

Lending Support & Advice to the Next Generation

By Jeff Maurer

As we celebrate this season's crop of graduates, it's worth keeping in mind that this is a challenging time to enter the workforce. Employment rates for college graduates have improved since the Great Recession but remain well below 2007 figures, as do wages.¹ At the same time, technological progress through robotics and artificial intelligence, described by Martin Ford on page 18, is displacing even highly skilled jobs. Careers in areas of medicine, law, academia and financial services that once promised security may be as vulnerable in the future as the Dustin Hoffman character in *The Graduate* might find his potential career in plastics now.

Those of us who had the good fortune to start our working lives in simpler times wonder how we can best help our children, grandchildren, and other young people. I wrote in an earlier edition of *Independent Thinking*² that, with good planning, we can contribute to their educations in a tax-efficient manner. As I reflect on my 47-year career of working closely with clients and their families, it strikes me that our role in lending support and advice should not end on graduation day.

Support can come in many forms. Deciding whether and when to give money directly

to children and grandchildren is the subject of a number of our articles and educational programs. I have seen the children of our clients unable to earn a living because they were given too much when they were young. Of course, others with similar backgrounds have become extraordinarily successful. It is difficult to generalize on the outcomes that financial advantage can produce, but it is possible to distinguish between those forms of support that can breed entitlement and unhappiness and those that are genuinely helpful. For example, my wife and I chose to contribute to Manhattan rents after each of our children secured their first jobs; we did not try to ease their paths in other ways.

It is important to distinguish between forms of support

I've seen clients successfully give or lend money to their children to start businesses, invest in real estate, or attend graduate school. More often than not, giving a child right out of school a job in the family business does not work, especially if the child has not expressed any real interest in the business. But help with further education can pay dividends, if it's relevant to their careers and not a way to mark time.

¹ Economic Policy Institute. May 27, 2015.

² Summer 2014.

Advice is free. We should all encourage young people to meet as many people as possible, to ask us about our careers, and to gain exposure through summer jobs and internships. The Evercore investment banking intern, analyst and associate positions are among the most competitive and sought-after career experiences in finance; there are similar programs in many other fields and countless less formal opportunities. Certainly, there is no substitute for hands-on experience.

*Change and
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The more strongly young people feel that they have chosen their own careers – whether in a family business (most likely after gaining experience elsewhere) or in a totally different field – the more likely it seems that they will succeed. That was certainly my own experience. I was an indifferent student in college. But my first job, as a trust officer, turned out to be a great fit and encouraged me to really apply myself, simultaneously pursuing two professional degrees while starting a family. I persevered, overcame failures along the way, found the right nonprofits to contribute to, and I continue to learn every day.

For that reason, when I interview candidates, especially recent college graduates, I am more concerned about their life experiences and the passion they bring to the interview than I am about their grades. How bright are they? Will they work as part of a team? Will they put our clients first, and always?

My advice to young people is simple: Figure out what you might want to do

and work really, really hard to do it well. Think about the impact of technology on your career, think about the pay, but don't let either dissuade you from your passion. If it's the right fit, keep going. If not, pick yourself up and start again. Either way, you are likely to experience failure. Change and disruption are part of life, and can provide opportunities to adapt and prosper.

I will be giving that advice to my grandchildren. I will also try and put aside a safety net for them in case my advice or their implementation doesn't work out.

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