5 KEYS FOR PRODUCTIVE FAMILY WEALTH MEETINGS

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How to make family meetings a family tradition

We've all seen an example of the unintended consequences of wealth, and there's no denying its impact on family members. But what if there was a tradition that could dramatically increase the odds that your wealth contributes to the thriving of future generations and the continuation of your family values? Family meetings may just be your recipe for success.

Because financial discussions evoke a wide range of emotions, most of us prefer to avoid them. In fact, a survey of high-net-worth individuals by U.S. Trust found that 64% admit they've disclosed little to nothing about their wealth to their children.[1] But the argument for bucking that trend is compelling. Strong family communication can significantly increase the likelihood of a successful wealth transfer, one that aligns with your vision and values.

Building a tradition around family meetings not only helps preserve your wealth and legacy, but family relationships as well. By following these five steps, you can keep the communication flowing and make your meetings productive.

Step 1: Start today

"It's never too early or too late to begin holding family meetings," notes Kate Shackleton, EVP of Trust at LPL Financial. "Incorporating these meetings into your family culture, whether at the holidays or during summer vacation, can help demonstrate that this is part of what it means to be a member of the family."

A good starting point is providing family members an opportunity to practice their roles for the future. "Designate an amount of money to give away at the holidays and ask each family member to identify a cause they care about and present it to the rest of the family. Together, you agree on where to make the contribution. Beginning with values and philanthropy can unlock further conversations and create clarity on how beneficiaries view wealth, their personal aspirations, and their sense of community," notes Shackleton.

Step 2: Focus on shared values and goals

Before diving into numbers, create a sense of unity by sharing some family history around how the wealth was generated and the dreams you have for how it could impact future generations.

According to Shackleton, "A great place to begin a conversation about family wealth is with values. Sitting down together as a family, discussing what's important to each member of the family, and identifying shared values can open the door to further conversations and serve as an anchor for family decisions."

Step 3: Plan ahead

It's wise to gather input from family members about the topics or questions they'd like to discuss. You may be surprised about the questions or concerns that come up. "Parents tend to worry that their children or grandchildren will ask about specific dollar amounts, but we've found that opening the dialogue can be very enlightening and not nearly as intrusive as you might expect."

Keep in mind that you may not be able to cover everything in one meeting, but taking notes and following up on all questions and concerns fosters trust and open communication. Be sure to distribute the agenda beforehand to allow ample preparation and setting of expectations.

Step 4: Work together as a family

The beauty of family meetings happens over time. Remember, you're creating a tradition, not hosting a one-and-done event. You don't have to provide a detailed account of your wealth at the first meeting – start where you're comfortable and gradually unveil more financial details as appropriate.

You might consider discussing a few of the topics listed below:

- Family perspectives
  - Investment philosophy
  - Values and viewpoints around saving, spending, sharing
  - Sentimental asset planning (keeping a home or other asset in the family)
- Life events
  - Discuss upcoming life events such as retirement, graduations, weddings, births, or home purchases
  - Are there expectations to be clarified around gifts or other support, and are there responsibilities tied to these contributions?
- Transition planning
  - Healthcare and long-term care planning
  - Potential roles and responsibilities of family members
  - Critical planning documents (location and potentially a summary of the terms)
    - Wills
    - Revocable Trusts
    - Healthcare Power of Attorney
    - Financial Power of Attorney
- Family giving
  - Document mission and values
  - Organizations to consider
  - Gift amounts
  - Volunteering and community involvement

Step 5: Consult with your strategic partners

Equipping the next generation to steward the family's financial legacy may seem like a daunting task, but you don't have to do it alone. Your financial advisor is an excellent resource and can participate in the meeting in a variety of capacities, including:

- Meeting pre-planning interviews and facilitation
- Financial education on investing, trusts, banking, and financial planning
- Consulting on strategies like cash flow projections, risk mitigation, and tax planning

"Your advisor can also bring experience from working with other similar families – sharing both anecdotes of what's worked well for others and what's been challenging," says Shackleton. "If you're open to it, your advisor may even be able to connect your beneficiaries with other beneficiaries to create a network of peers for the next generation – could be other children inheriting their family business, for example – who will face similar decisions and would benefit from the peer-to-peer support."

Bringing it all together

Building a family meeting tradition is the first step to opening the communication about the family wealth. When you're ready to begin, consult with your financial advisor to create a plan that works for your family.

1. "Avoid the Pitfalls of Multigenerational Wealth Transfer", Smith Patrick CPAs, 2022