



Willing Wisdom Index™

How prepared is your family to inherit?



FAMILY MEETING RESOURCE GUIDE

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WHO SHOULD ORGANIZE AND FACILITATE A FAMILY MEETING?

Family meetings can be organized and facilitated by an advisor, such as a financial advisor, accountant or lawyer. Alternatively, either you as the advisor or the family itself can hire a professional family meeting facilitator. If you do not have a qualified family meeting facilitator, contact The Willing Wisdom Index™ Team for a list of names in your community.

Even if an outside professional facilitator has been engaged, you or another advisor can and should play an important role in chairing the meeting and keeping minutes. Remember, controlling the process is different from controlling the meeting.

AGENDA

Work with your client at least two months in advance of your meeting to develop the family meeting agenda. Circulate the agenda at least one month before the family meeting, along with the minutes of the previous meeting. The meeting minutes should always include the names of all meeting attendees and the date of the meeting. At the end of every meeting, the chair should ask attendees to list any items they would like to add to the next meeting's agenda. Sometimes there is a discussion or vote on these matters, but usually most items are simply included in the next agenda.

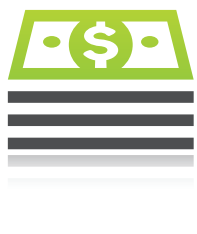
WHO SHOULD ATTEND?

Typically, family meetings start small and include only immediate blood relatives (parents and their children); this is sometimes called a nuclear family meeting. The goal, however, ought to be to expand participation to include spouses and multiple generations as soon as possible. Exclusion from a family meeting can create a culture of distrust.

If, for example, a client wants to exclude a daughter-in-law from a meeting, convince the client to reconsider this decision, but to include a discussion of the use of trusts in the family meeting. Most families have real and perceived dysfunctions. Ignoring these issues does not diminish them or make them disappear.

The ultimate goal is to hold a three-generation (G3) family meeting. These meetings produce the best-prepared heirs, the least litigious estate plans and the most efficient wealth transfers.

It is also typical for families who have met multiple times to invite outside speakers, such as tax, legal or investment experts or representatives of charities to present on various topics.



WHERE SHOULD FAMILY MEETINGS BE HELD?

Many family meetings are held in an advisor's board room (a strategic approach that introduces the next generation to your team and the services you provide). Increasingly, family meetings are also held at hotels, golf and country clubs or business clubs. It is strongly recommended that you hold these meetings at a neutral site – in other words, not at the family business or at the home of the patriarch/matriarch.

HOW OFTEN SHOULD FAMILY MEETINGS OCCUR?

Most commonly, family meetings are held annually. Families that are just beginning to meet, however, may elect to meet once every three months until all estate planning documents are drafted, signed and shared. Typically, once these governance issues are addressed, family meetings can shift to an annual or a semi-annual format.

HOW LONG SHOULD FAMILY MEETINGS BE?

Most often, family meetings last about half a day (approximately three hours). A larger estate or many participants often means a full-day meeting format is adopted. Full-day meetings are typical for annual meetings and if multiple family members have travelled to attend.

CONFIDENTIALITY

Typically, the very first item on the very first family meeting agenda is a family mission statement capturing what the family hopes to achieve. Almost all family mission statements include a reference to the core value of confidentiality. Some families, after drafting the family mission statement, will circulate that statement and ask each participant to acknowledge and pledge adherence by signing it. This step can bring some gravitas to the meeting and clear the way for more fruitful sharing of financial and other kinds of confidential information. It is typical for the chair of the family meeting to begin each meeting with a reminder of the family's privacy policy.



AGE OF PARTICIPANTS

While this is a subjective question with a different answer for every family, the concept of preparing heirs implicitly assumes that the earlier a family begins, the more successful it will be in building the culture of trust, competency and responsibility that should come with inherited wealth. It is not uncommon for children as young as age 7 to attend family meetings. Certainly, the younger children are when they start attending, the earlier they will begin to assemble concepts relating to wealth and organize those concepts in a constructive, productive, healthy way.

Consider rotating the chairing of the meeting and including children as young as 15 in this role. Also, having a minor deliver a short presentation on an agenda item, such as their favorite charity or cause, can build significant confidence and add to a family's unique culture.

POST-MEETING CELEBRATION

Advisors should encourage the family to celebrate their efforts immediately following the formal meeting with a dinner or lunch, without advisors present.

MEETING MINUTES

Distribute meeting notes no later than seven days after the meeting. Minutes should be brief bullet points highlighting what was discussed, what was agreed to and what needs to be accomplished before the next meeting.

Be sure to list action items with the person or persons responsible for taking action and the date the action is to be completed. For example:

- Family members discussed importance of reviewing their wills.
- David disclosed that he does not have a will.
- David will book an appointment next week and complete his will within 3 weeks. He will bring a copy of his will to next family meeting, scheduled for April 10."

Many formal family meetings begin with a review and adoption of the previous meeting's minutes. This includes a quick review of the actionable items and confirmation that each item was completed. It typically does not take long for a culture of accountability to develop when a family follows this approach.

SUGGESTED FAMILY MEETING AGENDA ITEMS



Review and adoption of previous meeting's minutes (chair)

The chair should review the minutes, paying special attention to whether action items have been delivered and can be closed out or whether they need to be brought forward.



Family history discussion (all family participants)

Consider having a free-ranging storytelling discussion about how previous generations created wealth. This type of conversation should focus not only on where the family has succeeded, but also on where there have been setbacks and failures so the succeeding generations can learn. Keeping the family history alive is crucial to creating its unique culture.



Family mission statement (all family participants)

Sample statement: "Our family is committed to mutual respect, open communication, confidentiality, calculated risk-taking, hard work and capital preservation." Refer to page 62 of the book *Willing Wisdom* for "The Declaration of the Willing," which can be easily adapted to reflect the personal hopes and desires of any family.



Family economic update (all family participants)

All attendees should give a brief presentation on changes to their financial position since the previous meeting. Some families elect to discuss living gifts and begin to introduce their current financial advisors to the succeeding generation. As a family develops its own meeting style and culture, this section can be one of the most important for preparing heirs to become responsible inheritors.



Presentation on investment returns (financial advisor)

After reviewing the latest investment statements, remember to leave time for Q&A from all family members.



Presentation on trusts (financial advisor, accountant or lawyer)

One of the most confusing aspects of estate planning is the many types of trusts and their different purposes. Financial advisors and accountants can deliver a short presentation on the range of trusts that exist, why they are used and how and when they can be established.



Presentation on taxes triggered during the administration of an estate (accountants and financial advisors)

The family's accountant or financial advisor can give a short presentation on issues such as capital gains taxes that are triggered on last to die. Assets such as family businesses and family vacation homes are common examples of assets that are subject to capital gains and other forms of taxation triggered by the administration of an estate. This question needs to be asked: "Where will the liquidity to pay those taxes come from?"

Discussion of wills (all family participants over age 15)

Encourage the sharing of wills among attendees who are named as executors, backup executors or beneficiaries.

Family business (business owners)

If the family operates a business, they need to have an open discussion about how that business will survive in the event of death or incapacity (regardless of the controlling shareholder's age). Refer to Every Family's Business for insights on the dangers of giving an operating business to all or just some family members. Without proper discussion and planning, the transfer or division of a family business can be one of the most emotional and litigious issues for a grieving family.

Family vacation homes/rental properties (property owners)

For the same reasons given above, the transfer or division of a family vacation home or rental property requires discussion and proper planning. Talking openly about how, to whom and when a real estate asset will transfer can prevent family members from operating on assumptions for decades. Bringing clarity to how major assets will transfer is one of the greatest gifts an advisor can bestow on a client family. Wading into this often-emotional issue is an effort not lost on the family, who will admire the advisor's wisdom, courage and conviction.

Division of personal possessions (owners of assets)

Discuss the process for dividing personal possessions before discussing who gets individual items. Refer to the book *Willing Wisdom* (page 123) for a description of a process in which family members purchase items from the estate and then divide cash according to the distribution decisions reflected in the will.



Selection of executors (all family participants over age 18)

Invite a lawyer to give a short presentation on the duties and responsibilities of an executor, including how long it takes to administer an estate and compensation for administering an estate. If the family's lawyer is not able to attend, ask him or her to draft a short explanation of the duties of an executor for you to present.

Discussion of financial power of attorney (all family participants over age 18)

A lawyer or financial advisor can present a 15-minute summary of the duties of an individual selected to act as financial power of attorney (POA). Encourage all attendees to disclose who they have selected to be their financial POA. Encourage attendees to give a copy of their POA document to the person selected to be their POA and to everyone listed in their will as a beneficiary.

Invite a lawyer to give a short presentation on the duties and responsibilities of a financial POA. Alternatively, a lawyer can prepare a brief explanation about the duties and legal responsibilities associated with being appointed POA for you to present. Remind the family that it is wise to select a backup POA and to make sure that that person also has a copy of the POA documentation.

Discussion of power of attorney for personal care (living will/advanced health care directive) (all family participants over age 18)

All adults are invited to discuss, update and share copies of their living wills. A lawyer or financial advisor can present a short summary on what a living will is and who will manage its administration. Don't forget to encourage all family members to share a copy of their living will with their family physician.

Discussion of long-term care (all family participants over age 18)

All adults are invited to discuss their hopes, wishes and desires for long-term care, touching on a broad range of scenarios and including what types of care someone would like to receive should they become incapacitated.



Philanthropy (all family participants)

Invite all family members to discuss both individual and joint family charitable causes they support. Many families use their family meeting to discuss joint philanthropic projects. In some family meetings, every participant is asked to present a short case study and pitch for financial support for a particular group or cause. Sometimes family members are tasked with investigating how charities have deployed previous gifts. Some families invite representatives of charities to their family meetings to make presentations for new funds.

The financial amount pledged at each family meeting for philanthropy is irrelevant – it is the process of engaging family members, especially at an early age, that is key to preparing heirs to develop a healthy attitude and context for the wealth they will likely one day inherit.

Outside speakers (authors or consultants)

Invite presenters specializing in family dynamics, communications, meeting facilitation, etc. to speak to the family.

Book review (all family participants or one rotating each meeting)

Family members can present 15-minute book reviews on relevant topics, such as biographies or autobiographies of significant families and their approach to preparing heirs and protecting wealth, focusing on what worked well and what failed. For example, a number of books have been published about the Rockefellers, Vanderbilts and Bronfmans.

SAMPLE FAMILY MEETING AGENDA

The Inaugural Smith Family Meeting
The Rolling Hills Country Club
May 1, 2017



SCHEDULE

Breakfast -- 7:30 AM
Meeting – 8:00 AM
Break – 10:00 AM
Meeting – 10:15 AM
Family Lunch – 12:00 PM

AGENDA

8:00 – 8:10 **Call to order**
Review draft confidentiality policy (chair)

8:10–8:45 **Family history roundtable**
(full family discussion led by outside facilitator or advisor)

8:45–9:30 **Develop family mission statement**
(full family discussion led by outside facilitator or advisor)

9:30–10:00 **Introduction to estate documentation**
(presentation by advisor or lawyer)

- Wills
- Executors
- Financial power of attorney
- Living wills

10:00 **Break (15 minutes)**

10:15–11:15 **Governance**
General discussion of each participant’s Willing Wisdom Index™ results; implementation of recommendations (led by advisor or outside facilitator)

11:15–11:45 **Commitments to update estate plan documentation**
(all)

11:45–12:00 **Suggestions for agenda items for next meeting**
(all)

12:00 **Meeting adjourned – Lunch**
(family only)

Chair

Attendees

Minute Taker