



2601 Main Street, Irvine, CA 92614
(949) 501-4800 | Info@LSALawyers.com

Gloria Vanderbilt: No Trust Fund Kids for Her

We are at the precipice of what is being called “The Greatest Wealth Transfer in History,” as baby boomers are set to pass down \$84 trillion to younger generations¹. Every parent wants to see their children succeed. But some may wonder whether an inheritance will help promote or hinder the future success of their children. Famous mom Gloria Vanderbilt was staunchly against trust funds for her kids. And at least one of them applauds her decision.

Vanderbilt Heiress Makes Good on “No Trust Fund” Promise

Before she passed away in 2019, Gloria Vanderbilt, heiress to the Vanderbilt fortune (or at least what remained of it) that was created by her great-great-grandfather, railroad and shipping tycoon Cornelius Vanderbilt, made it clear to her three children that they should not expect a trust fund from her.

Gloria was herself the beneficiary of a trust fund worth an estimated \$2.5–\$5 million in 1925, or around \$35–\$70 million today, and had a reported net worth of around \$200 million when she passed away.

But unlike her father, Reginald Vanderbilt, who squandered most of the family fortune, Gloria made more money than she inherited during her career as a fashion designer, actress, model, and artist, building a denim business that was worth an estimated \$100 million.

In a 1985 interview with the New York Times, Gloria said, “I’m not knocking inherited money, but the money I’ve made has a reality to me that inherited money doesn’t have.”²

Decades later her son, CNN news anchor Anderson Cooper, echoed his mother's stance on inherited wealth when he called it a "curse" and an "initiative sucker" and questioned whether he would have been so motivated if he felt like there was a "pot of gold waiting for [him]."³

"We believe in working," he told radio host Howard Stern when Stern argued that leaving your children an inheritance is a loving gesture.⁴

Like his mother, Cooper did just fine on his own. Although he ended up receiving \$1.5 million from Gloria's estate, his net worth prior to his inheritance was thought to be more than \$100 million—hardly the mark of a trust fund kid.

The Case for and against Leaving Your Kids an Inheritance

It is becoming something of a trend among the super-rich to not leave their fortunes to their kids. Mick Jagger recently revealed that he will be leaving his \$500 million fortune to charity rather than to his eight children, joining the ranks of megawealthy celebs and business people like Warren Buffet, Mark Zuckerberg, and Bill Gates who have made similar vows.

Others, including famous foodie Guy Fieri, actor Jackie Chan, and composer Andrew Lloyd Webber, want their kids to work for their inheritances. Fieri's recipe for his children's success? The children are not allowed to take over his dining empire until they achieve postgraduate degrees.

Research suggests there is wisdom to avoiding the silver spoon scenario. The Williams Group wealth consultancy, for example, found that 70 percent of wealthy families lose their wealth by the second generation, and 90 percent lose it by the third generation.⁵ A survey by U.S. Trust found that only 42 percent of high-net-worth individuals have a high degree of confidence that the next generation is financially responsible enough to handle an inheritance.⁶

The Vanderbilts present a compelling case study—and counterpoint—to the narrative of heirs wasting the family fortune. Despite receiving a trust from her profligate father with enough funds to live comfortably, Gloria's inheritance did not dull her desire to achieve independent success. Cooper also had a strong work ethic. He went to Yale, interned at the CIA, and became one of the most recognizable faces in the media.

It could be that Gloria, like every mother, knew her child best and knew he would succeed on his own. Perhaps equally as important was the good example she set for her children.

One of the main reasons why family fortunes are squandered is because those who create the initial wealth do not pass on detailed instructions or restrictions regarding how heirs should spend it. Attitudes towards wealth, like wealth itself, are often inherited. Kids need to learn good foundational money habits to be financially successful. And estate planning tools like trusts that specify how and when the money can be used offer an enforcement mechanism.

Having a trust fund or substantial inheritance does not guarantee that heirs will be successful in life. Conversely, not leaving an inheritance could be a strong motivator for loved ones to find their own path forward.

What is good for one kid may not be necessarily good for every kid. While some make the most of their inheritance with no strings attached, others benefit from safeguards and incentives.

Another option you have as a parent is to gift money to your children now, when it might benefit them more and you can keep an eye on how they spend it. For 2024, you can give gifts of up to \$18,000 per recipient to as many people as you want without having to pay any taxes on the gifts. Also, gifts over \$18,000 per recipient will not necessarily result in a gift tax but will instead chip away at your lifetime gift tax exclusion amount of \$13.61 million. These threshold amounts double for couples.

Intergenerational wealth-building and estate planning go hand in hand. For help crafting a plan that puts your heirs in the best position to succeed, reach out to our attorneys and schedule a meeting.

-
- 1 Jennifer Wines, How Might the Great Wealth Transfer Change Society?, Kiplinger (Dec. 5, 2023), <https://www.kiplinger.com/retirement/how-might-the-great-wealth-transfer-change-society>.
 - 2 Antoinette Bueno, Why Gloria Vanderbilt Did Not Leave an Inheritance for Son Anderson Cooper, ET (June 18, 2019), <https://www.etonline.com/why-gloria-vanderbilt-did-not-leave-an-inheritance-for-sonanderson-cooper-127225>.
 - 3 Michelle Singeltary, Gloria Vanderbilt Reportedly Did Not Leave Her Heirs Much Money. Maybe You Should Follow Her Lead., Wash. Post (June 24, 2019), <https://www.washingtonpost.com/business/2019/06/24/gloria-vanderbilt-is-reportedly-not-leaving-herheirs-much-money-maybe-you-shouldnt-either>.
 - 4 Id.
 - 5 See Rhymer Rigby, Disinheriting Your Children Might Be for Their Own Good, Fin. Times (Oct. 14, 2019), <https://www.ft.com/content/eb4a390a-d926-11e9-9c26-419d783e10e8>.
 - 6 U.S. Trust, U.S. Trust Insights on Wealth and Worth: The Generational Collide 14 (2017), <https://www.truevaluemetrics.org/DBpdfs/ImpactInvesting/UST-BoA-Wealth-Worth-Overview-Broch2017.pdf>.