



Defining Your Family Legacy: It's a Family Affair

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Indulge me for a moment. Reflect back to your childhood, and your young adulthood. Think about the family stories you heard, about your ancestors who came here from another country, or who created the wealth that you may have inherited, and what those stories said to you about who you are and where you come from, and what your family values and prioritizes.

Now look forward, and think about the values, culture and history you are communicating, or will communicate, or want to eventually communicate, to your future generations. That is your family legacy.

Let's follow the traditional journalism approach, and examine the who, what, where, when, why and how of your family's legacy.

Why should we think about our family's legacy in a formalized way?

It's often not comfortable for a family to sit down and talk about its values and its wealth. If we don't make a conscious effort to think about our family's legacy in a formalized way, it's an easy conversation to put off. In fact, most parents report that they would rather have the "sex talk" with their kids than the "money talk."

Recognize that your kids know more about your family's wealth than you realize, whether you choose to share information with them or not. Google is now used as a reconnaissance tool and they can read about your major charitable and political contributions, see the value of your home on Zillow, and look up your salary as senior executive of a public company on Edgar.

The key to success is communication, no matter how uncomfortable it may be at first. Without it, the legacy plan will stay at the generation that created it, and will

never become a living and breathing thing. And don't forget that communication means both talking and listening, in order for every generation to commit to the legacy statement, and to avoid becoming another "shirtsleeves to shirtsleeves in three generations" statistic.

What is a family legacy statement?

Your family's legacy is the sum total of the stories and culture you have heard from your ancestors, and in turn that you pass along to your descendants. It's your family's history, not just how the family's wealth was created, but much more than that. It's also the personal anecdotes and culture that are so revealing about personal values and approach and are unique to your family.

The legal entities that are created, like Wills, trusts, foundations, etc., help to memorialize your intent and family's values, but these are the end result of the process, not the starting point. Does your family emphasize philanthropy? If so, the legal documents will reflect that emphasis, with foundations and other charitable vehicles being established. Your comfort level with your children and grandchildren having ready access to funds will be reflected in whether you pass your assets to them outright or in trust. Will you insist that your betrothed children enter into a prenuptial agreement? There are pros and cons to insisting on this, but remember that, much as you may wish to insulate your family's assets from a potential future creditor, your future daughter-in-law or son-in-law will be the parent of your grandchildren.

How do you begin to define your family's legacy?

A common forum to gather the generations and examine how the family defines itself as such, and what it values, is to hold a family meeting. If you do decide to go this route, think about establishing an annual or other periodic



schedule to hold family meetings. The most frequent cause of a family's dissatisfaction with a family meeting is failure of follow-up, and a scheduled next meeting is an effective technique to trigger follow-up activities.

A professional facilitator may ease the difficult conversations across the generations. If the senior generation decides to go it alone and run the meeting themselves, it may foster resentment. An independent, objective professional can neutralize this resentment, and secure the buy-in of all participants in advance of the meeting, while the agenda is still being developed.

Communication at the meeting should not be one-sided. Build an agenda for the meeting after discussion with each generation who will attend. Don't forget to build some fun, social team-building activities into the meeting schedule.

Developing a family constitution or mission statement is an interesting project that provides a key opportunity to work together across the generations on a common expression of family culture. It can be interesting to learn about each generation's perspective. This project can create an enduring statement of your family's legacy.

Some families with more established governance systems may create a family mentoring program, providing both senior and junior generations the opportunity to work together and learn from each other. If there is a family advisory council, consider allowing younger next generation members to serve as interns as another educational and communication tool.

Video interviews of senior family members are another useful means of capturing the family history. You can do this yourself, or hire a professional who specializes in such projects. Future generations will appreciate hearing their grandparents or great-grandparents they may not have known describe their stories in their own voices.

If philanthropy is part of the family culture, you can use that philanthropy as a teaching tool for the next generation, and as an expression of the family's values. A

foundation board meeting may be less threatening and uncomfortable than a family meeting for every generational level. A foundation board is a more neutral setting to teach not only values, but also asset allocation principles and how to engage with your wealth managers.

Who should you involve in defining your family's legacy?

Depending on their age and maturity, you might want to involve your children, and possibly your grandchildren, in formalizing your family's values statement. If you do hold annual or periodic family meetings, consider establishing a minimum age to participate, so the youngsters can anticipate the year when they get to join in.

Families often debate whether to invite the spouses of their children to participate in the family meeting. Don't automatically exclude them because they are not your blood relatives. They will be shaping the values of your grandchildren, and will have a strong influence in who they become as adults. If you are not comfortable with your in-laws having a full seat at the table, you might start by providing separate events at the family meeting retreat just for them, and also including them in the social activities at the retreat.

To have effective multi-generational communication, respect the wishes of the family's matriarch and patriarch, but be sure to involve all family members at every generation in the planning, execution and follow-up stages.

When is it appropriate to communicate your family's values?

Experts agree that there should be ongoing communication of the family's culture, values and legacy. Don't wait for the formal family meeting. Find age-appropriate teachable moments to talk about your family's values around its wealth. Model the behavior that you would like them to emulate. Kids are smart. They watch you and learn from your nonverbal cues, even when you don't think they are paying attention. They notice how



you treat your domestic staff and other employees. They notice how you live, the vacations you take, and what you spend your money on, including the choices you make when spending money on them.

It's never too early or late to start communicating, but don't wait until you're gone to explain your thinking, especially if your estate plan treats your offspring differently. You're the referee while you're still alive and can best explain your decisions, so later, your kids don't fight about "Mom and Dad loved you better!"

The bottom line is that communication is the key to successfully articulating your family's legacy. If you want to help your family, or your client's family, create a legacy that will survive after them, help them involve the next generation now, so it has meaning to all generations, with room to grow and evolve over time.

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