



# HOW WHOLE FAMILY ADVISORS CREATE SUCCESSFUL FAMILY MEETINGS

During our more than 40 years of combined experience working alongside some of the most successful advisors to high-net-worth (HNW) and ultra-high-net-worth (UHNW) families, we have often been asked: What is the best way to expand the value proposition I offer my clients?

Our answer: Properly designed and executed family meetings. In our view, the value of properly designed and executed family meetings is hard to surpass, for both clients and advisors. To maximize the value of those family meetings, we recommend organizing them in accordance with the *Whole Family Advisor*<sup>™</sup> principles, which expand family wealth-planning conversations beyond the patriarch and matriarch in order to include the rising generations who will become future stewards of their family's wealth and legacy.

## THE WHOLE FAMILY ADVISOR<sup>™</sup> APPROACH TO FAMILY MEETINGS

As part of Legacy Capitals' approach to working with top advisors who attend our workshops and others with whom we have engaged as consultants, we conducted a survey that asked for their response to the following statement: "I know how to design and facilitate a successful multigenerational family meeting." More than half—55%—disagreed or said they were undecided.

It comes as no surprise, then, that the majority advisors describe their meeting agenda as primarily—and in many cases, exclusively—that of the family's wealth creator, who is usually the advisor's primary client. While that is certainly a fairly common starting point, those types of family meetings generally represent one-way communication from the wealth creator or patriarch/matriarch to their rising-generation heirs.

That approach limits the benefits of, and ultimate success a family may achieve by, holding a family meeting based on the *Whole Family Advisor*<sup>™</sup> philosophy. As detailed in the paper "The Whole Family Advisor<sup>™</sup>" key tenets include:

### About Legacy Capitals

Legacy Capitals is a leading provider of training, coaching, and consulting services on topics such as wealth and values transfer, preparing the rising generation, family governance, legacy planning, and family philanthropy to financially successful families and family businesses, wealth advisors, family offices, and financial institutions.



**Dr. Richard Orlando, Ph.D.**  
Founder and CEO  
Legacy Capitals, LLC

- Engaging with all members and generations of client-families;
- Facilitating important discussions about family wealth and legacy across the generations of client-families;
- Ensuring that all adult members of a family—not just the parents or matriarch/patriarch—contribute to creating the family meeting agenda (in some families even the teens and “tweens” are asked to contribute);
- Guiding conversations that encourage active two-way communication between and among the generations (for example, with the goal of creating family mission and values statements during the meeting).

Multigenerational family meetings organized around *Whole Family Advisor*™ principles are one of the most effective ways to accomplish these ideals. This framework and format yield a richer education and experience for the family and underscore the expanded value proposition delivered by advisors who facilitate these types of meetings.

The result is meetings that are more memorable, effective, and productive for HNW and UHNW families and their advisors.

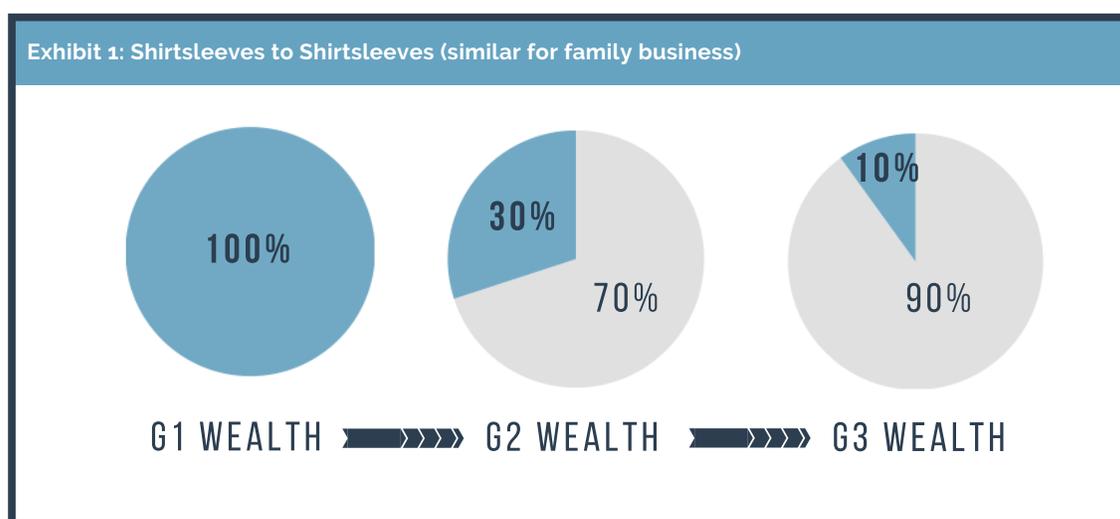
## BUSINESS CASE FOR THE WHOLE FAMILY ADVISOR™

Demographic trends and the associated wealth-transfer already underway make a strong business argument for adopting the *Whole Family Advisor*™ approach to organizing family meetings. Consider:

- HNW and UHNW families will transfer an estimated \$16 trillion of wealth to the next generation by 2045.<sup>1</sup>

Compounding the difficulty for advisors of successfully navigating this massive wealth transfer, research shows that 70% of widows leave their husband’s advisor when their spouse passes<sup>2</sup> and 66% of adult children leave their parents’ advisor after inheriting.<sup>3</sup>

Furthermore, most families seem to be unable to successfully transfer their wealth from one generation to the next. Approximately 70% of transferred wealth is lost by the second generation and 90% by the third, the so-called “shirtsleeves to shirtsleeves” phenomenon.<sup>4</sup> **Exhibit 1** ▼



The numbers and trends underscore the potential added value advisors may deliver to their HNW and UHNW client families in helping them plan for success across generations.

# ENGAGING MILLENNIALS IN FAMILY MEETINGS

With an estimated \$30 trillion dollars to be transferred to millennials from Baby Boomers in coming years,<sup>5</sup> advisors who fail to include millennials when planning family meetings risk alienating their future client base.

Popular culture may have created a stereotype of millennials as apathetic, cynical, and lacking motivation, but the reality is quite different, especially among UHNW millennials.

OppenheimerFunds and Campden Research have been studying the millennial generation in UHNW families for the past two years. Among our key findings are that these young men and women are eager to participate in a multigenerational family meeting, and with good reason.

Their top three family-oriented goals are the stewardship of family legacy, preservation of family wealth, and growth of family wealth. They also see wealth as a means to advance the causes they support and that reflect their values. Not surprisingly, they:

- Plan to increase allocations to environmental, social, and governance (ESG) organizations, and incorporate ESG standards into their family benchmarks
- Look for sustainable, long-term returns and accountability from those who manage their assets
- Have a strong commitment to philanthropy and impact investing, which they see as a means to engage with the causes they support (e.g., human rights, education, and gender equality).

Their influence over family wealth decisions is increasing, and they plan to reflect these core beliefs in their family investments when they eventually assume control. While the majority of millennials seek professional advice before making investment decisions, they are less experienced in working with professional advisors and, therefore, have concerns about the value advisors provide, the fees they charge, and the products they recommend.

A family meeting using the *Whole Family Advisor*<sup>™</sup> approach may be the ideal way to address the multitude of possible issues and the varied perspectives different generations within a wealthy family may have about those issues.

# CREATING SUCCESSFUL MULTIGENERATIONAL FAMILY MEETINGS

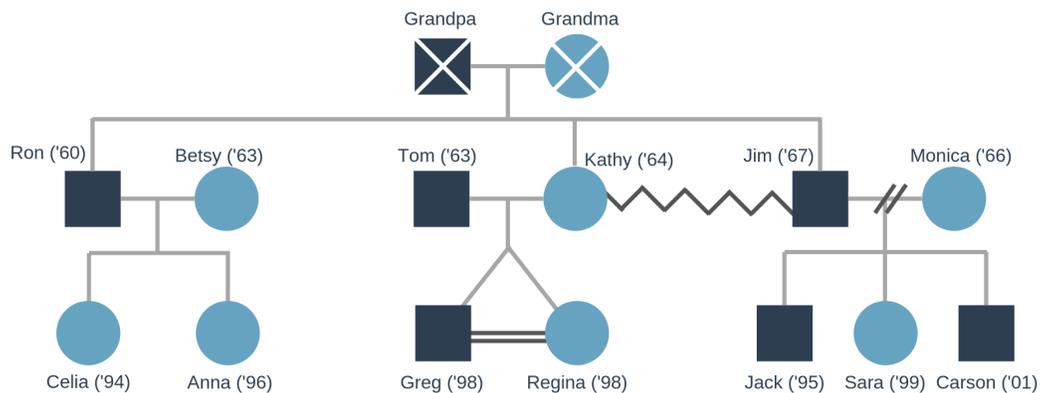
Family meetings require more planning than a one-on-one meeting with the head of a family. However, the value to both family and advisor more than justifies the effort.

To begin designing and conducting a family meeting based on *Whole Family Advisor*™ principles, we recommend advisors follow these guidelines:

## DESIGNING THE MEETING (1-6)

### 1. SEEK AN ENGAGEMENT CATALYST

Evaluate the quantitative and qualitative business opportunities that may reside within each client-family by creating an org chart (genogram) that details the relationships and various generations within the family. Determine what is the best course of engagement to a family meeting.



Once you have the diagram, begin with one to three client-families who have adult children and are open to bringing them together. Offer to design a family meeting with an agenda that includes input from all involved family members. Explain the purpose and benefits of the meeting. We offer sample scripts to help initiate the discussion, such as the following example:

**Sample Script:**

"Now that your children are young adults, I propose that all of us meet to discuss how we can prepare them for the opportunities and responsibilities that come with wealth. Given your intention to transfer your values and wealth to them, I would like to schedule a family meeting and begin the education process."

## 2. PLAN LOGISTICS STRATEGIALLY

Given the various family structures that exist (e.g., blended-families, single-parent families, etc.), once the decision is made to go forward with a family meeting, clients must define whom they would like to be part of the family meeting. Also important at this stage is deciding on an appropriate, neutral location for the family meeting. Schedule the meeting at a neutral location, such as your office or a hotel conference room. Seating should be around a circular or U-shaped table to enable family members to see and interact with one another.

## 3. INVITE AND SCHEDULE PRE CALLS

Once your client-family decides on participants, send formal invitations to all members and schedule a 30-60 minute call and/or meeting with each of the adult family members who will attend in order to gather information that will be used to create the family meeting agenda.

## 4. CONDUCT PRE CALLS

Inform the client-family that the purpose of these calls is to gain other perspectives on the family's wealth, legacy, goals, needs, and develop an agenda that addresses the issues of interest to all family members, not just the matriarch/patriarch.

## 5. CO-CREATE THE AGENDA

After speaking to each person one on one, craft an agenda and propose it to the family. Once the family approves the agenda, provide the guidance and suggestions on all aspects of the family meeting.

## 6. MEETING PREP AND PRE WORK

Prepare any meeting activities, and assign and distribute any pre-meeting work to family members. Prep family members if needed. Be sure to print out copies of any materials and/or reports for each family member and any other advisors you may choose to include.

# FACILITATE THE MEETING (7-10)

The *Whole Family Advisor*™ role is to create, guide, and facilitate productive meetings. That means setting an agenda, staying on topic and on time, and ensuring the conversations are inclusive and account for all points of view. The advisor's role is not to fix problems or settle arguments that may be exacerbated by the family's wealth.

## 7. SET THE STAGE

Introduce yourself, your team, and your firm, describing your role in the family meeting. Reinforce the value of family meetings and offer attendees kudos for making an investment in their family. Share the agenda and have a conversation to define meeting etiquette.

## 8. FACILITATE THE FAMILY MEETING

Use the agenda you created to lead the meeting in a way that enables family members to constructively discuss the wealth transfer and legacy issues that are important to them. Take the opportunity to build relationships and demonstrate your value. Manage the clock to ensure time for each session of the agenda. Use open-ended questions to ensure productive communication.

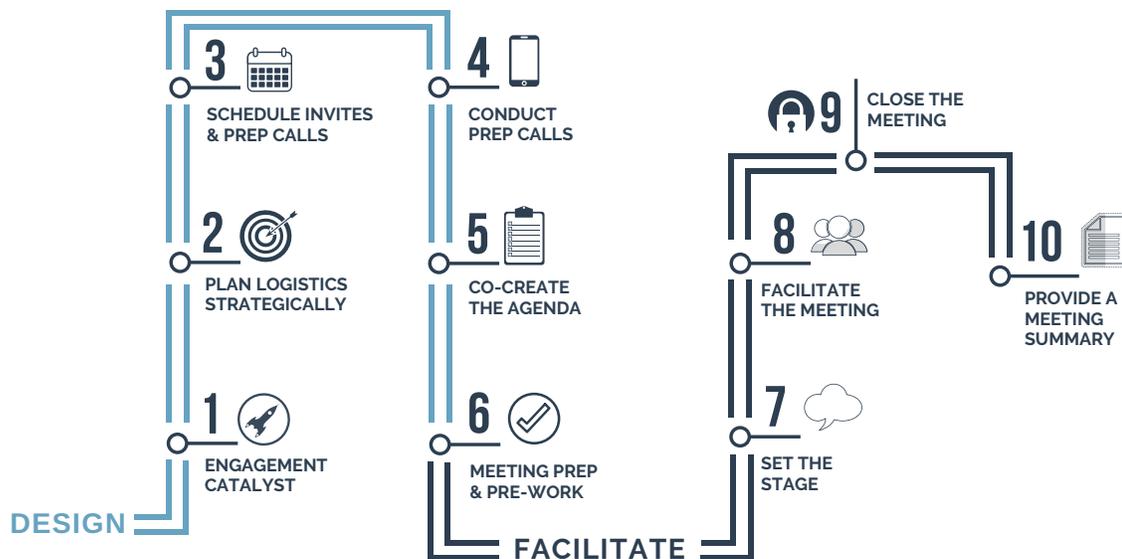
## 9. CLOSE THE MEETING

Summarize the topics and outcomes addressed during the meeting and review the remaining open items. Ask each person to present their top one or two takeaways and next steps and co-create an action plan to carry out goals identified during the meeting. Set up a follow-up meeting or conference call to assess progress.

## 10. PROVIDE A SUMMARY

Send family a summary report of the meeting including the agenda items, outcomes, and action steps discussed during the meeting.

The following is a roadmap to help guide the process of creating and conducting a successful family meeting based on the *Whole Family Advisor*™ approach. **Exhibit 2** ▼



# POST-FAMILY MEETING OUTCOMES

A well-designed, efficiently run family meeting has the potential to yield positive outcomes for both client families and advisors. As noted above, families may become better prepared for successful multigeneration wealth transfers, as well as gain a better understanding of their wealth, its purpose, and the legacy and values they wish to pass on.

*Whole Family Advisors*™ who are able to lead such meetings clearly demonstrate their value to family members of all generations. They also may secure business opportunities that will deepen their relationships with the younger members of their clients' families and help grow their practice for the long term.

Conversely, failing to engage across generations when advising UHNW and HNW families, and not taking into account the interests and concerns of rising generations, may have a long-term negative impact on an advisor's practice.

## POTENTIAL OUTCOME OF FAILING TO ENGAGE YOUNGER GENERATIONS

One real-life example that we are aware of involves a long-tenured advisor to a HNW business-owning family. The advisor focused solely on the family's two leaders and wealth creators as his clients, to the exclusion of the younger generations.

When the family eventually sold its business to a venture capital firm, the sale created a liquidity event that took the family from HNW to UHNW. The family leaders decided post-sale to democratize the family wealth and give bigger roles and greater voices to younger-generation family members.

What happened next comes as no surprise. At a subsequent family meeting, the younger-generation family members voted to replace the longstanding advisor. They had no relationship with, trust in, or loyalty to the advisor, and used their newfound influence to take management of the family's wealth in a new direction. In other words, they brought in a new advisor and left the former advisor out in the cold.

We have seen this outcome play out over the years more times than we can count. The specific circumstances may differ, but the result is the same: A family's longstanding advisor who fails to engage with all family members and across generations is left watching as rising-generation inheritors—and prospective clients—walk out the door, taking with them assets the advisor previously managed.

## POTENTIAL OUTCOME OF ENGAGING ACROSS GENERATIONS

However, losing longtime clients is not the only possible outcome for advisors. For example, we know of another longstanding advisor to a HNW family whose client also experienced a major liquidity event that significantly added to their wealth. Afterwards, the parents told the advisor their biggest fear was the effect great wealth would have on their three children, who ranged from grade school to high school age. The parents did not want their children to develop a “silver spoon mentality” or join the ranks of the “idle rich.”

With that in mind, the advisor began to conceptualize and formulate a family mission statement and a strategy based on the parents’ values, hopes for their children, and philosophy about the meaning and purpose of their wealth. He held extensive discussions with the parents about issues such as philanthropy, creating a family foundation, and establishing budgets and trusts for the children.

Based on the parent’s fears about the potential negative impact their wealth might have on their children, the decision was made not to disclose the amount of the family’s wealth to the children. The advisor then spoke to each of the children about money and wealth-related issues to gauge their understanding and attitudes and gradually brought them into the process of developing a family meeting.

At the first family meeting, the advisor facilitated a discussion about the impact the family wanted their wealth to have on themselves and on society. All members of the family, including the children, participated and, perhaps more importantly, were heard.

The result, over time, was the creation of a glide path designed to prepare the children for greater responsibility in administering the family’s wealth and legacy, while allowing them to grow as responsible stewards of their individual wealth. As the children got older, they were given more input over the direction and management of the family’s wealth and foundation, as well as more money of their own to manage and use for their own favorite philanthropic causes outside the family foundation.

Years later, the advisor remains the primary trusted advisor to both parents and children, all of whom are successful in their chosen careers and definitely not among the “idle rich.” To this day, the children still do not know exactly how much the family is worth.



# LEGACY CAPITALS

## YOUR PARTNER IN SUCCESS



Legacy Capitals is a leading provider of training, coaching, and consulting services on topics such as wealth and values transfer, preparing the rising generation, family governance, legacy planning and family philanthropy to financially successful families and family businesses, wealth advisors, family offices, law firms, and financial institutions.



Our team is comprised of professionals who have an intimate understanding of family wealth and family business; hold advanced degrees and various certifications; have authored two books and numerous articles; have two decades of experience consulting, coaching, and training advisors across the financial services spectrum and have two decades of experience consulting and coaching financially successful families.



*NOTE: Legacy Capitals does not provide insurance, accounting, legal, cash management, investment, estate planning or other financially related licensed services.*



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**Contact Us:** 609-917-0161

1. Source: "World's Super Wealthy to Transfer \$16 Trillion in Inheritance Over Next 30 Years," U.S. News & World Report (usnews.com), 1/14/15.
2. Source: "How to Talk to Clients Who Have Just Been Widowed," InvestmentNews, May 2015.
3. Source: InvestmentNews, 7/13/15.
4. Source: "For Love and Money: A Comprehensive Guide to the Successful Generational Transfer of Wealth," Roy O. Williams, Robert D. Reed Publishers, 1997.
5. Source: Accenture Consulting study, reported by CNBC (6/16/16).

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