NOW WE'RE TALKING

Christian Stewart offers some tips on overcoming wealth creators' reluctance to hold family meetings

KEY POINTS

What is the issue? There are benefits to holding family meetings to talk about the terms of family trusts and other structures, but, in practice, wealth creators are often reluctant to share details with their family.

What does it mean for me? A lack of communication among the family while the wealth creator is alive can often lead to conflict and distrust when the wealth creator dies.

What can I take away? Discussion questions to help you talk to your clients about the possible benefits of convening a family meeting.

When the creator of a trust or other legal structure is still alive and capable, it is not unusual to find that they are reluctant to share details (or even the existence) of the structure with their spouse, children and other family members. The benefits of holding family meetings to talk about the terms of family trusts and other structures are often noted,[1] but what can advisors do when they are dealing with a wealth creator who is reluctant to hold such a meeting? Can we, as advisors, ask for permission to understand their concerns and explain why we think holding a meeting may be beneficial?

DISCUSSION QUESTIONS

If the wealth creator is anxious about holding a meeting and perhaps communicating with their family for the first time about the plans they have put in place in the event of their

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death or incapacity, it will be worth exploring the following questions:

- **Was there ever a time when the wealth creator and their family had managed to talk effectively about potentially sensitive and important issues, and things actually worked out better than expected? If so, is there a way to recreate such past success?**
- **For the vast majority of families, the ability to work together collaboratively, to listen to each other with empathy and to respect the difference between voice and authority all need to be cultivated. A good rule of thumb is to always start with the easy things. Therefore, ask the wealth creator: what would be the easiest first step that they would be comfortable with for a meeting?**
- **The wealth creator who does not want to hold a family meeting might be focused on a number of perceived negatives. The advisor should ask the client to make a list of all the possible positive outcomes. The advisor can then help the client to review both the possible upsides and downsides to come to a more balanced conclusion.**
- **Are there family elders who can be invited to the meeting? Family elders could be uncles, aunts or very trusted non-family members who can help overcome the generation gap in the family.[2]**
- **If the wealth creator is worried the meeting will involve difficult conversations, it might make sense to consider facilitating these conversations outside of the family meeting. Perhaps the family members could benefit from some skills training before the family meeting, such as training in having difficult conversations.[3]**
- **Finally, what could be done to make the meeting fun for the family?**

FEAR OF OPENING PANDORA'S BOX

The wealth creator may be worried that holding a family meeting will open a can of worms or that family members might start to lobby them privately to make changes to the terms of the structure. In such cases, a question for the wealth creator is whether these concerns could be mitigated by establishing a rule that the family structure is only to be discussed again when the same group is assembled for another meeting.

The reality is that many families whose members work together or own financial wealth together tend to limit their day-to-day communication to a superficial level. A facilitated family meeting can be considered a special window that, when opened, allows the family to communicate at a deeper level. In this kind of safer meeting environment, with a facilitator present, the wealth creator may feel able to openly communicate their estate or succession plans. In many families, once the meeting is over, the window will close and the family will revert to their normal level of communication.

If the wealth creator fears the consequences of holding a family meeting, the concept of 'displacement' will also be worth discussing. This concept suggests that any emotionally laden topic that the wealth creator tries to avoid by not providing it with a forum for discussion (the family meeting) does not in fact disappear; rather there is a risk that it will surface in another, inappropriate forum, such as an investment review meeting.

YOUNG HEIRS AND THE RISING GENERATION

Some wealth creators will say that a meeting to talk about the family structure will take away the beneficiaries' incentive to work and make it on their own. Alternatively, they might say that they do not want the beneficiaries to have to start worrying about managing family affairs at this stage of their lives.

On the one hand, it is possible to explore the alternative of a family meeting that focuses on training and education, without going into the details of the extent of the trust fund or other family wealth. The argument in favour of educating beneficiaries in relation to general concepts is that they need to understand the relationships involved in family trusts and other ownership structures if they are to be able to make these relationships function well in the future when the wealth creator is no longer around. Moreover, the fact that a family is wealthy is often transparent to children and young adults in the age of the internet. They already know there is money, but they can also tell that it is a taboo topic in their family. Keeping secrets about family wealth creates a very destructive dynamic and great anxiety in the family. There is a difference between maintaining age-appropriate confidentiality and keeping secrets.[4]

On the other hand, there is also an argument that members of the rising generation of the family should be given time and encouragement to know themselves before they have to learn how to integrate the family financial wealth into their own lives.[5] Perhaps the task for the advisor here is to help the wealth creator consider how they can educate their beneficiaries, so that the topic of the family wealth can be discussed in an age-appropriate manner, while also remaining respectful of the young beneficiaries' need to develop as individuals and pursue their own dreams and vocation.

1 'Tightly knit', *STEP Journal*, volume 23, issue 2
2 'The wisdom of elders', *STEP Journal*, volume 22, issue 6
3 B Patton, D Stone and S Heen, *Difficult Conversations: How to discuss what matters most* (Penguin, 2000)
4 As noted in an interview with James E Hughes Jr, published in *Worth* magazine: 'Growing a great family' (2 February 2004)
5 J Hughes, S Massenzio and K Whitaker, *The Voice of the Rising Generation* (Bloomberg Press, 2014)

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