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SARVER VROOMAN  
WEALTH ADVISORS

9237 Ward Parkway, Suite 320 | Kansas City, MO 64114

# Ethical Wills

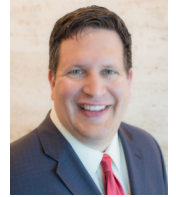
An important part of your legacy,  
transferring your values, morals,  
and beliefs to family and friends.



**Peter Vrooman, CFA®, CIMA®, CRPC®**

Partner, Wealth Advisor  
Fundamental Choice Portfolio Manager

816-601-1152  
peter.vrooman@svwealthadvisors.com



**Jonathan Sarver, CPWA®**

Partner, Wealth Advisor  
Fundamental Choice Portfolio Manager

816-601-1151  
jonthan.sarver@svwealthadvisors.com

*“Legal wills bequeath valuables, while ethical wills bequeath values.”*

— Baines, B.K. 2006, *Ethical Wills*)

## Origin

Ethical wills originated in biblical times and can be traced back to the Hebrew and the Christian Bible as well as other spiritual teachings. Shakespeare also used the practice of an *ethical will* in his play, “The Tragedy of Hamlet, Prince of Denmark.” Originally *ethical wills* were transferred orally when the author was near the end of his or her life. Ethical wills served as a way for people to provide advice, life lessons, principles, and virtues for the next generation, friends, and the community. Over time *ethical wills* have evolved to include the “meaning and purpose” of one’s life and one’s “personal history.” Historically, *ethical wills* were even more prized by women because women were prohibited by law to write a will and bequeath assets as they would like. Often an *ethical will* would be written as a letter or a book from a parent to his or her children.

## Purpose

Ethical wills give the writer the comfort that his or her life’s lessons, values, morals, and history is passed to the next generation, friends, and the community. As far as wealth goes, there’s a famous saying that transcends all cultures and geographies, “Shirtsleeves to shirtsleeves in three generations.” The first generation works in manual labor or “shirtsleeves” and builds a business and or saves money and educates the second generation. However, eventually taxes, the spread of wealth among heirs, poor investment decisions, and the case of a generation being distant from the work ethic, drive, and values that created the wealth causes the loss of wealth and causes the third generation to be back in “shirtsleeves.” A common metric is that 90% of wealth will not survive the third generation.<sup>1</sup> An excellent way to prevent this unfortunate statistic is to create a “social contract” among family members and the next generation that educates children and grandchildren about the work, sacrifice, ethical code, and strategy used to create and invest wealth and the purpose of wealth for education, charity, entrepreneurship, travel, and other purposes unique to each family. In my opinion, an *ethical will* can prevent children and grandchildren from developing an entitlement mentality and allow them to create rich and successful lives of their own where wealth can support their dreams, goals, life meaning and purpose.

## When

One question many people ask themselves is “when?” When is the best time to sit down and write an *ethical will* to one’s family, friends, and community? The answer is often during times of transition we reflect upon our lives and what lessons can be taught to future generations. Transitions include but are not limited to a marriage, divorce, promotion, losing a job, retirement, the birth of a child, an upcoming surgery, death of a friend or family member, and other significant life

events. At both the positive events and the challenging ones, people are given a reason to reflect upon the meaning and purpose of their lives and the values that they want to transfer to their children, family, friends, and the community.

## Form

It's important to use a durable form and one that can be reproduced and shared with multiple generations of family, as well as friends and the community. It can be in the form of a book or a letter. Today many people like to videotape their *ethical wills* and keep them in the form of a DVD or "thumb drive." A nice touch is a framed *ethical will* on a "parchment" type of paper. The authenticity of the content will always trump the format. However the form is important because the quality of the presentation of the *ethical will* demonstrates the solemnness and seriousness of one's commitment to the process and the contents of the document, audio recording, or video recording.

## How

While one's *ethical will* does not have to be poetic like Shakespeare, it's often an effective technique when one tells personal historical stories that teach a lesson or enforce a core value of the author. One should think about their *past, present and future*.

As far as one's *past* goes, people should reflect upon their personal stories that demonstrate their values. Often stories can symbolize lessons learned and make it easier for the reader to remember the principles and morals learned. Also a story makes it more authentic and original than just listing values to live by. Sometimes the most important stories to tell are ones of regret, or chances that weren't taken, or decisions that weren't

made. Stories of regret can be a powerful way to inspire the next generation to follow their passion, dreams, and life purpose.

When it comes to the *present*, one doesn't have to think too long to communicate important stories and beliefs. Often people will share their own authentic values and belief system, beliefs of their religious community, expressions of love and gratitude for all the people, places, things, activities, and achievements that represent what they are thankful for today. Equally as important as gratitude, is apologies. Often this is needed for the sake of the author as well as the next generation or family.

Creating a bridge to the *future* is the whole purpose of an *ethical will*. By telling stories and histories, the author can share dreams, goals, and encourage the present and future generations to live life according to the author's beliefs, principles, values, and morals. This is the part where advice can be given on what is important in life and how to achieve a productive, happy, and meaningful life. Often one will make requests of existing and future generations related to work, education, values, religion, and ask existing and future generations to follow core principles. Lastly, the focus on the future in an *ethical will* often covers funeral plans as well.

## Ethical Wills and Estate Planning

It makes a lot of sense to share your *ethical will* with your estate planning attorney. While your attorney may benefit from your core values, the heirs will benefit immensely if their trusts are aligned with your principles, values, and morals. Often people want to have no restrictions on their wealth that is transferred out of respect for the next generation. As always it is a personal choice that depends upon the unique factors for one's beliefs as well as the age, experience, and character of the future generation.

<sup>1</sup> Rusoff, J.W. 2016, "Why so many wealthy families lose it all in 3 generations and how to stop it." ThinkAdvisor

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