



Family Wealth Institute

How Will Your Story Be Written?

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If you could write your own life story, to be read in 50 years, what would you say about yourself? If your story were being written by your great-grandchild, what would you like it to say?

Will your legacy be based on your financial success or the impact of your life on your family and your community?

If your real legacy is what you have created for others, more than what you have created for yourself, then have you thought about what your family will be like 50 years from now? Will your children, grandchildren and maybe even great-grandchildren be leaders in business, the professions, art, science or government? Will they have positively impacted the lives of others, perhaps as teachers or maybe as philanthropists? Will they have strong, healthy and loving families? Will they like each other and still feel closely connected as an extended family? And will anyone remember you or your contribution to their lives and achievements?

Families that remain contributive, competent, compassionate, and connected for three to four generations past the wealth creator are known as *Legacy Families*. The great families create great legacy – for themselves, their descendants, and their community. How do they do it? You’ve read about some of these families, perhaps even met them. Some are household names, like Rockefeller or Rothschild. Others are less well known outside their own community and family. But all share similar qualities and characteristics.

Legacy families demonstrate...

- **Capacity.** Members of a *Legacy Family* recognize the importance of contributions to the financial, human, intellectual, and social capital of their family and community. They add value to themselves and those around them. Sometimes the value is expressed in financial results. But as often, such contribution comes in the form of public service, the arts, science, education, and healthcare, as well through effective parenting and grand-parenting.
- **Connection.** Members of a *Legacy Family* are connected to their ancestors and to their descendants. The family heritage is nurtured and passed on to those who follow. These



members maintain loving and positive family relations and promote effective generational governance structures which assure the success of their successors.

- **Compassion.** Members of a *Legacy Family* recognize their good fortune, empower each family member to become the best he or she can be, and willingly embrace their responsibility to give back. You'll see them volunteering their time and talent, sharing their financial resources, and helping to meet the needs of others.
- **Competency.** Members of a *Legacy Family* develop the competencies to handle the responsibilities of wealth and effectively utilize the opportunities that have been provided to them. They have learned essential financial and life skills to enable them to be productive, self-sufficient, and collaborative adults.

Your story may not have the happy ending you wish without careful planning and preparation.

It's as true in life as it is in business. To paraphrase the Cheshire cat in Lewis Carroll's *Alice in Wonderland*, *"If you're not sure where you're going, you're likely to end up somewhere else"*. You must have a thoughtful plan that will help guide you and your family. Your plan will need to

- Articulate your vision and aspirations for the future;
- Address critical family issues like parenting, communication, collaboration, conflict resolution, and core values;
- Consider the resources that may be needed by the family over time;
- Establish a structure for governance and leadership that will help guide the family as it grows and develops; and
- Create a process for future generations to help each member shape their own future while nourishing their close family bonds.

It will be very difficult for any family to flourish through the generations if it does not maintain a balance in the four capitals of wealth. These four capitals – human, financial, intellectual, and social – must be replenished and enhanced by each generation. If one generation is allowed to live off the success of those who preceded it, then future generations are unlikely to ever recover.

Your family should strive to develop a strong model for

- Collaborative decision-making;
- Communicating in a constructive, not destructive, manner;



- Resolving conflicts before they erode relationships;
- Setting realistic expectations of each other;
- Giving responsibility that's earned and holding each other accountable;
- Telling stories of the family history and heritage;
- Playing together and having fun; and
- Perpetuating the core values that define your family, such as integrity, caring, patience, and persistence.

Every family has the opportunity to be a *Legacy Family*. If you're successful in this effort, then 50 years from now your life's story will be told and retold at the gatherings of your large, loving, and productive family. Now that would be a story worth reading!

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At the First Foundation Inc., we are concerned not just with the tax and economic consequences of wealth planning, but with the impact of that planning on the lives of those for whom the wealth was intended to benefit. Our planners, investment advisors, bankers, and trust officers see the results of both effective and ineffective planning. We are pleased to offer you our insight, experience, and perspective.

To contact the authors, please call the toll free number at 866-833-1112.

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