

# Avoid Generalizations In Working With NextGens

By **LAURA A. ZWICKER** and  
**STEFANIE J. LIPSON**

The questions of when, how, and to what extent to engage younger generations in a family's succession process cross nearly all sectors of private client advisory work, both within the US and internationally. Traditionally, the focus is on a linear down generation transition of a family's wealth and/or business. Discussions center around communication with, and education of, the younger generation(s) on their responsibilities and stewardship role with respect to the senior generation's wealth that has, or will, transition to a generation which did not create the wealth.

Advising these "NextGen" beneficiaries is only one facet of "NextGen" advisory work. In our experience, the term "NextGen" is now being broadly used and encompasses at least two other distinct groups, each of which has unique needs and considerations in the advisory process.

## **NEXTGEN EXPANSIONISTS**

For some, the succession process includes transitions to NextGens of family wealth, business ownership and management during the senior generation's lifetimes. We often see this with NextGens assuming leadership roles in family owned companies and, with increasing prevalence, in family office structures. Similar in linearity to the traditional wealth transition noted above, the NextGen begins as beneficiary of the senior generation's wealth and effort. However, the acceleration of the NextGen's participation and leadership concurrent with the senior generation's continued presence, driving the family forward often into new avenues of wealth creation and philanthropy, involves balancing the presence of the senior generation while the NextGen's role has developed into more than a caretaker and steward of inherited family wealth.

Advisors to families with NextGen expansionists often find themselves facilitating communication both upstream and laterally, focusing on the now leading role the NextGen expansionists hold and their contribution to the family's wealth. Advisors to these families need to be sensitive to ensuring that the legal and financial infrastructure is flexible enough to support continued expansion, mindful that NextGen expansionists often explore new business opportunities with a much faster cadence than in the prior generation. At the same time, they must ensure there is sufficient structure to protect the interests of (1) the senior generation, who may no longer be active in management, but may continue to rely on the cashflow of the underlying business or portfolio, (2) the non-participating NextGen family members, whose interests may diverge from the NextGen expansionists, (3) the active NextGen expansionists themselves, and (4) the health of the business or portfolio.



**LAURA ZWICKER**  
Co-Chair & Partner,  
Private Client Services  
Greenberg Glusker LLP  
lzwicker@ggfirm.com



**STEFANIE LIPSON**  
Co-Chair & Partner,  
Private Client Services  
Greenberg Glusker LLP  
slipson@ggfirm.com

## **NEXTGEN ORIGINATORS, OR "NEWGENS"**

Young upstart entrepreneurs and investors are breaking from the traditional downward transition of wealth. Many Millennials and GenZs (and pretty soon, some GenAlphas) are originators of a new generation of wealth, the cycle starters – more "NewGens" than NextGens – and are often doing so at a time when they do not yet have their own NextGens to plan for. Many of these NewGens, who have had private liquidity events, successful IPOs, or other significant wealth creation events from their entrepreneurship and/or talent, become a centralized capital source of the family's wealth with their own sophisticated family office framework that is benefiting the needs and interests of their generation, as well as collateral relatives and senior generation family members.

These NewGens often share with NextGen expansionists the fast cadence of work and decision making and willingness to be risk takers in their business lives. Their significant wealth at a younger age requires advisors to rethink certain traditional wealth succession structures to accommodate flexibility and optionality for rapidly changing circumstances in their lives. However, they often also think differently than previous generations about the purpose of their wealth and challenge their advisors to think beyond tax efficiency and generational succession to wealth, to social responsibility, active and purposeful philanthropy, and privacy.

## **ADVISING ACROSS GENERATIONS**

This is only a starting point to explore and rethink how we as advisors can best engage with a new generation of wealth holders and creators. The descriptions above are not absolute, and there is often overlap among them both within the same family and even in some instances the same individual. Each benefits from a thoughtful and coordinated approach from their advisory team, recognizing that wealth succession and development is not only a linear down generation process, but is also occurring through NextGens themselves.

*Laura Zwicker is co-chair of the Private Client Services Group at Greenberg Glusker and leads its International Private Wealth Law practice.*

*Stefanie J. Lipson is co-chair of the Private Client Services Group at Greenberg Glusker and leads its Family Office Advisory practice.*

