mortality and find the spiritual and eternal significance and purpose that God intended for their wealth?

King Solomon, one of the wealthiest men who ever lived, pessimistically concluded that wealth in

and of itself has no purpose and pursuing it was nothing more than “*vanity and chasing after the wind.*” He never came to a satisfactory answer to this most profoundly difficult question of what is the purpose for all of it. He candidly confessed that his fabulous wealth was consumed solely “*for myself*” (Ecclesiastes 2:1-11). And, consequently, he died a very rich and a very frustrated old man.

Paul encourages Timothy to “*command those who are rich in this world to be generous and ready to share...so they may take hold of that which is life indeed.*” (I Timothy 6:17-19). Paul is telling us that “life indeed” is found in how a person’s wealth is deployed to help others, not in how it is personally enjoyed and consumed by ourselves.

This biblical concept of giving was the fundamental and philosophical tenant that drove the thinking of the founding fathers of this country. Thomas Jefferson, the writer of our Constitution, may have said it best:

“I deem it the duty of every man to devote a certain portion of his income for charitable purposes...to do the most good of which he is capable...best insured by keeping within the circle of his own inquiry and information the subjects of distress to whose relief his contribution should be applied.”

In the 1800’s Andrew Carnegie, businessman turned philanthropist, adopted this charitable philosophy of life and wrote in his book *The Gospel of Wealth* challenging the wealthy of his day with these provocative words:

“An ideal State [is one] in which the surplus wealth of the few will become...the property of the many...administered for the common good. The public verdict will then be: ‘The man who dies rich...dies disgraced.’”

Once this new spiritual/emotional variable is introduced into the wealth planning equation, the entire planning process is instantly transformed into a much loftier and far more noble activity. As families begin to address these aspects of wealth in the planning process, they become excited and enthusiastic over how effectively their newly designed Master Stewardship Plan leverages their wealth to everyone’s benefit. For them, the thought

of planning is no longer drudgery, something painful to contemplate, or something to be put off as long as possible. It is exciting and motivating.

Like a caterpillar being transformed into a beautiful butterfly, an amazing metamorphosis takes place as wealthy Christians, often for the first time in their lives; begin effectively dealing with all three aspects of their family wealth. Not only does this new approach to estate planning make perfect financial sense, it also positions them to realize more fully the profound joy of taking hold of that which is “life indeed”. They strongly sense, and rightfully so, that their lives will now be “casting a shadow” that will extend far beyond their own lives and the relatively small world of their own immediate family. Now, they can positively impact for Christ hundreds, thousands, and maybe even millions of their fellow human beings with the resources that God has entrusted to them. What kind of financial “yardstick” can possibly be used to measure this kind of overwhelming personal satisfaction and emotional fulfillment that such planning provides?

A perfect example of this phenomenon was a sweet, 79-year-old Christian widow who asked us to develop a Master Stewardship Plan for her. Her newly designed plan substantially increased her one son’s inheritance, her multi-million dollar estate tax liability was totally eliminated, and those former tax dollars were converted into major gifts to the

Christian ministries she cared so much about. When we presented the plan to her, she broke down and cried for joy and relief. Her emotional burden for her son’s welfare was lifted. Her massive estate tax burden was removed. Her deep longing to use her wealth for the Kingdom of God would now exceed anything she ever dreamed possible. She cried. Her son cried. I cried, too. At that touching moment, this gracious, elderly lady had, for the first time in her life, found a totally fulfilling answer to that elusive question, “*What is the purpose for all my wealth?*” For this dear lady, her wealth had been transformed from being a source of great emotional and spiritual concern to one of great emotional exhilaration.

How about you? Do you have a Master Stewardship Plan in place that is fulfilling God’s purpose for your wealth? Because of your wise and effectively planning will God someday be able to look at you and say “Well done, my good and faithful servant”?

The author, E. G. “Jay” Link, is both an ordained minister and the President/CEO of Kardia, Inc., a ministry that specializes in assisting wealthy Christian families with the stewardship of all of their life resources. He is also the author of the book Family Wealth Counseling: Getting to the Heart of the Matter. Mr. Link may be reached via email at jlink@KardiaPlanning.com.