Bespoke Capital

Preparing The Next Generation

A Business Owner's Guide to Family Wealth Transfer, Values, and Business Succession

A Whitepaper by Cody Hilbun
Partner & Managing Director

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www.bespokecap.com

EXECUTIVE SUMMARY

The next generation should inherit more than assets. They should inherit the judgment to use them well.

Cerulli Associates estimates that $124 trillion will transfer through 2048, including $105 trillion expected to flow to heirs. For business-owner families, the transfer may include far more than a portfolio. It may include a privately held company, real estate, trusts, partnerships, direct investments, family reputation, and responsibilities built over decades.

Estate documents can transfer legal ownership. They cannot, by themselves, prepare a child or grandchild to make good decisions, work productively, communicate through conflict, or preserve the values that created the wealth.

The most durable plans prepare the people and the assets at the same time. That means teaching financial judgment, sharing the family story, defining roles, practicing decision-making, and building governance before control changes hands.

> **The central idea**
> A buyer will arrive with a process, a team, a timeline, and a strategy. The owner should too.

The Five Readiness Tests

1.	Story	Preserve the history, values, and purpose behind the wealth.
2.	Skills	Build financial literacy, judgment, work ethic, and resilience.
3.	Communication	Create an age-appropriate pattern of transparency and dialogue.
4.	Governance	Define ownership, leadership, employment, and decision rights.
5.	Stewardship	Give responsibility in stages and review the plan over time.

Source: Cerulli Associates, December 2024. Projection, not a guarantee.

THE RISK OF AN UNPREPARED WEALTH TRANSFER

Wealth transfer can expose issues money cannot solve.

These patterns can weaken family alignment, create unnecessary conflict, or place responsibility on someone before they are prepared to carry it.

1. Silence about wealth

Heirs may inherit complexity without understanding the decisions, tradeoffs, or values behind it.

2. Surprise responsibility

A child can receive ownership, trustee duties, or illiquid assets before knowing how to evaluate risk or ask for help.

3. Confusing equality with fairness

Identical distributions may create conflict when children have different roles, abilities, needs, or involvement in the business.

4. Roles without readiness

Family membership does not automatically prepare someone to lead a company, manage investments, or serve as a trustee.

5. Complexity without context

Trusts, partnerships, real estate, direct deals, and concentrated ownership can be difficult to understand and even harder to administer.

6. Generosity without boundaries

Support can become dependency when expectations, purpose, and decision-making standards are unclear.

A better first question

Before asking, “How do we divide the assets?” ask, “Who does the next generation need to become before they are asked to steward them?”

A strong legacy preserves more than financial capital.

We use five forms of family capital as a planning lens. Financial capital matters, but it is most durable when the other forms are intentionally developed alongside it.

1. Financial Capital

Business interests, investments, real estate, liquidity, trusts, insurance, and ownership rights.

2. Human Capital

Character, health, resilience, work ethic, self-awareness, and the capacity to carry responsibility.

3. Intellectual Capital

Education, financial literacy, business judgment, decision-making, and the ability to learn from experience.

4. Social Capital

Relationships, reputation, community, professional networks, and the ability to collaborate across generations.

5. Purpose Capital

The family story, shared values, faith, philanthropy, service, and a clear understanding of what the wealth is meant to support.

The objective

Preserve wealth in a way that strengthens people, relationships, responsibility, and purpose.

A durable legacy

Financial capital is most durable when human, intellectual, social, and purpose capital grow with it.

A READINESS ROADMAP

Responsibility should expand as capability grows.

Readiness is not tied to one age. The right pace depends on maturity, experience, family circumstances, and the complexity of the assets.

1. Observe

Learn the family story. See work, saving, giving, and decision-making modeled. Understand that wealth came from effort, risk, sacrifice, and responsibility.

2. Participate

Join age-appropriate conversations. Build a budget. Learn basic investing and taxes. Take part in giving and family meetings.

3. Practice

Manage a bounded amount of capital or a defined project. Present an investment or charitable recommendation. Serve as a committee member or board observer.

4. Steward

Accept formal ownership, trustee, board, or leadership responsibilities with clear expectations, education, accountability, and access to advisors.

The progression

Explain. Include. Practice. Entrust. Access should grow with readiness, not simply age.

FAMILY COMMUNICATION

Tell the story before the numbers.

Transparency does not mean disclosing every dollar to every child at once. It means creating a consistent, age-appropriate conversation so wealth is not surrounded by secrecy, fear, or surprise.

A Useful Family Meeting Structure

1. Story
How did the business and wealth get built?

2. Values
What should the wealth support and protect?

3. Responsibilities
What is expected of owners, beneficiaries, and trustees?

4. Decisions
How will the family make choices and resolve disagreement?

5. Next Step
What should each person learn or practice before the next meeting?

Questions Worth Asking

1.	What do we want money to make possible?
2.	What did it take to build what we have?
3.	What does productive work mean in our family?
4.	What responsibilities come with ownership?
5.	What information should remain private?
6.	What would make wealth a source of unity rather than tension?

The goal
Do not make the next generation feel wealthy. Help them understand what the wealth is for.

Ownership, leadership, employment, and family membership are different roles.

In a family business, conflict often begins when these roles are blurred. Each role should have clear qualifications, authority, economics, and accountability.

Ownership

Who holds equity? What are the voting, liquidity, distribution, transfer, and buy-sell rights?

Leadership

Who runs the company? How is that person selected, evaluated, compensated, and replaced?

Employment

Who may work in the business? What experience is required? How are reporting lines and compensation handled?

Governance

How are major decisions made? What roles belong to the board, family council, trustees, and independent advisors?

Questions to Answer Before Control Changes

1. **Does the business need family leadership, family ownership, or both?**
2. **Are roles earned through capability and experience?**
3. **How will active and inactive owners be treated?**
4. **Who decides distributions, reinvestment, sale, or recapitalization?**
5. **What happens if a family member wants liquidity or cannot serve?**
6. **Which independent advisors or directors should have a seat at the table?**

> **Fair does not always mean identical.**
>
> The family should define fairness deliberately and document it with qualified legal and tax counsel.

THE NEXT GENERATION READINESS ASSESSMENT

Before transferring significant ownership, control, or responsibility.

Mark each statement Yes, No, or Not Yet. The purpose is not to produce a score for its own sake. It is to identify the decisions that deserve attention before responsibility changes hands.

Y	N	NY	
			We have discussed the purpose of family wealth.
			Our heirs know the story of how the business and wealth were built.
			The next generation understands spending, saving, investing, taxes, and risk.
			Family members know what information is private.
			We have introduced key advisors and explained their roles.
			We have defined expectations for education, work, and financial independence.
			Ownership, leadership, employment, and governance roles are distinct.
			Successor roles are earned and supported by training.
			We have a written process for family decisions and conflict.
			Our estate documents and entity structures reflect current goals.
			Trustees, executors, and agents understand their responsibilities.
			Illiquid assets and direct investments can be explained and managed.
			Our philanthropy has a purpose and a process.
			The next generation has practiced managing responsibility before receiving significant control.
			We review the plan as people, assets, and laws change.

How to use the assessment

Every “No” or “Not Yet” is a planning opportunity. The earlier the family identifies it, the more time it has to build capability and alignment.

A PERSONAL PERSPECTIVE

A family's greatest legacy is not the amount transferred. It is the capability, unity, and purpose that survive the transfer.

At Bespoke Capital, our practice is built around successful privately held business owners. We help owners become financially independent of their businesses and prepare for the decisions that follow.

As a father, I think about many of the same questions our clients face. How do you create opportunity without removing the need to grow? How do you share success without making money the center of a child's identity? How do you prepare the people you love to make good decisions when the responsibility eventually becomes theirs?

There is no perfect formula. But silence is not a strategy. The strongest families start earlier, communicate clearly, give responsibility in stages, and surround the next generation with advisors and mentors who can help.

Why Work With Specialists

If you are a business owner beginning to think about how children or grandchildren will inherit responsibility, not just assets, we invite you to schedule a confidential conversation. Together, we can help you connect the estate plan, business succession, family education, governance, investments, and philanthropy into one coordinated strategy.

> **The objective is not to control the next generation's future.**
> It is to prepare them to make good decisions when the responsibility becomes theirs.

Continue the Conversation

Contact us at cody@bespokecap.com to begin the discussion.

Cody Hilbun, CEPA®, PWA
Partner / Managing Director

cody@bespokecap.com
www.bespokecap.com

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