



**The Next (Rising) Generation: A Conversation between  
Jay Hughes Jr. & Richard Orlando**

**Podcast Transcript: Part II**

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Richard Orlando, Ph.D.: You mentioned earlier in this conversation that most wealth, when it is effectively transferred from one generation to the next within a family, that subsequent generation, as you pointed out, *rarely* stays with the parent's advisors. Not only were you a trusted advisor in the technical sense, we both have a lot of experience with Advisors - and I believe many of them are trying to figure out how to, what I would like to say, expand their value into the relationship outside of their core competencies. Whether it is leading with the tax law, estate law, or in investments. Give me some of your thoughts on how best might an Advisor position themselves in a way to help with this larger, big idea that we are talking about?

Jay Hughes Jr.: Well, let me say first to the Advisors that the legal profession, the accounting profession, the banking profession, but particularly the legal profession that I come from, the morale is lower than it has been in the history of the profession. So when I entered the legal profession, law and medicine had incredibly high morale and very high marks within the society because I think they were serving the society. Today, the morale of most is very, very low which means that their happiness quotient, their EQ quotient is very low. Why should that be? I think it lies, at least in our field, in the areas of the family and these various capitals, and I think that is a function of the compensation structure of the professions requiring higher and higher levels of



expertise in the development and sale of products. Now the helping professions are not about business, it can be businesslike, but they are not about business. The helping professions purpose is service - that means service to the client, the patient, the mendicant, whoever it may be. When we get into the failed mindset that our professions are about offering products of expertise then they become generic and the client becomes simply a consumer of lettuce and morale is likely to go way down. If, on the other hand, we reconnect to the purpose of the serving professions, which is to discover the client and discover the concerns of the client and then respond to those concerns, we are back into the professional journey toward mastery. This is nothing like expertise in which we can both serve many clients concerns... So I think that there is a very fundamental question for advisors that the current compensation structure appears to value product, and generic product, to be sold to buyers as opposed to what profession was always about which is this question of service to the concerns of the specific client. Now, there is a second part of this that is inherent and a problem today too - serving the concerns of families is a process question, just as your book and your own practice has revealed to you. It is a set of processes not products. Because families to decide intentionally to put aside the proverb for a few generations are actually intuiting that they're adopting 100 to 150 year journey to achieve that. Now, why do I say that? Well, most advisors come into a problem... they see a problem, they solve the problem, and they go away. The family, on the other hand, that has the intention to avoid the proverb is making 100 to 150 year decision - and I say that because for the third-generation (we'll just take the first three generations for the moment) to be born and die is 150 years from the birth date of the founding first generation. So, its problem in making a decision to



try to avoid the proverb and attention to put it aside so there is a fourth and fifth generation. That family is making a decision that no single product could possibly affect, is that making sense so far?

Richard Orlando, Ph.D.: Yes, and I would just add that what I think you are saying, or what I believe, is that if we only focus on the product of products that in and of itself, will not be enough to perpetuate this bigger 150 year intention. We *must* include the larger approach of this approaching the family with a service and a bigger purpose.

Jay Hughes Jr.: I think we have to or we are not serving them, or ourselves, and our morale will go down because they won't do very well. I think you are absolutely right. We have to understand their concern. Let me say, if I can use a quick example, if we have a founder who creates a trust with the help of very competent counsel and the purpose of the trust is to save estate, gift, or some other taxes, and to assure that the beneficiary creditors cannot reach the trust - which means that they cannot invade the dream of the founder. The beneficiaries have no way to live in that trust successfully. It is a great product. The taxes are saved the day it's signed – so that's done. The creditors are avoided, forever, the day it is signed, if it is done properly. Now the beneficiary comes along and says, “Well, how am I supposed to live in this trust? I am a tax deduction and if I have creditors I don't have to pay them” – death! Now, suppose instead the person created the trust and his/her advisor have the following conversation, “What can I do so that this trust has some possibility of enhancing the life of the beneficiary?” What do we mean by enhancement? That is their individuation - their dreams and their capacity to live a fulfilled



life. I think, Richard, we can say that conversation is the rarest conversation in the chambers of the expert, as we can imagine, but it is frequent in the chambers of the master. And now suppose that trust's first two sentences, advised to the founder by the advisor are, *"This trust is a gift of love and this trust is designed to enhance the lives of its beneficiaries."* It could still have the same forty pages of boilerplate but it is a vastly different experience between the trustee and beneficiary in the future, would you agree?

Richard Orlando, Ph.D.: It's transformative. What would seem like a simple shift, and I've seen it as you have, it's transformative how we then go about the business of the family. I think in the legal world that begins to address that letter of wishes perspective of, "What are we hoping happens here?"

Jay Hughes Jr.: Let's say this, if the client wants to engage with the advisor in a conversation about the ethical and holistic questions of whether or not the trust complements the possibility of the family having a set of experiences that postpone the proverb, the advisor is not going to sell anything that day. In fact, the advisor may sell nothing for years, while he, she, it, the client... everybody is talking about the process question of, "If we create this trust will it enhance the lives of its beneficiaries?" Can we know that? Now, of course we can't know it because we'll be dead but can we know it within reason? Can we know it in our hearts? Because what we can know is that the other kind of trust that does not say it is a gift of love, that doesn't say it exists to enhance the lives of beneficiaries, is going to do harm. I say that because 80% of family members who are beneficiaries - 80% - no, let me put it a different way for you... For the 25



years I've asked the following question to beneficiaries, "Is your trust a burden or a blessing?" 80% of beneficiaries in every room I've been in say that trusts are a burden; 10% say they are a blessing; than the other 10% haven't made up their mind. 80% say they are burdens and they are right. It is a burden to be a tax exemption, it is a burden to know your creditors can't be paid, but where is the blessing? The subsidy of a life that makes me dependent and entitled, distributions that subsidize my life - no human being volunteers for dependence and subsidy. These are the difference between product and process. What are we seeking is our client's capacity to understand and then actuate. We get to decide that, don't we? We are the advisor!

Richard Orlando, Ph.D.: And the other thing I am finding, Jay, which is encouraging, as I get to partner with advisors of all shapes and sizes as they serve their client families (and I think a lot we are talking about is the potential benefit, or value, in the words of the business world) - the value that can be brought to their clients is by thinking more, and practicing, and focusing more on the process and the product. What I have also found is when they do that, their work becomes more personally rewarding. It has brought new life to their own journeys and practices and that is encouraging.

Jay Hughes Jr.: Morale...yes morale, morale goes up. The advisor feels useful and this is the most critical thing we must feel. We must feel useful. The great trap, Richard, and it is just as you said so well... the great trap of the modern profession is the pursuit, frankly, of financial gain - in some cases an obscene amount - which cannot then mean that the intention of the professional is on the well-being and growth of the client...it just can't. By the way, let me



illustrate this in an interesting way, there is a new trend in the teaching of medicine in medical schools called narrative medicine. In traditional medicine the doctor simply asks the patient, “What is your complaint?” That is like a lawyer asking, “What’s your problem?” Or, even worse, asking, “What’s your financial problem?” There is no social, human, intellectual, spiritual conversation. In narrative medicine, in addition to asking, “What is your complaint?” The doctor also asks, “What is your concern?” Of course, once you ask them, “What is your concern?” You are into storytelling in the highest sense of narrative. So, if I fix your financial complaint - I write you a trust and you sign it and you put the money in it - but I don't ask you, “What is your concern?” which might very well be, “How are the beneficiaries’ lives going to be affected?” It is likely to take a very long time, by the way, if I ask you, “What is your concern?” May not take very long if I ask you, “What is your complaint?” Take two and you will be fine in five days! Is that a good metaphor?

Richard Orlando, Ph.D.: Yes, understood. Through this conversation, as you know both of our hearts, I really wanted to put this conversation in a way that we can bring it to, and share it with, others so that in fact all of us, as pilgrims, could contribute to the well-being of others and ourselves. I really appreciate your time today and we will continue this conversation. If you want to learn more about these ideas please look up Jay Hughes' books as well as look for his book coming out this fall and /or go to [LegacyCapitals.com](http://LegacyCapitals.com) to continue the conversation. I want to thank you, Jay, and I look forward to continuing this conversation with you and with our listeners. Have a great day.