Financially speaking

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Educating the next generation: Building a legacy of financial stewardship

For many High Net Worth families, true wealth extends beyond financial assets — it includes values, vision, and legacy. As generational wealth grows, so does the importance of preparing the next generation to manage it wisely.

In 2025, wealth stewardship is not just about passing on money — it's about passing on meaning.

Why it matters

Studies show that 70% of wealthy families lose their wealth by the second generation, and 90% by the third.[1]

First generation	Second generation	Third generation
Wealthy families	70% loss	90% loss

[1] *From Prosperity to Penury: Why 70% of Wealth Disappears by the Second Generation* — Ryan Gollan

The key reason? A lack of communication, education, and shared purpose. Proactive wealth education helps ensure your legacy endures.

Key strategies for educating the next generation

Start early, start small

Introduce financial concepts at a young age — budgeting, saving and giving. Use real-life examples like managing pocket money or investing in a small business idea.

Create a family wealth mission

Develop a shared family vision that outlines your values, goals, and expectations. This helps younger members understand the "why" behind the wealth.

Use family meetings as learning labs

Regular family meetings can be powerful forums for discussing investments, philanthropy, and decision-making. Encourage open dialogue and shared responsibility.

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In this issue

Involve them in philanthropy

Engaging younger generations in charitable giving fosters empathy and purpose. Let them research causes, allocate funds, and even visit organisations.

Leverage Professional Education Tools

Consider financial literacy programs, mentorships, or even family office workshops tailored to young adults.

Model stewardship, not entitlement

Demonstrate responsible wealth behaviour — investing wisely, giving generously, and living within means. Children learn more from what we do than what we say.

Building a legacy that lasts

Educating the next generation is one of the most meaningful investments you can make. It ensures your wealth becomes a tool for empowerment, not entitlement — and that your legacy lives on with purpose.

Unravelling super beneficiary nominations

Making a beneficiary nomination can help to ensure your super is paid to the people you want if you pass away. Here's how they work and some key things to consider.

What happens to your super when you die?

Superannuation is treated differently to many other assets when you pass away. Legislation limits who super fund trustees can pay the 'death benefit' to. Options include your estate or directly to eligible dependants, such as a spouse, child, financial dependant or someone with whom you share an interdependent relationship. You can also complete certain nominations that will either bind or guide the trustees when paying out your super.

Beneficiary nomination options

Generally, there are three types of beneficiary nominations, although not all funds offer all three. These are:

- **Binding nominations** that the fund trustees are legally required to follow. Some are *lapsing* – which expire after three years unless renewed – while others are *non-lapsing* and remain in place until you update or revoke them.
- **Non-binding nominations** which act as a guide for the trustees, who will consider your wishes, but retain full discretion to decide which eligible beneficiaries are paid.
- **Reversionary nominations**, which you can choose if you're receiving your super as a pension and want the income payments to continue to be paid to an eligible beneficiary.

The best option for you will depend on your personal circumstances, who you would like to benefit and your broader estate planning goals.

Estate vs direct beneficiary payment

Another key consideration is whether it's best to nominate your estate or specific beneficiaries.

If you go with your estate, the money will be dealt with according to your Will. This may suit if you want the funds to go to someone who can't receive your super directly. Also, you may include provisions in your Will to direct the money into a testamentary trust, which may offer asset protection and tax planning benefits for your estate beneficiaries.

However, it's important to note that Wills can be contested. So if you're concerned about potential disputes, a binding or reversionary nomination may help ensure your super goes directly to your chosen eligible beneficiaries.

Keep your nominations up to date

Life events (like marriage, divorce or the birth of a child) or a change in estate planning goals could mean it's time to update your nomination. Regular reviews can ensure your super plans stay aligned with your current wishes.

Seek advice

Your financial adviser can help you understand your nomination options and who can benefit. They can also review any existing nominations to make sure they're still suitable.

Thinking ahead? Let’s talk about strategies for creating a positive financial future.

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