



RAFFLES LEGACY LEARNING

FAMILY WEALTH AND LEGACY PLANNING

Core Course



Coursebook



FAMILY WEALTH AND LEGACY PLANNING

Introduction

*"It takes a great deal of boldness and a great deal of caution
to make a great fortune; and when you have got it,
it requires ten times as much with to keep it"*

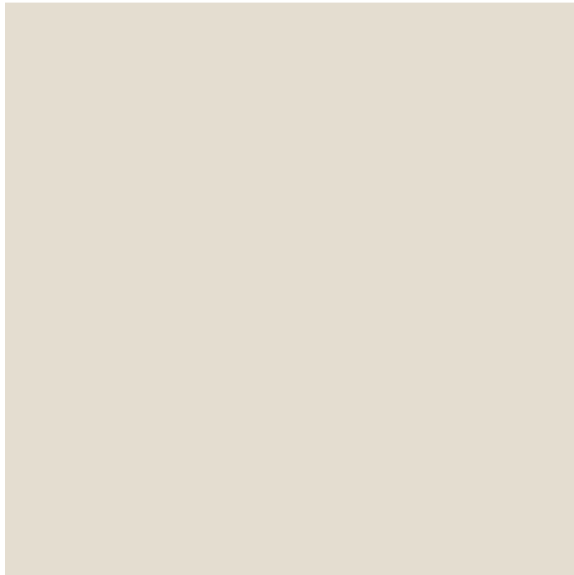
Nathan Mayer Rothschild





FAMILY WEALTH AND LEGACY PLANNING

Introduction | Key Contributor



MARK HAYNES DANIELL MA (Oxon Hons), JD, DHC

Raffles Legacy Learning Founder– Integrated Legacy Strategy, Family Business Strategy; Asset Structuring and Wealth Preservation; Generational Transitions and Family Wealth and Legacy Planning.

Mark Haynes Daniell is Chairman of the Raffles Family Wealth Trust Pte Ltd. He has more than thirty-five years of experience addressing the core issues of legacy families and their business. He has formerly held positions as a partner at Bain and Company, Director of merchant bank Wasserstein Perella, President of a publicly listed strategic investment firm and director of several public and private companies.

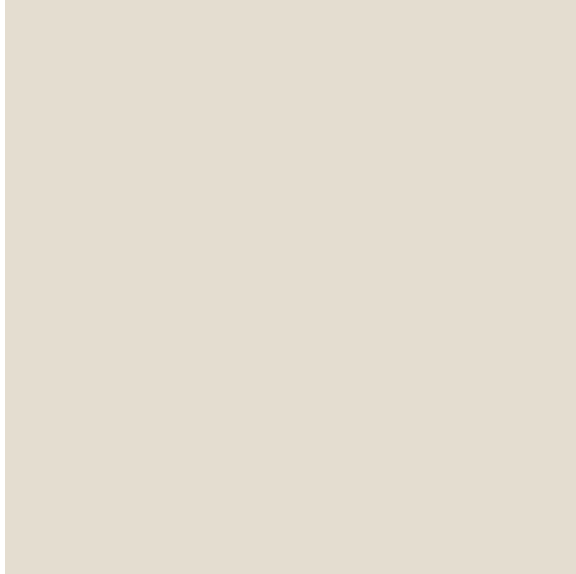
Mark has written and co-authored seven books for legacy families, including the classic *Strategy for the Wealthy Family: Seven Principles to Ensure Riches to Riches Across Generations*. His other books to date include *Family Legacy and Leadership*, *Family Wealth Management*, *Wealth Wisdom for Everyone*, *Strategy*, *The Elements of Strategy* and *World of Risk*.

Mark holds a *Juris Doctor* degree from the Harvard Law School, BA and MA degrees in jurisprudence from Oxford University (Marshall Scholar at University College) and a BA from Amherst College, *phi beta, kappa, magna cum laude*. He is a High Honors graduate of the Phillips Exeter Academy and earned diplomas from the Université de Paris IV- Sorbonne and the Institut d'Etudes Politiques de Paris. He was awarded a Doctoral Degree Honoris Causa (DHC) by the National University of Georgia.



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PROF. DR. DR. *hc* HEINRICH VON UND ZU LIECHTENSTEIN

Integrated Legacy Strategy; Family History, Purpose, Vision and Values; Family Business Strategy; NextGen Education and Generational Transition.

Professor Liechtenstein is a professor of financial management at the IESE Business School in Barcelona and Munich. For many years he has been a leading academic researcher and expert on legacy families and their businesses around the world. He is active on several family holding advisory boards and serves as a board member of the Liechtenstein Academy Foundation. He is also an active entrepreneur, having founded and sold two companies, and a former consultant at The Boston Consulting Group.

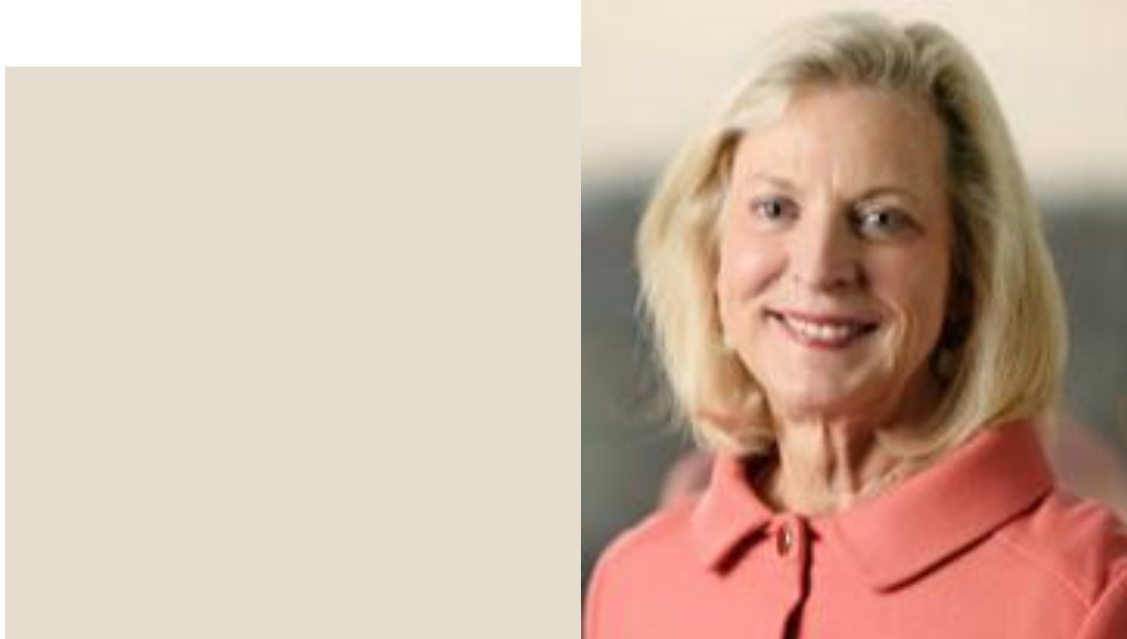
Professor Liechtenstein has authored many articles and co-authored several books, including *The Empowered Investor: 7 Principles for Strategic Wealth Creation in a New Financial World* and *Getting Between the Balance Sheets: The Four Things Every Entrepreneur Should Know About Finance*. He is also an early thought leader and prominent author on sustainable investing.

Professor Liechtenstein received a doctoral degree in Business and Economic Sciences from the University of Vienna, an MBA from IESE Business School, and an MA in Business Administration from the University of Graz. He was the recipient of a Doctorate Honoris Causa in 2019.



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SARA HAMILTON, MBA

Integrated Legacy Strategy; Family Governance, Leadership and Succession; Philanthropy and Social Engagement and NextGen Education.

Sara Hamilton is the founder and CEO of the Family Office Exchange (FOX). Headquartered in Chicago, for more than 25 years FOX has been the leading community of large legacy families and their family offices, providing information and expertise on matters related to family governance, generational transitions, wealth management, philanthropy and NextGen education. She is also an acknowledged expert in all matters related to the establishment and operation of family offices.

She also co-authored the leading book '*Family Legacy and Leadership: Preserving True Family Wealth in Challenging Times*' with Mark Haynes Daniell.

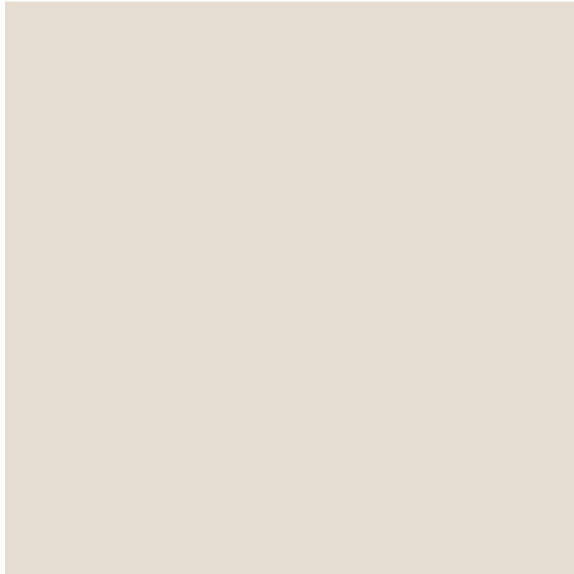
Sara has been acknowledged for many years as one of the leading Women in Wealth Management. She teaches on the Executive Education Faculty at the University of Chicago Booth School of Business for the course in Private Wealth Management. Prior to starting FOX, Sara worked in marketing and strategy at Harris Bank and AT&T Information Systems.

Sara holds a BA from Vanderbilt University and an MBA from the University of North Florida in the USA.



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HON. PROF ROBERT BATT, MSc

Culture, Relationships and Individual Issues; Generational Transitions and Leadership Succession.

Robert Batt, a family counsellor, psychotherapist, and entrepreneur. He is the founder and chairman of The TRC Group in London, which includes the highly regarded Recovery Centre in Belgravia.

The TRC Group works with legacy families and their members to overcome relationship challenges and personal psychological difficulties, including anxiety, depression and addiction.

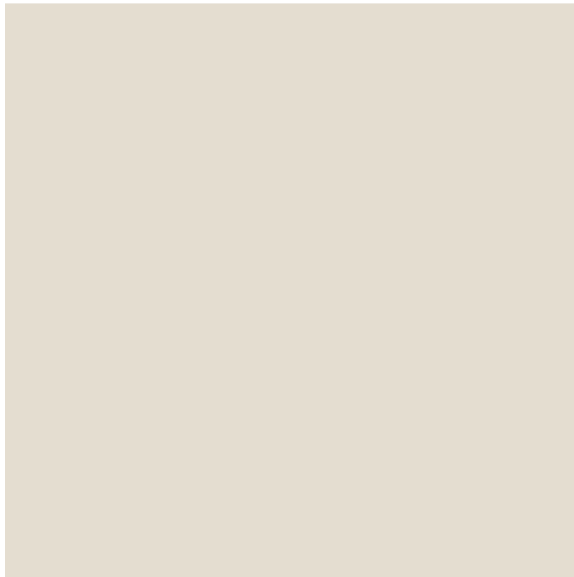
Robert is the heir to one of England's largest and oldest landed estates, with family ownership stretching back to the early 1600's, which gives him personal insights into issues that a legacy family might experience. He is also a very modern entrepreneur, establishing and chairing Cam AI, a creative model of serving therapy needs of younger family members developed with the AI department at Cambridge University in England.

Robert holds a Master of Science in Addiction Psychology. He studied Positive Psychology with Dr Tal Ben-Shahar at Harvard and Philosophy with Dr Phil Joyce at Oxford University. He was awarded an Honorary Professorship in 2019.



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TOM McCULLOUGH, MBA

Family Wealth Management

Tom McCullough is Chairman and CEO of Northwood Family Office, Canada's first multi-family office, serving the comprehensive needs of families of significant net worth. He is also the co-author with Mark Daniell of *'Family Wealth Management: 7 Imperatives for Successful Investing'*. Tom is also the editor of a collection of essays on critical questions facing legacy families entitled *'Wealth of Wisdom: The Top 50 Questions Wealthy Families Ask'*.

Tom has spent over 30 years in the wealth management/family office field. The Northwood Family Office he co-founded has been consistently recognized as the top independent family office in Canada by Euromoney in its global private banking survey.

Tom is a frequent speaker on wealth management and family issues. He is an Adjunct Professor of Finance at the University of Toronto's Rotman School of Management and is also an Entrepreneur-in-Residence at Western University's Ivey School of Business. He is a member of the Editorial Board of the Journal of Wealth Management and holds a certificate in Family Business Advising from the Family Firm Institute. Tom holds an MBA from the Schulich School of Business at York University, as well as the CIM (Chartered Investment Manager) and CIWM (Certified International Wealth Manager) designations and is a registered Portfolio Manager.

He is married, has two adult children and is actively involved in a wide range of philanthropic activities, most notably poverty alleviation in the developing world.



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The Legacy Planning Framework **PAGE 26**

The Renaissance Leadership Imperative: Mastering and Integrating the Disciplines of our Time **PAGE 42**

INITIAL ASSESSMENT OF WHERE YOU ARE **PAGE 48**

COURSE MODULES

Module One – Family History, Challenges, Purpose, Vision and Values

Key Documents:

Definition of the Family, History and Culture
Expected Evolution and Priority Challenges
Definition of True Family Wealth
Integrated Statement of Family Purpose, Vision and Values

Module Two – Family Governance, Leadership and Succession

Key Documents:

Checklist of Potential Elements of Governance
Structure of Formal Governance System
Streamlined Family Constitution

Module Three – Structuring and Managing Family Wealth

Key Documents:

Family Philosophy of Wealth
Asset Structures
Principles of Wealth Preservation
Annual Investment Policy Statement



FAMILY WEALTH AND LEGACY PLANNING

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Module Four – Family Business: Effective Ownership, Board Assessment and Leadership Strategy

Key Documents:

Unique Family Business Advantages Scorecard
Evaluation Form for Company Board and Directors
Family Business Strategy:
1. Strategic Option Evaluation
2. The Promise (Vision and Values)
3. Implementation Plan
4. Executive Summary

Module Five – Philanthropy and Social Engagement

Key Documents:

Family Philanthropic Overview: “Target Display”
Philanthropic Elements of Success Scorecard

Module Six – The Family Office, Ecosystem and Risk Management

Key Documents:

Scorecard for Head of the Family Office
Ecosystem Chart
Advisor Management Matrix Applied
Risk Management Priorities

Module Seven – Family Culture, Relationships and Individual Issues

Key Documents:

Family Relationship “Heat Map”
Family Culture Assessment Tool
Stop/Start/Continue Matrix

Module Eight – Next Gen Education and Generational Transition

Key Documents:

Next Gen Educational Priorities
Generational Transfer Plans and Phasing
Executive Summary of Family Wealth and Legacy Plan



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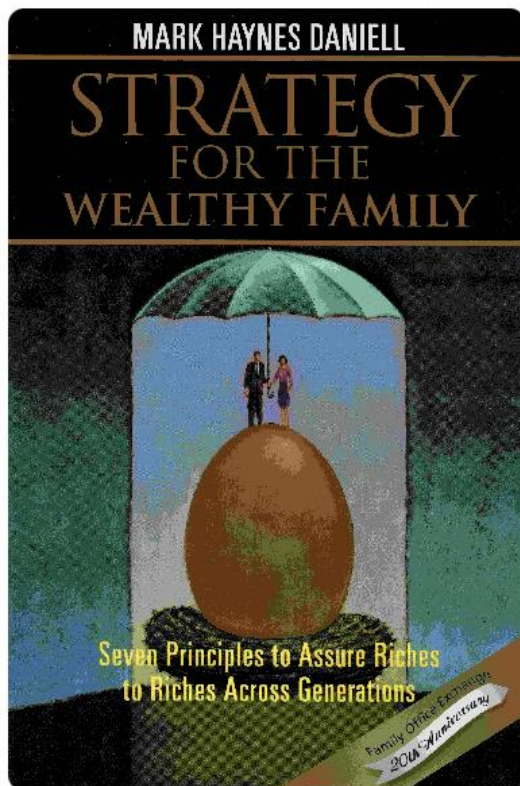
APPENDICES

- Appendix I Course Completion Checklist
- Appendix II Executive Summary and Next Steps
- Appendix III Document Architecture
- Appendix IV Cuscaden Family Vision
- Appendix V List of Courses for Further Exploration

ACCESSING THE ADVISORY SERVICES OF THE RAFFLES TEAM OF EXPERTS



Strategy for the Wealthy Family



Principle 1: A Framework for Family Strategy

Pages 11 to 12

Chapters 1 to 5

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FAMILY WEALTH AND LEGACY PLANNING

Introduction and Overview |

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Welcome to this core course on family wealth and legacy planning. In this course you will be able to address all of the core elements for your long-term family legacy plans at a high level and integrate them into one seamless strategy.

In this course you will be able to access topical reading, e-lessons, selected lesson summaries and key takeaways along with practical examples, insights, instructions and pre-formatted templates of these examples so you can easily see what you need to do, generate insights from the e-lessons and other materials provided and your own experience, fill out the forms and integrate them as the foundation elements of your own complete and integrated family wealth and legacy plan.

This course is available any time you choose to work on it on an on-demand basis. In addition, this course will be offered two times a year on a curated basis, with regular podcasts and webinars in which you can obtain further information and raise questions you may have.

For those who would like to discuss working directly with one or more of our team of experts on a direct advisory basis with your family, we can be reached through the Contact Us tab on the home page to organize an appropriate initial conversation or email exchange.

Although each individual and family will have a different approach to process and timing for this course, for most people it can be complete in 6-8 weeks, depending upon your own situation, time availability and past exposure to e-learning and the topics raised. If you are undertaking this course as a team effort with other members of your family, this could extend the time a bit, but should result in a richer experience for all engaged in the initiative!

We begin with a fresh look at the definition of both family wealth and legacy, starting off with a review of the essential content of our joint efforts.



FAMILY WEALTH AND LEGACY PLANNING

Introduction and Overview |

REDEFINING FAMILY WEALTH AND LEGACY

There are many words in the legacy world that have lost their initial, more precise content. Both 'wealth' and 'legacy' are among them.

The word wealth is derived from the Old and Middle English words 'weal' and 'wela', which carry definitions more akin to wellbeing or welfare (in the broad sense of the term) rather than just money.

This broader concept is also found in the understanding of Sanskrit word 'artha' and the Chinese character 'fu', which are usually translated as denoting family wealth but also extend into this same realm of broader – and deeper – meaning of wealth including, but also going beyond, financial assets.

The same is true for the word 'legacy'. Derived from the Latin word for an appointed legate – an individual – the word now has gathered a sense of possessions or traditions transferred down from a past generation. It also means, confusingly, what a person develops and then leaves behind from his or her own life.

In both cases, family wealth and legacy, a more comprehensive definition (or even redefinition) would include elements of meaning that are more precise and both broader and deeper than the more limited traditional definitions of just money and inheritance.

To distinguish between the more limiting simple definition and the more complete version, we can use the term 'true family wealth' and look into definitions of legacy which are both past and future-oriented, and which break down into the categories of *the legacy we receive*, *the legacy we leave*, and *the personal legacy we create* that bridges the two.



FAMILY WEALTH AND LEGACY PLANNING

Redefining Family Wealth and Legacy | cont'd

True Family Wealth

The full essence of true family wealth, drawn from these earlier definitions of the word 'wealth' and a number of other sources from around the world, extends into this same realm of broader – and deeper – meaning.

As noted, family counsellor Jeffrey Murrah¹ remarked:

*"The challenging question is, 'What is true wealth?'
Definitions of wealth which consider only bank accounts,
possessions and property are wholly inadequate."*

Although each family will need to set out its own definition of true family wealth, and define what it wants its legacy to be, one list of the elements of True Family Wealth includes the following items for your consideration:

DEFINITION OF TRUE FAMILY WEALTH

- Financial wealth
- Integrity
- Accomplishment
- Physical security, health and fitness
- Knowledge, wisdom and spiritual growth
- Family harmony
- Individual happiness

¹ <http://www.pasadenaisd.org/ParentUniversity/parent42.htm>



FAMILY WEALTH AND LEGACY PLANNING

Redefining Family Wealth and Legacy | cont'd

- **Financial wealth:** the family's financial assets, which may include an operating business (or businesses), direct investments, a portfolio of financial assets, property, an art collection and other assets of tangible value; although not the only element of legacy, financial wealth (possibly including a family business) provides a foundation and enabler for many of the other aspects of the greater family enterprise.
- **Integrity:** A core element of a laudable family culture which provides a basis for trust between family members and earns respect for the family in the outside world.
- **Accomplishment:** Focusing effort on important tasks and seeing them through to completion is both a part of true family wealth and the proven principles of positive psychology which can lead to greater individual happiness.
- **Physical security, health, and fitness:** The safety and well-being (both physical and mental) of the family and its members is a priority that is often overlooked until a crisis emerges regarding one or more members of the family.
- **Knowledge, wisdom, and spiritual growth:** Along with the prior elements, these three related elements make up the traditional body-mind-spirit trilogy of aspects of human existence that can be addressed to ensure we live full and fulfilling lives.
- **Family harmony:** Family discord can erode a family's emotional and financial foundations and is among the greatest enemies of a successful legacy. On the other hand, a harmonious, happy and balanced family can be a great source of joy, support and a foundation element of true family wealth, preserved and enjoyed across many grateful generations.
- **Individual happiness:** Families exist as both units in themselves and as a collection of individual family members, with each of these two different aspects inextricably intertwined. It may be hard to maximize the positive aspects of a family if one or more of its individual members are suffering; seeking to support the pursuit of happiness for each individual member of the family, as well as the family as a whole, can be a step toward a better outcome for all.

The importance of the effort is reflected in the great value that a positive legacy can bring.



FAMILY WEALTH AND LEGACY PLANNING

Redefining Family Wealth and Legacy | cont'd

THE VALUE OF LEGACY

- Financial wealth is far more likely to be preserved
- A more harmonious family
- A greater sense of identity, sharing and purpose
- Entire family's achievements and stature raised
- Individuals across many generations can lead to richer and more fulfilling lives
- The emotional incentive that motivate generations to work together
- An individual personal legacy - and a better future for the family

Ebullient popular author Tony Robbins takes the broader definition of legacy one step further when he describes legacy as both what one receives and what one leaves behind in very broad conceptual terms, but extends it to include individual purpose and value:

*"A legacy is **a lasting impact on the world**. It's a gift that is passed down through generations: money, property or even stories. It can also be a business – or the profits from a business, set up in a foundation or charity.*

Leaving a legacy means dreaming big and changing the world for the better.... It isn't just businesspeople who can leave a legacy.

Every great leader you can think of today comes to mind because he or she left a legacy: Nelson Mandela helped defeat apartheid and became South Africa's first Black president. Laurance Rockefeller conserved thousands of acres of parkland.

Marie Curie discovered radiation and was the first woman to earn a Nobel Prize. Albert Einstein changed our understanding of the entire universe. Mother Teresa left such a lasting legacy; she was canonized as a saint.

All these people understood that leaving a legacy is the true purpose of life."



FAMILY WEALTH AND LEGACY PLANNING

Redefining Family Wealth and Legacy | cont'd

"Meaningful legacies can give our lives an extra sense of purpose, place belonging, meaning and value."

Most people think of legacy as only a passive inheritance of money and other tangible assets - like a large multi-generational business, investment portfolio or collection of art or properties - passed down from the past. This inherited wealth was also often thought of as something that would most likely be lost over time due to any number of reasons, possibly playing out the sad story of 'riches to rags in three generations' that exists as a phrase in many civilizations around the world.

Both views are unnecessarily limiting and, if accepted, could inhibit thought, reduce ambition, and lead to lesser outcomes than those that could otherwise be created.

Family legacy, more fully understood, can be seen to be an active concept, as much about influencing the present and shaping the future as it is about passively receiving from the past. Family wealth, properly understood, structured and managed, can indeed last far more than three generations. It can enrich the lives of many individuals within the family and benefit many who are not family members but whose lives are touched, directly or indirectly, by the legacy family and its greater enterprise.



FAMILY WEALTH AND LEGACY PLANNING

Redefining Family Wealth and Legacy | cont'd

There are actually three different forms of family legacy:

The first type of legacy is ***the legacy we receive***, which fits the traditional concept of financial and other forms of wealth which we inherit from the past.

The second is ***the legacy we leave***, which is the legacy we leave for future generations. This includes that which we received, plus any changes – positive or negative – we have added or subtracted during our period of ownership and responsibility.

Between the two forms of legacy lie the ***personal or generational legacies created by decisions and actions*** of the current generation of the family, a group of individual leaders and qualified members whose influence can shape the future of the family for generations. This current generation will decide what future generations receive and will also set an example – good, bad or indifferent – as to how a family legacy should be managed to achieve its defined purpose.

A successful generation of the family will understand, preserve and enhance the legacy they receive, passing on both greater assets and a more informed approach to family wealth as the legacy they leave.

A successful personal or generational legacy will provide valuable guidance for future generations aspiring to equal, or even surpass past successes. A less successful generation will diminish the legacy they receive, diminishing asset values and even allowing family culture, values and relations to deteriorate as well.

Personal legacy at cause

Our personal legacy is thus partially determined by what we do – or don't do – with the family legacy we inherit.

While not the only element in a person's full individual legacy in a wealthy family, the impact of any member's individual life may be heavily influenced by what he or she does with the wealth inherited – and the energy it contains.



FAMILY WEALTH AND LEGACY PLANNING

Redefining Family Wealth and Legacy | cont'd

The stewardship of family wealth as it is owned and managed, and then passed on, intact, enhanced or diminished, to succeeding generations is one contribution to a positive personal legacy.

THREE FORMS OF LEGACY

The family legacy we receive: our inheritance and heritage from the past.

The family legacy we leave: our contribution to future generations.

The personal or generational legacy for which we are responsible: the sum of our ambitions, decisions, actions, efforts and accomplishments, in part providing the bridge between the two forms of family legacy, but also consisting of other aspects of our individual lives as well.

The purpose of this book, in essence, is to help you to avoid diminution in and enhance to the maximum extent possible, the value of the legacy you receive. This will allow you to create and leave behind a positive individual and generational legacy, characterized by the preservation – or even improve substantially – family wealth in all its forms.

A full legacy can also lead to a strengthening of the family, enabling them to continue the successes of the past, and be prepared to master the new and unpredictable challenges they will face in the future.



FAMILY WEALTH AND LEGACY PLANNING

Introduction and Overview | [cont'd](#)

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THE IMPORTANCE OF PRESERVING PRIVATE AND FAMILY WEALTH

Fostering private wealth and family legacy a social good

In fact, family wealth and legacy can be considered as an important and valuable part of the societies in which the legacy family participates. Private wealth and legacy families can often play a positive and important role in the social groups, communities and broader societal world in which these families live, work, play, participate and contribute.

Family wealth is not a zero-sum game; one family's loss is most often not another family's gain. If one family loses its wealth through poor planning, bad decisions or unmanaged risk, it is by no means assured that another family will 'inherit' that lost value, or that the benefits once offered to the community will be provided by someone else.

Wealth can be seen to be a kind of energy like a fire, which can grow if addressed properly, or at least be maintained in a steady state over time. On the other hand, if subject to adverse interventions from within or outside the family, that same fire can be swiftly reduced, and possibly even extinguished.

More often, if taken for granted or left unattended for other reasons, the energy gradually diminishes, like a neglected fire burning down slowly over time, leaving behind only ashes and regret where there was once so much more.

The great potential energy of family wealth, and all the good that it could have done, simply dissipates, a word defined by F. Scott Fitzgerald as meaning '*to make nothing out of something*'.

The diminution or loss of family wealth thus diminishes our aggregate societal capital as well as reducing the wealth of any one family. Preserving private wealth and enhancing family legacies can be seen to be a social good, as well as one of the individual and social responsibilities of those individuals and families fortunate enough to be owners of substantial wealth.



FAMILY WEALTH AND LEGACY PLANNING

The Importance of Preserving Private and Family Wealth | cont'd

It does not need to be this way...

Good strategy and effective planning can go a long way to overcome the many forces from within and surrounding the family – both centrifugal forces threatening to pull a family apart and centripetal forces increasing the pressures on the family at the center of the system – which conspire to hamper progress, disrupt a positive status quo, or accelerate decline, reducing wealth and damaging legacies.

A positive and engaging approach to important family and family wealth matters can prove to be a valuable ally in the effort to forestall or offset the many risks and potential harm that the 'dark side of wealth' can visit upon a family and its more vulnerable members.

The choice between transcendent success and painful failure is ours, with the wide variety of potential outcomes well captured in the elegant words of 19th century pastor Thomas Binney, who wrote:

*"Money, as money, is power in repose.
Set in motion, it may fall like dew or rush like the whirlwind;
It may be light to irradiate, or lightning to destroy...
The conditions of stewardship are not the terms of bargain and hire,
but of promise and grace."*

Money: A Popular Exposition (1856)



Aspiration and Active Engagement the Better Way

Good legacy strategy, and strategic wealth planning, always begin with defining *why* a family choose to remain united and work together, *what* the family want to accomplish through their individual and collective effort, and *how* they can act today and tomorrow to best contribute to the future wealth, wellbeing and enduring legacy of the family.

As the structure of this book reflects, after answering these questions, it is critical to consider all the essential elements of a family wealth and legacy plan: individually and as parts of one fully informed structure, in order to design and implement one optimal, coordinated and holistic approach.

No great scientist has ever achieved his or her own results, or any great body of knowledge ever assembled, solely through a method of trial and success. Both past successes and failures need to be studied, and the relevant lessons learned from both need to be understood and applied in designing and implementing your own plans.

Best Practice and Next Practice

However, in times of turbulence, change, volatility and uncertainty, merely applying the lessons of the past may not be enough. The environment is changing, as are the rules of the game. Some of the 'best practices' from the past may already be outdated.

What is needed for application in your own family wealth and legacy plans are those practices from the past that are still applicable today, plus a new set of creative 'next practices' which are designed and applied to work in the future.



FAMILY WEALTH AND LEGACY PLANNING

The Importance of Preserving Private and Family Wealth | cont'd

No Guarantee of a Successful Future

The term 'riches to rags' in three generations resounds around the world in virtually every culture in some form. Very few families are able to make a fortune. Even fewer are able to preserve the initial wealth over time.

One telling chart can be found from the archives of the Forbes list, which looked at the status today of the fabled names of wealthy families from America's Gilded Age, a period where vast fortunes were made in a growing and optimistic United States coming into its own as a major global power for the first time.

With wealth in 1908 currency exceeding a billion dollars at the top, and in a list containing some of the most fabled names in American business and philanthropy, the column on the right is the most striking: not one of the families are anywhere near the top of a more recent Forbes list of the wealthiest individuals in the world, or even in America alone.



FAMILY WEALTH AND LEGACY PLANNING

The Importance of Preserving Private and Family Wealth | cont'd

FORBES TOP 20 US "RICH LIST"				
1908 vs 2008				
	NAME	ESTIMATED FORTUNE	CHIEF SOURCE	2008
1	John D. Rockefeller	\$1,200,000,000	Oil	Not on list
2	Henry Clay Frick	\$225,000,000	Coke, Steel	Not on list
3	Andrew Carnegie	\$200,000,000	Steel	Not on list
4	George F. Baker	\$150,000,000	Banking	Not on list
5	William Rockefeller	\$150,000,000	Oil, Railroads	Not on list
6	Edward S. Harkness	\$125,000,000	Oil	Not on list
7	J. Ogden Armour	\$125,000,000	Packing	Not on list
8	Henry Ford	\$100,000,000	Automobiles	Not on list
9	William K. Vanderbilt	\$100,000,000	Railroads	Not on list
10	Edward Howland Robinson Green	\$100,000,000	Banking	Not on list
11	Mrs. Edward H Harriman	\$80,000,000	Railroads	Not on list
12	Vincent Astor	\$75,000,000	Real Estate	Not on list
13	James Stillman	\$70,000,000	Cotton, Banking	Not on list
14	Thomas F. Ryan	\$70,000,000	Traction, Tobacco	Not on list
15	Daniel Guggenheim	\$70,000,000	Mining, Smelting	Not on list
16	Charles M. Schwab	\$70,000,000	Steel	Not on list
17	J. P. Morgan	\$70,000,000	Banking	Not on list
18	Mrs. Russell Sage	\$60,000,000	Banking	Not on list
19	Cyrus H. McCormick	\$60,000,000	Farm Machinery	Not on list
20	Joseph Widener	\$60,000,000	Traction	Not on list



FAMILY WEALTH AND LEGACY PLANNING

The Importance of Preserving Private and Family Wealth | cont'd

As this memorable list from the past shows, even the wealthiest and most famous of families may not last longer than a few generations at the top – and some even rise and fall within a single generation.

However, there are also many stories of success, families who have beaten the odds of history, mastered the challenges of their time and prospered through times both good and bad.

The practices and approaches used by the legacy families who have survived and thrived for generations provide an invaluable guide for all who wish to enhance the true family wealth, legacy and leadership of their own wealthy family.

What makes the difference?

The most important common element for many families in preserving their wealth is a strong family culture and effective leaders that address both the 'hard' and 'soft' issues of the family's wealth and legacy.

A strong and positive culture, along with an effective approach to family wealth and legacy planning, combine to create the strong and flexible social fabric of the family which has woven into it the patterns of a successful future.

Great legacies are no accident of history

Neither great legacies nor the fulfilment of a family's higher purpose is the product of passive observation of a family's history, or acceptance of whatever life presents by way of experience.

Ambition, insight, unrelenting effort, tough choices, courage, and personal leadership are all required for a family to reach its full legacy potential.



FAMILY WEALTH AND LEGACY PLANNING

The Importance of Preserving Private and Family Wealth | cont'd

'Hope is not a strategy'

Deliberate, long-term family strategies and selfless investments in the family's future are as old as the family itself. Given the frenetic pace of the 21st century, and a society more and more centered on individual – and instant – gratification, getting a commitment from wealth owners to be engaged in long-term, inter-generational family wealth and legacy planning may be this generation's greatest leadership challenge.

Although not immediate in impact, the value of the effort can be seen in the history of 'successfully wealthy' families with both an impressive past and positive future.

The great Athenian orator Pericles summarized it well more than two thousand years ago when he said, *'your children shall gather the fruits of your labours...'*

The costs of developing and implementing a family wealth and legacy plan are relatively small, but the potential rewards are substantial.

Investing today in that better future for the family may be one of the best investments you ever make.



FAMILY WEALTH AND LEGACY PLANNING

Introduction and Overview | cont'd

THE LEGACY PLANNING FRAMEWORK

The nature of family wealth and legacy planning is both multi-dimensional in content (with a need for each element to be addressed both separately and together) and very long term, even multi-generational in application.

This model and approach are unlike, for example, modern corporate strategy, which is being developed in a non-family context. In the business world, time frames are getting shorter and shorter as the leading business models, the technological and commercial environment and competitors (new and old) progress and change so quickly that accelerating change is the only constant.

In the content and application of the family wealth and legacy planning framework is found a mix of both the enduring and the new. The family wealth and legacy challenge is in great part to identify what is important and to manage both continuity and change in equal measure.

Yet even to achieve the objective of preserving the best of the past and reinforcing the societal, familial and individual foundations in place requires thoughtful understanding and careful management of many changing elements around this goal.

In the oft-quoted words from Prince Giuseppe di Lampedusa, author of the classic novel of life in Italy, *Il Gattopardo* (The Leopard), this challenge is eloquently summarized:

'If we want things to stay as they are, things will have to change...'



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

BEST PRACTICE IN LEGACY STRATEGY

- Based on an aspirational long-term vision
- Taking a long-term view
- Addressing all elements of strategy
- Taking a holistic and integrated approach
- Preparing to adapt to changing circumstances within and surrounding the family
- Being creative – thinking tomorrow's 'next practice' as well as today's 'best practice'
- Reflecting the unique character and challenges of an individual family with its own history, culture, values and members

The Framework for Family Wealth and Legacy Planning

The nature of the task in front of family leaders interested in developing a family wealth and legacy plan is clear from the illustration below, which defines the 'taxonomy' (i.e., the structure of the knowledge) relevant to legacy planning.

The family, at the center of the effort, are the focus of all activities: every spoke emanates from the family at the center of the display and leads back to the family and its future.



THE FRAMEWORK FOR FAMILY WEALTH AND LEGACY PLANNING



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The individual issues need to be addressed separately and require distinct expertise to be developed and documented well. The individual pieces then need to be fitted together in a coherent fashion to serve the long-term needs of the strategy, creating a whole which is worth more than the sum of its valuable parts.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

Interdependent Elements

The first reason to consider all elements of strategy on an integrated basis is that all elements of the strategy are inextricably intertwined. Trust structures and strictures can have an influence on estate plans and wealth management. Philanthropic objectives can have an influence on wealth management and family governance. The family ecosystem can play a major role in all aspects of family strategy. Family organization, values, and the content of the family constitution can have a substantial influence on wealth management, the family business, and the lives of individual family members.

A second reason is that the interaction of the elements can create an even better outcome in any one area of strategy than would an isolated approach. By considering each element on a stand-alone basis, family leaders will be able to create a series of focused strategies targeted at the achievement of specific objectives in each critical area of family strategy. By integrating these individual strategies into a coherent whole, they will contribute to the creation of an approach where the overall results are far greater than the sum of the individual parts.

The third and final reason is that all elements of strategy are aimed at achieving the same overarching goal. Throughout the process of addressing the elements of strategy for a wealthy family, it should be always remembered that the ultimate goal of that strategy is to achieve a unique family vision and implement the strategy that will lead to the greatest possible harmony, happiness, and prosperity for your own family across many succeeding generations.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

Turning a Conceptual Framework into Effective Action

A surprisingly small number of legacy families and their leaders have a coherent, well-thought-through strategy to preserve their wealth and enhance their legacies going forward, even if many of their leaders are aware that 'hope is not a strategy' when it comes to addressing the future of their families.

Financial wealth, no matter how large, can erode quickly within a single generation rather than taking multiple succeeding generations to decline as deeply as it can. Effective strategies are ever more needed, but still lacking in far too many families.

Effective legacy strategy requires that family leaders design and pursue initiatives which will take time, effort, and the engagement of many family members, addressing several interrelated elements along many complementary dimensions. These strategies are not short term in nature, as they require an informed view of the past, an understanding of current challenges, and the future needs of the family, even looking forward across multiple generations.

In the past, there was no single source of guidance available to help families develop and implement an effective legacy strategy. This is all changing now, with the availability here of a complete and integrated legacy framework providing a model of content, coupled with a description of a clear process, for each family to adopt and adapt to develop and implement its own unique strategy.

While the whole of the approach needs consideration, each individual element also requires understanding and elaboration.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

The Family

At the center of the integrated framework lies the family itself, providing the *raison d'être* of the strategy and exerting gravitational influence on all constituent elements of that strategy. The family is defined by bloodlines, history, traditions, values and relationships developed over time. It is both the sum of its members, family units, family generations, and informal family groupings, and a complete unit unto itself.

The history of the family, once defined, will bring with it a cascade of facts, events and individuals who contribute to the current and future nature of the family. In addition, that history carries with it a culture, evolved over time and forged by a combination of national, religious, economic, social, political and other factors. That culture will affect how people see things and shapes the beliefs, attitudes and behaviors.

A good family wealth and legacy plan will need to consider and nurture the family as a whole, and to reflect the importance of all of its various internal dynamics. Further, a family strategy will need to take into account the past accomplishments of its iconic figures and build a future on the merits, aspirations, and limitations of each individual family member.

Awareness of the past can be a major asset in creating a better future of any family.

Research has proved that connection to the past can be an inspiration and have a positive effect of the present (and hence future) of the family. This 'ancestor effect' supports the spirit of Robinson Jeffers famous words:

*'Lend me the stone strength of the past,
and I will lend you the wings of the future...'*



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

Only by identifying and addressing a family's history, and analyzing past strengths and weaknesses, successes and failures, and their impact on the current and future generations of the family, can all other issues – such as wealth preservation, investment performance, and family business strategy – be developed in a stable and well-grounded context.

Without an agreed approach to the history and current state of the family, or if finding itself in a situation where a negative family dynamic overwhelms any agreed strategy, a family's attempted approaches to family wealth matters are less likely to succeed, until the fundamental issues of the past are identified and resolved.

History, Purpose, Vision and Values

In diagnosing, designing, and implementing strategy, a solid first step focused on understanding the past and what it has brought into the present is essential. Addressing the context and consequences from the past, coupled with an intelligent extrapolation of the past into the future, can lead to a priority set of current and future challenges to address. The resolution of these challenges may be one of the greatest contributors to the reduction of risk, and to the realization of opportunity, family leaders can offer.

The 'foundations of legacy' include both the background of history and culture, and the aspirational statements of purpose, vision and values which can explain why, what and how a family will seek to create something special and unique for its members, even those as yet unborn, in the future.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

Family Governance and Leadership

One of the critical elements in developing a multi-generational family wealth strategy is a structured approach to the family's organization and leadership model. The family business, family wealth management, and family philanthropic activities, and even the greater family itself, can all benefit from a cohesive and organized approach to the internal structures, roles, governance, and leadership of a wealthy family.

Often captured in a Family Constitution and overseen by a Family Council and wider Family Assembly, an organized approach to family governance will create a strong and united platform upon which successful legacies can be built.

The 'Renaissance' Leadership Model: Many of the great figures from the 15th and 16th centuries have been described as individuals 'capable of mastering and integrating the disciplines of their time'.

These famous Renaissance Men were adept in many fields in both the arts and the sciences, and their relation to each other, that allowed them to live rich and full lives, and to contribute enormously to the accomplishments of their time.

Effective leaders of legacy families need to think the same way, mastering and integrating the full range of disciplines which inform the elements of their strategies designed to shape the long-term future of their own families.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

Philosophy of Wealth and Wealth Structuring

One of the most important decisions a family must make, is to determine its Philosophy of Wealth. It is essential to decide if the relevant family members are owners of wealth as personal assets or as stewards of wealth for future generations.

One of the key elements of the strategy heavily influenced by this decision is Structuring and Managing Assets, also called Wealth Structuring. This includes designing and implementing wealth ownership structures such as trusts, partnerships, corporations and other alternative approaches, to which is added principles of investment, distribution and risk management. Also included in the activities of integration into a single-family approach are family values, wealth management principles, and the necessary education of the whole family.

No matter how the wealth is held, each family will need to determine its investment profile, set its investment objectives, and define a disciplined and high-quality investment process to make the most of its current assets and future opportunities.

Beating the odds of history and remaining rich across more than three generations requires a specific strategy to take advantage of opportunities and contributions of its members over time, but also needs to protect family wealth from the greatest risks and predictable sources of potential loss.

Family Wealth Management

Every wealthy family, by definition, has a substantial amount of financial wealth. Those assets can be tied up in an illiquid and concentrated family business or property holding or may already be fully liquid and managed as a diversified portfolio of global financial investments.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

Many of the wealthiest families have, in fact, a combination of all major asset classes. Managing this wealth on a professional basis requires specific expertise, a disciplined process and clear strategy, often captures in an Investment Policy Statement ('IPS').

After a Major (First Time) Wealth Creating or Liquidity Event: Many wealthy families and individuals who have become suddenly wealthy or find themselves holding substantial liquid wealth for the first time, are discovering that wealth management is a very separate discipline from operating a business; it requires separate skills, a separate knowledge base, and a different approach to business analysis and fund management than does operating a large manufacturing or service business.

All too often, wealthy families believe that, because they have successfully run an operating business for generations, they can swing smoothly and quickly into the management of a complex international investment portfolio.

Avoiding this classic error and moving swiftly to a best (and next) practice approach to wealth management on a portfolio basis, is a key factor in preserving the fortunes of many wealthy families facing the transition from 'business family' to 'investing family'.

Family Business Ownership and Strategy

A family business, if one exists, may play a central role in the family's economic fortunes and in its history. That business can also be a major contributor to a wealthy family's identity and stature in the various communities to which it belongs.

A family business can play a dominant role in the individual careers, personal aspirations, and lifestyles of individual family members. It can also be a highly charged story of lifelong competition, clashing ambitions, emotional reward (and damage), individual and family conflict, economic success and failure, personal victory and loss, bonding and trust, division and distrust, joy and anger, all of which can influence a family very deeply across many generations - for better or worse.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

As well as demanding the full set of considerations applicable to any business strategy, such as customer analysis, channel evolution, cost position, service levels and competitive strategic situation, a family business carries with it a separate set of potential advantages and challenges related to the family's role in ownership, governance, leadership management and strategy.

These family issues may be particularly relevant and have a disproportionate influence, when compared to non-family businesses, in areas of finance, brand, client relations, human relations management, leadership, and other elements of organizational and commercial strategy.

Role in Family Wealth Management: In addition to playing a central role in family history and family members' careers, a family business plays a major *de facto* role in family wealth management, as the holding creates a major source of value, and brings with it both risks and opportunities in the context of a family's total wealth.

A substantial family business, or set of family businesses, can create, by their very nature, a concentrated direct asset within the family portfolio of holdings. That asset will have a given currency and economic exposure, an operating risk level and a particular expectation for cash generation and cash consumption over the coming years. As such, that family business requires consideration as a key part of an overall portfolio of family assets and liabilities.

Philanthropy and Social Engagement

Philanthropy can play a major role in a family's history, current identity and future unity. Sharing wealth effectively, and with a clear sense of value and purpose, is an essential element of the strategic framework for most wealthy families.

Most wealthy families, of all categories of wealth, will share some of their accumulated wealth by supporting one or more charitable organizations or philanthropic causes. Some of the wealthiest families may even create their own philanthropic foundations and related organizational entities.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

Defining the vision, objectives, practices, organization and target results of a wealth-sharing program is no easy task. To be fully effective, it requires a dedicated effort, a substantial amount of thought and an application of the same kind of discipline and intensity brought to bear on a family business or a program of family wealth management.

It is important to note that contributing to the wider world in which we live does not always have to involve substantial financial support. Individuals and the family itself can get involved directly, requiring individual engagement and effort to obtain the desired impact. This kind of effort can have a substantial positive impact on the lives of the individual family members involved, as well as those who are the intended beneficiaries of the endeavour.

The Family Office and Ecosystem

None of the strategic elements related to the internal organization of a wealthy family mentioned here can be pursued successfully without the support of a complex ecosystem of institutions and individuals surrounding a family.

One key part of a family's system of supporting resources for a particularly wealthy large family (perhaps most applicable for families with total family wealth of \$500 million, or even higher) may be a dedicated Family Office, an organization set up to look after the family's interests, including family governance matters, tax and estate planning, wealth management, family business issues, philanthropic initiatives, risk management and the more personal aspects of family and private asset services.

The 'FO' is usually staffed by outside professionals, reporting to a senior member of the family or, in the first generation, to the founder of the family fortune.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

That Family Office, and the family itself, will sit at the center of an interconnected ecosystem, consisting of individuals, institutions and communities surrounding and connected to the family. This dynamic network plays a very important role in shaping the decisions, strategies, values and characters of the current and future family, thus playing a central role in determining if a family is capable of preserving and enhancing its family wealth of all kinds over time.

Active design and effective management of this system is a great source of advantage in developing and implementing a family wealth and legacy plan. All of the active participants making up that ecosystem need to be reviewed periodically, and either managed differently or replaced altogether, if necessary, as they are all major sources of influence, good and bad, in a family's future.

Family Dynamics: Culture, Relationships and Individual Issues

The consideration of individual family members, each a distinctive and unique individual as well as an indissoluble part of the family as a collective entity, is essential to any successful family wealth and legacy plan. The sum of individual strengths and weaknesses, values, aspirations, and actions will ultimately determine, in great part, the future of the family.

Generational Transitions and Leadership Succession: No legacy family stands still, and a flow of transitions, successions and change – some predictable and some not – will require the family to identify and manage these events long before they are on the current agenda.

Generational transition, in which all aspects of ownership and leadership in the family enterprise are transferred from one generation to the next, require a substantial effort in planning, preparing, executing and then following upon the transition to ensure it has been successful.

Leadership succession, which involves the change of one or more individuals in important positions, takes place in a more limited context and is part of a state of affairs that changes relative to a limited set of positions in an otherwise stable family or business context.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

NextGen and Family Education

Over and over again, experts remind us that the education and preparation of the Next Generation is of paramount importance in ensuring the continuity of family prosperity and legacy. The number one cause of wealth transfer failures is lack of preparation of the Next Generation.

Many great families have suffered due to lack of knowledge leading to negative results in wealth and business, unmanaged relationship difficulties, poor planning and communication, family frictions and failures in relationships and individual issues in their rising generation.

Identifying the priority educational needs of the Next Generation today – a combination of relevant experience, technical experience and emotional readiness – is a first step in building a better long-term future for the family.



FAMILY WEALTH AND LEGACY PLANNING

Legacy Planning Framework | cont'd

KEY TAKEAWAYS

The Ten Elements of Strategy for the Wealth Family and Ways to Implement the Principles

1	Family	Define the Family, document the past and set a vision for the future
2	Family Strategy Framework	Set a family strategy with an objective of multi-generational preservation and growth of family wealth
3	Family Organization and Leadership	Organize the family and manage the surrounding ecosystem
4	Family Wealth Preservation	Structure asset holdings and adopt practices for long-term asset preservation
5	Family Wealth Management	Diversify assets and access the best investments and investment managers through a formal process of asset allocation and wealth management
6	Family Business	Clarify and integrate approaches to family business ownership and strategy with long-term family wealth plans
7	Family Risk Management	Identify and manage all major risks to family wealth and wellbeing
8	Effective Philanthropy	Share wealth in a manner that unites the family and gives it meaning
9	Family Eco-system	Design and align a supporting 'eco-system' worthy of trust
10	Living a Truly Wealthy Life	Remember the unique nature of individual family members including yourself



CONSIDERATIONS BEFORE STARTING A FAMILY WEALTH STRATEGY

- Timeframe for addressing diagnosis, design and implementation
- Scale of effort needed to address all the concerns
- Representation of all family members
- Procedures setting out who may participate
- Documentation of the family wealth strategy
- Implementation and control procedures
- Adaptation and procedures for change

EVENTS THAT TRIGGER PLANNING OF WEALTH STRATEGY

- Major wealth creating or liquidity event, such as the sale of the family business
- Generational change, transition in leadership and/or ownership from one leader to another, or from the current generation to a succeeding rising generation
- Reach an internal 'tipping point' brought on by a confluence of factors



FAMILY WEALTH AND LEGACY PLANNING

Introduction and Overview | cont'd

THE RENAISSANCE LEADERSHIP IMPERATIVE:

MASTERING AND INTEGRATING THE DISCIPLINES OF OUR TIME

In every course, lesson and insight across this site, the role and contribution of leadership cannot be overstated.

Yet the kind of leadership required to diagnose, design and implement the most effective strategies for a legacy family differs in many ways from other forms of modern leadership models.

Mastering family leadership challenges in a legacy family setting requires defining and addressing all of the issues of a complex family – both ‘hard’ and ‘soft’ – in a rapidly changing context.

This requires investing the time and effort to develop an understanding of the changes taking place in the world surrounding the family as well as the evolution of the family itself, it requires long-term thinking when many strategic cycles are getting shorter and shorter, and it involves identifying and implementing both proven ‘best practices’ from the past and creative new ‘next practices’ for the future.

The Renaissance Ideal

The successful example of the vaunted ‘Renaissance Man’ of the Enlightenment period, in many ways, captured the ethos underlying the model best suited to inform and guide leaders of modern legacy families in mastering the challenges they face today, and those they will need to address tomorrow as well.

These few individuals (a group which would include a substantial portion of women as well in today’s world) were skilled in many areas of knowledge and activity, were exceptionally creative and innovative in their thinking and, most importantly, were capable of ‘*mastering and integrating the disciplines of their time*’ in an effort to bring about substantial change in both the lives of individuals and the broader societies in which they lived.



FAMILY WEALTH AND LEGACY PLANNING

The Renaissance Leadership Imperative | cont'd

This mastery and integration of many disciplines, application of creativity and innovation, and pursuit of a higher order of accomplishment on many fronts brought about fundamental change at many levels. This new approach empowered individuals, explored higher levels of accomplishment and contributed to the progressive societal move from the preceding millennial 'Dark Ages' to a new era of openness, light and progress.

Great multi-generational family legacies over time have also developed in a manner consistent with this Renaissance Imperative and benefited from its application; many leading modern legacy families around the world have survived and prospered through the efforts of insightful leaders capable of 'seeing tomorrow' through a complex lens – and then acting on that insight in multiple complementary areas to improve the future of their own families.

The Renaissance Imperative here is thus based on a great model from the past, but has also been developed through the understanding and application of a number of more recent developments that contribute to its application and potential impact on current legacy families and their members.

Seven Principles of Success for Leaders of Legacy Families

Aspire and seek actively to improve on what is currently there

Develop expertise in multiple domains

Apply the highest levels of creativity and innovation

Take a holistic approach: address both 'hard' and 'soft' issues

Do not be afraid to end the old to make way for the new

Benefit from the wisdom and capabilities of others

Provide authentic leadership in a manner which inspires trust and engenders support



FAMILY WEALTH AND LEGACY PLANNING

The Renaissance Leadership Imperative | cont'd

Essential Content

Aspire and seek actively to improve on what is currently there: Great leaders of legacy families do not accept passively what they inherit. They look afresh at their situation from all perspectives and redefine what is truly possible. They 'think big' about what can be achieved and set about to make it happen with confidence and energy: accepting and building on history and the foundations of the past, and defining with clarity their purpose, vision and values on the high road forward which leads to a better future for their families.

Leaders of legacy families may better seek to be effective captains on a voyage of discovery and greater accomplishment during their time at the helm, rather than just competent stewards serving on traditional routes travelled in the past.

Develop expertise in multiple domains to be able to both understand challenges on a timely basis and find effective solutions.

Complex problems often find the best solutions through the application of knowledge and experience in more than one domain of expertise, and often benefit from a perspective built upon an integrated approach, or even by taking a less obvious approach emerging from a more complete view.

Albert Einstein is quoted as saying that '*the solutions to problems often do not arise at the level of the problem itself*'; seeking and finding these unconventional solutions is more easily found in an approach involving multiple sources of insight and their integration than by extension from a more limited base of reference.

In today's world, this also means investing in a lifetime of learning to keep up with the rapid expansion and increasing depth of what we know in separate domains, and what we can do with that knowledge on both a standalone and integrated basis.



The Renaissance Leadership Imperative | cont'd

Apply the highest levels of creativity and innovation: There is, arguably, no group of individuals in our history who represent the skills and benefits of creativity and innovation than the scientist-artists who lived the Renaissance Ideal in the Enlightenment period. Leonardo da Vinci, Donatello, Raphael and Michelangelo, all famous artists but also much more when looked at closely, were joined by Giorgio Vasari and many others in their polymath capabilities and accomplishments.

Today, fresh approaches are found in blending both best practice and next practice, balancing art and science, and developing the ability to see and understand complex patterns and systems dynamics from multiple complementary perspectives.

Take a holistic approach: Address both the 'hard' and 'soft' issues in both your understanding of problems and development of solutions. In keeping with the principle of mastering and integrating a diverse set of capabilities, leaders of legacy families would benefit from ensuring that they consider, separately and together, all of the aspects required to understand problems and then design and implement effective solutions. This would require understanding of both 'hard' (technical) and 'soft' (human) issues and exploring both science (proven) and art (creative, unprecedented) thoughts in appropriate measure.

It is important that we do not neglect consideration of higher purpose and the spiritual side of life in a family context: More and more, people are looking for meaning, purpose and spiritual guidance in a world increasingly severed from the foundations that once sustained our lives.

Good leaders *'lead from the heart of the family rather than just the head of the table'*.

Do not be afraid to end the old to make way for the new: While the Renaissance Ideal presented a very different spirit and energy from the prior period of The Dark Ages of the medieval period in European history, the value and role of creative destruction has also long been found in many other civilizations at many different times in history.



FAMILY WEALTH AND LEGACY PLANNING

The Renaissance Leadership Imperative | cont'd

As associated with the Indian deity Shiva, and in the modern works of Joseph Schumpeter and Werner Sombart, and captured in the definition of words like the Japanese *shintaro*, creative destruction leading to positive progress has long been an obvious, but often painful, part of human progress.

The modern legacy family is no exception, with tough decisions about what needs to be carried forward from the past, and what needs to be left behind, being a key part of every family leader's most important obligations.

It is also important now to address and integrate sustainability into activities aimed at the future of the family, both to engage members of the younger generation and to contribute to societal matters that will, to a large extent, influence the quality of the lives of those who follow us in our families.

Benefit from the wisdom and capabilities of others: No man or woman is an island, and no man or woman as a legacy leader can identify, understand, design and implement the best solutions to so many unrelated elements of a successful legacy by himself or herself.

As knowledge has expanded so rapidly in recent years, it is no longer possible for individuals to master, as Renaissance Men once did, all of the domain knowledge in multiple areas; the information now available is so vast, growing so quickly and found in so many fragmented areas that there is far too much to know for any one person to comprehend it all.

While important to 'know what you know', it is equally important to 'know what you don't know', and 'know what you can't do on your own' as well.

The wise leader will need to reflect upon the limits of his or her capabilities and identify the need for support in understanding, designing and implementing effective strategies for the family and its individual members where needed.



FAMILY WEALTH AND LEGACY PLANNING

The Renaissance Leadership Imperative | cont'd

Provide authentic leadership in a manner which inspires trust and engenders support: For leaders of legacy families today, it is important to provide a living example of the change you want to see in your greater family. The two biggest factors in providing a leadership model which can produce enduring success are authenticity and trust.

Living the values, acting with integrity, being fair and sensitive to the concerns of family members are essential. Good listening and communication skills are at a premium. Defining a shared sense of purpose for the family (and possibly the individuals within it), articulating a clear and inspiring vision and defining the set of values which determine who a family is as well as what they do, are key considerations in assessing the effectiveness of modern leaders of legacy families today.

The legacy planning framework described above can also serve as a useful assessment tool to see where you are now and will highlight the areas where you may want to invest further to get the individual elements, and your family wealth and legacy plans, up to the standard you would like.

As set out below (and attached as an editable template at the back of this coursebook) you can review each element of the structure and score yourself between 0 (low) and 10 (high) on each component of a complete plan. By adding up the ten scores from the boxes below, you will see where you are on an overall basis (score with a maximum of 100 out of 100 points) and see where you have the largest areas for improvement.

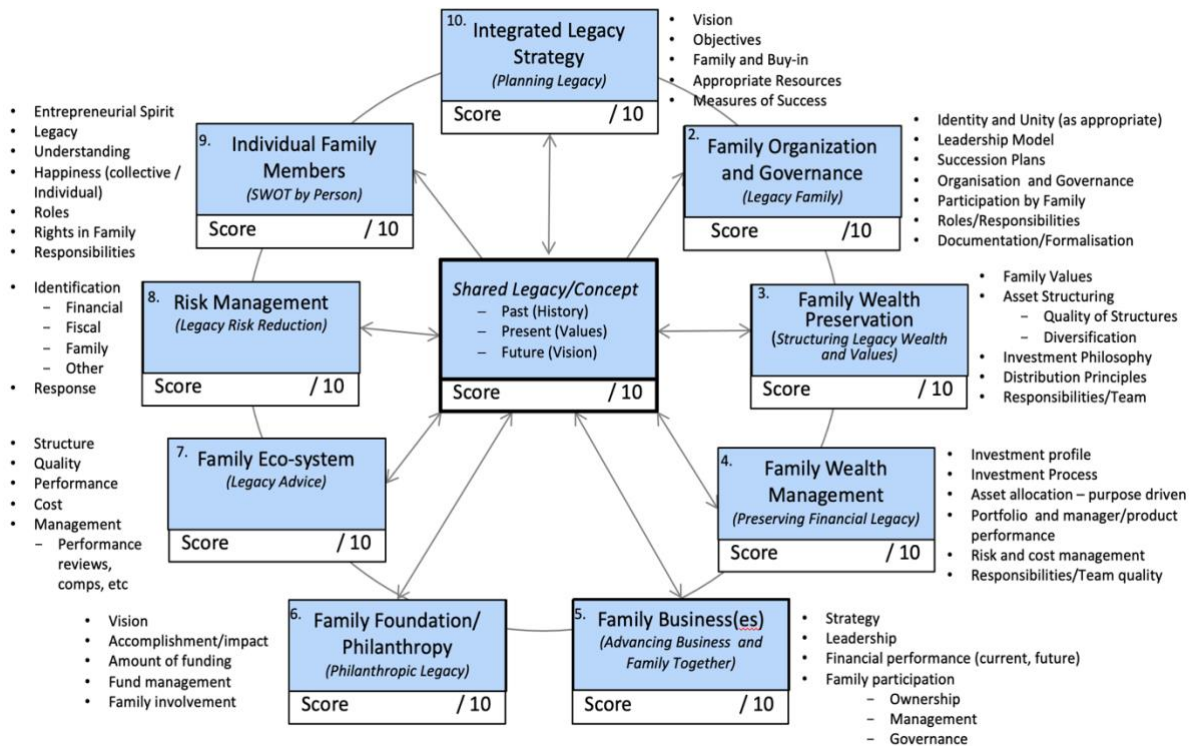
By completing this assessment, you can begin the next phase of your family wealth and legacy journey with a clear set of priorities for analysis and action.



FAMILY WEALTH AND LEGACY PLANNING

Initial Assessment of Where You Are | cont'd

DOWNLOAD INTRODUCTORY VIDEO << [HERE](#) >>





FAMILY WEALTH AND LEGACY PLANNING

Initial Assessment of Where You Are | cont'd

Elements	Score	Objectives
Family Organization		<ul style="list-style-type: none"> Long-term family organization in place with Constitution agreed No major focus for family—need to buy or build 'permanent' family retreat Succession plans (Gen 4) and procedures (Gen 5+) to be determined
Eco-system		<ul style="list-style-type: none"> Family Office approach needs modernizing and globalizing Need to rationalize and structure approach to brokers and banks Need to buy own family-owned private bank?
Wealth Preservation		<ul style="list-style-type: none"> Three generational trust forward structure being developed—in place by year end PTC needs to be integrated with long-term Family Office roles
Wealth Management		<ul style="list-style-type: none"> Long-term diversification of manager strategy to be finalized Risk management principles defined EFIM in place as test of long-term investment model of outsourced CIO
Family Business Strategy		<ul style="list-style-type: none"> Family business strategy clarified to focus and professionalize portfolio Need independent CEO—family to become owners, not managers Need to take strategic approach—but keep private
Effective Philanthropy		<ul style="list-style-type: none"> Need to formalize foundation organization and endowment Need endowment with its own capital base Need to link with other outcome-specific Family Foundations
The Individual Family Member		<ul style="list-style-type: none"> Individual issues understood for all members Need to reinforce educational bequests in trust deeds Need to ensure personal development plans in place for all members

= excellent/complete
 = very good/nearly done
 = medium/halfway
 = poor/incomplete
 = no progress



FAMILY WEALTH AND LEGACY PLANNING

Initial Assessment of Where You Are | cont'd

FULL DOCUMENT ARCHITECTURE

Short Term (current year)	Medium Term (3-5 year perspective)	Long Term (more than 5 years) and Multi-generational
Annual Plan: strategic and financial targets for all elements of strategy, inc Family Council, Business Board, FO and Advisory meeting dates Investment Policy Statement: full version of Annual IPS Review of FO and eco-system performance and action required Annual Performance Enhancement Reviews and Development Plans for family members and staff Family Meeting Agenda Communications schedule NextGen Education and Leadership Development Initiatives Current actions on Family Culture, Dynamics, Relationships and Individual Issues Immediate Risk Mgt Priorities	Integrated Legacy Strategy Total Family Wealth Plan: Value, Asset Allocation, Distributions, Risk Profile, Diversification, Sustainable investing, etc Family Business Strategy Philanthropic Plans and Activities Family Eco-system Review Social Programs for the Family Implementation of Plans for Generational Transitions and Leadership Succession NextGen Education and Leadership Development Programs Medium Term Plans for Positive Evolution of Family Culture, inc PERMA principles Risk Priorities and Response	Family History and Challenges (inc both risks and opportunities) Statement of Purpose, Vision, Values Family Constitution with Family Organization and Leadership, etc Philosophy of Wealth, Asset Structures and Documentation e.g. Trust Deeds, Letter of Wishes Business Ownership and Leadership Policies and Principles Traditional Wills and Estate Plans Ethical Will and Living Will Philanthropic Policies Generational Transition Planning Long Term Succession and Development Plans for family, FO staff and key advisors, trustees Longer Term Approach to Culture, Relationship and Individual issues



FAMILY WEALTH AND LEGACY PLANNING

Initial Assessment of Where You Are | cont'd

It would be a mistake to think that ticking the boxes – putting in place well thought through plans and well-crafted documents – would be enough.

The 'soft' cultural, relationship, and individual issues and their consequences need to be considered as well as the 'hard' technical or strategic content within each discreet element as part of the analysis and design of your strategy and should also feature prominently in your approach as you implement your plans.

The approach to each part and the integrated whole of the strategy needs to be considered separately and then together to ensure your approach is having the greatest possible impact, now and for long into the future.

This implementation phase can cover years, decades, and even generations of the family.

Good family wealth and legacy strategies and plans cannot be rushed. The essence of strategy is all so often as much about timing and inspiration as it is specific content.



FAMILY WEALTH AND LEGACY PLANNING

Initial Assessment of Where You Are | cont'd



THE FAMILY LEGACY CHECKLIST

Contents:

Action required:

1.	Is there a clear definition of family membership?	0 1 2 3 4 5 6 7 8 9 10
2.	Is your philosophy of wealth clear?	0 1 2 3 4 5 6 7 8 9 10
3.	Is the family history understood?	0 1 2 3 4 5 6 7 8 9 10
4.	Are the values clear and agreed?	0 1 2 3 4 5 6 7 8 9 10
5.	Is the future vision set out?	0 1 2 3 4 5 6 7 8 9 10
6.	Is there a shared sense of purpose and values in the family?	0 1 2 3 4 5 6 7 8 9 10
7.	Are the investment and distribution disciplines clear?	0 1 2 3 4 5 6 7 8 9 10
8.	Are the reasons for staying together clear?	0 1 2 3 4 5 6 7 8 9 10
9.	Do you have a multi-generational strategy?	0 1 2 3 4 5 6 7 8 9 10
10.	Does each member understand his or her future role(s)?	0 1 2 3 4 5 6 7 8 9 10

Total score:

Pop up: New to the land of wealth?

Pop up total score? Highlighting below average areas ?