

One will ask what is generational wealth and how essential is it? Generational wealth, also known as legacy, can be defined as wealth passed down from one generation to the next. This wealth can come in many forms, such as real estate assets, stock market investment, or a financial education carried forward into the future.



Leaving wealth behind for your offspring prevents or even reduces some financial predicament in future. Although this wealth left behind can be adequately managed when your children are financially inclined. Nevertheless, some spendthrifts, if not monitored, can misuse this inheritance in a split second.

A good example is about a wealthy man in my town. He was very popular that almost everybody knew him in my state and town. He died and left behind a lot of inheritance for his children, they squandered everything in the space of 2years on irrelevant things, and they were left with nothing, making them start from scratch again.

The moral lesson of this brief story is that it is one thing to leave a legacy for your children. Another thing is would your children be able to manage this wealth properly that they, in turn, can pass it to the next generation?

While some people were lucky enough to receive a legacy from their parents to give them a head start, some were not that fortunate, making them start from scratch. This may be because their parents found it hard to gain their ground financially, coupled with the struggle to take care of them.

Here are some of the best ways to start preparing to leave a legacy of wealth behind for your children and grandchildren.

1. Stock Market – To ride a profit wave

Stock market create generational wealth over the long term. It is an excellent option if you aim to build generational wealth because it can continue growing for decades. Investing in the stock market might sound scary if you have never tried it. However, it is a crucial way to build wealth in your lifetime and beyond. To get started, you need to familiarize yourself with the Nigerian stock market and understanding where you are putting your money. You need to understand the nitty-gritty of the stock market before going into it. Please do not go into it because financial advisers are clamouring about its importance. Go into it because you understand it and are ready to leave your investment there for the long term. As a stock market beginner, the best place to start is with low-cost index funds. These funds can offer low fees and long-term growth.

2. Real Estate – The best Investment for your kids

Real estate is another significant way to build wealth for the long term. With the potential for steady cash flows in addition to increasing values over time, real estate can be a reliable path to wealth.

The idea of building a real estate empire can be intimidating. If you continue to buy properties one at a time throughout your life, then you might be surprised at how quickly your real estate portfolio can grow. Consider this as an option for building wealth for your kids.

3. Family Business – Passing on the legacy

Family businesses have the potential for great success. More than 30% of family-owned companies transition to the second generation. Imagine being able to hand over the keys of a successful business to your children. Although not all family businesses make it to the second generation, it is possible yours can. If your interests and abilities align with your children's, they will likely want to take over the business you build. For a great chance of a successful transition, you should include your child in the company from a young age. They need to know how the business operates and how to continue in this business successfully. Don't expect them to take over if they show no interest in the industry you have built. If they are unable or unwilling to take over the operations, you could consider selling the company to fund generational wealth in another form.

4. Life Insurance- A protection for your family

Life insurance provides the opportunity to protect your family in the event of your untimely death. Without your income, your children might be forced into less than ideal financial circumstances. If you make an effort to invest in life insurance now, it could prevent economic tragedy for your children. Plus, they will already have enough to cope with if they lose you.

5. Invest in your child's education – securing their future

In many cases, education can provide a way for your children to support themselves. After graduation from the university, they can pursue high-paying jobs that can help them navigate. There is a famous saying now among some people that school is a scam. It is essential that you do not heed to such. If you can help your children through school, you are helping to set them up for a brighter financial future than many of their peers and investing in your child's education is how to create generational wealth that will set them up for financial success.

6. Personal Finance – Raising them to be financially savvy

Some families lose their wealth in the second generation and even third generation. With this and the story told earlier, saving for a legacy of wealth can seem pointless. However, in many cases, the loss of generational wealth can be prevented through financial education. After all, it is easy to lose generational wealth if your kids have no personal finance knowledge. That would be like asking your child to maintain a classic old-fashioned car after you pass away without teaching them any mechanical skills. Likely, the vehicle would eventually break down.

Similarly, if you teach your kids nothing about personal finance, then it is likely the wealth you leave for them will dwindle throughout their lifetime. So it is vital to start early to imbibe in them the knowledge of personal finance to avoid these mistakes. This knowledge will be the best way to build and protect generational wealth.

There are many ways to broach the topic of money with your kids.

You can buy children's books about money, teach them through games, or show them by allowing them to listen as you talk through financial decisions. You can even help them set up their bank accounts from a young age to instill the importance of saving for the future.

7. Multiple Revenue Streams – Best way for wealth creation

When it comes to building generational wealth, creating multiple streams of income can make it easier. The average millionaire has seven streams of income. There are a variety of income streams, but one of the best is known as passive income. Active income is when you trade time for money, such as a job or side gig.

Passive income is when you earn from your assets after the initial set-up without much time. For instance, you could build a house, rent out and make rental income. Once the initial foundation is laid, you do not need to strive. Instead, you will continue to earn from your effort.

In conclusion, building generational wealth does not come easy, but it is worth it. Take your time to find out what works for you and the saving strategy and investment that will work for you. Not everyone wants to invest in the stock market or build a business, so find what works for you and your financial situation to make it achievable.