

## **Roots and Wings: How Wealthy Families Can Best Approach Giving to Their Children**

“No matter how far you get, let it sink in  
That I gave you roots, and baby I gave you wings”  
– Jakob Dylan and The Wallflowers

*By Thomas K. Hoops, President & Chief Operating Officer, New Republic Partners*

My family did the Pandemic puppy thing. This requires lots of patience and many long walks around the neighborhood keeping our new family member from chasing menacing squirrels or leaping on well-intentioned neighbors. On one of these walks recently, I was listening to the new album from The Wallflowers and was struck by the chorus to the song “Roots and Wings.” Jakob Dylan uses this phrase as others before him, referencing our hope that we can provide a solid foundation for our children that gives them the moral and emotional underpinnings to become productive adults, while also allowing them the space and freedom to become individuals...Roots and Wings. My guess is that most of us would consider this one of our most important parental objectives but also one that is far from easy to achieve.

For families with legacy wealth, providing Roots and Wings is no less challenging and most likely even more difficult. It’s been said that money has ruined far more families than it has helped. I’ve never seen any hard data to support this, but it intuitively feels on point. Netflix and HBO have made a living creating programming based on this premise and many of us know of many non-fictional examples of family wealth gone wrong.

To reinforce goals and navigate around pitfalls, successful families are faced with a number of foundational decisions on how they want to allocate their wealth. In simple terms, they need to prioritize within four basic categories:

- Spending
- Gifting to children and family
- Providing support to charitable organizations
- Taxes

Our experience is that clients typically have strong opinions on categories 1, 3, and 4 and are ready to develop planning and investment strategies to support these goals. However, it's often the decisions around children that are the most difficult, if not borderline terrifying. At its heart, it is about failing on that major parental objective...Roots and Wings. How do we pass on wealth but still produce motivated, grounded, and caring leaders and citizens? How can we encourage pursuing individual passions yet set some limits or guard rails?

One simple example could be setting age mileposts as guard rails for inheritance or gaining access to portions of funds from a trust. Carefully selecting a trustee that understands the family's Roots is also important. Some families even require children to be actively involved in the family's philanthropic activities. Alternatively, requiring children to gift a portion of the proceeds to charitable causes encourages them to develop passions for serving their community while staying grounded.

Every situation is unique but there is a commonality – the realization that what should be an advantage can quickly turn into a disadvantage. The probability of adverse outcomes is very high, but lessened with intentional planning matched with customized investment solutions.



At New Republic Partners, we are a firm founded by families to serve other successful families, individuals, and institutions. We believe that the discussion should always begin with understanding a family's goals and objectives, and we work with them to develop structures and investment programs that are designed to support those outcomes, particularly as they relate to issues and opportunities with children and extended family.

We believe in delivering institutional-quality investment solutions that take advantage of our collective scale and experience, as well as the opportunities that our decades-long relationships present. We make those solutions available to all of our clients on an open and equal basis. We are a firm started by clients for clients. Those are our Roots.

At New Republic Partners we also recognize that every client situation is unique, and solutions need to be individually crafted. The ability to invest alongside other large families and institutions, yet receive a solution designed for the client's legacy aspirations...that's how we deliver Wings.

As I've written earlier in an investment perspectives article, "The Future's Not What It Used To Be," the investment landscape presents many challenges, and investment outcomes achieved in the past may be harder to replicate in the future. But we believe that our unique approach is responsive to those challenges and by leveraging our Roots we can assist each client in finding their Wings.

One last thought about Jakob Dylan's lyrics. Listen to anything The Wallflowers have recorded, and you will hear the unmistakable influence of Jakob's famous musical father Bob. At the same time, Jakob has steered that influence in a very contemporary way. The Wallflowers are definitely not Bob Dylan. Roots and Wings for sure.



**Disclaimer:** The information presented here is not specific to any individual's personal circumstances. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances. This information may change at any time without notice.

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