

# **Family Wealth Counseling – Consider ALL the Aspects**

*by Doyle E. Richardson*

Creative estate planning practitioners have long been able to design financially eye-popping solutions for the efficient transfer of wealth. Yet, despite their ability to make the numbers “fly off the page,” financial solutions have proven to be no guarantee that a plan will be implemented or, if implemented, that the accumulated wealth will be retained by the next generation.

There may be a good reason...Unless you understand that there is considerably more to estate planning than simply looking at a net worth statement and an estate tax table, many plans will either die on the vine or blow up before they get implemented. Family Wealth Counseling considers three distinct aspects of the family’s wealth, and only by effectively addressing all three in the planning process can you successfully design and implement a comprehensive master family wealth plan.

## **The Financial Aspect**

The first, but least important, that must be considered is the financial aspect of a family’s wealth. This area is made up of the financial statement, tax returns, checking accounts and

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investments summaries - all the stuff that make up the numbers that reflect the dollar value of the family’s wealth. Having this information is undoubtedly important, but at least 90 percent of all wealth planning done by professional advisors begins and ends at the financial level.

It simply becomes a matter of running the numbers to figure what comes out to be the best bottom line. And the tragedy is that in the process of focusing only on the financial aspect, people miss out on so many of the opportunities and so much of the power and the fun of doing estate planning.

### **The Social Aspect**

The next, and considerably more complex, aspect of a family's wealth is what we call the social aspect. Did you know the federal government has given affluent families a choice? The government requires that every wealthy family must support the general welfare of this country. No exceptions! The part of a family's wealth that is earmarked for this purpose is called social capital.

Most people do not know that the government gives two very different choices in how a family will support the general welfare of this country. The first choice is what we call "involuntary" - where a family simply gives its social capital to the government in the form of taxes. "Voluntary" philanthropy, on the other hand, is where a family chooses to self-direct its social capital to the charities and charitable causes the family believes in.

If an affluent family had to choose between giving a million dollars to the IRS to support the country OR giving a million dollars to a favorite charity, which do you think the family would choose?

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By introducing the social aspect of the planning process into the equation. We open up a vast new array of planning options that do not exist if we simply remain focused on the financial aspects of wealth planning.

## **The Spiritual/Emotional Aspect**

The third and most complex of all three aspects of wealth planning is the spiritual/emotional aspect. When a person looks at a financial statement of their net worth, they are not just looking at a bunch of numbers. They are looking into a mirror and seeing a written representation of what they have traded their life for. Consequently, they are extremely emotionally attached to those assets. So the question must be asked, “What are we doing to address those emotional aspects in the planning process?” This takes most estate planning advisors so far out of their comfort zone that they don’t even bring the topic up during the planning process

Most people do want to do something with their wealth that is going to give them a sense of significance and allow them in some way to cast a shadow beyond the grave. They want to know that when they leave this world, they will still make a difference in the lives that follow.

Consider this quote from Earnest Becker:

“This is mankind’s age old dilemma in the face of death: what man really fears is not so much extinction, but extinction with insignificance. Man wants to know that his life is somehow counted, that it has left a trace, a trace that has meaning. And in order for anything once alive to have meaning, its effects must remain alive in eternity some way.”

Family Wealth Counseling is the skillful blending of the three distinct aspects that produces such unique and powerful solutions to the planning process. (continued)

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Consider the exposure unplanned wealth can create for an unprepared heir. How can they know whether people are genuinely interested in them or are merely interested in enjoying the benefits of their wealth? There is also a risk they become obsessed with self-consumption.

And, the younger an heir is when they receive their unearned inheritance, the greater the chance of this outcome. Further, they risk losing the important connection between work and reward.

So, how can you pass this wealth onto heirs without making them insecure, lazy or spoiled rotten? ***You teach them about philanthropy!***

Why not establish a Family Foundation or a family fund within a community foundation and fund it with a certain sum of money or appreciated stock or real estate and charge these future heirs of your estate with the task of distributing these funds to worthy charitable causes. Can you imagine what it would feel like for your heirs to know that they have contributed significantly to the care and education of a child in need! Knowing they have made a difference in lives of other people will be profoundly fulfilling for them. You have helped their self-image; you have directed their focus enabling them to do a meaningful work.

In your estate and family wealth planning do not forget that the government will contribute to your philanthropic activity by way of a tax deduction. Why are more families not doing family wealth planning? It is because no one has explained to them that they even have a choice! The local Leave A Legacy program can assist in this educational process.

**Leave A Legacy**® is a project of the **National Committee on Planned Giving (NCPG)** with 154 local programs operating throughout the U.S. and Canada that are implemented locally by representatives of charitable organizations, financial and estate planning advisors, businesses and media. Sponsored locally by the **Treasure Coast Planned Giving Council (TCPGC)**,

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supported by the **Martin County Community Foundation (MCCF)** and other strategic partners in cooperation with the **Treasure Coast Chapter of the Association of Fundraising Professionals (AFP)**, this public awareness program encourages individuals from all walks of

life to work with development officers at their favorite charities and trusted estate planners and financial advisors, including family wealth counselors, on ways to include charitable bequests or planned gifts in their will or estate plan.

The **Leave A Legacy**® mission is threefold: Spread the message to potential donors about how to give more effectively; Promote greater public awareness of the personal and community benefits of philanthropic giving; Impact organizations by sharing how to maximize planned giving techniques to reach goals and objectives.

For information visit the web site at [www.leavealegacyflorida.org](http://www.leavealegacyflorida.org), or call James Campo, Certified Financial Planner, president of TCPGC at 772-286-0330.

*Doyle E. Richardson is an attorney and Family Wealth Counselor and serves as secretary of the Treasure Coast Planned Giving Council, sponsor of the **Leave A Legacy**® program. You can reach Mr. Richardson at (772) 288-0000.*

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