

FINANCIAL PLANNING

A Publication of Minuteman Newspapers

2006



Family Meeting Can Help Pass On Family Assets

Passing on the family wealth from one generation to the next—whether involving a network of businesses and philanthropic organizations or simply the family home and prized heirlooms—is never easy. But periodically holding family meetings can go a long way in making that transition smoother, more effective, and less painful for the head of the family and their heirs.

The wealthy have long held family meetings to discuss the family enterprises and philanthropic endeavors. Some meetings are multi-day retreats in luxurious settings involving hired facilitators and advisors. But even for families whose “meeting” is held around the kitchen table at home, the benefits can be immeasurable.

Family meetings can help the head of the family:

- Refine his or her estate plan, and clarify its components for the benefit of the entire family
- Overcome the reluctance to talk about family money or difficult estate planning issues such as wills and long-term care
- Allay concerns or anxiety among heirs often engendered by being kept “out of the loop”
- Reduce the potential for family feuds over inheritances
- Convey the family’s money history and promote money values
- Increase the likelihood the family business or other family wealth will endure through subsequent generations
- Craft or instill a family mission statement

While these and similar issues may be discussed informally, if discussed at all, a more formal family meeting improves the odds that critical issues will be thoroughly aired.

Determine the main purpose for the meeting. For families of modest means, the meeting might focus on the content of the parents’ will and which heirs might like which heirlooms.

Talking about this now, while the parents are alive, can reduce battles among the heirs after the parents die. The parents might discuss their living wills and who will be their health care power of attorney so the family doesn’t go through a Terri Schiavo-like court battle. They might detail their funeral arrangements and living arrangements should they need long-term care.

For families with a business, family meetings present an ongoing opportunity to report on the state of the family business, as well as to wrestle with such issues as succession planning. The same applies to families with philanthropic endeavors.

Determine who to invite. The more “inclusive” the family meeting, the better. Typically, you’ll want to involve not just children but grandchildren (if they’re old enough), spouses (who may heavily influence your heirs), other relatives, sometimes key employees and financial advisors for meetings involving a family business or philanthropy, or others who may be intimately involved in your financial life.

Choose a comfortable place to meet. Yes, some families can hold the family meeting around the kitchen table. But it’s usually best if you can go somewhere neutral, particularly the more people you include. It doesn’t have to be an expensive “retreat,” but by making the location special, everyone is more apt to treat the meeting as special.

David J. Boczar, CFP, CFA is a local member of the Financial Planning Association, with an independent financial planning practice located in Westport, CT. Call 226-0222 or visit www.emeraldwealthadvisors.com for more information. This column is produced by the FPA, the membership organization for the financial planning community.