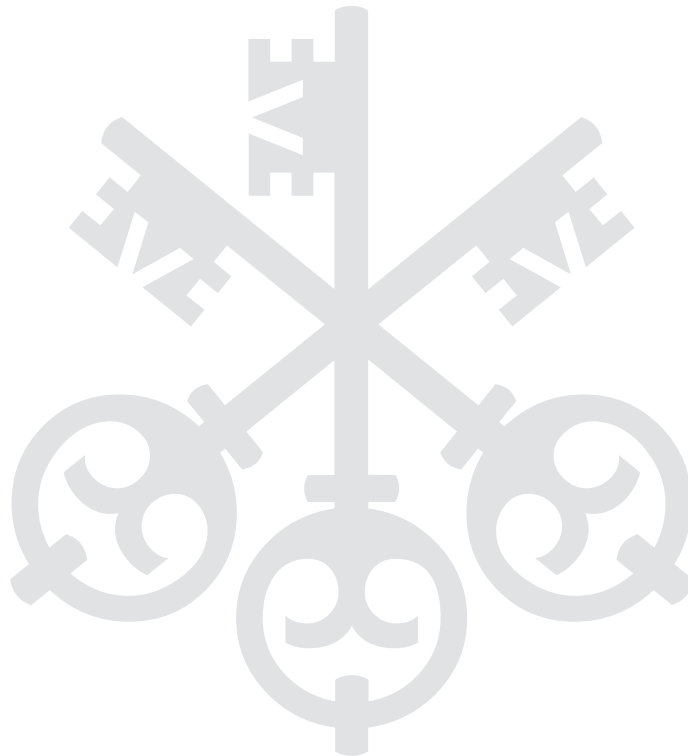


UBS Family Meeting Compass



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What is a family meeting?

What is the purpose of a family meeting? Why are they especially important for wealthy families? Who should attend? What should you know before planning one? How often should they be held, and where should you meet? How long should they be? What makes a meeting successful?

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Topics for a family meeting

Depending on your goals, the topics you discuss are likely to vary from meeting to meeting. But it's good to be prepared for common issues that arise in many wealthy families. These include the family's vision for itself, educating the rising generation, charitable planning, wealth transfers and transitions, honoring the family's legacy and more.

Section 3

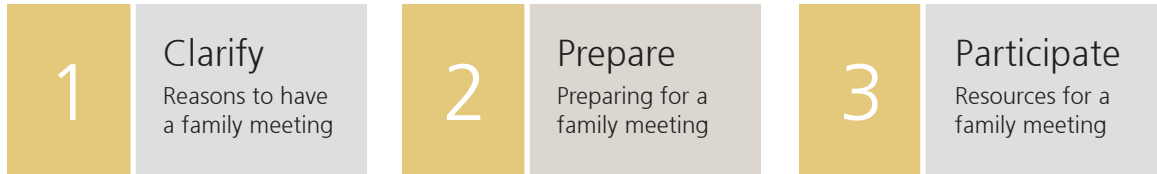
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Resources for your family meeting

Sample ground rules for effective communication, agendas, exercises, worksheets, templates, networks and other tools to help keep discussions on track.

Introduction to the *UBS Family Meeting Compass*

The *UBS Family Meeting Compass* is structured around three key topics:



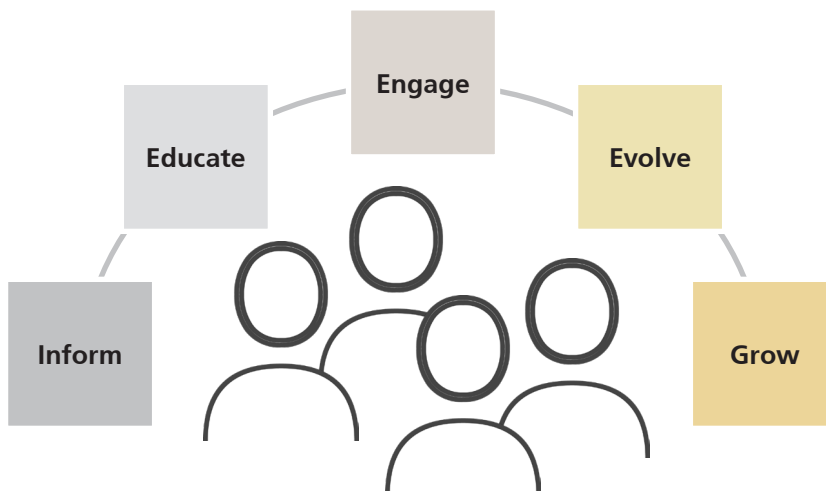
For each topic, you will find individual chapters covering essential points. The chapters build on one another, and together they cover much of what you need to know to plan, hold and benefit from a family meeting.

Whether your family is dealing with newfound wealth, introducing new members into the fold or simply shepherding your family legacy, family meetings are an excellent time to assess the family's current situation and explore new opportunities.

This makes it easier to:

- Facilitate the transition of wealth to the rising generation
- Educate the younger generation on your family's values and attitudes toward wealth
- Resolve conflicts, correct assumptions and evolve the family's vision
- Keep your finger on the pulse of your family—and your legacy
- Engage in giving together as a way of connecting generations through philanthropy

The *UBS Family Meeting Compass* will help you design an effective family meeting from start to finish—one that results in family members who are engaged, informed, educated and prepared for the next big thing—whatever that may be.



All disclosures for the Family Meeting Compass in its entirety appear at the end of the document.

Section 1

What is a family meeting?

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Chapter 1




Why have a family meeting?

What is the purpose of a family meeting?

Mention “family meeting” and most will think about annual events held at long, polished conference tables, with formalized balance sheets chronicling the year’s accomplishments.

But at UBS, we know that your family is far more important than numbers on a page. And while financial capital is part of your family’s wealth, so too is intellectual, human, spiritual and social capital.

Three main purposes of family meetings:

1		Remaining connected
2		Helping family members learn from each other
3		Making important decisions together

Why not just have a family reunion?

You can do that, too, but even the most informal family will benefit from a well-planned family meeting. It provides an open yet structured forum for sharing news, concerns, opportunities and challenges in a way that social media or holiday gatherings cannot.

Family leaders can deliberate and make decisions collaboratively, while teaching younger family members the basics of family finances and traditions. This type of transparent, honest communication is particularly important for families with wealth that spans generations.

Who should participate?

Your list of attendees should reflect the goals of that particular meeting. You may want to limit attendance to key family stakeholders and perhaps one or two neutral third-party facilitators. If you’re discussing a variety of practical issues, you may want to have experts present for those portions of the event. These can include attorneys, accountants, investment advisors, philanthropy consultants, and even family business or human resource consultants.

Should teenagers and young adults attend?

Are you nurturing intergenerational connections, talking about family philanthropy or developing future leadership? Then having adolescents and young adults attend makes a good deal of sense. Elders may also be present to provide wisdom, continuity and guidance, as well as to explain the family’s heritage and legacy.

How do you engage younger members of the family?

Larger family meetings may require childcare arrangements, as children under 14 often find it challenging to sit through a lengthy meeting. It’s a good idea, however, to develop separate activities for children or teens, such as learning certain financial skills, working on a group philanthropy project or even just bonding on a mountain hike. After all, these cousins and siblings will soon be the adults and running family meetings themselves.

Should spouses be invited?

If you’re sharing specific estate planning information, it may make sense for immediate family members to meet first to decide how much of that information should be shared with the extended family. If the goal concerns educating the rising generation, then spouses should probably be present. It’s quite common to have spouses included in some, but not all, parts of the meeting.

Do you need a facilitator?

In times of crisis or conflict, a neutral third-party facilitator may be invaluable. Many families also use a facilitator or consultant for their first few meetings, and then gradually have family leaders lead the meetings, depending on the content they’ll be discussing. Families with well-established communication practices may run their own quarterly or semiannual conference calls, while inviting a facilitator to join their annual or biannual meetings to help “tune up” relationships or develop new skills.

When should you hold a family meeting?

If you haven’t held a family meeting before, now’s the time to start. They can help families in any stage of development run more smoothly.

During difficult transitions	Family meetings are crucial during difficult transitions, which may include the sale of a business, a leadership succession, or the death or disability of key members. Families who meet regularly are better prepared to face such challenges.	During times of celebration	Regular family meetings also give families a chance to celebrate positive transitions. An annual meeting can include time to welcome new members of the family or to congratulate new parents. It can be an occasion to celebrate coming-of-age or promotions to leadership positions within the family enterprise. Making time for these celebrations shows everyone that your family pays attention to its key resource: Its people.
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How frequently should families meet?

The family's current needs and state of development should determine the frequency of meetings—whether that's quarterly, semiannually or annually. If you're just starting the process, it's good to meet every six months or even every quarter until everyone gets comfortable with the idea. Once things are up and running, an annual meeting may be enough. Frequency may also depend upon how often the family connects in between the meetings on a formal or informal basis.

How long should a family meeting be?

The length depends on the meeting agenda, its complexity, and the size and dynamics of the family. A meeting can be as short as an afternoon or be spread out over several days.

Don't try to jam too much into one day. People often overestimate how much they or their family members can absorb in one sitting. If there's a lot to cover, consider splitting the material into two half-days. You can meet from, say, 10 a.m. to 1 p.m. each day, with an afternoon and evening break between the two working sessions.

Taking a break gives you a chance to recharge and connect with each other informally. It may also lead to insights or questions about the first day's material that then can be addressed in the second day's session.

Where should you hold the meeting?

Families recognize that a family meeting is not just about the topics under discussion. It's about the process and experience, enjoying a great meal together, the setting and the memories you'll be creating.

Family retreats can become part of the family's collective memory and traditions. A thoughtfully chosen environment can improve everyone's mood and increase the meeting's productivity.

Gathering family members at a neutral location such as a resort, a rented home or a country club is money well spent. Using the family's resources for a meeting sends an important message to the family. It says, "We are not here just to talk about money but to grow together."

On the other hand, meeting at a family member's home or office may encourage family members to fall back into set habits or old, destructive patterns of behavior. It may also be off-putting or intimidating to in-laws or to children less familiar with the location.

The location you choose should provide comfortable accommodations, a variety of recreational options and delicious food, as well as a well-equipped business environment in which to hold the meeting itself. People work together most effectively when they feel good about themselves and each other.

How do you run an effective family meeting?

The whole point of having a family meeting is to meet your pre-established goals. But that requires focus. Keep in mind that people learn in different ways.

- Some find it easy to pore over large amounts of text and columns of numbers before the meeting.
- Others prefer illustrated slides with graphs and pie charts, explained during the meeting.
- Most people digest small portions of information more easily than trying to take in large amounts of data in an extended sitting.

Spend more time listening than talking




Many parents use family meetings to disclose information about their estate plans or holdings to their adult children. But that information comes with emotional weight. Make sure you always give people at a meeting a chance to process what they hear, and to react and respond.

Setting ground rules

Of all the elements needed for a successful family meeting, solid ground rules may be the most important. (See Chapter 14 for some examples of ground rules.) Use a portion of your first family meeting to discuss ground rules.

Every family member should remember that ground rules, once adopted, must be upheld. In the heat of a discussion, members will inevitably start to break the rules. What’s crucial is how the family responds. Having to stick to the rules offsets any sense of entitlement for any member. If nothing else, remember the rules below for responsible, respectful communication.

Three simple rules for communicating responsibly and respectfully

1		Turn off your cell phone and put it away
2		Don't interrupt or shout over other participants
3		Clarify what someone else is saying before responding

Resolving differences

Sometimes disagreements arise despite ground rules. If you know your family is particularly prone to different ideas, you may want to hire an outside facilitator to manage it. Whether you have a facilitator or not, here are some ways to deal with differences respectfully and productively.

- Distinguish between healthy and unhealthy differences. Ask yourself, "Is this disagreement generating good discussion or getting in the way of the meeting's effectiveness?"
- Seek first to understand and then to be understood.
- Ask questions that aim to clarify what others are saying before responding.
- Identify the source of the disagreement as you see it and ask the group to do the same. For example, it may come from miscommunication, different needs or interests, differences in values or beliefs or an ineffective structure. If you can identify it, then the group is well on the way to resolving the issue.
- Refer to the ground rules that are relevant to avoiding or resolving issues. Examples might include: Listen, be respectful, or own your own views.
- Look for common ground. Maybe you disagree about how much to give to a certain organization, for example, but you can affirm your shared interest in philanthropy or to a certain charitable sector. Affirming common ground will take some of the sting out of the conflict.
- Remind others (and yourself!) that it is OK to have different values and opinions.
- Take a break. When it seems that the group is getting nowhere, take a short breather with everyone to restore calm.

Chapter 2

Establishing goals

Establishing goals

As you prepare for your meeting, your first thought should be what you want to accomplish. You'll find suggested topics and sample agendas in the Resources section, but first it's important to consider that family meetings are about far more than money.

The purpose of family meetings	<ul style="list-style-type: none">• Articulate and share core values• Support individual growth and passions• Focus collectively on strengths• Establish parents as both teachers and students• Share family history• Celebrate and sustain a sense of tradition and community within the family• Connect generations through collaborative family philanthropy	Talking about finances as a family	<ul style="list-style-type: none">• Give wisely, with gifts to family members that encourage individual growth• Encourage an identity separate from wealth, focusing on who people are versus what they have• Set up trusts that are based on familial relationships versus legal connections• Regard individual philanthropic efforts as leading to a shared family goal
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These tactics have little to do with how much wealth you have. But they have everything to do with developing and maintaining family cohesion, strength, trust and continuity as you pass down your wealth to your children, and to the rising generations in turn.

Hopefully, your family meeting is at least a month away. Spend some time talking with family members about goals you can all agree on. The rest of this section will help you develop strategies for achieving these goals.

Once you've agreed on common goals, you'll be ready to craft and disseminate the agenda, as well as prepare materials that support the agenda, such as financial statements, investment reports, foundation grant reports and other recommended reading.

In addition, consider asking the facilitator to interview key family stakeholders about goals or topics in advance of the meeting. You can read more about this in Chapter 15.

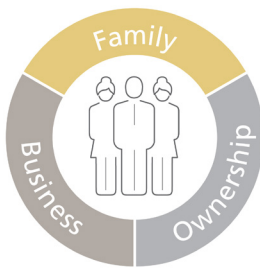
Chapter 3

Helping your family flourish

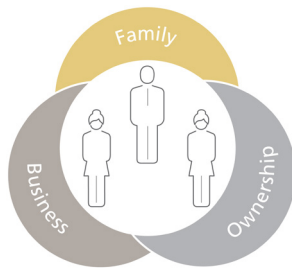
Helping your family flourish

As the years go by, families sometimes grow apart. Issues are left unresolved. New alliances form. Old alliances dissolve. Children move away. People develop new interests, start new families or pass away. And aspects of the family business may face new challenges. That's why regular family meetings are essential to sustaining wealth and continuity, by strengthening the family's sense of shared values and identity and its ability to communicate effectively. This is true the world over.

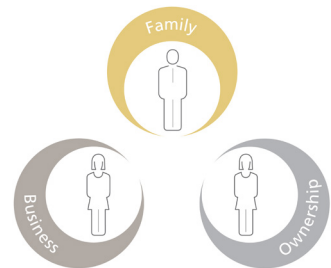
Founding owner



Sibling partnership/cousin consortium

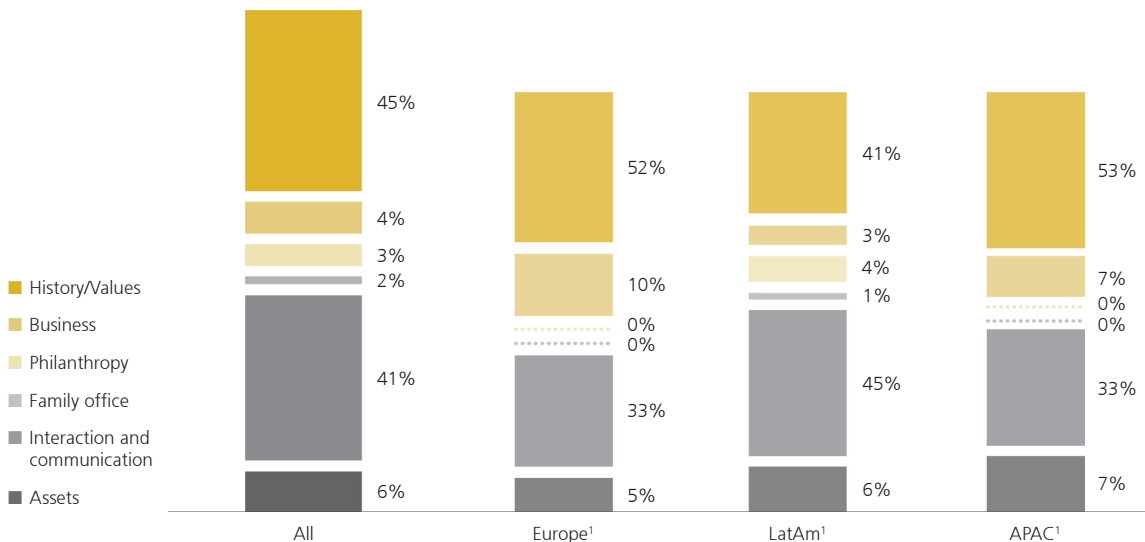


Possible dissolution of family-business system



Values and communication—keeping the family together

Which of the following does your family consider the strongest glue holding your family together?



Source: UBS Family Advisory Study on Wealth Protection, June 2011, data from over 120 ultra high net worth families globally.

¹ Percentage of numbers of country respondents.

Qualities of a 100-year family enterprise

What it takes to build enduring family wealth

Shared purpose and values are not just about money
Family community across generations
Professionally manage business and financial activities
Continual adaptation and resiliency
Free choice to remain partners
Active development of human capital
Commitment to give back to community

Wealth—and wealthy families—get plenty of bad press. But as you can see here, the principles that allow other families to succeed have a particularly positive impact for families with exceptional wealth. Regular, well-run family meetings are the key to helping families flourish.

A study by *Good Fortune* involved over 85 families, half from the United States and half from other countries around the world, each of whom has successfully transitioned a major family enterprise into at least the third generation of leadership. (Hence the reference to “100-year families.”) The median wealth of the families in the study was \$700 MM US.

Source: *Good Fortune*, a report of the 100-Year Families Project, led by Dr. Dennis Jaffe of Wise Counsel Research.

Chapter 4

Highlights from 2018 Cerulli Report on U.S. High Net Worth and Ultra High Net Worth Markets

The 2018 Cerulli Report

Cerulli Associates is a research firm that produces an annual report showing trends in how families pass on wealth. Here are some of the highlights.

\$68 trillion

will be passed on **to heirs** and donated **to charity** in the next 25 years.

“There is almost **no correlation** between household net worth and the preparedness of inheritors.”

“Family meetings are one of the best ways to **involve the next generation.**”

Baby boomers will account for nearly **70% or \$48 trillion** of the wealth transferred.

The **greatest challenges** of wealth transfer planning:



Discomfort sharing financial information with children



Inexperience with multigenerational wealth strategies



Fear that children are not prepared to inherit wealth

“Informing heirs about their inheritances and sharing family values are **key to preserving** a family’s legacy.”

“**Open and regular communication within families** creates trust and provides a framework for making financial decisions collectively and reduces the potential for family conflict in the long run.”

Best practices for wealth transfer



Family meetings



Inclusive charitable planning



Planned succession hierarchy

“Instilling central money values at **an early age** is key to ensuring heirs are adequately prepared.”

Section 2

Topics for a family meeting

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Chapter 5

Giving wisely

Giving wisely to your children

One of the keys to a family flourishing, especially amid significant wealth, is giving and receiving wisely. That means much more than attending to the tax implications of gifts. *The Cycle of the Gift: Family*

Wealth and Wisdom (Bloomberg, 2013) shows how gifts can enhance recipients' lives rather than lead to dependency or entitlement. It takes forethought and care, but it is possible.

Is it a gift or a transfer?

It's important to recognize that every true gift carries something more than money or property. It carries spirit, from the giver to the recipient. Often the spirit expresses the giver's intention: for example, to further the recipient's education or to provide a place to live and raise a family. True gifts promote the growth and freedom of both giver and recipient.

Most gifts, however, lack spirit and can be referred to as "transfers." Transfers move assets from one balance sheet to another. They often leave both giver and recipient feeling that "strings are attached." Repeated over time, they can create a sense of subsidy. Not all transfers are bad; sometimes they are necessary. The most crucial distinction is to recognize what's a transfer, what's a true gift, and how, if desired, to turn transfers into gifts with spirit.


Know thyself

Making true gifts starts with asking the right questions. When most people think about giving, they start with what they want to give. Or they move quickly to asking how they should give, in the sense of which structures they should use.

These are some of the main questions for much estate planning because often the focus is how to reduce taxes. This is a fine goal, as far as it goes, but it may not touch upon the ultimate purposes of the gift.

Our work with families has shown that the most common question to begin with is not what or how but who. Start with the people rather than the property or the process. In particular, it may make sense to start with yourself, the giver: Who are you?

"Know thyself" is the maxim to adopt. Some questions that help toward that goal include:

	What do you want to achieve with this gift?	Does it reflect your values?	Does it bring you joy?
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Understanding your recipient

The next “who” to consider in the cycle of the gift is the recipient. Recipients may be young and still unformed. They may not even be born. But for giving to work well, they require attention.

Gifts can be like a meteor flying from the giver to the recipients. These meteor-gifts enter recipients’ atmospheres and have an impact. So, just as givers should reflect on themselves, they should also reflect on their recipients, with questions such as the following:



What is the recipient’s age and stage of development?

Is the recipient’s character formed or still developing?

Do you trust the recipient?

In short, is the recipient prepared to receive?

The answers to these questions will then allow you to start thinking through the secondary questions of what, when and how to give—and how, if needed, to prepare the recipient.

How much is enough? Fair vs. equal?

Thinking about who each recipient is leads naturally to two questions that families ask all the time: How much is enough for my children? And should I give an equal amount to each of them?

“How much” is a question whose answer depends upon both the giver and the recipient. For example, you might begin by asking yourself the following questions:



How much is enough for you?

How much do you need to live?

How much do you want to give to others (including charities) during your lifetime?

How much do you want to leave to your heirs?

What kind of standard of living do you want to set for yourself, and for your heirs?

“Equality” is another major consideration for families. Children have different abilities, aspirations and needs. As a result, parents often give their children different levels of attention, care and advice at different points in their lives. But when it comes to financial wealth, unequal giving can lead to hurt feelings, resentment and even conflict.

Unless special circumstances demand otherwise, we believe it is generally a good idea that parents make financial gifts equally. In particular cases, such as involving a child’s disability or dependency, there may be good reason for giving unequally or for structuring equal gifts differently, based on the recipients’ different abilities or needs. In those cases, it is crucial to communicate your reasons early and clearly, so that there are no surprises down the road.

Communication and control

Once you have gained some clarity about yourself and your recipients, another important factor in giving well is communication. Gifts can’t speak for themselves.

Many parents ask, “When should I start telling my children about our wealth?” There is no one time nor is there just one message. In general, however, parents wait too long and share too little with their children.

We recommend you consider communicating more rather than less, sooner rather than later. Most adolescents or young adults may know more than their parents would like to admit. Waiting and keeping secrets can sometimes carry a hefty cost. Sharing information can be a chance to listen and to learn from your children’s responses.

Keep in mind that a thoughtful communication plan doesn’t require you to divulge all your financial information at once. Instead, you can share key details over time and when appropriate, within the context of financial education, personal development and family philanthropy.

Of course, communicating well depends on preparation. Too often, estate planning or giving turns into a series of down-to-the-wire faxes and phone calls between family members and their advisors. It is hard to retain, much less communicate to others, the complex factors leading to hasty decisions. If that has been your experience, then ask your advisors for a one-page summary of any new trust, plan or gift that highlights the key terms. Use that summary as the starting point for thinking through your communication with recipients.

Another step you can take with your advisors is to create a communication plan. Talking about your gifts with your recipients may be daunting. One way to reduce the difficulty is to work with your advisors to craft a communication plan to share the news about the gift at the appropriate time, in the appropriate way, with the proper recipients. A good plan covers the content, the tone and the process of communication.

Letting go

Even if you take all these steps, it’s natural to worry about making a significant gift. Gifts can be powerful. One never knows what all the consequences may be. Part of giving wisely, then, is to acknowledge the reality that we cannot control everything. We can only control what we say, what we do and how we respond to events. Remembering these truths will help you make your gifts and then let go.

Giving wisely is difficult, but in many cases it can bring families together and strengthen the bonds between generations. Giving and receiving well offer opportunities to develop character and exhibit love. They are not just key to living but to living well.

Many givers feel that communication means ceding control. This doesn't have to be the case. The key is to plan your communication so that you manage your disclosures and you learn from the process.

For example, many families start with sharing only the existence of certain trusts and information about how the trusts will work. They hold off on sharing the numbers. The questions that your recipients ask or their reactions to what you share can then help you decide how much more to share and when. Also, to discuss a matter is not the same as deciding it. Parents can share their thinking with adult children about prospective gifts, while adding very clearly the caveat that they have not made any decisions and retain the prerogative to change their minds. Sharing your thinking before a gift is made can be a great way to judge whether the time, amount and vehicles are all right for the recipients.

Chapter 6

Family governance strategies

It's more than just money

Effective family governance is the act of organizing family values, objectives, actions and reactions to promote the long-term well-being of the family and its assets. Setting expectations going forward is often a goal of family governance and can set the stage for cohesiveness in sharing, telling and living the family story.

From one generation to the next

For centuries, families with means have struggled with transferring the reins to the family's coffers from parents to children. Very often, family fortunes dwindle unnecessarily through subsequent generations' use, misuse, management or mismanagement of family assets. Wouldn't it be beneficial to these families to find a way not only to structure assets in a tax-efficient manner but also to prepare rising generations to take the reins and become sound stewards of family assets and values?

As the "baby boomers" grow older and prepare to transition assets, there will soon be a massive shift of wealth. Trying to align the ideals, values and goals of baby boomers with those of Gen Xers and millennials can be challenging for many families. Estate planners spend a great deal of time structuring appropriate vehicles (such as trusts, family business entities and charitable strategies) to ensure the efficient transfer of the assets. This is only one piece of the puzzle, however, which begs the question of what else these families may consider to preserve the longevity of family assets. That is where "Family Governance" comes into play. Let's explore this concept.

What is family governance?

"Family governance" may sound like a formal, daunting and somewhat oppressive term, but that is not the intent. Family governance is merely the act of organizing family values, objectives, actions and reactions in such a way as to promote the long-term well-being of the family and its assets. Family governance encompasses a wide range of concepts and activities and varies from family to family.

Why family governance?

Engaging in family governance can help provide unity and direction for many families. It may also facilitate an opportunity for older generations to share and to instill clear values it hopes will continue as the family grows and matures. Setting expectations going forward is often a primary goal of family governance and can set the stage for cohesiveness in sharing, telling and living the family story.

Getting started

Initially, a family must decide how formal an approach they would like to take. Some families want to establish a more structured approach while other families may choose a more informal, “as needed” approach to family governance.

<p>A formal approach</p> <p>A formal approach to family governance may include any number of the following (although this list is not exhaustive):</p>	<ul style="list-style-type: none">• A Family Mission Statement and/or a Family Mission/ Vision and Values Decree• A Family Charter or Constitution• A Code of Ethics or Policies and Procedures for certain family endeavors• A Family Assembly and/or Family Council• A family philanthropic entity that manages, governs and controls family giving• Family meetings with tightly structured agendas	<p>An informal approach</p> <p>A more informal approach may include:</p>	<ul style="list-style-type: none">• A short, simple document outlining the values and goals of the family• Meetings scheduled as needed to discuss family business on an ad hoc basis or in a more loose manner with an iterative agenda formation process• Family discussions regarding the transition of assets through various estate planning vehicles• Family discussions regarding charitable giving as needed or as the family desires
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Under a more formal approach to family governance, family members may expect certain procedures at family meetings and gatherings. For some families, a structured approach is effective because it may encourage various generations to respect and acknowledge the importance of the family’s governance practices.

Inspire, engage, inform

Family meetings should be meant to inspire and to engage versus just to inform. It is important to keep in mind that family governance should not be dictated by older generations to younger generations to make them “fall in line,” but rather it is a listening and teaching activity for all generations involved. Said another way, family governance and family meetings should be to inspire and to engage versus just to inform. Older generations can learn much from younger generations by listening, encouraging and sharing wisdom. In families where there is an open line of communication from the older generation, and in such a manner that the older generation does not feel threatened and the younger generation does not feel controlled, a family’s ability to communicate and flourish is enhanced.

While some families may utilize concepts and activities from both the “formal” and “informal” list, the key component to successful family governance is to tailor each family’s governance structure to the needs, goals and expectations of that family. This is not a “one size fits all” program.

How does family governance help?

The act of organizing and articulating the expectations of family members can give confidence and clarity across generations that a family’s unique goals and ideals will be furthered as time marches on. Sitting together, either in a formal or informal family meeting to discuss family goals and objectives gives each generation an opportunity to learn what the other is thinking.

For example, a father may have no idea that his twenty-something daughter is interested in taking several years to work in an underprivileged country prior to joining the family business. The daughter may be apprehensive about sharing this information for fear of the father's reaction. However, if the family is used to sitting together and discussing family values, goals and objectives, the father and daughter may be able to communicate effectively enough to comfortably share ideas and aspirations.

The family governance tool box—what do families have to work with?

There are various tools in the family governance tool box, and which tools are needed depends on each individual family and what they want to accomplish. Let's take a look at some of the most often used family governance tools:

A family mission statement

A family mission statement is a clearly articulated collection of thoughts, ideals and philosophies that helps define a family's specific purpose. Chapter 3 includes a worksheet that can help in crafting a mission statement for your family.

A family mission statement may:

- Prepare a "road map" for rising generations by articulating family goals, traditions, values and principles that have been passed down from prior generations
- Incorporate each family member's unique thoughts, talents and contributions to the family's overall mission
- Create a comfortable foundation for successful and ongoing family dialogue and activities
- Develop and realize a common family understanding and shared purpose

This list is not exhaustive and is intended as an example of the benefits of a family mission statement. The mission statement may incorporate both a statement of purpose as well as family goals. An example of concepts that may be included in a family's statement of purpose may be:

"To preserve and enhance interactions across generations; to coordinate business ventures and philanthropic endeavors."

Or perhaps something as short and simple as the following:

"To foster and support individual self-fulfillment while maintaining family unity."

With a mission statement in place, a family may choose to create "vision and values" statements that describe how the family intends to carry out its mission statement going forward. The "vision and value" statements may incorporate more specific goals or calls to action for the family, such as:

"We will maintain frequent, meaningful contact among and across generations through annual family meetings, shared holidays and vacations."

Or

"We will encourage and assist individual family members in pursuing personal goals, passions and talents through emotional and financial support."

The last statement above could have been helpful to the father and daughter in our previous example since the act of supporting individual goals, passions and talents would have been part of the family's stated purpose. In our example, the daughter may have been more confident introducing her idea to work abroad for a period of time.

The family mission statement can be an effective first step or cornerstone for families embarking on the road to family governance to establish a clear understanding of a family's self-identified purpose and goals. Keep in mind that the mission statement will likely evolve to some extent as generations pass and should be reviewed and reassessed as often as a family deems necessary.

Family Assembly/Family Meetings

Families may choose to organize a recurring platform for family assembly or family meetings. This may take the form of annual or bi-annual family meetings. Family meetings should have a prepared agenda so that family discussions run as smoothly as possible. Some topics for family meetings may be:

- A review of family assets (both personal-use assets and charitable entities) and family capital (financial, human, intellectual, social and spiritual).
- A review of the estate plan that will dictate the transition of assets from generation to generation so there will be no surprises. Families may also discuss the specific provisions of estate planning vehicles so that each generation may organize its own estate planning documents in the most efficient manner. For example, it may be beneficial for younger family members to exercise certain powers given to them under the estate plans of prior generations. If younger family members are unaware of an older generation's estate plan, they may miss certain planning opportunities for their benefit and the benefit of their descendants.
- A discussion of the family's immediate and long-term philanthropic goals.
- Allow children, grandchildren and even great-grandchildren to allocate a certain amount of family philanthropic assets to charities of their choosing. They may be allowed or required to share which causes and related philanthropic entities they picked and why. This could promote the sharing of ideas and passions between older and younger generations.
- Discuss long-term philanthropic goals and set forth a five- or 10-year plan to accomplish such goals.
- Share family history through stories told by the older generation so that family heritage is respected and appreciated. Members of the younger generations may offer school, career and personal aspiration updates.
- Explore educational topics such as financial education, team building, communication exercises and goal setting. UBS resources such as *The Purposeful Dialogue* are available to assist your family in these areas.
- Organize a schedule for sharing family personal-use property, such as a family lake house, ranch or beach condominium, so that family members do not become frustrated while trying to plan use and maintenance of these family properties.

There can be much more incorporated into a family meeting, so much so that this could be a topic in and of itself. Suffice it to say that, whether a formal or informal approach is taken, the family meeting is a tool that will likely be utilized in any family governance plan.

Family council

Some families choose to create a committee or council to carry out certain family agenda items. The family council may be made up of one member from each generation or one member from each “root” of the family.

Family councils may:



Create policies and procedures for family assembly

Establish a code of ethics for the family to be approved at the family assembly

Coordinate a “hub” for sharing of family information, successes, news, etc., such as a family website where family members post and share news, information and photos

Maintain a schedule (mentioned above) for use and enjoyment of shared family assets (lake house, cabin, ranch house)

Plan and organize family holiday gatherings

A family’s most difficult struggles may have little to do with money.

Establishing a firm foundation for the ongoing management of a family’s personal and financial assets is the basis of effective family governance.

A solid family governance structure may help a family in many ways:



Articulate, share and clarify family values

Encourage, support and respect differences between individual family members and generations

Share family history so that the family heritage is respected and cherished

Continue to foster a sense of community and tradition within the family while understanding and appreciating family assets

Maximize family assets, including financial and human capital, so that your family may flourish through multiple generations

Chapter 7

Family mission statements

A sense of shared purpose is key to family flourishing

And that’s what makes a family mission statement so important. Here, we explain how to create a good mission statement, and how to use it effectively with your family.

Why a family mission statement matters

Studies of families that have succeeded over generations indicate that some of the factors behind their success include:¹

- Family members are committed to building a great business, great wealth, and above all, a great family.
- The family supports the separation and individuation of rising generation family members.
- The family celebrates its history and traditions.
- Family members identify their core values and use those values to articulate a shared dream.

There are other factors in family success, but for our purposes we will focus on this last point: the articulation of a shared dream. This is what a family mission statement is all about.

What is a family mission statement?

A well-crafted family mission statement articulates a shared sense of purpose, provides a thoughtful basis for ongoing dialogue, offers guidance to rising generation family members as to what the family is all about, and incorporates each family members’ unique thoughts, talents and contributions. It may be a couple of lines or a few paragraphs. Whatever its length, it ideally tries to answer these four questions:

1	Who are we?	3	What do we want to do?
2	What do we stand for?	4	How will we accomplish our goals? ²

A family mission statement will reflect the individual character of the family, its history and values, as well as the main areas of its shared efforts, for example, business or philanthropy.

Here are three examples of brief introductions to family mission statements

<i>“Our family mission is to preserve and promote responsible stewardship by nurturing our passions for self, family and community.”</i>	<i>“We want our capital to allow our children and their children to be able to find their passion and pursue it with excellence.”</i>	<i>“Our family mission is to prepare and uphold the values of our ancestors while encouraging independent thoughts and ideals in future generations to enhance the core values of our family.”</i>
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¹ See Jaffe and Whitaker, *Good Fortune: Building a 100-Year Family Enterprise*, Wise Counsel Research, 2013.

² Leslie Dashew et al., *The Keys to Family Business Success*, Aspen Family Business Group, 2011.

The examples of family mission statements appearing in this work are provided for illustrative purposes only. Any resemblances to real persons or circumstances is purely coincidental.

A somewhat fuller introduction looks like this

"Our family has made a conscious decision to remain connected. We believe that remaining together enables us to actively and purposefully:

- *Support individual members in discovering and pursuing their callings;*
- *Support individual members in developing their gifts for the benefit of society."*

Here is the beginning of the mission statement of a fifth-generation family enterprise that has set its sights five generations into the future

"To be a 10th-generation company, we commit to acting with upmost integrity as it relates to financial capital, social capital and human capital."

In the corporate world, people often distinguish action-oriented "mission statements" from broader, more aspirational "vision statements." This distinction means less in the family space since families rarely distinguish action from vision. As will be discussed in this document, a family may develop a separate "values statement" as a step in the process of creating a mission statement.

How to create a family mission statement

To endure and make a positive impact on a family, the mission statement usually is created by the whole family, not just by one member. When the patriarch or matriarch writes a mission statement on his or her own, even if it is approved by the larger family, it may soon disappear into a file-folder and be forgotten. There are exceptions. For example, Henry Phipps, the steel entrepreneur, wrote a brief letter to his son in 1911 outlining his wishes regarding the values and practices that should inform the management of their family wealth, a letter that still guides their family office to this day.

Since creating a family mission statement is a group effort, it is important to structure the process. It is best done in the context of a family meeting or meetings devoted to this task. We recommend taking several steps, with ample time for reflection and discussion.

Step 1	Step 2
<p>Set a positive frame by thinking and then talking, as a family, about the questions below.</p> <ul style="list-style-type: none">• <i>"What is a time when each of us felt a strong sense of community or emotional connection as a family?"</i>• <i>"What was it about that time that created those feelings?"</i>	<p>Once a sense of connection is established, discuss the questions below.</p> <ul style="list-style-type: none">• <i>"What are our core values as a family?"</i>• <i>"Why do we want to stay together as a family?"</i>• <i>"What family traditions do we want to preserve?"</i>• <i>"What impact do we, as a family, want to have on the world?"</i>• <i>"How much do we want to be connected and how much do we want to be independent?"</i>


To discuss these questions, it can help to clarify the family's values. Family values are built upon the shared values of individual family members. Once the family has a shared list of values, it is possible to turn this list into a family mission statement. The list of values, perhaps with some explanation of what each of the values means to the family, can also serve as an addendum to the mission statement itself.

Brevity is a virtue in family mission statements; it can be hard to recall the mission if it is too long. At the same time, the family may want to create an appendix to the mission statement that defines terms used in it. Terms that commonly benefit from such definitions include "education," "work," "self-fulfillment" and the like.

How to use a family mission statement

Just going through the process of creating a family mission statement can strengthen communication and shared understanding. You can then use the mission statement in a variety of ways.

First, it is important to think through what specific goals the family needs to express in order to actualize its mission. Examples of such goals include:

	To maintain frequent, meaningful contact among and across generations through annual family meetings, shared holidays and vacations
	To foster communication among family members through family projects, education and philanthropic programs
	To develop family entrepreneurial interests that will advance the goals and purpose of the family
	To encourage and assist individual family members in pursuing personal goals, passions and talents through emotional and financial support

It can be helpful to attach goals like these directly to the mission statement.

Next, consider what parts of the larger family system the mission statement should touch and how. For example, if a family has an operating business, the family mission statement can be adapted to express the family's desires for the business' impact on the world. In addition, a best practice for families with operating businesses is to establish a family council that expresses the voice of the family vis-à-vis the business; the family mission statement is a natural guiding principle for this body.

A family mission statement may also inform a family's philanthropic decisions, whether through a family foundation or donor-advised fund. Some families create family constitutions (which are different than family mission statements) that link together all their operating entities and family council in a system of governance; a family mission statement often heads that document and gives direction to the procedures that follow.

A simple use of a family mission statement is to read it aloud at the beginning of each annual family retreat or gathering, to remind everyone around the table of what really matters to them as a family. As your family grows and changes, it is natural to revisit and revise your mission statement. This exercise is a powerful way to reaffirm shared bonds and to clarify what really matters to all.

Creating a family mantra

Just like a lighthouse guides ships on their navigational journey, some families add a family mantra to their family mission statement to guide their intentions. A family mantra is a way of taking the life lessons of family members and applying them to the culture of the family.

A family mantra is a short and simple guiding statement that can be used to guide the family priorities for the coming year or years to come. The mantra is about setting intentions with a goal of evoking emotion and the actions following suit.

A key reason for a family mantra is to create a sense of team within the family and sustain cohesion. One of the benefits of developing, using and living by the family's mantra is to root the family's decisions and choices knowing that words have meaning and they shape the way people think, especially younger people.

Family mantras are about distilling your family values and morals into an easy to recite phrase that will serve as a guide for family members and the family unit.

Examples of family mantras include:

- Love, laughter, loyalty and service.
- We show up—for ourselves, for each other and for our community.
- The harder choice is nearly always the right choice.
- We are capable of great things, which is why we expect great things.
- We are in charge of our attitude and our effort.
- In our family, you can always ask for advice.

Crafting your family mission statement: A worksheet

Now that you have read about family mission statements, it's time to put into practice the information you've just read about.

1

Identify your family's core values.

2

Identify some reasons why you want to stay together as a family.

3

Which family traditions do you want to preserve?

4

As a family, what impact do you want to have on the world?

5

As a family, write up a draft of your family mission statement.

6

Identify upcoming gatherings or situations in which family members could discuss or be reminded of the family mission statement.

Chapter 8

The family balance sheet

Managing the family balance sheet

In this chapter, we offer you context on true family wealth, define the five forms of capital, outline ways of growing the qualitative capitals and suggest a method for measuring that growth.

True wealth

Every family wealth preservation plan begins and ends with an acknowledgment that the most important assets a family has are its members.

For a business to be successful, a majority of management's time must be spent on asset growth rather than on liabilities. Families that understand this truth spend most of their time growing their assets, especially their qualitative assets. For example, they know that no matter how much they save in taxes, which are a cost or liability of doing business, those savings pale in comparison to the revenues lost through family members who are inadequately educated or do not trust each other.

What are a family's qualitative assets? They are the family's human, intellectual, social and spiritual capitals. These four capitals stand in addition to the family's quantitative assets: its financial capital. Together, these five forms of capital comprise a family's true wealth.

The failure to acknowledge, measure and nurture the human, intellectual, social and spiritual capitals of a family is a principal cause for the failure of a family to preserve its wealth. The positive acknowledgment by the family that it has five forms of capital, and the accurate measurement of all five, give the family and its shareholders a proper accounting of the state of its business.

The five capitals

Here are brief descriptions of the five forms of capital. You may notice areas of overlap among the four qualitative capitals. Each also has its own focus. We have found the division into four qualitative capitals a useful tool to help families concentrate on areas that they might otherwise overlook.

1

Human capital

The human capital of a family consists of the individuals who make up the family. Their human capital includes their physical and emotional well-being as well as each individual family member's ability to find meaningful work and to establish a positive sense of personal identity.

2

Intellectual capital

The intellectual capital of a family is comprised of the knowledge gained through the life experiences of each family member. Some signs of intellectual capital include family members' academic successes, career successes, artistic successes and their understanding of their individual and family finances.

3

Social capital

Social capital refers to family members' relationships with each other and with their communities. No family exists without some social capital. Some key indicators of social capital include: the family's ability to make thoughtful, shared decisions together; to welcome new members into itself; and to give of itself—in time, talent and treasure—to the larger society of which it is a part. For many families, this includes their philanthropic, charitable endeavors, and civic contributions to the community.

4

Spiritual capital

Spiritual capital comprises the family's ability to share and sustain an intention that transcends each member's individual interests. Sometimes that shared intention is described as a shared dream.

This capital is not necessarily equivalent to a family's spiritual beliefs or traditions, though such traditions may express and nurture spiritual capital.

Every family begins the journey of family wealth with some sort of shared intention, that is, with some form of spiritual capital. Other signs of spiritual capital include humility—the recognition that this journey is fraught with challenges and exceeds the strength of any one of us alone—and gratitude—toward those with whom we share the journey, those who came before us and those who will come after us.

5

Financial capital

The financial capital of a family may include cash, public securities, privately held company stock and interests in private partnerships.

While the focus of this chapter is the qualitative capitals, we should not underestimate the importance of financial capital. Financial capital greatly contributes to families' ability to cultivate their other forms of capital. It makes possible quality healthcare, education, philanthropy, and the time and opportunities to come together and talk about building and sustaining a shared dream. The opportunity to cultivate these qualitative assets—and not spend one's precious days laboring solely to make ends meet—is a great gift, which financial capital makes possible.

In turn, the qualitative capitals have a way of repaying that gift. With the growth of human, intellectual, social and spiritual capital comes a high probability of growing the family's financial capital.

Growing the qualitative capitals

Wealth preservation is a dynamic, not a static, process. To succeed, each generation of the family must be a first generation—a wealth-creating generation.

Any family whose true wealth—qualitative and quantitative—is simply maintaining value rather than growing it is either in, or in danger of entering, a state of decay or entropy. A family, like every investor, must maximize its return on capital if it is to achieve the growth necessary for preservation over a long period of time. Here are some of the things a family can do to maximize the return on its human, intellectual, social and spiritual capital.

Human capital

With respect to its human capital, a family can consider implementing the following ideas:

- Promote the physical capacities of each family member to achieve each member's maximum well-being. This includes providing the best possible medical care to every family member.
- Ensure that every family member's basic requirements for food, shelter and clothing are met, and for members who experience a life emergency that those needs are met at a level adequate to allow them to regain the capacity for the pursuit of individual happiness.
- Emphasize the importance of the dignity of work to an individual's sense of self-worth and assist each family member in finding the work that most enhances that individual's pursuit of happiness. All such work is of equal value to the growth of the family's human capital, regardless of its financial reward.
- Encourage all family members, especially rising generation members, to develop a strong sense of personal identity separate from the family's financial success.
- Promote the family's geographic diversification. The world is becoming smaller every day. Families must participate in all corners of the world if they are to meet the challenges of a global world.
- Help each family member clarify individual values, identify signature strengths, uncover internal or external obstacles to flourishing at work or at home and advance the process of clarifying his or her dreams.

Intellectual capital

Here are some ways for a family to consider growing its intellectual capital:

- Stretch the intellectual capacity of each member to achieve each member's maximum level of learning, which includes learning how each family member learns best and meeting the needs of each family member's learning style.
- Provide a means for the collection and dissemination of the accumulated knowledge of all family members.
- Rapidly provide clear information on all family governance matters to all family members at the highest level of each person's ability to understand and seek feedback.
- Ensure that every family member understands, at the highest educational limit possible for that member, the workings of the family governance system and his or her role in it.
- Diversify its intellectual capital by encouraging its members to study the world's cultures and languages.

Social capital

Some steps families may wish to consider for growing social capital include:

- Hold well-designed family meetings that provide time to connect as family, conduct business and deal with difficult topics in productive ways.
- Encourage family members who have challenging relationships with each other to seek professional consultation to understand and if possible resolve their conflicts.
- Articulate a clear family governance system that encourages members to come to thoughtful decisions together.
- Provide incentives for the family's highest achievers to take representative and leadership roles within this governance system.
- Start early by providing rising generation family members opportunities to connect with the larger community through service in the family's business efforts or in its philanthropies.

Spiritual capital

Again, spiritual capital often finds expression in time-honored spiritual traditions. Families can also develop it in other forms. Some of these include:

- Tell the family's stories of success and failure, its good times and its hard times, making sure that rising generation family members have a chance to learn these stories and one day share them with their own children.
- Clarify the family's shared values and make sure that those values find expression in the family's business, philanthropy and gifts to family members.
- Approach important decisions with "seventh-generation thinking—thinking ahead 140 years."
- At the same time, promote humility, which recognizes that every family, no matter how wealthy or powerful, is part of a larger society. The family and its members must accept their limits. As the proverb holds, "Hasten slowly." The time to act is now, but with the recognition that none of us can predict—much less control—the future.
- Consider ending every family gathering with a brief gratitude exercise, in which members envision someone in the family they wish to thank and identify ways to offer those thanks.

Measuring the qualitative capitals

Most families measure success based on the heft of their individual and collective financial balance sheets. Each year, they add up their financial assets, subtract their financial liabilities and determine their family's net worth. Individual members and the whole family also likely prepare income statements showing the year's revenue minus expenses, and use that to determine that year's increase or decrease in the family's fortunes. This careful stewarding of balance sheets and income statements is critical to the management and preservation of the family's financial wealth.

Unfortunately, this exercise doesn't account for the family's qualitative balance sheets. Without an assessment of these four qualitative capitals, the family and individual balance sheets are incomplete and will not measure the extent to which a family is meeting its wealth preservation mission and goals.

To meet this need, our partner Wise Counsel Research developed a simple exercise called the Family Balance Sheet. The Family Balance Sheet uses a series of questions to evaluate the family's four qualitative capitals. We have reproduced a copy of these questions below. Each member of the family offers his or her responses, which can then be measured using a five-point scale, with 1 representing strong disagreement and 5 representing strong agreement. The responses then can be averaged for each capital, for each family member or across the whole family.

As a snapshot, the Family Balance Sheet offers insights into which capitals the family has developed well or not, where the strengths of the families lie and where are the areas of opportunity for growth. A family can also use the Family Balance Sheet in an iterative way. By filling it out every year or every two or three years, the family can track the growth of its qualitative capitals.

If you are interested in trying out the Family Balance Sheet, you can copy the pages that follow and share them with your family members.

Human capital

Human capital refers to each family member’s physical and mental well-being and ability to pursue his or her own happiness and fulfillment.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
My family supports the individual development of each member.	1	2	3	4	5
My family members enjoy physical and mental health.	1	2	3	4	5
My family members have their basic requirements met (food, shelter, clothing).	1	2	3	4	5
My family members each have a strong sense of personal identity.	1	2	3	4	5
My family members enjoy meaningful work.	1	2	3	4	5
My family members have meaningful relationships with others.	1	2	3	4	5
My family members feel at home in places around the world.	1	2	3	4	5

Total points per column

Total points for human capital

Intellectual capital

Intellectual capital refers to family members’ intellectual development and their understanding of their personal and family wealth.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
My family values lifelong learning.	1	2	3	4	5
My family members share their experiences and knowledge with each other.	1	2	3	4	5
My family members know and respect our individual and shared values.	1	2	3	4	5
My family members know and respect our individual and shared dreams.	1	2	3	4	5
My family members understand their personal finances.	1	2	3	4	5
My family members understand our family financial wealth, its structures, and the roles and responsibilities within those structures.	1	2	3	4	5
My family members are able to manage and evaluate outside advisors.	1	2	3	4	5

Total points per column _____

Total points for intellectual capital

Social capital

Social capital refers to family members’ relationships with each other, with others important to them and with their communities.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
My family members affirm each other and enjoy spending time together.	1	2	3	4	5
My family members communicate with each other about important topics.	1	2	3	4	5
My family members are able to have difficult conversations.	1	2	3	4	5
My family members are able to collaborate to make shared decisions.	1	2	3	4	5
My family enjoys strong relationships between trustees and beneficiaries.	1	2	3	4	5
My family is welcoming to spouses and rising generation members.	1	2	3	4	5
My family has capable, engaged family leadership with a leadership succession plan.	1	2	3	4	5
My family is strongly connected to its community or communities through business, philanthropy, etc.	1	2	3	4	5

Total points per column _____

Total points for social capital

Spiritual capital

Spiritual capital refers to the family’s ability to share and sustain an intention that transcends each member’s individual interests. Sometimes it is described as a shared dream.

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
My family shares traditions and beliefs.	1	2	3	4	5
My family members demonstrate humility in word and deed.	1	2	3	4	5
My family members regularly express gratitude to others.	1	2	3	4	5
My family has clarified its shared values and applies those values to business, philanthropy and giving.	1	2	3	4	5
My family members practice “seventh-generation thinking.”	1	2	3	4	5
My family members share stories about the past and present.	1	2	3	4	5
My family members find strength in a shared sense of identity as a family.	1	2	3	4	5

Total points per column _____

Total points for spiritual capital

Qualitative capital summary

Take your total points from the previous four pages:

Total points for human capital	_____
Total points for intellectual capital	_____
Total points for social capital	_____
Total points for spiritual capital	_____
Total points for all capital	_____

Adapted from *Complete Family Wealth*, Hughes, Whitaker and Massenzio, © 2017, with permission.

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Chapter 9

Rising in midlife amid wealth

Continuing to succeed

In this chapter, we explore the challenge of rising amid wealth during midlife. We'll begin by defining what we mean by "rising." We'll then discuss the character of midlife in general, the shape of rising in midlife and the challenges that wealth poses at that time. We'll conclude with practical suggestions for meeting these challenges.¹



Rising vs. Next

Rising means having a sense of purpose, potential and future. It is core to living a productive life, feeling connected and making a positive impact on others.

The youngest members of the family, especially those emerging into adulthood, are often described as the "rising generation." But every generation has the ability to rise. Among families with wealth, people in their 40s, 50s or 60s are taking the opportunity to rise.

Among families with wealth or a family business, referring to the "next" generation can pose a subtle impediment to growth. "Next" puts the emphasis on what came first—the wealth-creators. They're the important ones. Everyone else is just "next." We suggest using the word "rising" when speaking of generations in your family.



Individuation

An essential component of rising is "individuation." This means establishing your own sense of identity as an individual with skills, knowledge, character and purpose. It involves growth and learning. It leads to separating your identity from the identities of your parents, teachers and other important influencers on your life including whoever founded the family's wealth.

To truly rise, one needs to have an identity separate from financial wealth—whether you created that wealth or inherited it.

Individuation does not mean individualism—losing connection with where you came from and other members of your family. It means maintaining a mature connection with others. It is a balance of separateness and connectedness, or independence and interdependence.

Individuation takes place within the context of development. The psychoanalyst Erik Erikson gave a famous account of the main stages of development, including midlife.² According to Erikson, midlife gives rise to a struggle between generativity and stagnation: Which will prevail? For some of us, our bodies and minds may begin to slow down. For some, aspirations or hopes for education, career and family may have fallen short. Others may enter midlife with a sense of achievement, community and connection. The question is what we do with these conditions.



Rising in midlife

Midlife may trigger a reevaluation of careers, relationships or patterns of behavior. This may include reassessing priorities and reflecting on what really matters.

Family wealth adds another dimension to individuation. It may impact differently depending on whether you created your own wealth or inherited it, that is, whether you are an immigrant to the “land of wealth” or a native.³

If you are an immigrant who has created significant wealth during your lifetime, midlife may find you in a new environment than the one you grew up in. You may be navigating new relationships, new friendships and a new “language.” You may also find yourself renegotiating old relationships, with friends from the “old country” and even with your siblings and parents. If you have moved from running your company to a more strategic level, or if you have sold your company, you may ask yourself, “What’s next?”

If you are a native-born person, midlife may bring a new sense of independence. You may be introduced to trusts, investments and other structures that you long knew existed, but were unclear about the particulars, since you weren’t receiving distributions yet. You may feel the need to establish your own identity apart from your family. This personal exploration can feel challenging and rewarding. Besides these personal considerations, rising in midlife often involves parenting a new, rising generation. This is generativity in its essence.

The foundation for good parenting is individuation. Parents who feel good about their lives naturally start in a better position to help their children grow. Spend a moment reflecting on your own younger self. What experiences can you tap into to help your children? How did your parents help you—rules, practices or communication? How did they stymie you?

Most parents err on the side of structuring their children’s lives. Wealth can exacerbate this and lead to “helicoptering.” Children need openness and space to explore their abilities and learn.

Ask yourself what you can do to promote your children’s learning. Not just at school but work experiences.

Most children want to engage in grown-up work. Let your children learn by facing the challenge of doing something that meets the needs of others.

Accept failure. Most of us seek to insulate children from failure. But when you reflect upon your own life, what moments stand out? The moments you won a prize or when you fell short and had to correct your course?

Meeting the challenge

Rising is life's work. Here are a few suggestions on how to begin and continue the process:


Ask yourself, "In what situations have I felt truly in control, positively committed, challenged and in community with others?" These "Four C's" indicate centeredness and self-efficacy. Recognizing the Four C's can help you seek out similar situations in the present and future.⁴

Control	Commitment	Challenge	Community
vs.	vs.	vs.	vs.
Powerless	Alienated	Threatened	Isolated

Next, think about the activities you are good at. Where have you succeeded? Identify these activities and the strengths that allowed you to succeed.

These questions promote self-knowledge. But self-knowledge doesn't just come from reflection. It can come from action. Test your self-understanding in practice. The areas that are particularly important in that testing are work, relationships and communication with family members. When it comes to work, look for activities that challenge your abilities and meet the needs of others. The work may be for-profit or volunteering. Part- or full-time. By dedicating yourself to others' needs, you learn a great deal about your own strengths.

Cultivate relationships with people who:

	Affirm your strengths	Share your dreams	Are positive and forward-focused	Challenge you to be the best you can be
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Families with wealth fear that prospective friends or partners will see them only for their money. It's a valid concern. Go beyond the money in evaluating your prospective friends. By doing the four things listed above, you'll find ways together to deal with the money.

Finally, when communicating with elderly parents:


- Accept that talking about family wealth is hard, but don't wait for your parents to bring it up. They may not know how to.
- Think about what you would like to learn and why. Have specific questions. For example, "What are your hopes for your financial legacy?" "What are your expectations for how I will use any inheritance?"
- Think about your parents and how best to approach them. One-on-one? In the context of a family meeting? With a written note first to give them a chance to think?

The key to successfully navigating midlife is generativity: a sense of giving back, for the benefit of others— your children, nieces and nephews or members of your community. Midlife can be isolating for anyone, especially if you're wealthy. Use your networks to break down that isolation and practice active ownership.

Taking active ownership involves bringing your family together to communicate, learn and make decisions together. It also means making your voice heard in the management of your financial capital and directing it to investments that match your values.

Setting off

You’ve reviewed the key work of individuation, the character of midlife, the challenges wealth poses to rising and some actions you can take—around work, relationships, communication and parenting—to pursue your goals. Spend a moment to reflect on the questions below and set off on your pursuit:

	What special challenges am I experiencing in my present stage?
	How did I handle similar life transitions in the past?
	I can better enjoy my present stage of life if I continue _____.
	I can better enjoy my present stage of life if I stop _____.

¹ Based on material previously published by the authors in *Voice of the Rising Generation* (Bloomberg, 2014); *Complete Family Wealth* (Bloomberg, 2017); and *Rising Amid Wealth in Midlife* (Wise Counsel Research, 2017). Used with permission; all rights reserved.

² For more on development, see Erik and Joan Erikson, *The Life Cycle Completed* (Norton, 1998).

³ For more on this distinction, see “Immigration to the Land of Wealth,” Grubman, Jaffe, and Whitaker (Private Wealth Magazine, March-April 2009).

⁴ Illustration adapted from Maddi and Kobasa, *The Hardy Executive*, Irwin Professional Publishing, 1984.

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James E. Hughes, Jr., Keith Whitaker, Susan E. Massenzio and Wise Council Research are not affiliated with UBS Financial Services Inc.

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Chapter 10

Engaging your family in philanthropy

Engaging the rising generation in the family's philanthropy: An overview

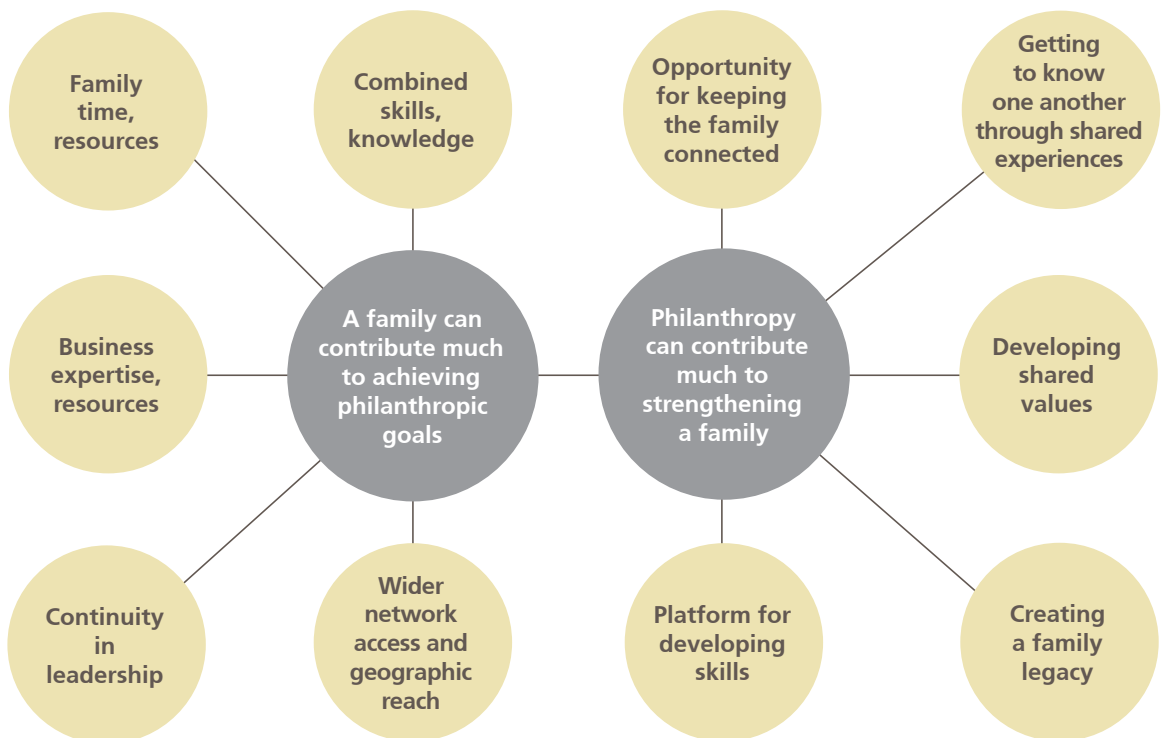
"Family philanthropy" usually refers to bringing family members together around a specific philanthropic project. Even if family members cannot agree on a common goal, you can still inspire your children and grandchildren to commit time and financial resources to improving the world. Above all, family philanthropy is about coming together, understanding each other's interests and ideas, and bridging the generations to benefit society.

You may have spent your lifetime working to create and preserve your wealth with the hope that one day you can benefit your children and the philanthropic causes most dear to you. You may have a strong passion for the causes to which you have dedicated

your intellect, time and financial resources over the years. You may hope that your children or grandchildren have the same enthusiasm for and devotion to such causes.

In our experience, however, your descendants may have their own ideas about how they want to improve their communities. Engaging the rising generation in the family's philanthropy does not have to end with a particular philanthropic project. Instead, it can result in learning about your child's values, encouraging them to give back and deepening the family bond. The following steps can help you to engage your children and grandchildren in the family's philanthropy.

What makes family philanthropy different





Making your case

Before you can expect your children or grandchildren to join you in your vision of the family's philanthropy, it is important to help them understand why you have chosen your particular philanthropic path. Gather the different generations of your family together for a family meeting. When you sit down with your family, explain your values and beliefs and how you have translated them into your philanthropic goals. Give examples of charities you have supported, explain the ways in which you have benefitted them and why you have chosen to do so.

They say a picture is worth a thousand words, so in addition to simply telling your children about the causes you support, consider showing your children the impact your generosity has made in specific instances.

For example, a client who supports the local food bank organized a visit to the warehouse, where he and his family spent several hours sorting food that would be distributed to their community. Another client who provided funds to build a water well in a small village in Africa traveled to the village with her family to see how the well had changed the lives of the villagers. Talk to your contacts at charities you support about ways to help you showcase your good works to your family. A charitable field trip can also be a great way to bond with your children and grandchildren.



Listen to discover everyone's passion

After helping your children understand your philanthropic goals, your next step is to explore theirs. Your children may already have a passion for a particular cause that they haven't shared with you. Find out if they have a charity or cause in mind that they would like to support. Then try to understand what they care about or what concerns them. Dig into those thoughts and ideas. You may be surprised to learn that they are already aware of charities that match their goals.

Many younger children have not yet focused on philanthropy, so they require more guidance. For example, if your young children say they care about animals, suggest helping your local animal shelter. Remember to keep an open mind, even if your children believe in supporting a cause that you cannot relate to or you do not think is worthy.

The first step is to get the family engaged in philanthropy—any philanthropy. Over time, you can perhaps draw together around a common vision. If you show interest in their concerns for the world, then they will give credence to your concerns. There is an endless number of charitable causes, and your goal should be to help your children find their passion.



Take action together

After you have listened and discovered what it is that your children and grandchildren care about, help them focus on how to help. You can help them research charities that are designed to support their stated cause. Encourage them to volunteer at the organizations to get a closer look at what those charities are actually doing to help. For adult children, suggest they join the board of a charity whose goals align with theirs. If there are no charitable organizations that meet the desired philanthropic goals, consider working with your child to start your own charity.

If you feel at a loss to help your children yourself, you can participate in a philanthropy workshop with an experienced moderator who will help draw out those passions and provide thoughtful options on how to engage in philanthropy.



Relinquish control

Once you have helped your children formulate their charitable vision, give them control over some of the money you have devoted to charity. For young children, consider a summer project that requires your children to research various charities and present to you their selected charity. The goal is for your children to persuade you through their research to donate to the charity they have chosen. Your children should be able to explain the charity's mission to you and describe why they think this is a worthy cause. They should also do sufficient research to be able to explain how the donation will be spent, at least in general terms. Once your child has made his case, you can donate the allocated funds to the charity.

Another way to involve your family in your philanthropic vision is to create a private foundation and appoint your family members to assist with the foundation's operations, make grants and run the foundation. Private foundations are complex to administer and can be costly to maintain, so this form of charitable entity is not usually well-suited to a family making relatively minor charitable donations.

If you find that a private foundation is not suitable, you may want to consider a Donor-Advised Fund ("DAF"). Many of our clients establish DAFs to fund their family's philanthropy. A DAF is a separate identified fund or account that is maintained and operated by a public charity, called a "sponsoring organization."

A DAF permits a donor to make a charitable contribution, receive an income tax deduction, and retain the ability to make recommendations with respect to grantmaking and investing the fund's assets. You can involve your children in an informal way by letting them pick a charity to benefit from the DAF. You can also formally involve them by naming them as the successor on the account, which will allow the child to direct the grants of DAF funds after your death, thereby continuing the family's philanthropic legacy. Another alternative is to encourage your child to create a DAF with his or her own funds. Some families choose to combine a private foundation with a DAF as part of their overall giving strategy.



An opportunity to teach beyond philanthropy

Engaging with your children and grandchildren to formulate the family's philanthropic mission can serve as a platform for developing other skills, such as investing and operational management. If, for example, you create a private foundation, you could give your child a seat on the board and your child could be responsible for managing the day-to-day operations of the foundation.

Children who are involved to a lesser extent still have an opportunity to learn. For example, you can have a biannual meeting with your children to explain how the foundation or DAF's assets are invested. This would also be a good time to introduce your children to your financial advisor, who can help educate your children on investments and financial responsibility. As part of the philanthropic discussion, you can also educate your children on the importance of financial planning, estate planning, philanthropic evaluations and presentations skills.

Many clients are not comfortable sharing their balance sheet with their children, but you can share enough information with them to give them comfort that the family can continue to engage in philanthropy while still benefitting the family.

Conclusion

If you follow the steps above, you will likely succeed in engaging your children and grandchildren in your family's philanthropy. By starting with an explanation of your own charitable goals, you help your family understand what is most important to you and why. Then, if you listen to their concerns and wishes for the world, you will understand how their philanthropic goals may fit within yours.

Even if charitable interests diverge, consider sharing your charitable donations to support the charities chosen by your family members as a way to encourage their involvement in giving. Over time, perhaps you can find a common vision or at least a project to focus on together. At the very least, you will feel more connected to your children by having a better understanding of their values.

Engaging the next generation in the family's philanthropy: A quick guide for family meetings

Family meetings are an ideal time to discuss your philanthropic goals. Here are some considerations and proactive steps to engage your family members so that giving is meaningful for everyone and your tradition of giving continues. Here's a summary of the chapter you just read that you can include within your family meeting plans.



The reasons why philanthropy matters to you

- Share the reasons why philanthropy is important to your family
- Explain your values and beliefs and how you've expressed them through philanthropy
- Discuss focus areas and "the why" behind the reason your family is involved
- Include examples of charities you have benefitted, including the reasons why you chose the organizations and the work they've done with your support



Listen to discover their passion

- Now that your family has heard your philanthropic interests, invite them to share theirs
- Ask them if they have a particular charity in mind that they would like to support or are already supporting
- Ask them why they care about that particular cause or what concerns them



Take action together

- After you listen and discover what causes are important to your kids and grandkids, help them focus on how to help
- Ask them to research charities that are designed to support their stated cause
- Encourage them to volunteer at organizations to get a closer look



Relinquish control

- Once you've helped your kids formulate their charitable vision, give them control over some of the money you've devoted to charity
- For young kids, consider a summer project that requires them to research various charities and present to you their selected charity. The goal is for them to persuade you through their research to donate to the charity they recommend. They should be able to explain the mission and why they think it is a worthy cause. If you agree, you can make a contribution.
- Establish strategic giving vehicles, private foundations or donor-advised funds, for example, and involve your family members in the grant-making and operations
- Even if charitable interests diverge, consider sharing your charitable dollars to support charities chosen by your family members as a way to encourage their involvement in giving
- Over time, you can find a common vision or a project to focus on together



Teach beyond philanthropy

- Involving your family in formulating the family’s philanthropic mission can serve as a platform for developing other skills like investing and operational management
- You can involve your family members in meetings regarding strategic giving vehicles to learn about how the assets are invested. Conversations can progress from there with your financial advisor to topics related to portfolio construction, financial planning and estate planning.

Helpful hints

- Younger children may not be focused on charitable giving yet and therefore may need more guidance
- Remember to keep an open mind. The first step is to get family engaged in philanthropy and over time you can work toward a common vision.

More ways to bring philanthropy to life

- Consider using ***The Purposeful Dialogue*** exercise in Chapter 17 with your family to explore each person’s values, and learn about the causes they care about
- For a subsequent family meeting or gathering, consider spending time with the charity or include your family on a charitable field trip

Chapter 11

Developing a philanthropic plan

Developing a philanthropic plan

Developing a philanthropic plan can help accelerate your philanthropy, create more impact and ultimately make you feel more fulfilled in your giving. Adopting a planned approach and working with your UBS Financial Advisor improves satisfaction with the effectiveness of your giving.*

A philanthropic plan should be a living, breathing document. This allows for shifts in the family's passions as well as growing knowledge about the causes you support. It also allows you to leverage technological innovations and new thinking from leaders in those sectors.

Why are we giving?

Before focusing on the causes to which you will dedicate your time, talent and treasure, first consider "Why do I want to give back?" This is where you focus on the "why" of giving, rather than the "what."

- Do you give out of passion, responsibility or obligation?
- Do you want to honor a loved one?
- Do you donate to bring your family together or teach values?
- Do you want to change the world in which we live?
- Do you want to fix an issue or protect something beautiful?

Examples**

"I want to teach my children good values when it comes to money."

"Our community has made us successful. In turn, we would like to give back and invest in our community."

"I want to change the world and leave my mark on it long after I'm gone."

Why does your family give?

* UBS Investor Watch, Doing Well at Doing Good, 2015.

**For illustrative purposes.

Vision statement

A vision statement articulates what you want the world to look like. It is both idealistic and long term, and serves as an inspiration and motivation for driving your philanthropic endeavors. It clarifies the issues your philanthropic efforts are intended to address and serves as a starting point for all your future philanthropic activities, collaborations and decisions.

When crafting a vision statement, ask yourself this: "If our philanthropic efforts meet their goals, what would the future state of the world, country or community look like?"

Examples*

"America will be free from hunger."

– Feeding America

"India will be a child-friendly nation that guarantees the rights and protection of all children."

– Childline India Foundation

"The world's oceans will be free of plastic pollution."

– Plastic Oceans International

Our vision is to:

*For illustrative purposes.

Mission statement

If your vision is what you hope the world to be, your mission is what you do to reach your goal. It should be clear and concise—ideally, no more than 15 words. Your mission statement signals to others what your philanthropy is trying to achieve in an easy-to-understand way. It helps you focus your philanthropic activities on what is most important to you.

Keep in mind that a narrow or specific mission does not limit your activities; rather, it allows you to check your actions against your mission to ensure that they're aligned. Additionally, it helps potential funders or grant-seekers understand whether there is an opportunity for partnership or collaboration, as well as help you decide whether to accept or decline funding opportunities.

Examples*

"To conserve the lands and waters on which all life depends."

– The Nature Conservancy

"To support creative people, effective institutions, and influential networks who are building a more just, verdant and peaceful world."

– The MacArthur Foundation

"To ensure that kids growing up in poverty get an excellent education."

– Teach for America

Our mission is to:

*For illustrative purposes.

Decision-makers

- Who is included in the decision-making of your philanthropy? If you have a formal giving structure, will you have board members?
- Will these individuals be family members, non-family advisors or friends?
- Will decision-making be unanimous? Democratic? Will one person have the ultimate say?

Examples*

"The primary decision-makers will be Mom and Dad, and we will invite our kids to choose an organization annually to support for a specified amount."

"Our family foundation will have five rotating board seats, available on rotation for blood relatives. Younger family members will have an option to join a junior board with an allotted amount to give toward our mission."

Add your responses here:

*For illustrative purposes.

Making it endure

Your legacy plan for philanthropic dollars will determine how you want to allocate them now. Here are a few questions to help determine which path is right for you.

- Will you give all the assets during your lifetime?
- Do you plan to wind down over a certain number of years?
- Would you like your family or friends to continue to give once you're gone?
- Do you plan to add additional assets over time?
- Will you give away only the income of the investments or principal?
- How much capital do you need to apply to the problem you're trying to solve?

Examples*

"Our family intends to increase the value of our private foundation over our lifetime, and create a succession plan for family members to continue to give in perpetuity."

"We value 'giving while living' and would like to see the impact of our philanthropy in our lifetime. We intend to fully distribute our entire donor-advised fund before we turn 85."

What is your legacy plan for your philanthropy?

*For illustrative purposes.

Type of philanthropy

What type of philanthropists are you and your family members? Do your philanthropy styles align? Styles of giving within one family may vary based on age, life stage or other considerations. All types of giving can be thoughtful and strategic, but a unified approach may make it easier to agree on the types of organizations and opportunities you are looking to fund. Here are some common philanthropic styles:

- We select organizations based on their overall results and trust them to allocate funds where they have the greatest need.
- We're trying to solve a problem and want to leverage all of the tools at our disposal to make the largest impact.
- The issue that we are tackling is too big to solve on our own. We want to partner with other funders and nonprofits to reduce redundancy, share knowledge and drive results.

Examples*

Here's how those styles may be expressed by individual families:

"Our family spends a lot of time vetting our grantees and understanding how they measure success, as well as how they pivot when they aren't getting the results they expect. We feel confident providing them with general operational support, knowing they will make sure our funds go to the areas they need the most."

"We are venture philanthropists seeking several multi-year projects that have the opportunity for scale and collaboration."

"We know that our foundation can't solve hunger in our community on our own, so we're collaborating with two other foundations, a nonprofit, the local school system and a local company with available warehouse space."

What's your family's philanthropic style?

*For illustrative purposes.

Giving allocations

Using a philanthropic allocation or “bucketing strategy” can help you decide what to fund and what not to fund. Pre-determined amounts of money or percentages of your budget can be allotted to differing interests or specific missions. This allows you to dedicate more resources to those issues in which you strive to have the most impact, and to decline grant requests that are unrelated to your mission.

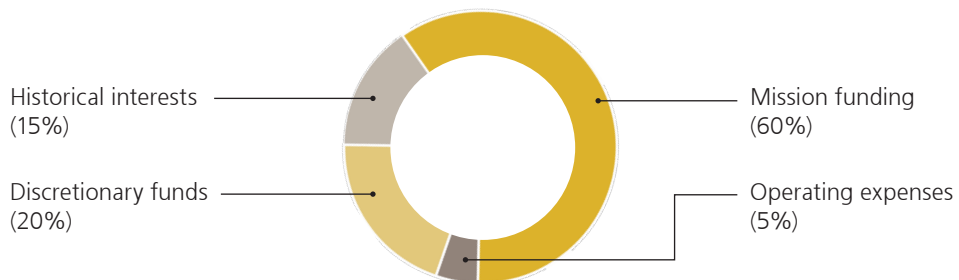
Some families will allocate a set percentage of their gifting to a project or area they work on together, with the rest to be spent in a discretionary manner by the board. Other families might keep their private foundation focused on a specific mission, using their donor-advised fund for anonymous gifts and discretionary projects. Still others might partner with a community foundation to leverage the expertise of their local programmatic staff.

At UBS, we suggest allocating at least some funding to a discretionary bucket. This gives you the flexibility to support friends’ charity runs or auction galas when you feel inspired to do so, regardless of whether it fits within your mission.

Allocation segments will depend on your family’s passions and responsibilities.*

- Mission-aligned funding
 - Ocean conservation
 - Art programs
 - Local school
 - Global hunger
 - Other areas of interest
- Historical obligations
- Discretionary funding
- Emergency and disaster relief

Example of giving allocations by percentage



What do your family’s giving allocations look like?

*These are meant to serve as examples. Your allocation categories may be different.

The who/what/where of philanthropy

In philanthropy, focusing on a specific goal can make it easier to measure your impact, while having too broad a focus can be frustrating when you don't see results. Apply a who/what/where model to help you define your philanthropic focus, and you can effect real, visible change.

For example, wanting all children to have access to healthy foods is a noble goal, but it's overly broad. By narrowing your focus to "We want every child in Rice County, Kansas to have access to a free and healthy breakfast and lunch, seven days a week," you've created a goal against which you can measure your progress and impact.

Whom will you help?

- **Age group**, e.g., children, youth, adults or the elderly
- **Gender**, e.g., women or girls
- **Populations**, e.g., rural, immigrant, ethnic or religious communities
- **Socioeconomic communities**, e.g., underserved populations, budding entrepreneurs or small business owners

What issue will you focus on?

- Make progress on a **health** issue
- Address **environmental** concerns
- Promote **social justice**
- Expand **educational** opportunities
- Support **arts and culture**
- Provide **disaster relief**
- Increase **social welfare**



Where will you act?

- **At home or abroad?**
- **At what level?** Global, regional, national, local

Examples

Who	Community-based health and development programs
What	HIV and AIDS
Where	South Africa

Who	Marginalized youth and adults
What	Homelessness
Where	Our community

**Who**

The beneficiaries of your philanthropic activities

**What**

What issue will you focus on?

**Where**

The geographic location of your efforts

Choosing charities

Philanthropy is much more than just granting funds to charities that align with your family’s passions. A disciplined identification and selection process will help you make smart, systematic decisions about who to support and how—and that will help you translate your vision and strategy into concrete actions. It can also be a good place to start when you’re making decisions about grants.

You will need effective criteria for assessing the potential fit of a partner or project. One helpful way to organize criteria is along the following two dimensions:

Does the project align with your vision?	<ul style="list-style-type: none">• Does it share your focus (what, where, whom)?• Does it align closely with your strategy?• Does it fit well with your other activities?	Does the partner have the capacity to deliver on the project goal?	<ul style="list-style-type: none">• Do they have a track record of delivering similar work?• Do they have the financial, human and technical capacity to reach the project goal?• Does the management team seem capable and effective?
-------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Choosing charities

Fill in this chart to help your family decide which charities you will support.

	Charity #1	Charity #2	Charity #3	Charity #4	Charity #5
Nonprofit organization name					
Fits focus					
Financial status					
Entrepreneurial values					
Leadership strength					
"Gut check"					
Measure results					
Total					
Average					
Amount requested					
Comments					
Fund? (Y or N)					
Funding allotted					

**Total
funding**

Before you commit

Select three charities that you'd like to explore in depth. Here are some ways to find out if these organizations align with your philanthropic goals:

- Review the organization's website.
- Request their annual report and read it carefully.
- Look up their ranking on a charity rating service.
- Talk to other donors about why they've chosen to support this particular charity.
- Conduct a site visit or explore opportunities for volunteering.
- Consider meeting the Executive Director, board members, program staff and, if appropriate, the people or areas served by the organization.
 - Ask about the organization's origins, and their plan for the future.
 - Ask what makes them different from similar charities.
 - Learn more about the issues they address, and what challenges may be impeding their effectiveness.
 - Ask if they have a specific purpose in mind for your donation.
 - Tour their facilities or offices, if possible. This will give you an idea of how well the organization is managed, the programs they offer and the population they serve.

Now, fill in this chart.

	Charity #1	Charity #2	Charity #3
Why did you choose?			
What did you learn?			
Does it match your expectations?			
Are there next steps?			
Overall impression			

Make your choice

Document your choice using the chart below.

Why have we chosen this charity to support?	
How does this charity align with our philanthropic strategy?	
Do we plan to continue or increase funding beyond this initial gift?	
Do we want to support the organization in ways beyond funding (e.g., volunteer, serve on the gala committee, join the board of directors, etc.)?	

Quotes that inspire philanthropy

Do you have a favorite saying about giving? Is it an old family saying, or a quote from someone you admire?

Examples*

"The meaning of life is to find your gift. The purpose of life is to give it away."

- Anonymous

"There is no passion to be found playing small, in settling for a life that is less than the one you are capable of living."

- Nelson Mandela

What's your family's favorite quote about giving?

*For illustrative purposes.

Chapter 12

Family business transition

An overview of family business transition

A family business transition is not a one-time event. It is an ongoing process that takes place on multiple levels. As such, it requires attention by family members and their advisors not only to the business and its finances, or to the ownership structures and their interplay, but also to the family and its growth and strength.

The power and challenge of family

Family businesses are among the most widespread and successful business organizations worldwide. They often combine passion, a sense of identity, shared culture and a long-term outlook, as well as nimbleness in making and executing decisions. As a result, family firms account for two-thirds of all businesses around the world, and they create an estimated 70% – 90% of worldwide GDP.² Studies have shown that family businesses tend to show higher long-term profitability than their non-family competitors and to be less likely to lay off and more likely to hire employees in the face of an economic downturn.³ For example, in Europe from 2000 to 2010, businesses with such “committed shareholders” outperformed the broader market by over 16%.⁴

At the same time, like any business, family businesses face challenges in planning transitions of ownership and management. Industry experts estimate that about 30% of family businesses remain active through the second generation of ownership and 10% through the third.⁵

The same passion and committed control that give family businesses an advantage in the marketplace can prove hard to manage, especially when it comes to transitions. Some of the most common conflicts that arise include:

- Conflicts over employment and compensation of family members.
- Parent-child and sibling conflict over control.
- Conflicts over different ownership strategies (e.g., keep vs. sell).
- Conflicts between shareholders who are also managers vs. shareholders who are “outside” the business.
- Tensions between the spouses of family members who are owners or managers in the business.
- Conflicts over strategy and direction.

Given the variety and complexity of these conflicts, it is not surprising that many family business owners put off dealing with transitions—or handle the transition by deciding to sell the business.

For those families that do wish to transition their enterprise from one generation to the next, this overview will lay out some of the most fundamental considerations and strategies.

The fundamentals of business transition

The first key to managing family business transition is to recognize that, as closely connected as they are, the family as a family and the business as a business have different goals. The family system is typically focused on emotional dynamics, family members’ personal needs and the stability of the family. In contrast, the business system must focus on business performance, marketplace demands and innovation.⁶

Family system	Emotional dynamics	Family members’ personal needs	Stability of the family
Business system	Business performance	Marketplace demands	Innovation

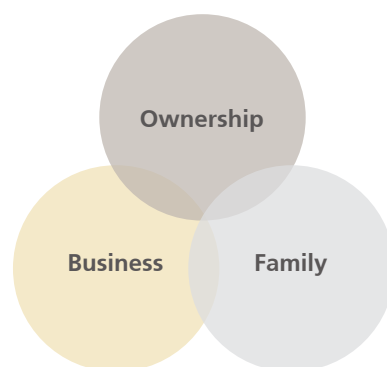
As a result, family business transition involves at least four possibly parallel sets of changes:

- Ownership transition—to whom? How to do it effectively and efficiently?
- Board transition—new strategic plan?
- Management succession—to whom and how to evaluate?
- Family succession—new roles for family members and new methods of communication?⁷

Two illustrations can help family leaders think through the place of their families' businesses in these different facets of transition. The first is the "Three-Circle Model," developed originally by Renato Tagiuri and John Davis of Harvard.⁸

Many conclusions flow from the Three-Circle Model. The most basic is that a healthy family business will attend to each of these three circles; if one area falters, the whole system will ultimately be impacted negatively.

At the same time, the family business and these three circles are dynamic—they change over time. For example, as the family grows the ownership circle also tends to expand, as individual family members give or bequeath shares in the business to multiple children. The changes can be captured in these three phases of generational change and ownership:⁹



The controlling owner may be a single individual or a couple. The sibling partners are often their children and the cousins are their grandchildren. The leadership style and communication practices differ greatly at each of these stages. Problems tend to arise when the family business enters a new phase but the leadership and communication practices remain "stuck" in an earlier phase.

The first step in thinking through a family business transition, then, is evaluative. It is to ask yourself:

- Which of our "circles" gets the most attention—the business, ownership or family? Which gets the least?
- Where are we in the transition of ownership and leadership—controlling owner, sibling partnership or cousin consortium?
- Are our leadership and communication practices aligned with our family business' place within generational transition or are they stuck in a prior phase?
- Which of the four types of transition—ownership, board, management or family—is most pressing now? Which will likely be most pressing five or ten years from now?

Prioritizing key activities in family business transition

With answers to these evaluative questions in mind, you can then begin to prioritize the many different activities that are key to successful transitions. The three main areas of work are:

1	Successful management of the business
2	Appropriate inclusion of the family in the business
3	Development of a family governance system

1 Successful management of the business involves taking steps that are common to all businesses, such as maintaining a distinct corporate culture, leading in niche markets and focusing on quality.

2 Appropriate inclusion of family in the business' management is a multifaceted matter. To return to the Three-Circle Model, the work here concerns the areas of overlap between both the family and management circles and the family and ownership circles. It can mean transitioning away from family leadership by involving independent directors and non-family executives. Or it can involve setting out clear paths for family involvement in the business (such as requiring family members to work elsewhere for at least five years) and neutral processes for hiring and compensation. It is also crucial to educate and inform family members who are not managers but who may be or become owners (or spouses of owners). The business should adopt regular means of communicating with non-manager family members such as through family meetings. There also needs to be a transparent process to value and purchase the shares of family members who wish to exit the ownership circle.

3 Family governance is the area of activity most often overlooked by families with businesses, but in the long run, it may have the greatest impact on the cohesion or dissolution of a family enterprise. Family governance necessarily reflects the culture of the family: Is it "closed" or communicative? Hierarchical or collaborative? Does the family culture have certain views about gender or the inclusion of in-laws? How are decisions made? Is there a shared dream?¹⁰

The appropriate forms of family governance will follow from the functions that the governance seeks to perform. These functions become apparent by assessing the needs, strengths and challenges of the family-business system. Such an assessment involves considering the level of engagement by the family in the enterprise, the phase of generational ownership, the family's current attitudes around keeping or selling the business, and the attitudes of the family toward balancing the business' needs versus their own personal needs.

Family governance can then take the form of shareholder agreements, as well as plans for the education and engagement of rising generation family members. Very often a family will establish a Family Council that represents and gives voice to the family in its interactions with the business and its Board of Directors.

Some families also take the further step of designing a Family Constitution. This document may start with a family mission and values statement. It will then go on to address the interaction of all three of the "circles." It will often include a plan for educating the family's rising generation, the "rules of engagement" for family members in the business, and the methods or structures for managing family ownership of the business.

- ¹ Except as otherwise indicated, this piece draws upon material published by Hughes, Massenzio and Whitaker in *The Cycle of the Gift*, 2013, used here with permission.
- ² Family Firm Institute, www.ffi.org, accessed February 20, 2017.
- ³ *Tharawat Magazine*, no. 22, 2014.
- ⁴ Bloomberg: UBS Wealth Management Research, as of December 16, 2010.
- ⁵ Craig Aronoff, Family Business Consulting Group, <https://theftbcg.com/Family-Business-Survival--Understanding-the-Statistics-/>, accessed February 20, 2017.
- ⁶ See Carlock and Ward, *Strategic Planning for the Family Business*, 2001.
- ⁷ List adapted from Doud, *Challenges and Opportunities in Family Business Succession*, 59 N.Y.U. Inst on Federal Taxation 1401(2), 2001.
- ⁸ Diagram based on material in Hughes, Massenzio, and Whitaker, *The Cycle of the Gift*, 2014, page 127, from a model originally discussed in Tagiuri and Davis, "Bivalent Attributes of the Family Firm," *Family Business Review*, 1982. This model is the foundation of contemporary family business consulting.
- ⁹ Diagram based on material in James Hughes, *Family: The Compact Among Generations*, 2007 and Ivan Lansberg, *Succeeding Generations: Realizing the Dream of Families in Business*, 1999.
- ¹⁰ For more on family culture, see Grubman and Jaffe, *Cross-Cultures: How Global Families Negotiate Change Across Generations*, 2016.

Section 3

Resources for your family meeting

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Chapter 13

Pre-family meeting worksheet

Pre-family meeting worksheet

Distribute this worksheet to family members about a month before your family meeting. Their responses will ensure that everyone's concerns will be addressed and will help in developing the meeting agenda.

1

Reasons I may want to have a family meeting are:

2

Goals for my family meeting include:

3

Some of the potential agenda topics I would like to explore are:

4

People I would like to be present are:

5

A time when I may want to hold a family meeting is:

6

A place where I may want to have a family meeting is:

Planning your family meeting

If you were to have a family meeting with your family ...

1

Why

Reasons I want to have a family meeting are ...
(Check as many as apply)

- | | |
|------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| <input type="checkbox"/> Envision our family in 10, 20 or 30 years | <input type="checkbox"/> Foster effective communication |
| <input type="checkbox"/> Discuss topics related to money, philanthropy and legacy | <input type="checkbox"/> Enhance trust among family members |
| <input type="checkbox"/> Explore values and purpose | <input type="checkbox"/> Leadership and accountability for actions of family members |
| <input type="checkbox"/> Begin or continue discussions related to wealth | <input type="checkbox"/> Connect multiple generations |
| <input type="checkbox"/> Begin or continue discussions related to philanthropy | <input type="checkbox"/> Educate and mentor family members |
| <input type="checkbox"/> Engage our loved ones in a wealth conversation | <input type="checkbox"/> Share news, concerns, opportunities and challenges |
| <input type="checkbox"/> Offer a venue for family members to learn from each other | <input type="checkbox"/> Set standards, expectations and traditions of annual gatherings |
| <input type="checkbox"/> Make decisions together | <input type="checkbox"/> Discuss family enterprise |
| | <input type="checkbox"/> Other _____ |

2

What

Goals for my family meeting include ...

- ☐ What do the wealth holders want to discuss?

- ☐ What do the inheritors want to discuss?

- ☐ What are their objectives?

3

Some of the potential agenda topics I would like to explore are ...
(Check as many as apply)

- | | |
|-----------------------------------------------------------------------------------------|----------------------------------------------------|
| <input type="checkbox"/> Family history and storytelling | <input type="checkbox"/> Financial education |
| <input type="checkbox"/> Personal updates | <input type="checkbox"/> Estate planning education |
| <input type="checkbox"/> Values and purpose clarification | <input type="checkbox"/> Business updates |
| <input type="checkbox"/> Family mission statement creation | <input type="checkbox"/> Investment updates |
| <input type="checkbox"/> Charitable giving and philanthropy strategy and implementation | <input type="checkbox"/> Family governance |
| <input type="checkbox"/> Communication styles assessment | <input type="checkbox"/> Goal setting |
| | <input type="checkbox"/> Other _____ |

4

Who

People I want to be present are ...

- ☐ Parents _____
- ☐ Children _____
- ☐ Married-ins (spouses, in-laws) _____
- ☐ Grandchildren _____
- ☐ Facilitator _____
- ☐ Advisors _____
- ☐ Other _____

5

When

A time when I may want to hold a family meeting ...

- | | | | |
|-----------------------------------|--------------------------------|------------------------------------|-----------------------------------|
| <input type="checkbox"/> January | <input type="checkbox"/> April | <input type="checkbox"/> July | <input type="checkbox"/> October |
| <input type="checkbox"/> February | <input type="checkbox"/> May | <input type="checkbox"/> August | <input type="checkbox"/> November |
| <input type="checkbox"/> March | <input type="checkbox"/> June | <input type="checkbox"/> September | <input type="checkbox"/> December |

6

Where

A place where I may want to have a family meeting is ...

Chapter 14

Sample ground rules

Sample ground rules



Be present

Demonstrate your respect and commitment by setting aside potential distractions. Turn off electronics. If you need to be reached in case of emergency for your children or business, designate a contact person. Be present at the scheduled start time so the meeting can get the job done. Devote room in your life and your heart to this meeting.



Be respectful in words and action

Speak respectfully, pay attention when someone else is talking and avoid jumping in to finish sentences. Avoid negative body language such as eye-rolling, shaking your head or other indications of emotional reaction unless you follow up by talking directly about your reaction. Avoid profanity. If you have a question or point to make, wait for an opening or raise a hand to indicate you have something to bring up. You'll appreciate it when others do that while you are talking.



Listen

Listening is a skill that must be practiced, but it has tremendous payoffs. Be willing to demonstrate you understand what the other person is saying before making your own point. You may find you are reacting to what you believe someone said, as opposed to what was actually said. When someone else is saying something that you disagree with, make sure you are listening to what is being said.



Be patient

Recognize and accept that, with limited time overall, not all comments or questions must be dealt with right away. Be willing to let some things go. Pick the issues you think are most important. Over time, it is likely that the important things will get dealt with.



Own your views

Make "I" statements rather than broad, global statements that imply you know the truth or that something "is obvious." Saying "everyone knows that is ridiculous" is unhelpful. Saying, "I really disagree with what you just said" is more honest and may be more accurate. If others do share your views, it will be clear there is a shared perspective on an issue. If it turns out your view is not shared by others, you may then open yourself to new viewpoints or solutions.



Be willing to edit what you say

Saying anything and everything you feel under the guise of honesty can simply be a license to attack. Deliver your points with tact and respect. Appropriate editing of your message will make you more likely to be heard. It will also reduce the chances that other people will get defensive.

Chapter 15

Pre-family meeting interviews of key stakeholders

Pre-family meeting interviews of key stakeholders

Preparing for a family meeting: The family executive summary

Definition and goal

- Review of themes, strengths and areas for progress from discussions with individuals
- The purpose is to be thought-provoking and lay the groundwork for a meaningful discussion between generations and other stakeholders

Process

Step 1	Step 3
Conversation with family leader(s) to clarify goals, determine next steps and timeline, and determine who to interview	From the interviews, compose Family Executive Summary generally organized into themes, strengths, challenges/opportunities recommendations and next steps
Step 2	Step 4
Interviews with identified family members and stakeholders to share opinions, recommendations and concerns. Specific learnings remain confidential.	Share draft of summary with family leaders. Determine communications plan

Sample family interview questions

1

Vision

- What do you want for the family in terms of cohesiveness, relationships and longevity?
- What do you think your family members want in terms of cohesiveness, relationships and longevity?

2

Values

- How do you interact with one another?
- What is the culture of your family?
- What do you value most, whether respect, trust, communication or some combination?
- Do you wish to promote a feedback-rich culture?
- If so, how?

3

Governance

- Are you committed to the principle behind governance—sharing of information and decision-making for collective benefit?
- How is the communication between the different family members now?

4

Philanthropy

- Do you consider yourself philanthropic?
- Do you want to be involved in the family philanthropy? If yes, how so?

5

Legacy

- What do you want your family to stand for?
- Do you see yourself as the steward of the family legacy?
- Who should be actively involved in this process?
- What are the strengths and vulnerabilities of this family?
- How can the family be protected into the future as a cohesive group?
- What is the responsibility of each individual in relation to the legacy?

6

Potential for a family meeting

- If we created a family meeting, who would you like to include?
- What would be your ideal outcome for this first family meeting?
- What are you afraid could happen in this first family meeting?
- When and where should it take place and for how long?
- This meeting will be successful to me if ...
- The most important topic for our family meeting this year is ...

Chapter 16

Suggested topics

Suggested topics

If this is the first time—or even the first several times—that you’re meeting as a family, you may not be talking about finances at all. Instead, you’ll work on building and strengthening relationships with other family members through honest, open dialogue.

You’ll learn what inspires them. What concerns them. What moves them. And together, you’ll talk about the legacy you want to leave as a family.

Think about your objectives as a family

Where do you want your discussions to lead you? Are there decisions that need to be discussed before they’re made? Remember that topics that are important to wealth holders may be different than those that the wealth inheritors want to discuss. There may also be topics that are off-limits. Try to determine what those are before the meeting, and document them in your ground rules if necessary.

At some point, most families will discuss the topics below

Family history and storytelling	Estate planning review
Personal updates	Business and investment updates
Values and family mission statement creation or clarification	Discussing family members’ pursuit of passion
Charitable giving and philanthropic strategy and implementation	Family governance
Communication styles assessment	School and career updates
Financial education	Goals

Some topics are more complex than others

Here are some examples of complex topics that may require numerous discussions over a series of family meetings, or conversely, focusing on one aspect of a complex topic.

Governance

- Making decisions as a family
- Clarifying roles, rights and responsibilities of family members
- Developing voting policies and procedures
- Structuring family meetings
 - Family council
 - Family assembly
- Engaging and empowering the rising generation

Distribution and Estate Planning

- Creating, evolving and managing estate decisions for:
 - Distribution plans
 - Inheritance
 - Trusts
 - Trustees and guardians
- Developing and communicating conditions for trust distributions

Education and development of family members

- Assessing the need for educational programs
 - Financial education
 - Leadership and development
 - Parenting
- Family communication and conflict resolution
- Mentoring
- Strategic life planning for individuals, couples and families

Philanthropy

- Strategic philanthropy and wealth stewardship
- Creating a family philanthropic vision and mission
- Developing a leadership team for family philanthropy
- Deciding when and how to engage heirs
- Philanthropic strategy for grant-making
- Criteria for evaluating the efficacy of giving
- Interfacing philanthropy and legacy planning
- Philanthropic legacy
- Philanthropic leadership skills

Family business

- Separating family issues from business issues
- Creating and evolving family business governance
- Business leadership succession
- Exit strategies
- Intergenerational transfer of family wealth
- Family board or council
- Ownership transition
- Estate planning
- Family vs non-family employees
- Business legacy

Family connection

Enhancing multigenerational family unity through:

- Holidays
- Reunions
- Family meetings
- Cousins' clubs
- Family culture
- Religious/spiritual traditions
- Family traditions or rituals

Legacy and heritage planning

- Wealth creation story
- Family history
- Family tree
- Passing on:
 - Lessons learned
 - Greatest hopes for children
 - Important people and stories
 - Inspirations
- Documenting intentions
- Ethical will

Family Philosophy

Along with investment performance, endowments and charitable donations, some of the bigger life questions are bound to come up at your family meetings. Be sure to give these questions the time and consideration they deserve. After all, family wealth is about so much more than money. These questions can help spark discussion.

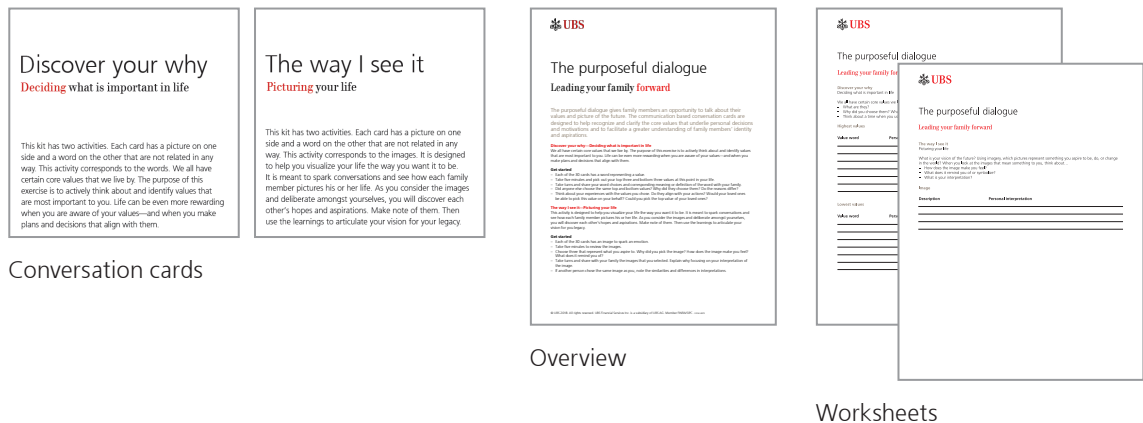
- What kind of people are we, and how do we want others to think of us?
- What does "living well" mean?
- Should we use resources that exceed our personal needs?
- How can we avoid the potential downside of giving money to family members or friends?
- How can we support both individual passion and our shared family dream?
- What is our long-term vision for our philanthropy, and do we have a strategy to get there?

Chapter 17

Communication exercises

Communication exercises

The purposeful dialogue is a set of communication tools designed by UBS to spark open, thoughtful discussion. It gives family members an opportunity to talk about their values and picture of the future. The communication-based conversation cards are designed to help recognize and clarify the core values that underlie personal decisions and motivations and to facilitate a greater understanding of family members' identity and aspirations.



Discover your why—deciding what is important in life

We all have certain core values that we live by. The purpose of this exercise is to actively think about and identify values that are most important to you. Life can be even more rewarding when you are aware of your values—and when you make plans and decisions that align with them.

Get started

- Each of the 30 cards has a word representing a value.
- Take five minutes and pick out your top three and bottom three values at this point in your life.
- Take turns and share your word choices and corresponding meaning or definition of the word with your family.
- Did anyone else choose the same top and bottom values? Why did they choose them? Do the reasons differ?
- Think about your experiences with the values you chose. Do they align with your actions? Would your loved ones be able to pick this value on your behalf? Could you pick the top value of your loved ones?

We all have certain core values we live by. As you think intentionally about the values that are most important to you:

- What are they?
- Why did you choose them? What is your definition or interpretation of each value?
- Think about a time when you used this value in making a personal decision.

Highest values

Value word	Personal definition	A time when I used this value to guide my decision

Lowest values

Value word	Personal definition	The reason why this value does not motivate me



The way I see it—picturing your life

This activity is designed to help you visualize your life the way you want it to be. It is meant to spark conversations and see how each family member pictures his or her life. As you consider the images and deliberate amongst yourselves, you will discover each other's hopes and aspirations. Make note of them. Then use the learnings to articulate your vision for your legacy.

Get started

- Each of the 30 cards has an image to spark an emotion.
- Take five minutes to review the images.
- Choose three that represent what you aspire to. Why did you pick the image? How does the image make you feel? What does it remind you of?
- Take turns and share with your family the images that you selected. Explain why, focusing on your interpretation of the image.
- If another person chose the same image as you, note the similarities and differences in interpretations.

What is your vision of the future? Using imagery, which pictures represent something you aspire to be, do or change in the world? When you look at the images that mean something to you, think about ...

- How does the image make you feel?
- What does it remind you of or symbolize?
- What is your interpretation?

Image

Description

Personal interpretation

Additional communication exercises

There are many additional communication based exercises from a variety of sources focused on wealth and philanthropy as well as general communication tools. The key is to find question based activities for family members to share their perspective and hear the perspective of other family members. The primary objective is to create sharing and learning between generations and among the individuals at the family meeting.

Your Financial Advisor or Private Wealth Advisor can consult with the UBS Family Advisory & Philanthropy Services team to identify a myriad of conversation-based activities and resources that may be useful for your family given your family meeting objectives.

Personal communication styles	Good communication is the basis of all success, while miscommunication can create obstacles. We explore four different communication styles and the strengths and blind spots of each style. From there we discuss how understanding the communication preferences of others can help us communicate with more understanding and how to adjust our style to enhance communication.
Intergenerational dialogue	<p>Conceived by our partners at Wise Counsel Research, each generation in the family meets in its own group and answers two questions:</p> <ul style="list-style-type: none">• What would I like to share with the other generation?• What would I like to learn from the other generation? <p>The groups reconvene and share their answers.</p>
Founding values	In this exercise the family defines its “founding values.” Older family members and rising generation members meet in separate groups and define the family’s founding values as well as present values to form a Family Value Statement.
Clarifying values	In this exercise, family members answer the questions, “What matters to me most and why?” and “What does a life well-spent look like?” Older family members develop their answers and rising generation family members imagine what their answers would be if they were say, 50 years old and reflecting back on their lives. Both groups then meet and share their thoughts.

We've included several communication exercises from 21/64, an independent nonprofit practice providing multigenerational advising, facilitation and training for next-generation engagement, especially within family philanthropy and other family enterprises. You can find out more about 21/64 at 2164.net/shop.

Money Messages®	Money Messages® is a conversation tool developed by 21/64. We all carry certain experiences and interpretations regarding money. This exercise guides family members through self-reflection on the money messages they received in their formative years and helps them formulate new money messages that will better serve them now and in the future.
Exploring Giving®	"Exploring Giving®" is a conversation tool from 21/64 intended to elicit family conversations about philanthropy, ranging from where to begin, motivations for giving, problems to solve and who else to involve in giving decisions.
Exploring Wealth®	"Exploring Wealth®" is a conversation-starter from 21/64 to help families discuss the building blocks of wealth from both retrospective and prospective vantage points. By using open-ended conversation prompts, family members can learn more about themselves and each other's wealth identities.
Exploring Next Gen Donors®	"Exploring Next Gen Donors®" is a conversation tool from 21/64 aimed at engaging families and professionals who support them to ask critical questions about philanthropic ambitions and identity. Each card contains a question that invites the player to reflect on their values, aspirations and impact.
Family Diagram®	"Family Diagram®" is an exercise from 21/64 to help family members and their advisor trace family history. This will help family members understand the experiences of those who came before them while gaining more understanding of the family dynamic that exists today.
What Am I Inheriting?®	This conversation-starter from 21/64 invites families to revisit the stories, events and messages passed down from prior generations. Through exploring the choices previous generations made during significant world events, family members will begin to see their inheritance as not just financial capital, but as a historical legacy.

These tools are exclusively owned and sold by 21/64 and are subject to copyright.

Chapter 18

Family meeting agendas

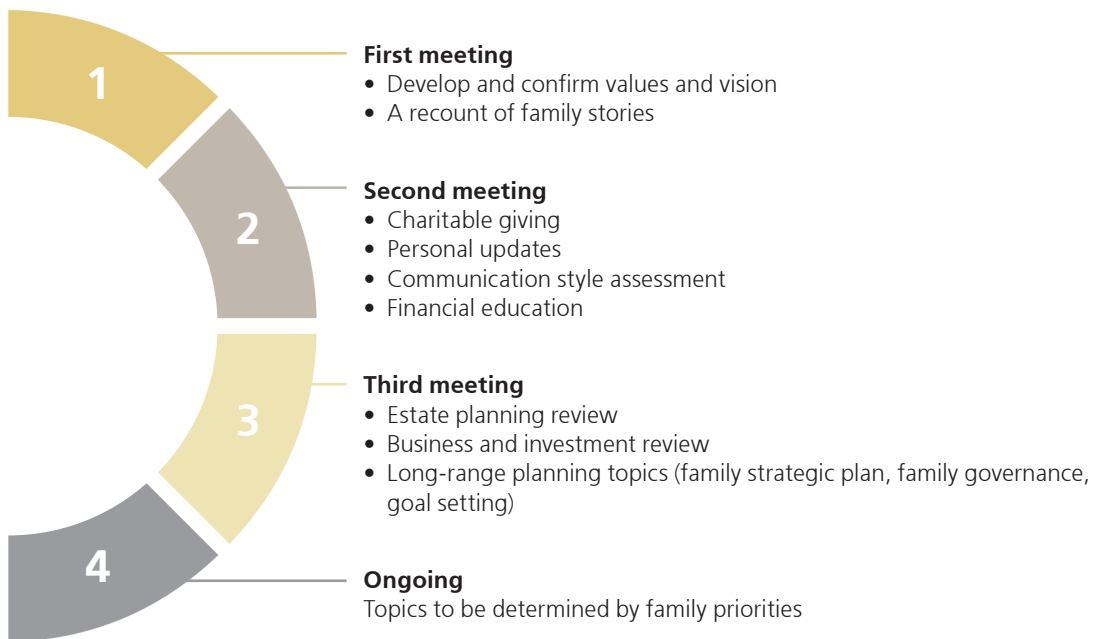
Family meeting agendas

In Chapter 14, you'll find a number of topics that are discussed at family meetings. But the agenda for each particular meeting will vary depending on how many meetings, if any, you've had previously, as well as any issues that may be pressing at the moment.

Let's assume that you're just starting to incorporate family meetings into your overall family governance plan. Here's how a series of agendas might progress.

The evolution of family meetings

Sample family meeting agenda progression



Examples

The Jones family held a series of meetings. Here’s what its agendas looked like as they progressed more deeply into various issues. Keep in mind that every family is different. The agenda and notes for your family meeting may look entirely different than these.

First Jones family meeting agenda (sample)

Day, Month, Date, Year

123 Main Street
Anytown, State Zip

Attendees (in-person)

Patty Jones
Tim and Sue Jones
Kari Jones

Attendees (via FaceTime)

Heather Smith

Facilitated by:

UBS Family Advisory & Philanthropy Services Senior Strategist
UBS Financial Advisor

Time

9:15 – 9:20 a.m.

9:20 – 9:35 a.m.

9:35 – 9:45 a.m.

9:45 – 10:45 a.m.

10:45 – 11:15 a.m.

11:15 – 11:45 a.m.

11:45 a.m. – 12:00 p.m.

Topic

Welcome and opening remarks

Goals and outcomes

Family meeting overview and purpose

The purposeful dialogue

- Discover your why

- Picture your life

Continuing the dialogue

Family mission statement

Next steps

At its first meeting, the Jones family worked with ***The purposeful dialogue***. Here are their notes from that exercise.

The purposeful dialogue: Discover your why

Here's how the Jones family approached the "Discover your why" portion of *The purposeful dialogue* exercise.

	Top three values	Bottom two values
Patty Jones Matriarch	<ul style="list-style-type: none"> • Authenticity: "When giving money, you should be sincere about it and do it without any expectations" • Integrity • Growth: "Want to see growth in the projects you/we are investing in" 	<ul style="list-style-type: none"> • Spirituality • Power: negative connotation; however, there could be power in numbers if more organizations come together to achieve the same goal
Kari Jones Daughter	<ul style="list-style-type: none"> • Collaboration: "Our goal as a foundation" • Accomplishment: "Want to have a sense of accomplishment in carrying out dad's legacy and hopefully he would be proud" • Curiosity: "Want to support organizations and programs that promote curiosity" 	<ul style="list-style-type: none"> • Challenge: "Our giving shouldn't be a challenging or difficult task" • Power: "Move away from power seen as domination, toward power seen as collaboration, having more impact, etc."
Heather Smith Daughter	<ul style="list-style-type: none"> • Integrity: "Stand by what we do and be proud of it" • Collaboration: This is an example of what we do today (i.e., working together as a family toward a common goal) • Innovation: Would like to work with people and support causes that provide a different view/perspective/approach 	<ul style="list-style-type: none"> • Recognition: Doesn't need to be recognized or doesn't value recognition • Power: Can be seen or used as a means of control (i.e., "the power of money"); has a negative connotation
Tim Jones Son	<ul style="list-style-type: none"> • Passion: "We/Jones family have a passion for philanthropic work and one needs passion to drive this type of work" • Transparency: Want to build it into our governance process so all family members feel empowered • Compassion: "Compassion should be a driving force when it comes to grant-making; we should spread compassion more widely" 	<ul style="list-style-type: none"> • Security • Power: Same as others; negative connotation, power equates to control
Sue Jones Daughter-in-law	<ul style="list-style-type: none"> • Community: "We should support causes that benefit the community"; perhaps start locally in our community • Balance: We should achieve balance in our personal life; we should find balance to allow the allocation of time to the foundation • Innovation: "Want to support people and organizations with unique approaches and solutions" 	<ul style="list-style-type: none"> • Power • Leadership: "We don't need to be a leader in the philanthropist community; we can rather try to fill in the gaps as a family with our philanthropy"

Second Jones family meeting agenda (sample)

Day, Month, Date, Year

123 Main Street
Anytown, State Zip

Attendees (in-person)

Patty Jones
Tim Jones
Kari Jones

Attendees (via FaceTime)

Heather Smith

Facilitated by:

UBS Family Advisory & Philanthropy Services Senior Strategist
UBS Financial Advisor

Topics

Welcome and opening remarks
Family mission statement
Board member job descriptions
Causes to support
Grant-making guidelines
Next steps

Here's how the Jones family began to articulate its philanthropy strategy.

1

Overarching themes for Jones Family Foundation:

1. Vocational education (legacy)
2. Cancer care (legacy)
3. Peace education/empathy tolerance
4. Environmental protection/preservation/education

2

Rapid fire round: "Education"

- Kari—parenting, vocational school, environment
- Patty—access to education, vocational school
- Heather—cross-cultural communication, inequality of education, lack of access
- Tim—peace, non-violence, higher level education, civic education, policy change

3

Rapid fire round: Direct service vs. Secondary "Train the Trainer" Education

- Kari—direct
- Patty—direct
- Heather—train the trainer
- Tim—train the trainer

4

Rapid fire round: "Environment"

- Kari—land, environmental education, preservation, nature play
- Patty—global warming, coral reef protection
- Heather—land preservation, conflict resolution
- Tim—plastics in the ocean

5

Next steps:

1. Take all four versions of individual family mission statements and create a shared Jones family foundation mission and vision statements by Thanksgiving.
2. Think about the financial pie for the Jones Family Foundation:
 - a. What will make up the legacy bucket?
 - b. How much (and what) do we wind down from the legacy bucket?
 - c. How much will be carved out for the legacy bucket going forward (total \$ or %)?
 - d. What will make up the discretionary bucket (non-legacy)?
3. Give more thought to the education and environmental themes discussed in the meeting—what does this look like? Direct service or secondary influencers?, etc.
4. Collectively draft board member roles/responsibilities and update by-laws
5. Determine when the next meeting will take place.

Third Jones family meeting agenda (sample)

Day, Month, Date, Year

123 Main Street

Anytown, State Zip

Attendees (in-person)

Patty Jones

Tim Jones

Kari Jones

Attendees (via FaceTime)

Heather Smith

Facilitated by:

UBS Family Advisory & Philanthropy Services Senior Strategist

UBS Financial Advisor

Topics

Welcome and opening remarks

Foundation assets

Family mission statement

Jones Family Foundation bucketing approach:

- Legacy bucket

- Discretionary bucket

Causes to support and themes

Concluding thoughts

By the third meeting, the Jones family had honed its mission statement and its philanthropy strategy.

1

Jones Family mission statement

Initial thoughts/ideas

- “Building a brighter future ...”
- “Building a sustainable future ...through education and conservation”
- Overarching themes:
 - Medical treatment
 - Vocational school education/awareness
 - Peace education/empathy/tolerance training
 - Environment

2

Jones Family Foundation bucketing approach

Foundation bucketing example (from Nicole)

- Honored obligations (aka “checkbook philanthropy”)
- Local community
- Demographic and/or geographic preference
- Impact philanthropy
- Discretionary

Tentatively agreed-upon bucketing for Jones Family Foundation:

- 40% Legacy
- 40% Accept active proposals through competitive process
- 20% Discretionary

3

Next Steps

- A. Finalize the Jones Family Mission Statement.
- B. Finalize parameters for active proposals.

Creating your family meeting agenda

Every family has its own style. Yours may be more formal, or informal. At the very least, your family meeting agenda should let family members know which topics will be discussed so that they can prepare for those discussions.

If you'd like, you can use this as a template for your family meeting's agenda.

Proposed date _____

Proposed address _____

(Building) _____

(Floor/Room number) _____

City, State Zip _____

Dial-in number/WebEx link _____

Attendees (in-person)

Name, relationship, contact info _____

Name, relationship, contact info _____

Name, relationship, contact info _____

Name, relationship, contact info _____

Attendees (via Skype, FaceTime, or phone)

Name, relationship, contact info _____

Name, relationship, contact info _____

Hosted by (Title, name, contact info):

Financial Advisor A _____

Financial Advisor B _____

Expert A _____

Expert B _____

Topics:

Welcome & opening remarks _____

Topic A _____

Topic B _____

Topic C _____

Next steps _____

Chapter 19

Professional networks

Professional networks

UBS Family Advisory and Philanthropy Services maintains a network of third-party providers in the following categories. Depending on which topics you'll be discussing at your family meeting, you may want to call upon one or several of these providers. Your UBS Financial Advisor can provide you with more information on the Professional Network if you are interested.

1

Family Business Advisory

2

Family Career Placement and Counseling

3

Family Dynamics Consultants

4

Family Historians

5

Family Lifestyle and Concierge

6

Family Office Advisory

7

Family Philanthropy

8

Family Security and Privacy

9

Art Advisory

10

Healthcare Concierge

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