Lawton
LEGACY PLANNING, PLLC
571.377.8595

Gloria Vanderbilt: No Trust Fund Kids for Her

A tenet of the American dream is that children grow up to earn more and have a better standard of living than their parents. Traditionally, upward mobility in America is achieved through hard work and the growth of the economy. Intergenerational wealth transfers are also widespread, with around 2 million households each year receiving an inheritance or a substantial gift, according to a Federal Reserve report.[1] Those transfers are set to grow over the next couple of decades as baby boomers pass down $84 trillion to the next generation in what is being called "The Greatest Wealth Transfer in History."[2]

But not all parents are committed to leaving an inheritance to their children. Some, including Gloria Vanderbilt, believe that kids should make their own money and earn their own success in life.

Vanderbilt Heiress Makes Good on "No Trust Fund" Promise

Gloria Vanderbilt, the great-great-granddaughter of railroad and shipping tycoon Cornelius Vanderbilt, inherited a trust fund worth an estimated $2.5–$5 million in 1925 (close to $35–$70 million today). She was worth an estimated $200 million at the time of her death in 2019.

In a 2014 radio interview, Gloria's son, CNN host Anderson Cooper, said she made it clear to her three children that they should not expect a trust fund from her. Cooper called inheriting money 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 me."[3]

It is a fair question to ask, given his family history. Cooper's grandfather, Reginald Vanderbilt, was a reputed gambler who had squandered most of the family fortune by the time he died in 1925 and left the remainder to Gloria.

Yet as Cooper pointed out, his mom, who had a successful career in the fashion industry, made more money than she inherited. Gloria started a denim business in the 1970s that was reportedly worth $100 million. In a 1985 interview with the *New York Times* she said, "I'm not knocking inherited money, but the money I've made has a reality to me that inherited money doesn't have."[4]

---

[1] Laura Feiveson & John Sabelhaus, *How Does Intergenerational Wealth Transmission Affect Wealth Concentration?*, FEDS Notes (June 1, 2018), https://www.federalreserve.gov/econres/notes/feds-notes/how-does-intergenerational-wealth-transmission-affect-wealth-concentration-20180601.html.

[2] 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.

[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-her-heirs-much-money-maybe-you-shouldnt-either.

[4] Carol Lawson, *Gloria Vanderbilt: Fortunes Good and Bad*, N.Y. Times (Apr. 20, 1985), https://www.nytimes.com/1985/04/20/style/gloria-vandrbilt-fortunes-good-and-bad.html.

Although Cooper 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, so he can hardly be labeled a trust fund kid. But while he did not inherit a fortune, he does appear to have inherited his mother's work ethic. In addition to her denim line, she worked as a model, an actress, and an artist—all while balancing her duties as a mom.

"We believe in working," Cooper said when discussing his mother's trust fund stance.[5]

Lessons Learned from the Vanderbilt Heiress

Gloria Vanderbilt did not go the route of super-rich parents like Warren Buffet, Bill Gates, Mark Zuckerberg, and Michael Bloomberg, who have vowed to donate their fortunes to charity. However, she did make good on her promise of not leaving a trust fund to her kids, which studies suggest can be a wise choice.

Research from the Williams Group wealth consultancy found that 70 percent of wealthy families lose their wealth by the second generation, and 90 percent lose it by the third generation.[6] 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.[7]

The Vanderbilt family presents an interesting case study—and counterpoint—to this familiar narrative of heirs squandering the family fortune.

By the time the Vanderbilt fortune built by Cornelius, a man richer than Bill Gates in his day, reached Gloria four generations later, it was nearly gone. But despite receiving a trust with enough remaining funds to live comfortably on, her inheritance did not dull her drive for hard work and achievement. Gloria's son Anderson Cooper also had a strong work ethic from a young age. He interned at the CIA while studying at Yale and went on to become one of the most recognizable faces in media.

Experts say the main reason why fortunes are squandered is because those who create the initial wealth do not pass on detailed instructions or impose guidelines on how heirs should spend it. Attitudes towards wealth need to be shaped and inculcated. This can be done informally—say, by teaching kids sound money habits and providing a good example—and formally, such as through trusts that specify how and when the money can be used.

Arguably, not leaving an inheritance can be a great motivator for loved ones to find their own path forward. Money cannot buy happiness, and having a trust fund or substantial inheritance does not guarantee that heirs will be successful.

Parents know their children best. They also know that what is good for one kid may not necessarily be good for the others. While one child may manage their inheritance independently without issues, another may need safeguards and incentives.

---

[5] Singeltary, *supra* note 3.

[6] *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.

[7] 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-Broch-2017.pdf.

Wealth management and estate planning go hand in hand. When advising your clients how to achieve their financial objectives for the next generation, you may suggest that they could benefit from advice about how to structure a plan in ways that help preserve generational wealth. To collaborate with us on a wealth management strategy for your clients, please get in touch.

Bettina M. Lawton, Esquire
Estate and Trust Planning & Administration
Bettina@LawtonLegacyPlanning.com
Serving Northern Virginia

I WORK COLLABORATIVELY WITH A CLIENT'S PLANNING TEAM OF FINANCIAL ADVISORS, INSURANCE PROFESSIONALS AND ACCOUNTANTS TO ADVISE CLIENTS ON THE BEST WAY TO ACHIEVE THEIR GOALS

This information is for educational purposes only and cannot be considered legal advice, nor does the receipt of this newsletter create an attorney-client relationship.