

Legacy Planning Part 1 of 3: How Strong Families Survive Tough Times

Ideas and actions advisors can use to help families now.



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About GenLegCo.

- ▶ 30 Years of experience preserving families and their wealth
- ▶ Worked with 260+ successful multigenerational families
- ▶ Studied an additional 200+ families
- ▶ Proven “6 step to Healthy Family Governance” process to assist families with communication, philanthropic vision, legacy planning, succession, and education

Stats to Consider:

70% Of all wealth transfers fail in one generation.

97% Of all multi-generational wealth transfers fail within three generations. For Love and Money, Roy Williams

61% Rate legacy development as a top financial need. Mindscape Study

86% Of families say it is important to leave values and life lessons as inheritance. Morningstar

90% Of families say, “Our plan does not deal with our goals, wants, and objectives!” David York

46% Heckerling attendees said biggest threat to estate planning was:

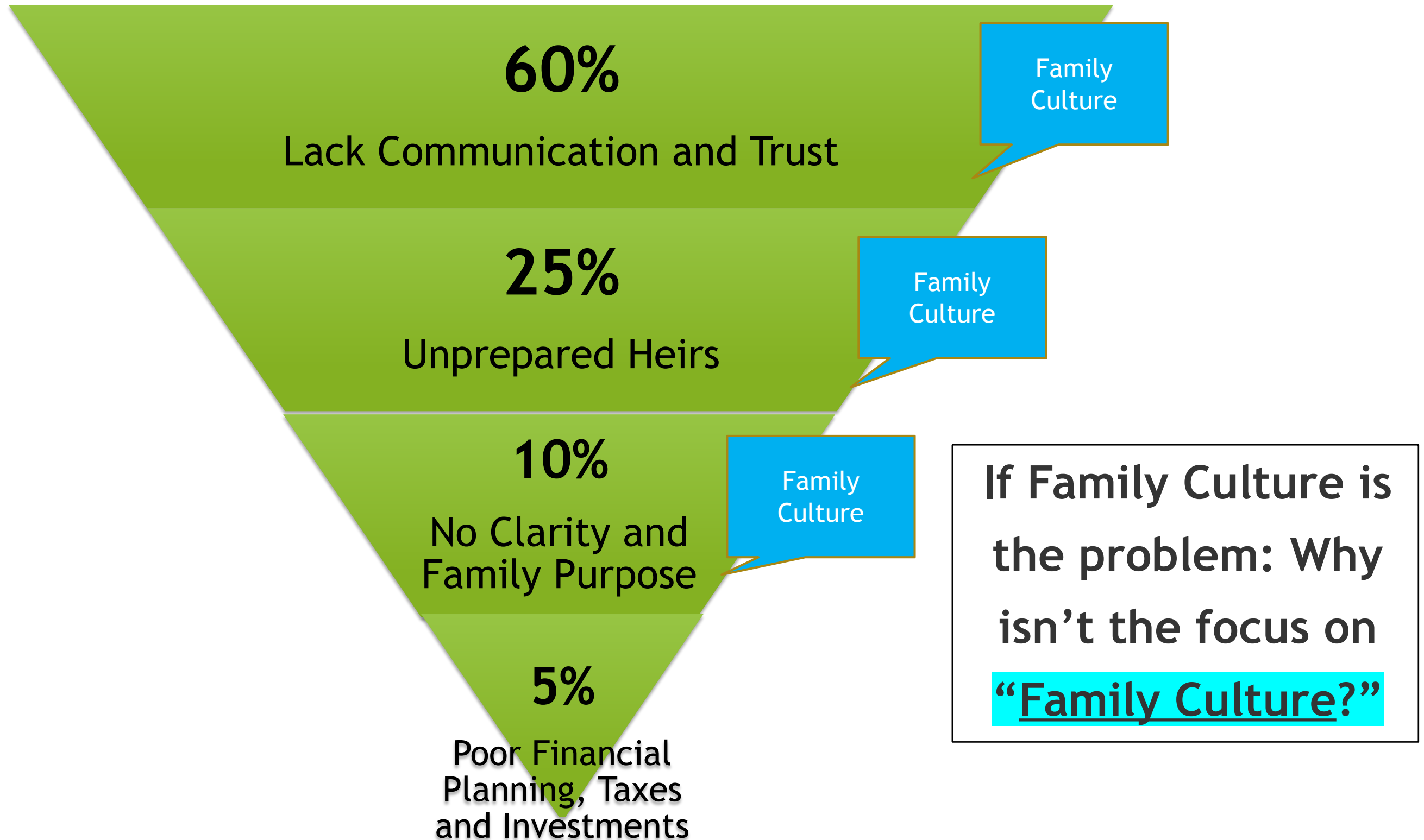
- Family Conflict
- Not communicating the plan
- Blended family issues.

Why do more than 90% Fail?

- 60% of Failure is Due to a Lack of Communication and Trust Within the Family around Group Decision Making, education and governance. Family Culture?
- 25% of Failure is Due to Unprepared Heirs. Family Culture?
- 10% of Failure is Due to No Clarity of Family Purpose and Individual Place. Family Culture?
- Less than 5% of Failure is Due to Failures in Financial Planning, Taxes and Investments!

Source - Williams and Pressier

Why do more than 90% Fail?



“Culture Eats Strategy For Breakfast!”

- Peter Drucker

Six Steps to Healthy Family Governance

6. Advancement - An Endowed Continuum of Healthy Family Governance

5. Action - Practice Governance and Leadership:
Family Entrepreneurial Mindset, Family Philanthropy, Family Bank, ...

4. Values - Intentional Experiential Exercises: “Words to Definitions to Stories”

Mission/Vision - History and Future - Team Building Experiences

3. Communication - Evaluation of Leadership Styles - Learning Safe
Transparent Communication and Style Shifting - Managing Triggers

2. Education - Family Education of Problems and Solutions - Context
“Lifelong Learning” Creating a Family Curriculum

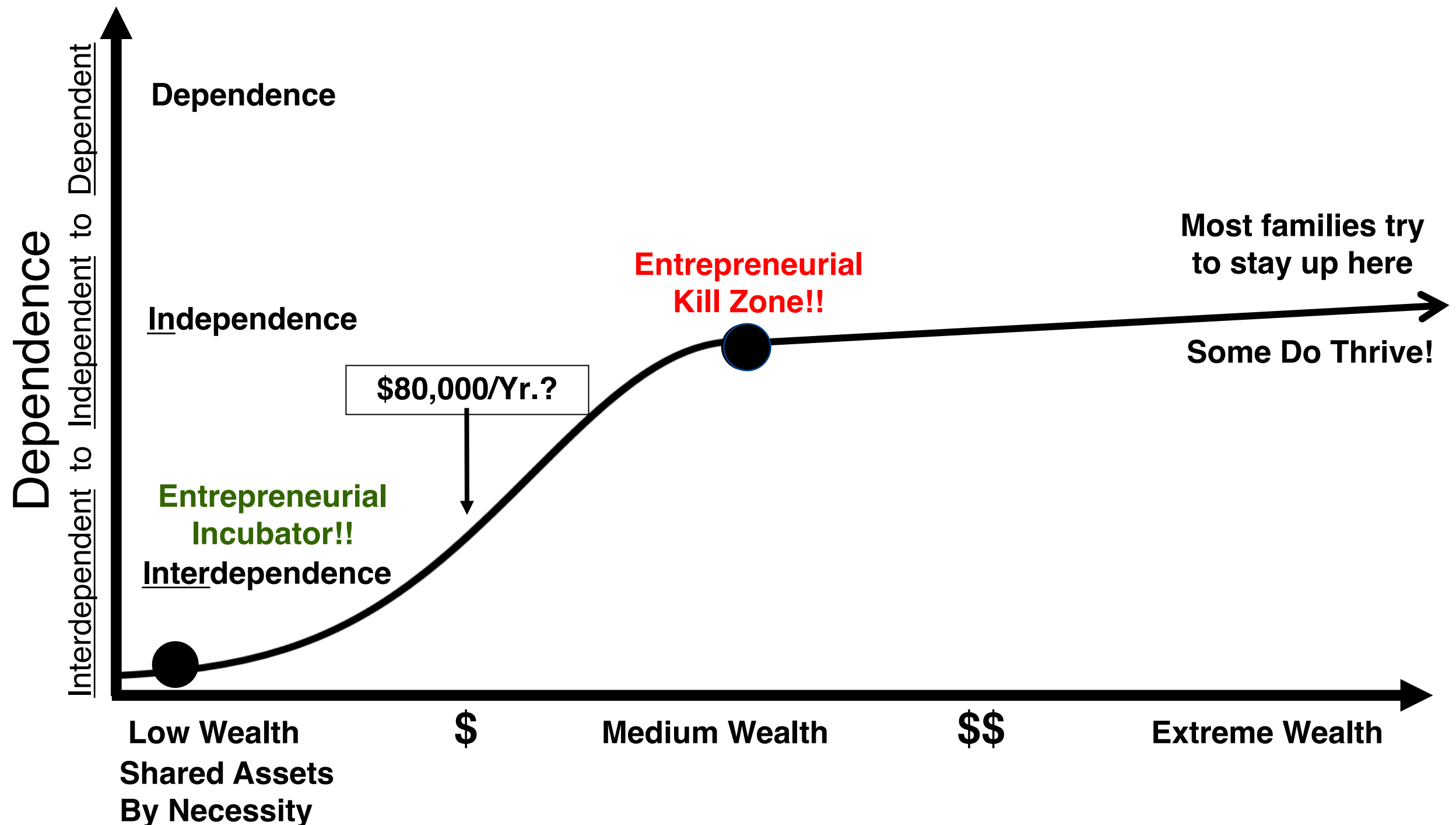
1. Assessment - Setting the Foundation “Where are we now?”
Are we improving Over Time?

“Education” What’s Going On With Families?

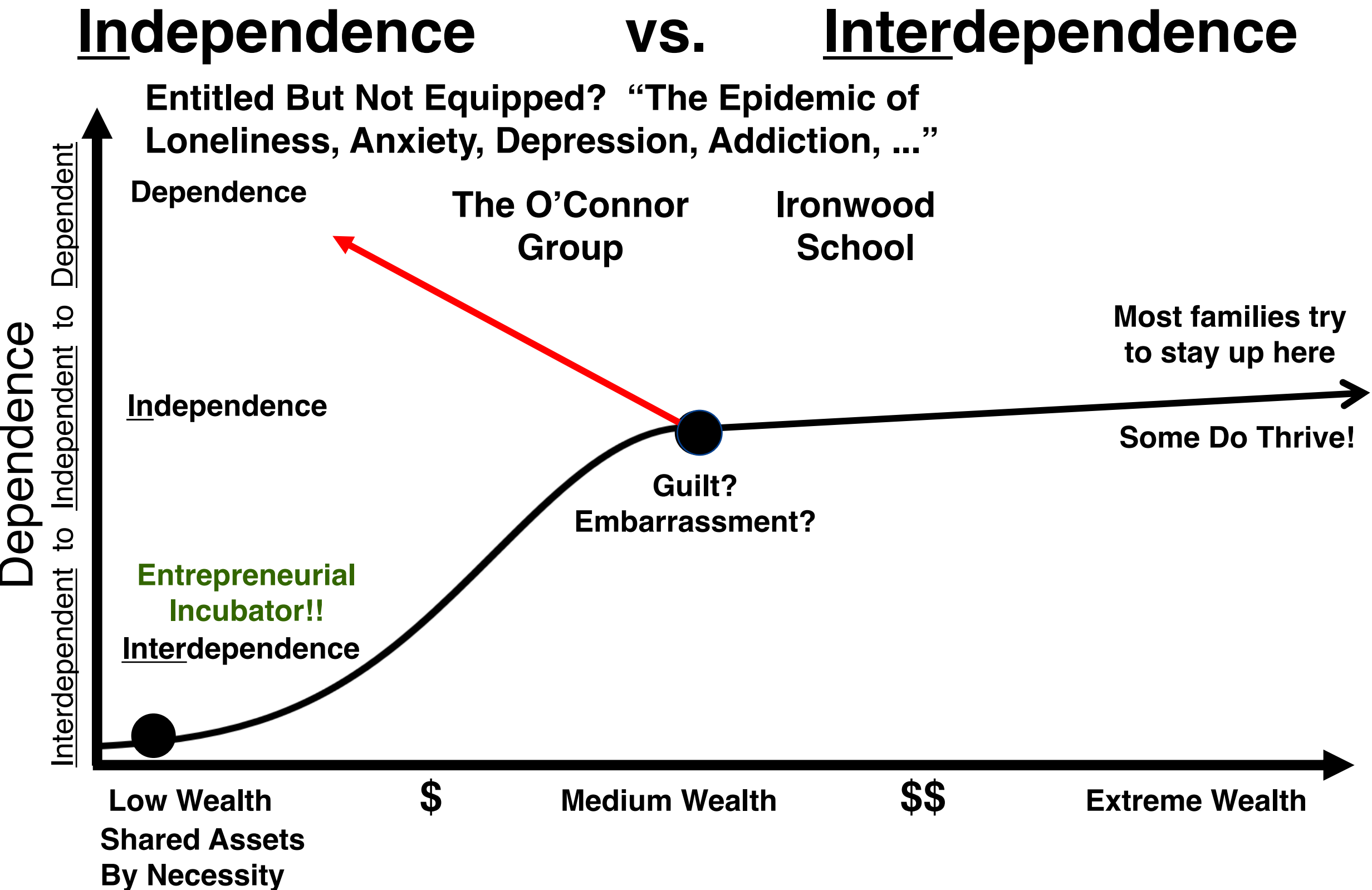
Independence

vs.

Interdependence



“Education” What’s Going On With Families?

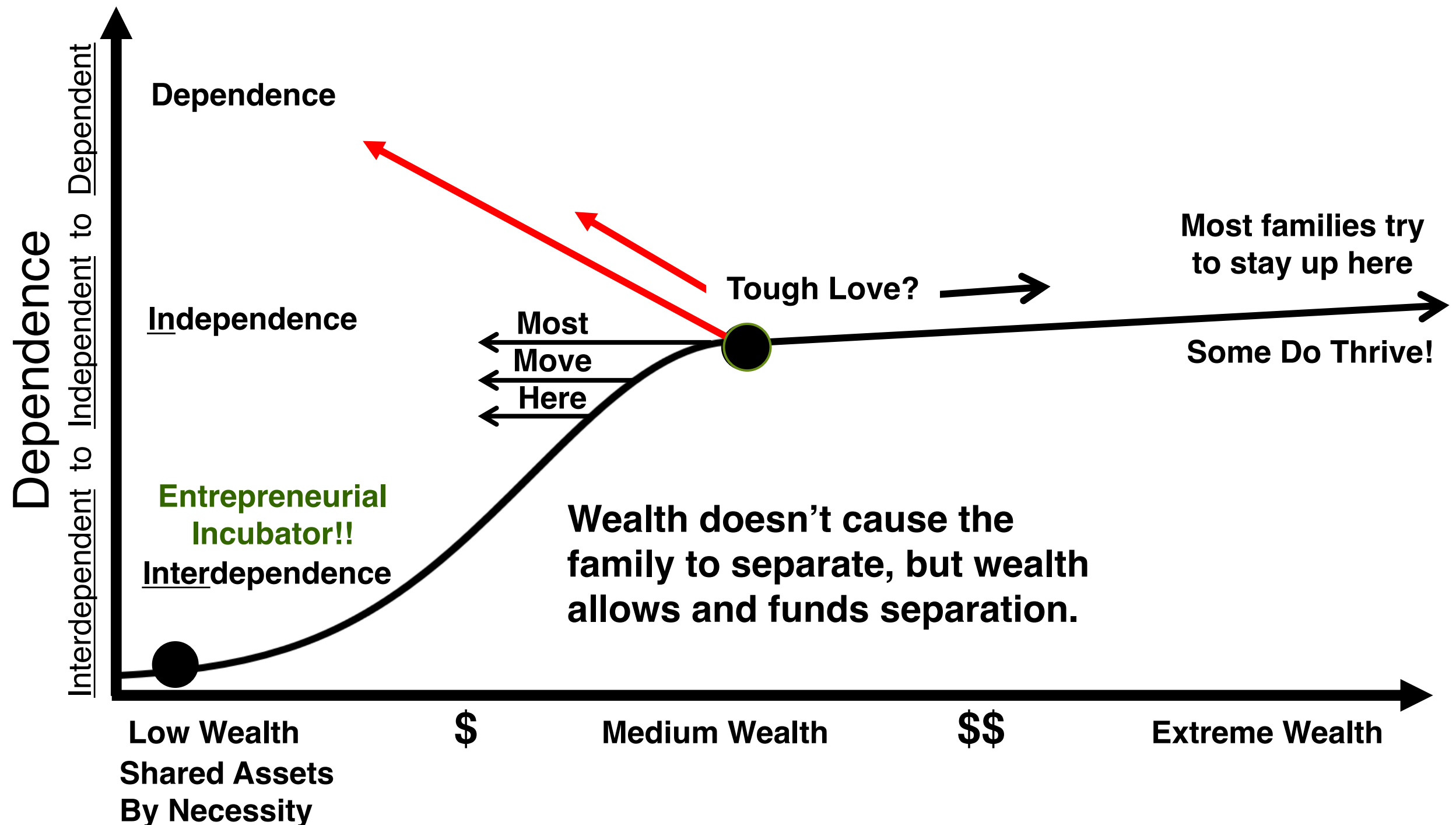


“Education” What’s Going On With Families?

Independence

vs.

Interdependence



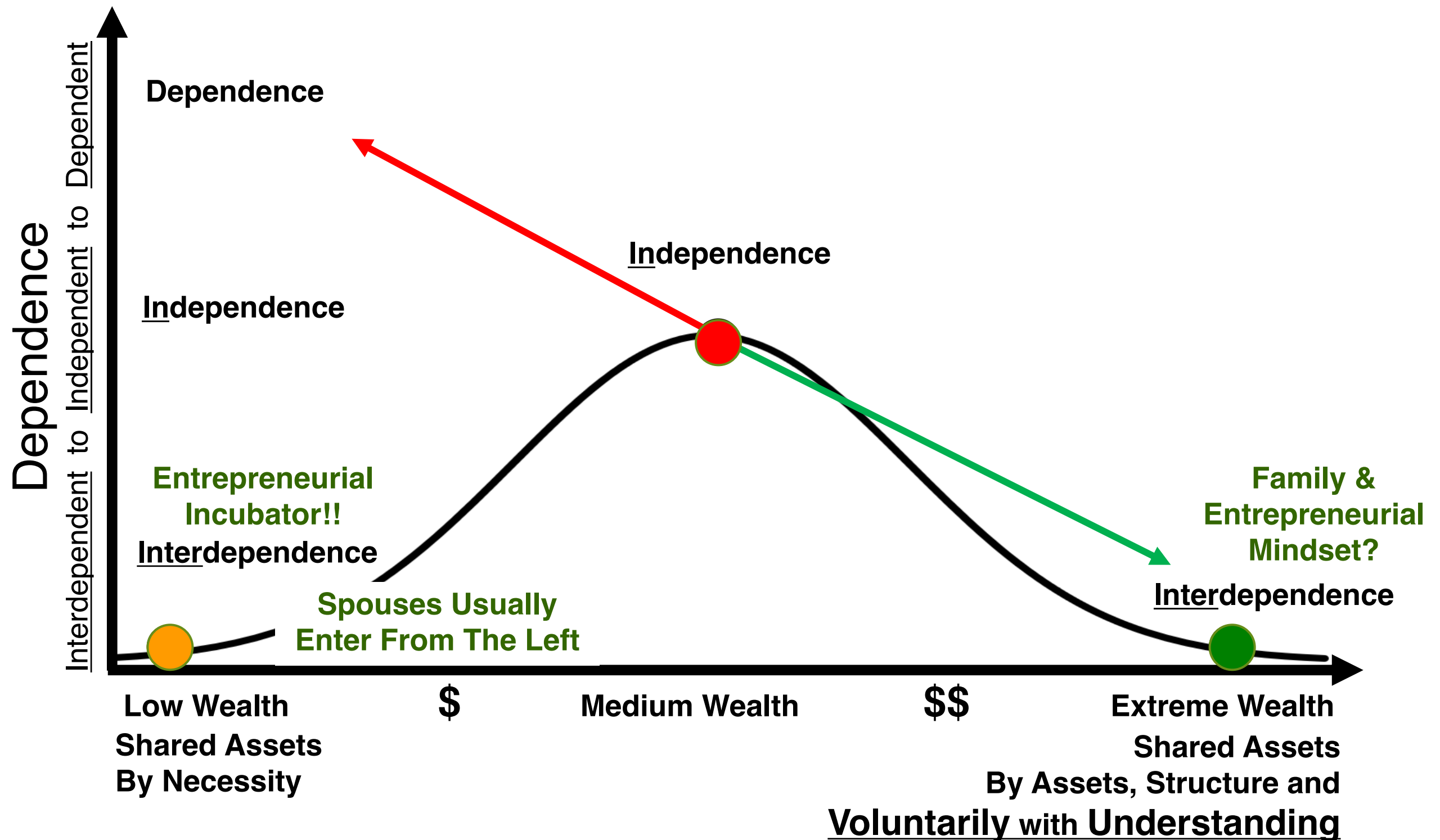
“Education” What’s Going On With Families?

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Independence

vs.

Interdependence

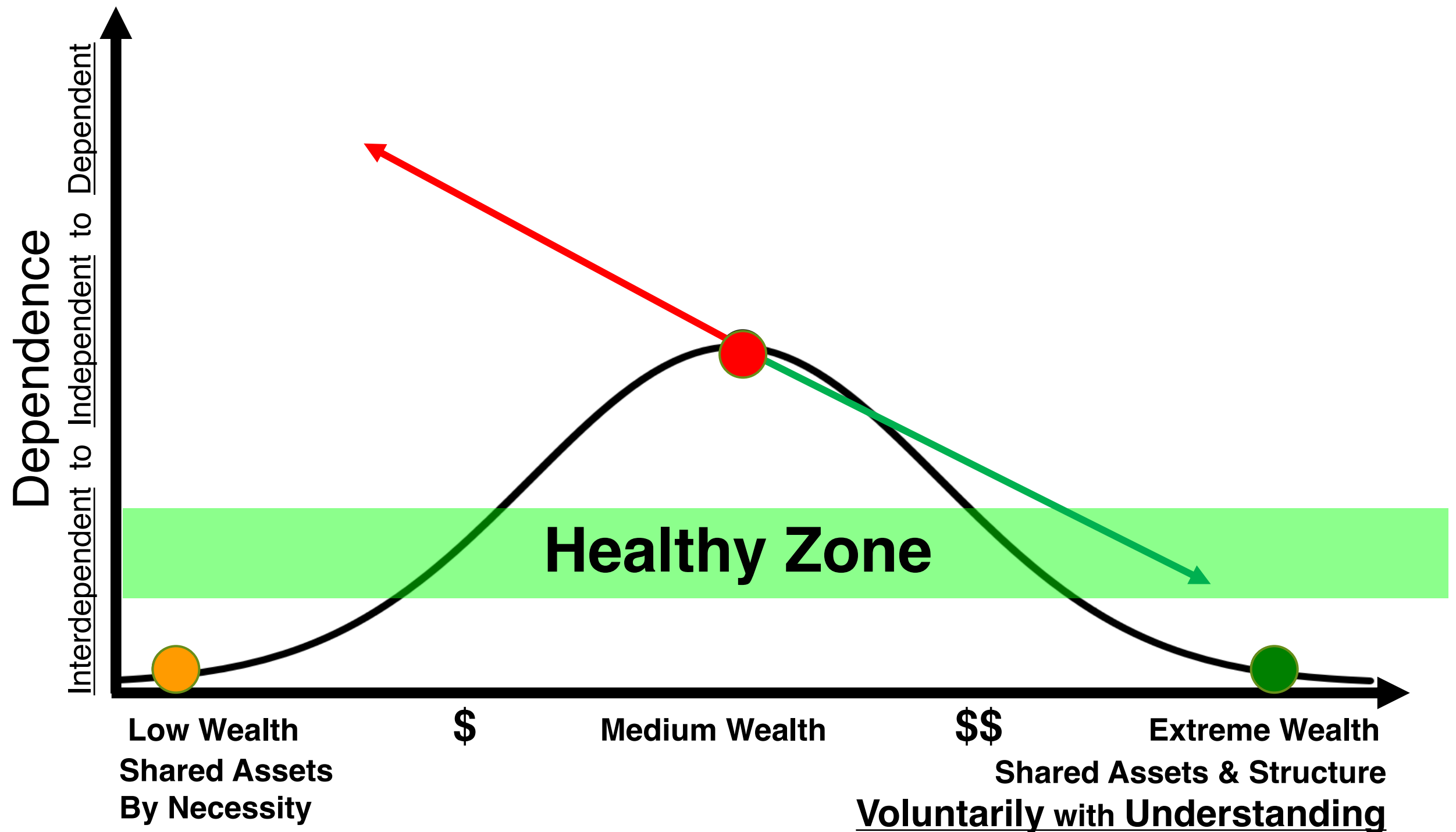


“Education” What’s Going On With Families?

Independence

vs.

Interdependence



Sample Family Assessment Results

Ranking		Gap
1	We have identified the best role for each of our family members that leverage their unique talents/gifts; I know their strengths and they know mine.	22
2	We have a plan for a genuine transfer of leadership within the family (& business's if any).	18
3	We have developed a process for our family to make consequential decisions together.	17
4	Our family has captured our story and life lessons for the benefit of future generations.	16
4	We have created opportunities for our next generation to develop and utilize collaborative skills.	16
4	Our family has concrete "next steps" to address the elements needed to sustain our family's wealth and unity.	16
7	We have a structure in place to keep our children, grandchildren and great-grandchildren connected and unified.	15
8	Our family has a clear understanding of the causes and organizations that we would like to support, and some of our gifts are made together.	12

Are you confident that you, your children or your grandchildren are prepared to manage, control and grow the inheritance they will receive?	Yes 1	/	No 10
If you answered no, would you like to prepare yourself or them with confidence?	Yes 10	/	No 1

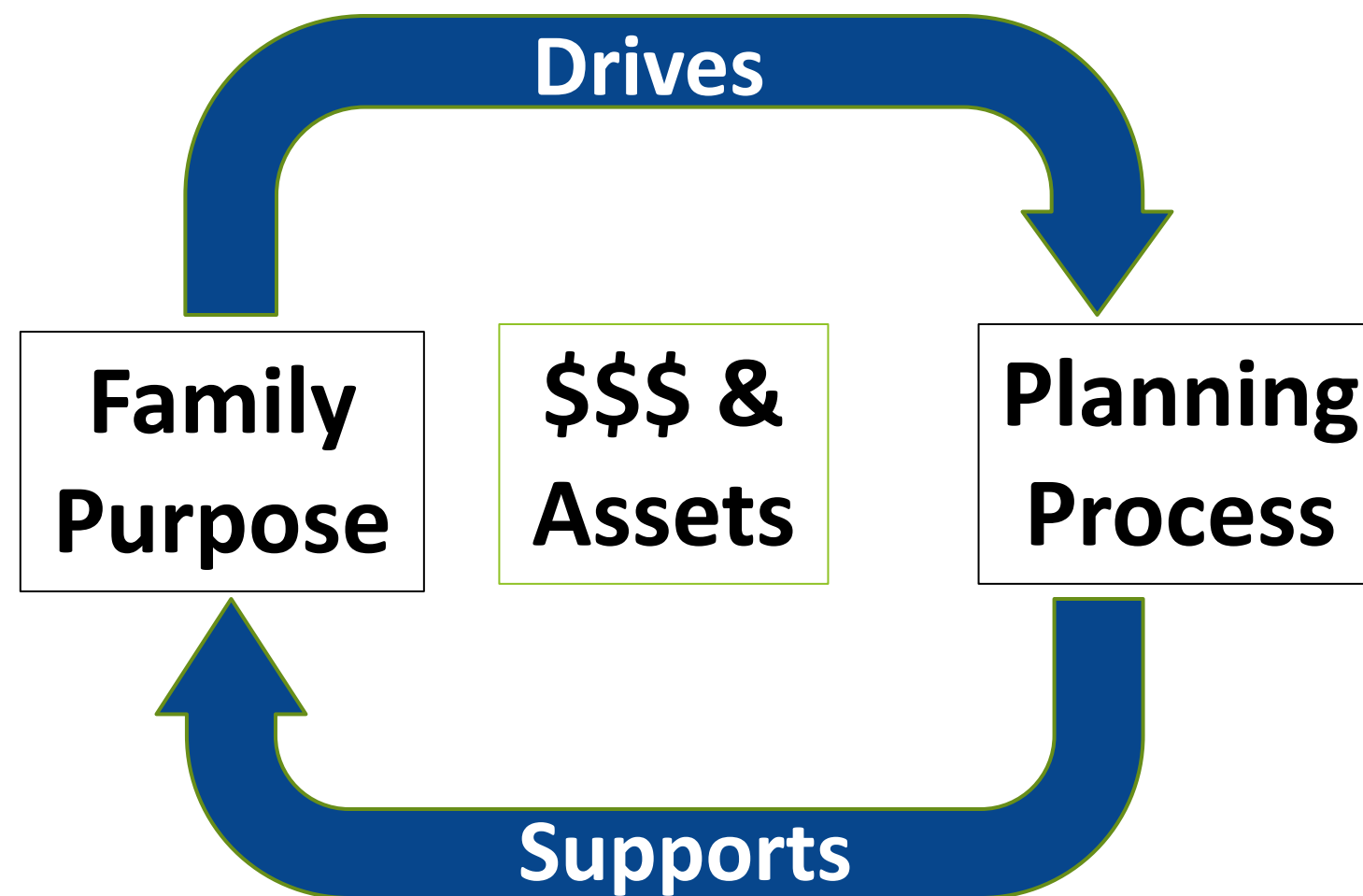
Family Meeting?



Modern family get-together

The Family Meeting

To prepare future generations for the assets and planning structures, the Family Purpose needs to drive the planning process, and the planning process needs to support the Family Purpose.

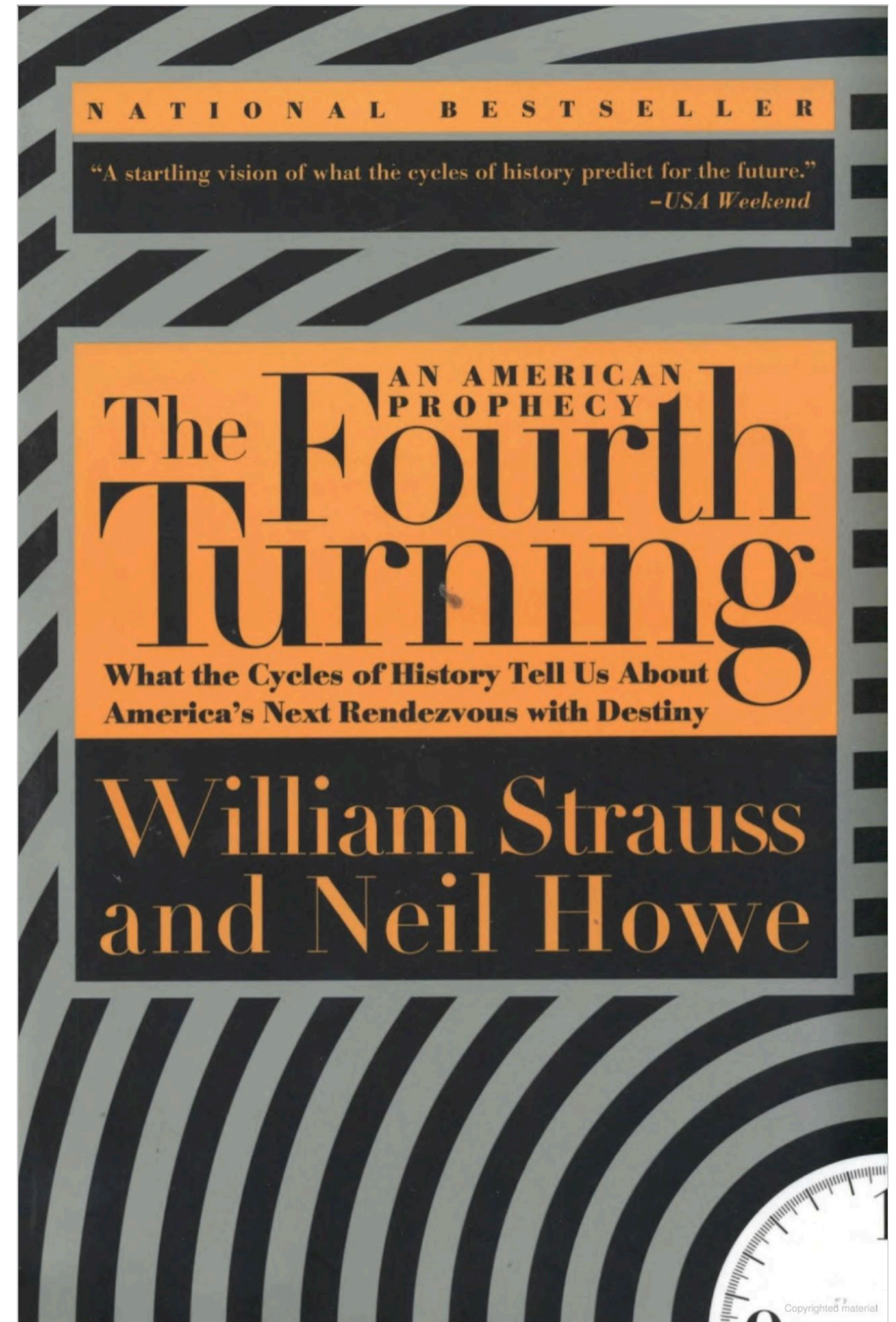


“The Fourth Turning” by Strauss and Howe.

Reflect on the relevance of the books premise to multigenerational families:

- The Prophets
- The Nomads
- The Heroes
- The Artists

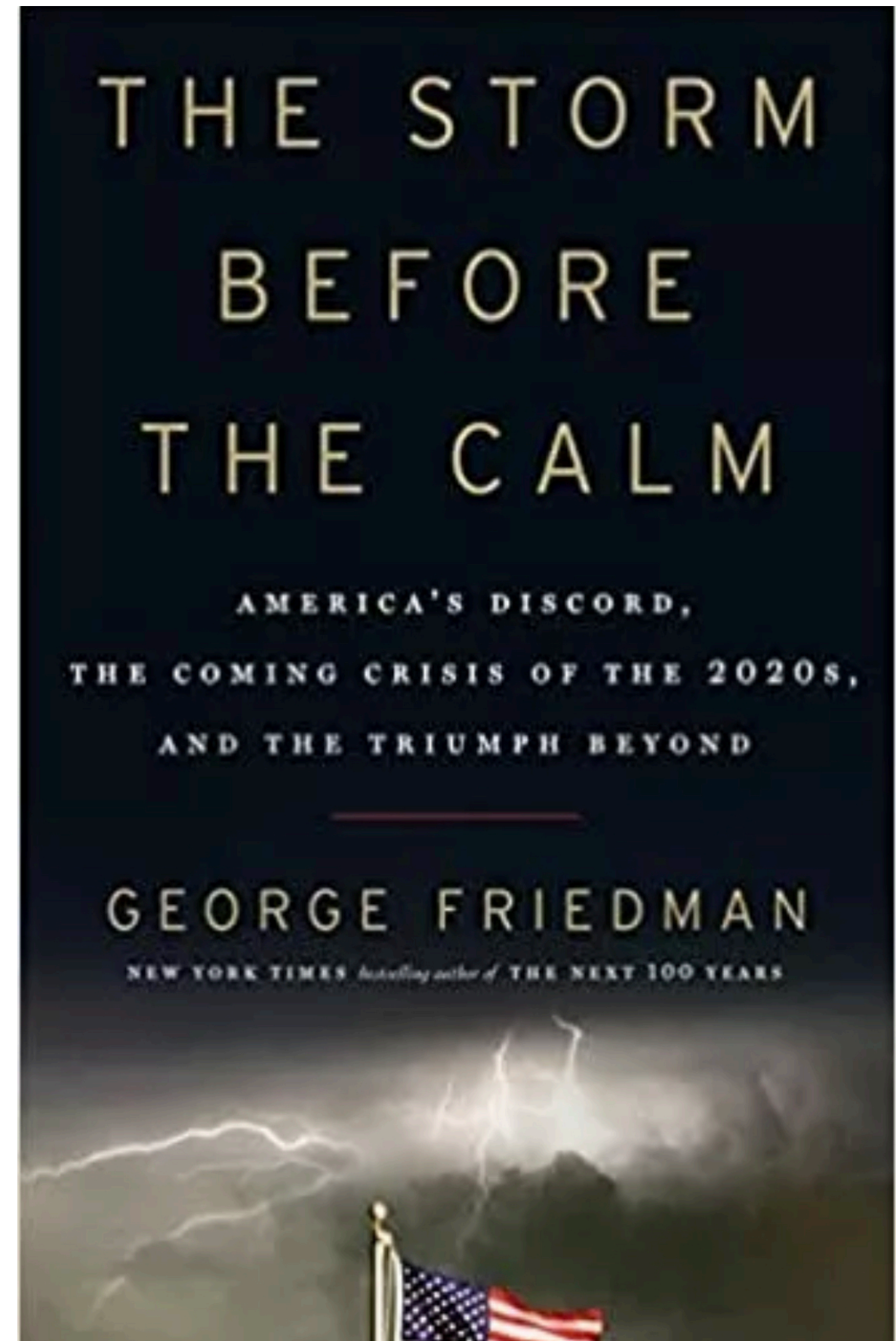
Can we create a family culture that stays strong and utilizes the strength of each generational bias?



“The Storm Before The Calm” by George Friedman

Reflect on the relevance of the books premise to multigenerational families:

- How do leadership and governance cycles affect families?
- How can we create a family culture that embraces changes in leadership and governance for generations?



Thoughts on:

- **How might Covid-19 change America's culture? How might a family benefit if they change their culture now?**
- **How can current estate planning add to or subtract from a family's problems?**
- **Is the purpose of a family the same for every family? If not, how could it be different?**
- **What are the positives and negatives of focusing on the family before focusing on the money? How and when should a family focus on the money or business?**

Takeaway thoughts and ideas:

- **“How do you start with your clients or family?”**
 - **Learn the language of Family Culture, Governance & Legacy**
 - **Read a book or two on this topic (see reference material, or call us).**
- **Line up a few questions to start the conversation with clients**
 - **“Do you know why (and how) most families fail at preserving both Their Family and Their Wealth?”**
 - **“Do you know how to prepare children for an inheritance?”**
 - **“As a Family, have you defined your Intangible Family Wealth?” (not your money)**
 - **“Have you and your children archived your Family History yet?”**
 - **“What is your Family Legacy Plan? Can I see it?”**

Next Steps

Now What?

- ▶ Get started!
- ▶ Add a Family Governance process to your practice and your family.
- ▶ Hire an experienced Family Facilitator! (Or train one in your practice.)
- ▶ Schedule Family Meetings! (Motivate your clients to “DO IT!”)
- ▶ Set up a FAST to endow a family meeting process!
- ▶ **GenLeg can do all of this for you or with you! Call us.**
 - ▶ **The Family Legacy Council can help coordinate the rest**
- ▶ **Get Started NOW!**

Key Conclusions – “Get Started!”

1. Most families fail at preserving wealth and family – 70% fail by end of the second generation, 90% after three generations.
2. The cause of this phenomenal wealth and family erosion isn't bad investment management or bad tax planning, Rather, it's the lack of trust and communication around group decision making.
3. Most modern estate planning does not address the critical issues of trust and communication inside the family. In fact, many traditional estate plans increase the likelihood of wealth and family erosion.
4. Family culture is hard to change, especially from the inside, but done right can help establish shared connection and identity while building resilience.
5. The key to changing the paradigm of “shirtsleeves to shirtsleeves in three generations” is Family Learning through Family Meetings. Family Education is: “Lifelong Learning Together!”
6. Families must Have Family Meetings, where they build trust, choose interdependence, and practice group decision making
7. Governance practices need to be clear, relevant, followed, and Endowed – Fund a F.A.S.T.
8. Shared experiences, activities and traditions create “belonging,” reinforce commitment, create resilience, and fortify relationships.
9. Hire Experienced Family Facilitators/Consultants to get the process started and keep it going – “The opposite of Control is Participation!”

THE END

Thank You!

**Please contact us about
how we can help your clients or
YOUR FAMILY!**

GenLeg Company
Creating Generational Legacy.

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www.GenLegCo.com

617-688-2029



GENLEG CO.
INC.

Family Wealth and Legacy Resources - Education

Raising Younger Children:

- Raising Financially Fit Kids by Joline Godfrey
- Cleaning House: A Mom's 12-Month Experiment to Rid Her Home of Youth Entitlement by Kay Wills Wyma
- www.DoughMain.com - Ken Damato & Ned Hentz
- The Financially Intelligent Parent by Gallo & Gallo
- The Blessing of a Skinned Knee by Wendy Mogel
- The Opposite of Spoiled by Ron Lieber

Teaching Teenagers, Parents and Older

- The Ultimate Gift by Jim Stovall (The book is better than the movie at teaching children the lessons).
- The Price of Privilege by Madeline Levine
- The Myths of Happiness by Sonja Lyubomirsky (“Hedonic Adaptation”)
- The Myth of Laziness by Mel Levine M.D.
- Kids, Wealth, And Consequences by Morris & Pearl
- A Whole New Mind by Daniel Pink
- Failure to Launch by Mark McConville, Ph.D.
- The Born Rich Video by Jamie Johnson (HBO)
- Children of Paradise by Lee Hausner
- Family Wars by Gordon & Nicholson
- The Pecking Order by Dalton Conley (poorly written but interesting data)

Communication and Teambuilding Resources

Assessments: Use Assessments carefully, they are not perfect.

- Stratton Consulting Group ILS Test – www.strattonconsulting.com (best at changing group dynamics)
- Strengths Finder 2.0 by Tom Rath (good for learning individual strengths)

Relationship Books and Tools:

- Understanding Other People by Beverly Flaxington
- Triggers by Marshall Goldsmith and Mark Reiter
- The Road Back To You by Ian Morgan Cron and Suzanne Stabile
- Big Talk - Great Family Conversation Cards – www.makebigtalk.com
- Food For Talk – Other Family Conversation Cards
- The Stories We Tell Ourselves by Scott Gornito
- Radical Candor by Kim Scott
- Magnificent Mind at Any Age by Daniel Amen M.D.
- Deconstructing Conflict by Doug Baumoel and Blair Trippe
- How To Win Friends and Influence People by Dale Carnegie

Management “Working together” books that relate to Family as well

- Outliers, The Tipping Point (“Values vs. Experiences”), David & Goliath (“Wealth & happiness” “Dyslexia & agreeableness - Parts 1 & 2 of this book) - All by Malcolm Gladwell
- The Five Dysfunctions of a Team and The Advantage – Both by Patrick Lencioni

Family Values – Mission/Vision & Family Experiences

Values and Experiential Exercises:

- Working With The Ones You Love by Dennis Jaffe -
Changeworks Values Edge Kit – www.djaffe@saybrook.edu
- 21/64 “Values Cards” – www.2164.net
- Ethical Wills – Susan Turnbull – www.yourethicalwill.com
- The Ten Lenses by Mark A. Williams
- Beyond Success by Randall J. Ottinger
- Halftime by Bob Buford
- The Adversity Advantage by Paul Stoltz Ph.D. Eric Weihenmayer
- The Happiness Advantage by Shawn Achor
- **Take & Share “The Five Love Languages” by Gary Chapman – www.5LoveLanguages.com**
- **Family Entrepreneurship Program: Call us at GenLeg Co. for details (617) 688-2029**
Parent & Child Experience -“Do to Learn!” - Rather than - “Learn to Do!”

Family Teambuilding Experiences:

- Outward Bound, www.outwardbound.org (Thompson Island, Boston - ask for Ellen Harris)
- Geocaching - Build a Boat - Escape Room - All are great Teambuilding activities. Call us for other suggestions.

Family Philanthropy Resources

Family Philanthropy:

- Giving it all Away by David Green and Bill High
- The Moment of Lift by Melinda Gates
- Mission Drift by Peter Greer and Chris Horst
- Wealth in Families by Charlie Collier
- Philanthropy, Heirs and Values and Preparing Heirs - Both by Williams and Priesser
- Can't Take It With You by Lewis Cullman
- Give \$mart by Thomas Tierney & Joel Fleishman
- Leap of Reason by Mario Morino
- Habitat For Humanity - Do it as a Family!
- Social Venture Partners
- Micro Finance – kiva.org?, etc.

- New Process of Family Giving vs. Individual Giving or Giving to “Past Pets”

Call us at GenLeg Co. for details (617) 688-2029



Governance Resources

Governance -

- Family Wealth: Keeping It in the Family – Jay Hughes
- Strangers in Paradise – Jim Grubman
- Building a Hundred Year Family Enterprise – Dennis Jaffe
- Family Legacy and Leadership: Preserving True Family Wealth in Challenging Times by Mark Daniell and Sara Hamilton
- Family Business and Positive Psychology by Scott E. Friedman
- For Love & Money by John Ambrecht, Howard Berens, Richard Goldwater, & Tom Gorman
- Beyond Success by Randall Ottinger
- Empowered Wealth by Brower/Thurber

- Family Mission Statement and/or Family Constitution – Not for everyone but Imperative for some?
 - Call us at GenLeg Co. for details (617) 688-2029

Planning & Investing Resources, along with Geopolitical Risks

Planning -

- **Entrusted by Andrew Howell and David York**
- **Winners Take All by Anand Giridharadas (To give you a glimpse at the perspective of those that want to take wealth from you)**

Investment Management – Wall Street's Product approach vs a Fiduciary approach.

- Inside Job (Movie about the problems with Wall Street's approach and conflicts of interest)
- Financial DNA by Hugh Massie
- Why I Left Goldman Sachs by Greg Smith
- Capitalism Without Capital by Jonathan Haskel and Stian Westlake
- The Experience Economy by Joseph Pine and James Gilmore

Geopolitics (and the affect it can have on Family Legacy)

- **The Fourth Turning** by William Strauss and Neil Howe
- **The Storm Before the Calm** and The Next 100 Years – Both by George Friedman
- The Accidental Superpower and The Absent Superpower – Both by Peter Zeihan

Family Stories of Wealth and Loss

- Mellon: An American Life by David Cannadine
- Beer Money by Francis Stroh
- Dethroning the King by Julia Macintosh
- The King of California by Mark Arax and Rick Wartzman
- Barons of the Sea by Steven Ujifusa
- Titan by Ron Chernow (about Rockefeller)
- The First Tycoon by Mark Deakins (about Vanderbilt)
- Andrew Carnegie by David Nasaw
- Becoming Steve Jobs by Brent Schlender and Rick Tetzeli
- The Big House by Colt George Howe
- The Big Rich by Bryan Burrough



Extra Resources

For Families in Business

- Preserving the Legacy of a Family-Owned Business by Bachmeyer & Snyder
- Perpetuating the Family Business by John L. Ward
- Generation To Generation by John Davis, Gersick, McCollom, & Landsberg
- Working With the Ones You Love by Dennis Jaffe
- Teaching Entrepreneurship by Neck, Green and Brush
- The ONE Thing by Keller & Papasan (A business book but the lessons can be applied to the family)

Family Entrepreneurship Program: Call us at GenLeg Co. for details (617) 688-2029

Parent & Child Experience -“Do to Learn!” - Rather than - “Learn to Do!”

Other Family Wealth and Family Legacy Books

- CEO Dad by Tom Stern (Good Humor)
- Navigating the Dark Side of Wealth by Thayer Willis
- The Golden Ghetto by Jessie O'Neill
- Money Harmony by Olivia Mellan
- Loonshots by Safi Bahcall
- White Picket Fences by Amy Julia Becker

