

Family Wealth Planning: Unite the Family Around Shared Values

What do families that perpetuate wealth across multiple generations do differently? They talk to one another. These conversations help heirs to understand and appreciate their predecessors' values, responsibilities and choices. With this communication, the family can make plans that work for all of its members, supporting the sustainability of the family and its wealth over time.

There is a myth that talking about money with your family means immediately revealing the balance sheet. However, those details are typically discussed much later on, as part of estate planning. As a matter of fact, money can be the means, not the end, of a family's collaboration.

Family values — the traditional principles, ethics and morals within a family — can serve as guiding principles to help define goals and strengthen the family bond. In fact, family values are noted as a top contributor to the success of one's life — behind hard work, learning from mistakes and staying positive.¹

Families that successfully transfer wealth through generations tend to identify common family values and align them with long-term goals. These families have a commitment to a multigenerational legacy of shared purpose. Their definition of wealth goes beyond money to include the family's social, intellectual and philanthropic capital.

Open Up a Dialogue

Without strong, ongoing family conversations, even the best financial, tax and estate plans will not create good stewards of wealth. In a study of families that lost wealth across generations, fewer than 3% said poor planning and investments caused their reversal of fortune. Most often, a breakdown of trust and communication within the family unit² undermined families' desired outcome.

Fewer than 3%

said poor planning and investments caused their reversal of fortune

25%

said heirs were unprepared

60%

identified lack of communication and trust in the family

Source: Roy Williams and Vic Preisser, *Preparing Heirs: Five Steps to A Successful Transition of Family Wealth and Values* Robert Reed Publishers 2010. Research into the legacies of 3,250 wealthy families revealed the major causes behind estate transition failure rates.

Values discovery exercises encourage individuals to define and share their priorities with their family members. You and your family members can start by separately considering your own individual values.

What are your priorities?

Why are they important to you?

What brings you satisfaction and why?

What contributes to your happiness?

What are your primary character strengths?

How do these attributes relate to your principles?

After you've answered these questions, bring the generations together to see how your family aligns. Over the dinner table, you can explore such concepts as the value of hard work, how to make the world a better place, and the importance of education. You can also put pen to paper and conduct a values exercise similar to the one on pages 3–4.

Progress in Stages

Every family's set of values is different. Likewise, the ways families discuss and implement a values foundation that is right for them will vary.

That said, successful family discussions have a common trait: They are inclusive. Engaging all of the family members in the conversation provides opportunities to share wisdom while cultivating pride in the family's values and the purpose of its wealth.

Your family dialogue should address the following questions:

- Where have we been?
- Where are we going?
- And how are we getting there?

A family that is purposeful about its mission and values has already decided what's most important — and when problems arise, they know how to block and tackle to keep the family focused and growing.

Preparing for the future is both an art and a science. Speak with your financial advisor about how to begin the process. With their help, you can establish an open, productive and ongoing conversation across generations — one that can support your family's values for decades to come.

Family Values Exercise

Part I: Identify Your Personal Values

Circle the five values that you identify with the most:

Integrity	Creativity	Helpfulness	Adventure	Balance	Trust
Playfulness	Open-Mindedness	Community	Altruism	Consistency	Growth
Thankfulness	Improvement	Honesty	Curiosity	Optimism	Passion
Leadership	Athleticism	Independence	Reliability	Focus	Loyalty
Productivity	Results-Oriented	Humor	Stability	Education	Health
Collaboration	Resourcefulness	Security	Accountability	Ambition	Generosity
Determination	Fairness	Hard Work	Intelligence	Originality	Power
Service	Belonging	Compassion	Faith	Respect	Order

Don't see one of your values? Write it in!

Part II: Collaborate to Identify and Refine Shared Family Values

Come together as a family unit. Think about the core values you depend upon. Discuss where you have agreement and where there are differences. Assess how you can come together and complement each other as you work to develop a unified list.

1.
2.
3.
4.
5.

Take your time — this isn't necessarily a one-and-done exercise. It may take a few conversations to create a list that reflects the values that bind your family together. Be honest and actively listen to all voices, being respectful of different opinions and mindsets.

And remember, although values are usually stable, they may change over time — both individually and as a family unit, especially as your definition of success evolves. Challenge yourself and your family to stay true to the list and to update it as your lives change.

Part III: Make Shared Values a Unifying Touchstone

Well-being or well-off?
What Legacy Means

Use your shared values as a unifying touchstone, a North Star that can guide future family success. Well-established values can encourage sound financial habits that can help preserve both wealth and family principles.

Think about the long-term goals you have for your family. What do you want your family's legacy to be?

To help you answer the question, start by taking the time to consider what legacy means to you. How you define it will help you to help your family achieve a sustainable impact. The questionnaire guide below is not an exhaustive list, just a starting point. There is no right or wrong answer; legacy means different things to different people.

Accomplishments and Goals What are your top priorities, and how will you impart your wishes? Knowing and communicating your goals are the first steps toward accomplishing them.

Beliefs and Spheres of Influence What experiences do you share, and whom do you want to impact and why? Consider sharing stories about your experiences and how they inform your perspective. Storytelling connects people and influences perceptions, decision-making and actions.

Actions and Guidance How do you want to create change, and how might future generations contribute? The way you live your life demonstrates your value system.

Sustainability and Well-Being What actions and systems can you put into place now to make the pursuit of your legacy sustainable? Legacy is not just about the end result — it is also about the steps you take to get there.

Endnotes

- 1 State Street Global Advisors Individual Investors 2019 Study. A global survey on consumer sentiment, purpose and behavior in wealth management Question 58: — Which, if any, of the following have contributed to your success?
- 2 Roy Williams and Vic Preisser, *Preparing Heirs: Five Steps to A Successful Transition of Family Wealth and Values*, Robert Reed Publishers 2010.

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