

Preparing the Next Generation for What's Ahead

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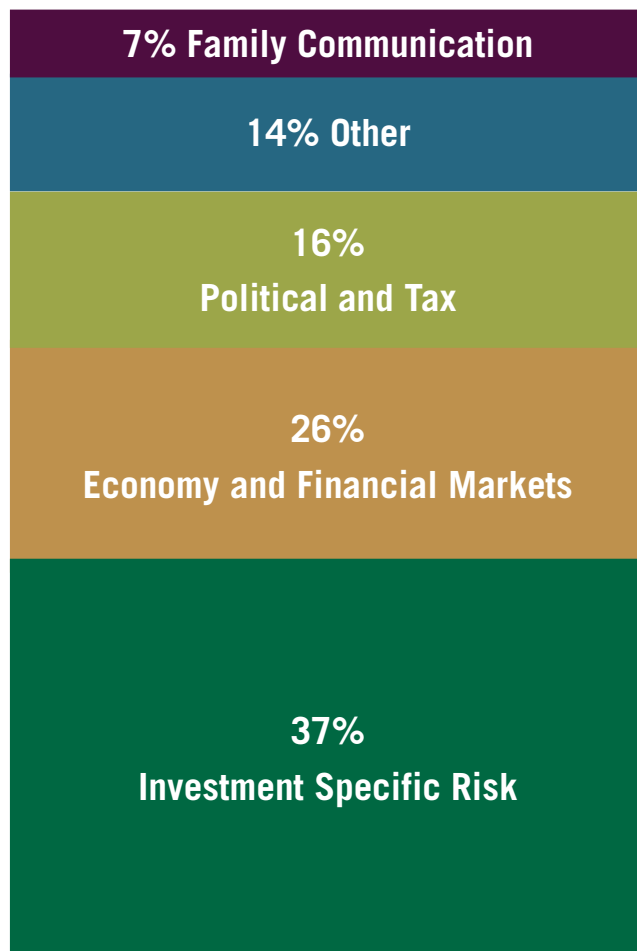
One Client's Perspective

Reality
– Expectations

Happiness

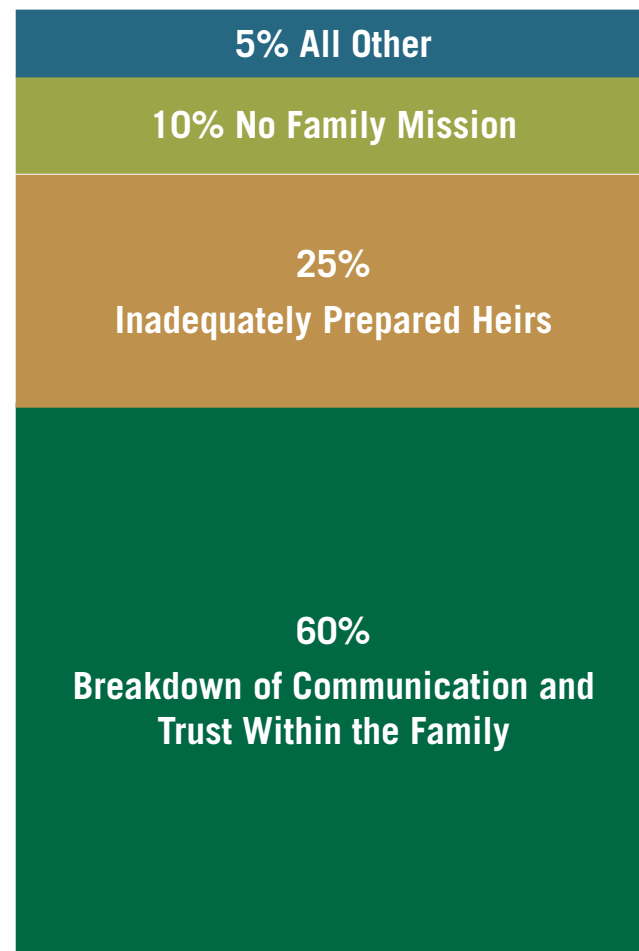
Shirtsleeves to Shirtsleeves Conundrum

Biggest Risks Ahead?



Source: Family Office Exchange

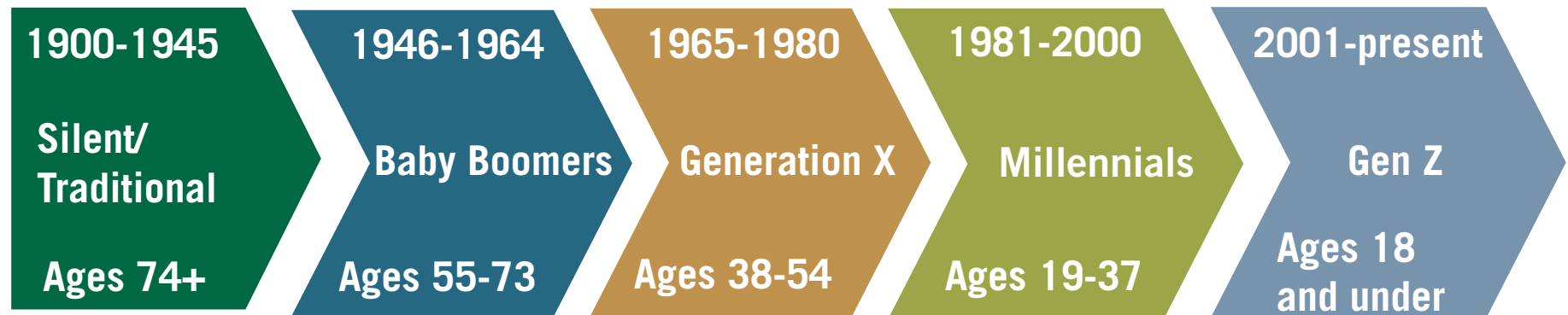
Why Did Your Family Fail?



Source: Roy Williams & Vic Preisser, Preparing Heirs
(Oregon: Robert D. Reed Publishers, 2003)

Multigenerational Communication Is Complex

Generational Cohorts

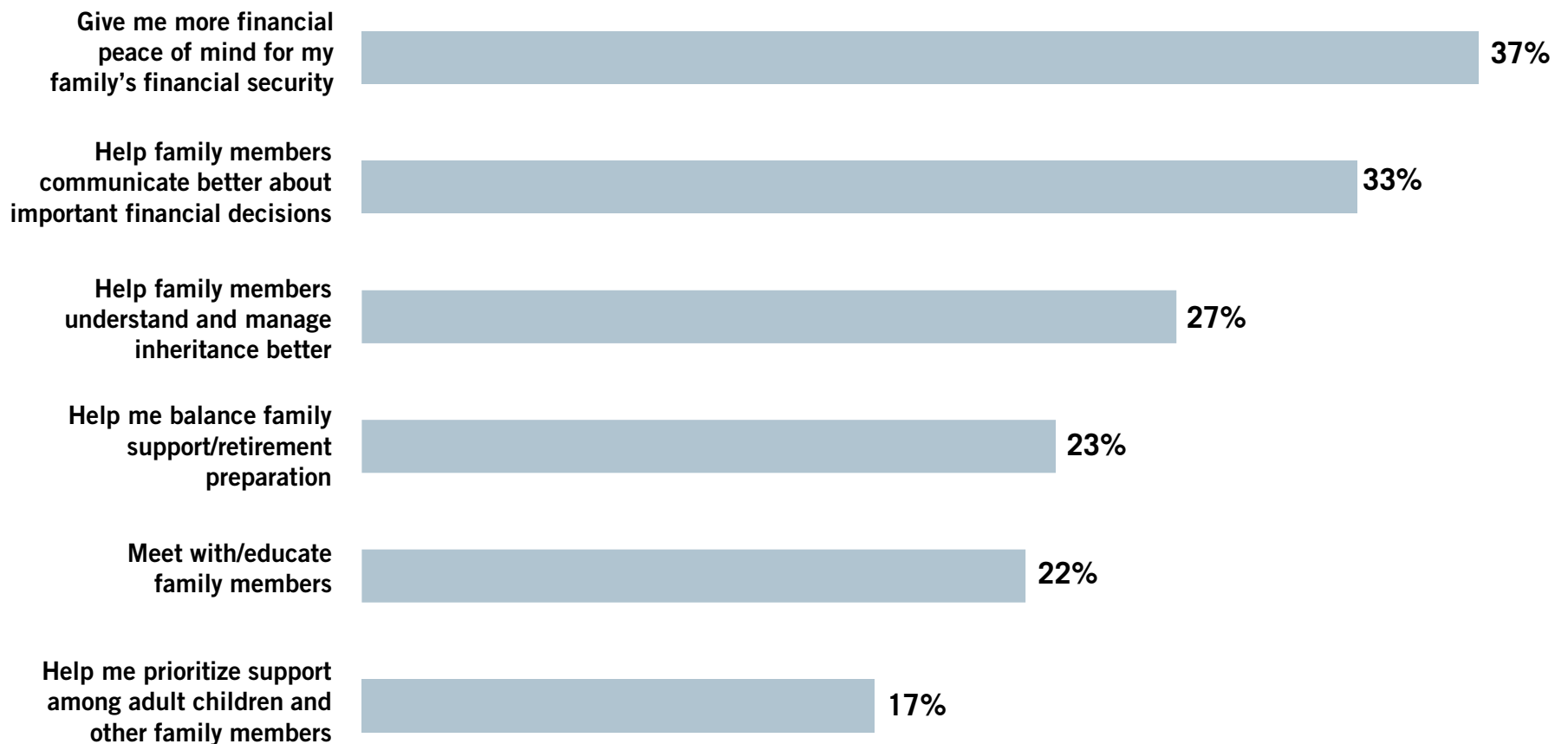


Source: Lancaster and Stillman, *When Generations Collide*, New York: Harper; William Strauss and Neil Howe, *Millennials Rising*

Note: Researchers use different dates to characterize generations.

Parents Are Asking Trusted Advisors for Help

Benefits of an advisor engaging with multiple family generations

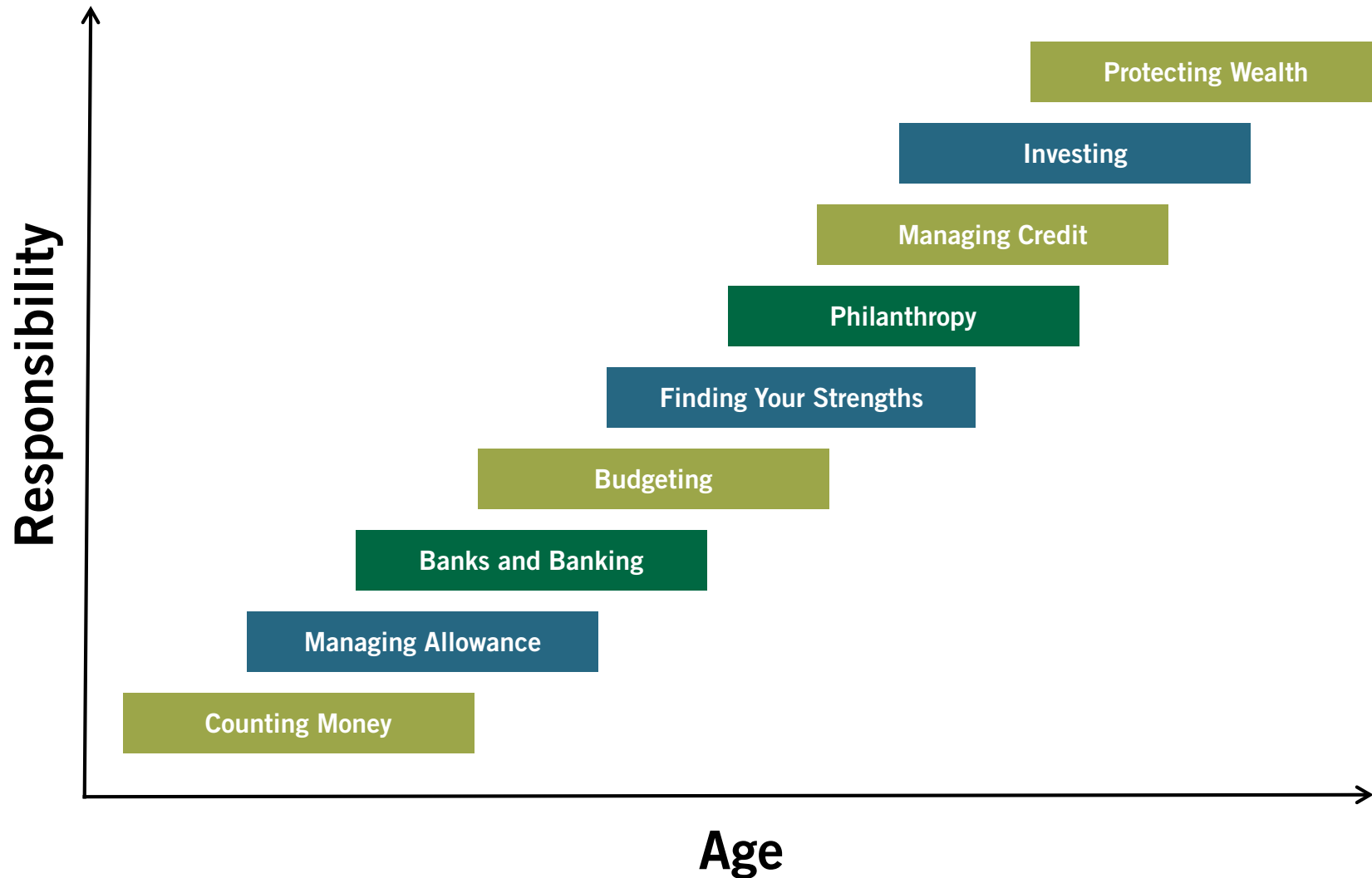


What We've Learned ...

... when working with clients in teens, early 20s

- Pair with younger professionals on your team
- Remember they trust individuals, not institutions
- Take time to find out where they are on the learning curve
- Collaborate on a curriculum, teach in short lessons over time
- Make it visual, interactive, experiential
- Be flexible

Building Block Approach

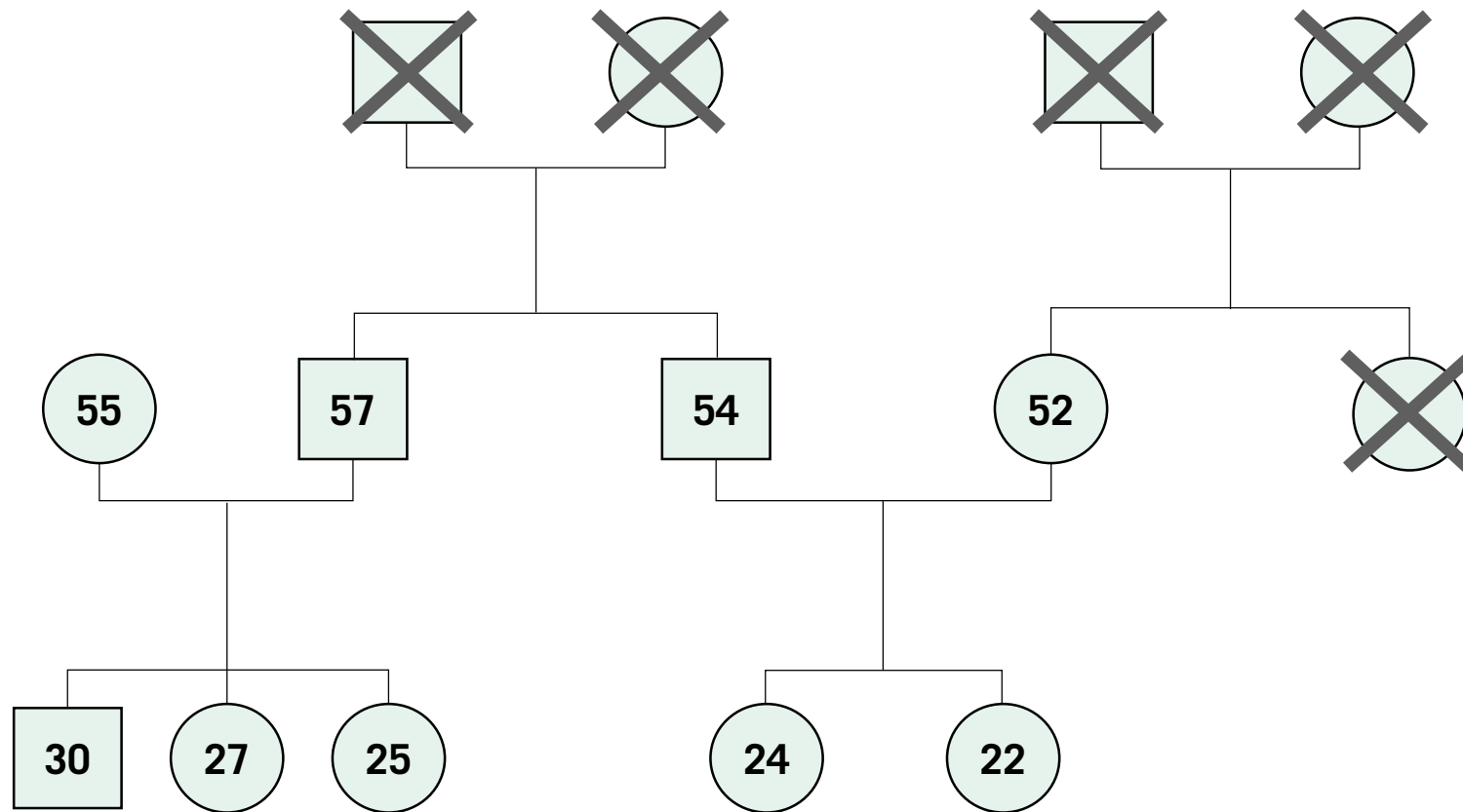


Multi-year Curriculum



BINGO				
Investing	Return	Asset Class	Savings Account	ATM
Income Tax	Risk Tolerance	Delayed Gratification	Financial Advisor	Gratitude
Entrepreneur	Collectibles	FREE	Cash Withdrawal	Sector
Philanthropy	Profit	Privacy	Asset Allocation	Stocks
Technology Sector	Impact Investing	Emergency Fund	Sales Tax	Tax

Genogram: Family #1



Ages as of 2013.

Family #1

Challenge: Reboot the education process to engage both daughters.

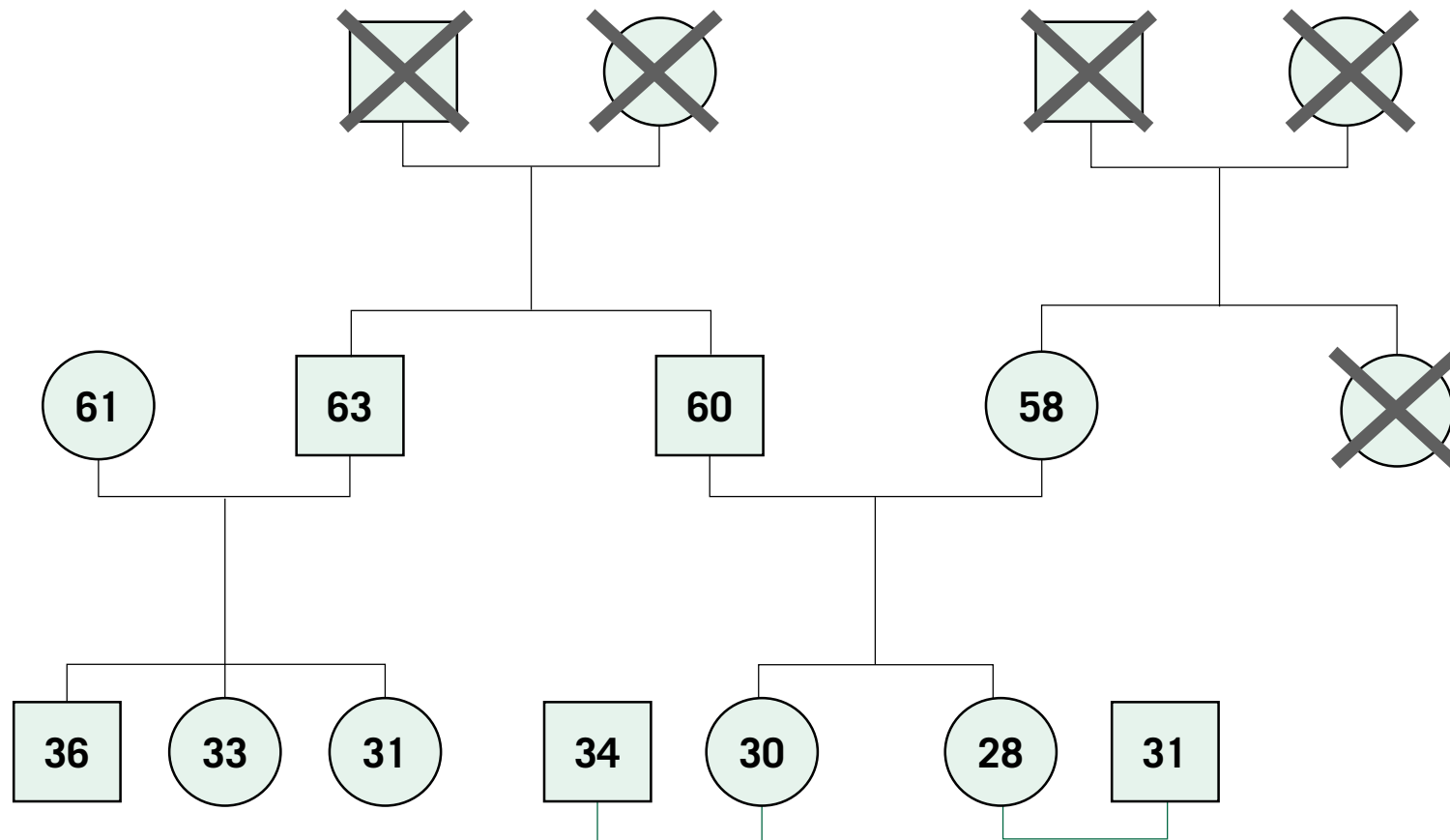
Agenda

- Family history
- Shared values exercise
- What is a trust? (video)

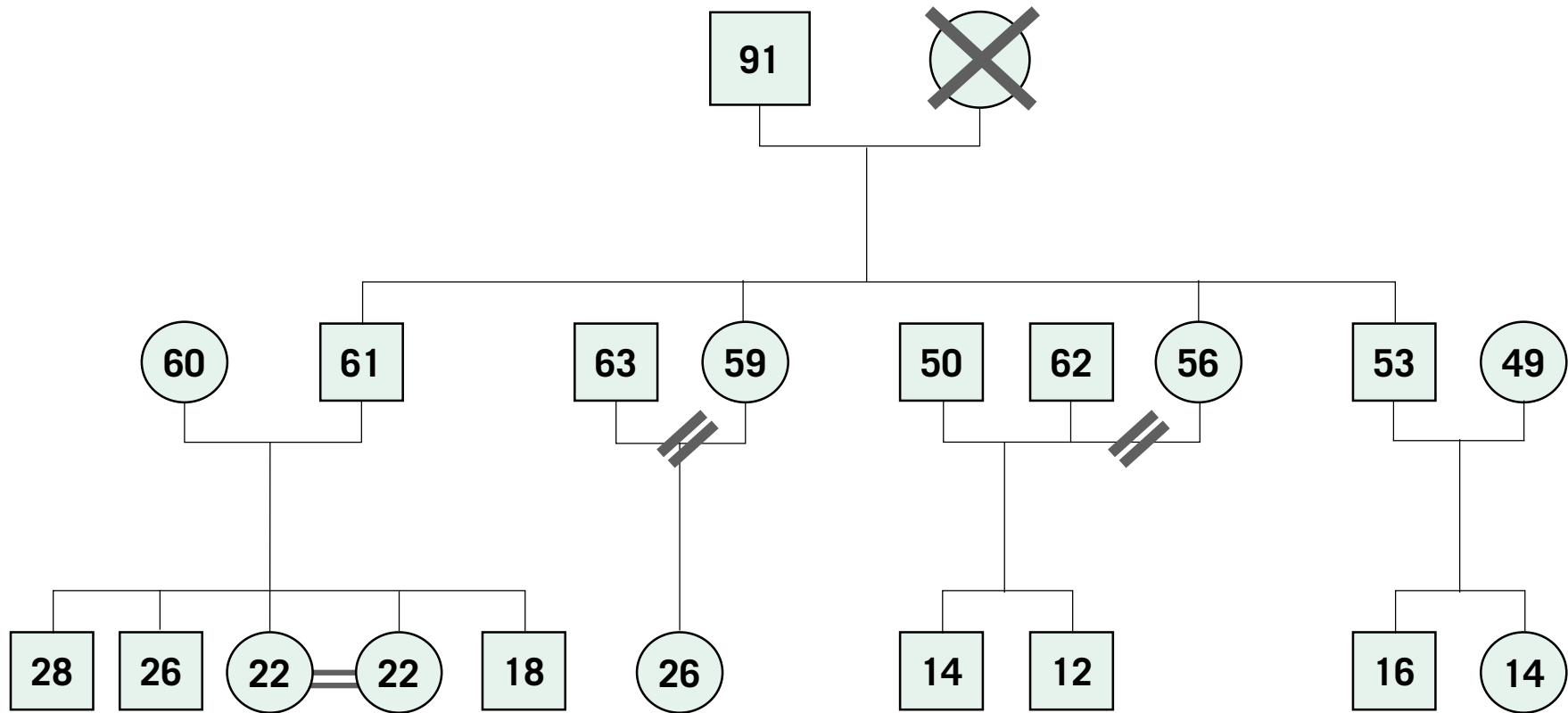
Across the Board: Wealth Concepts, Clearly

Personal Finance	Trusts & Wills	Investments
<ul style="list-style-type: none">▪ What Difference Does a Credit Score Make?▪ How Is a Credit Score Calculated?▪ Why Plan for Retirement Now?▪ What Is a Traditional IRA?▪ What Is a Roth IRA?▪ What Is a 401(k)?▪ Should I rent or buy?▪ What if I Buy a Home?▪ What if I Rent?▪ Prenups: What You Need to Know▪ 529 Plans: 10 Questions Answered	<ul style="list-style-type: none">▪ What Is a Trust?▪ What Is an Estate Plan?▪ What Should a Beneficiary Know?▪ What Does a Trustee Do?▪ What Is a GRAT?	<ul style="list-style-type: none">▪ What Are Asset Classes?▪ What Is Asset Allocation?▪ What Is a Yield Curve?▪ Why Do a Bond's Yield and Price Move in Opposite Directions?▪ Four Things Every Investor Should Know About Private Equity▪ Committed Capital, Explained▪ ETFs Explained

Genogram: Family #1, Six Years Later



Genogram: Family 2



Family #2

Challenge: Put the wealth in its place.

Agenda

- Ground rules
- Letter of wishes
- Interpersonal leadership styles
- Sources of family capital

What's Your Style?

PERSUADING STYLE



COUNSELING STYLE



DIRECTING STYLE



ANALYZING STYLE



What's Your Leadership Style?

COUNSELOR

<p><u>STRENGTHS</u></p> <ul style="list-style-type: none"> - empathetic - compassionate - flexible - approachable - team players - kind - take pride in others' accomplishments 	<p><u>BLIND SPOTS</u></p> <ul style="list-style-type: none"> - pushovers - difficulty saying no - can be too sensitive/emotional - vulnerable - overthink
<p><u>TRAITS THAT SIGNAL WHEN UPSET</u></p> <ul style="list-style-type: none"> - tears - cold shoulder - moody - "tired" - shut down 	<p><u>BUMPER STICKER</u></p> <div style="border: 1px solid green; padding: 5px; text-align: center;"> <p>HONK... IF YOU need help 😊</p> </div>

ANALYZER

<p><u>Strengths</u></p> <p>thoughtful Grounded</p> <ul style="list-style-type: none"> organized resourceful Methodical Decently easygoing - cooperative 	<p><u>Blind Spots</u></p> <ul style="list-style-type: none"> Risk-averse Choice Paralysis Overthink things Guilt External validation needs
<p><u>UPSET SIGNALS</u></p> <ul style="list-style-type: none"> Get quieter Get in our heads Pose for external validation Anxiety Internalize Don't cry <u>unless</u> it's a <u>BIG</u> deal 	<p><u>Bumper Stickers</u></p> <p>Got Guilt?</p>

Sources of Family Capital

Human

Your values, legacy, history,
sense of ethics, traditions

Intellectual

Education, life experiences

Financial

Financial resources, financial
skills, professional advisors

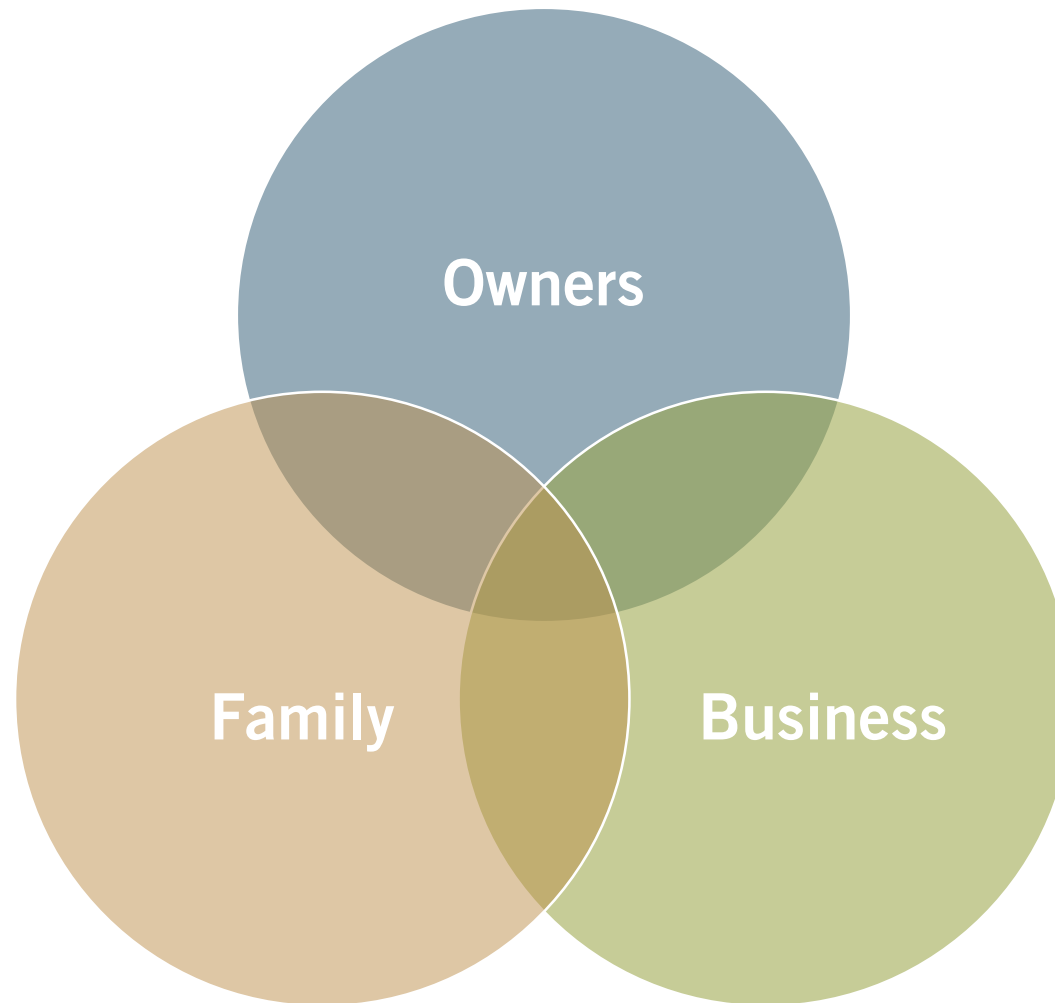
Social

Networks, ties to your
community, good will

Family #3

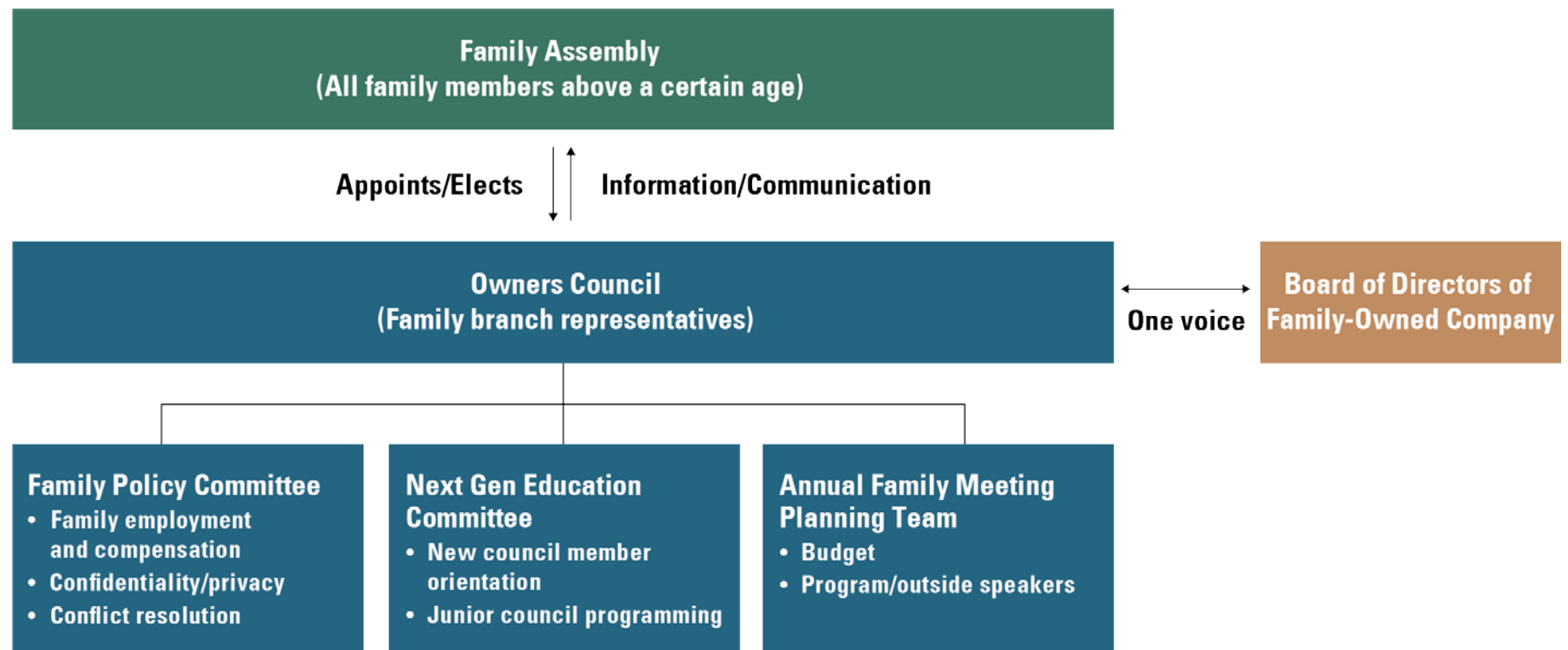
Challenge: “The center may not hold!”

Various Constituents in a Family Business



Source: The Three-Circle Model of the Family Business System by Renato Tagiuri and John Davis, 1982

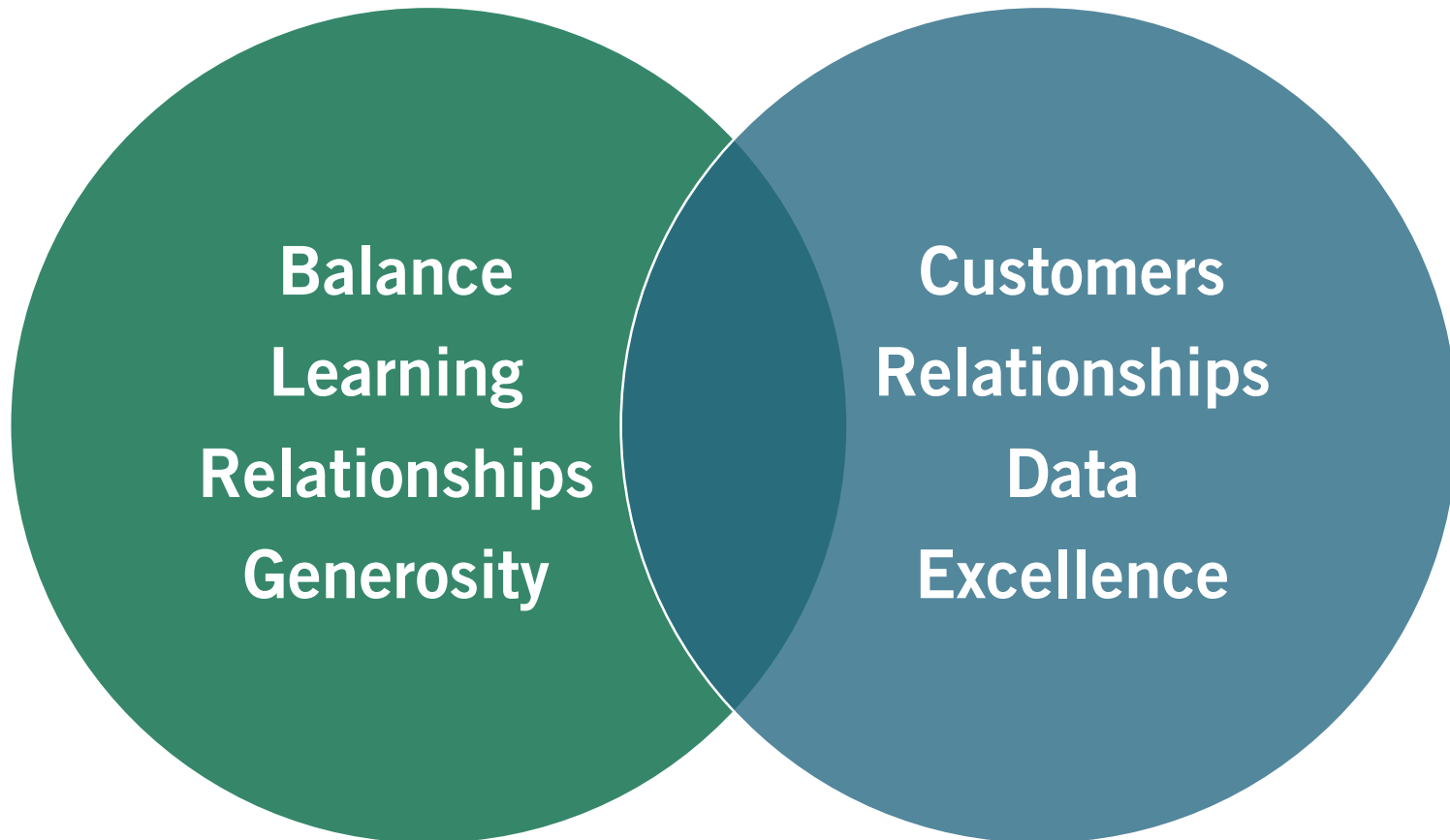
Family Governance Structure



Clarifying Values

Family Values

Business Values



Family #3

Challenge: “The center may not hold!”: Determine whether to keep or sell the legacy business.

Family Assembly Agenda

- Pre-meeting interviews: Common themes about legacy business
- Facilitated discussion: Pros and cons of selling/keeping
- Council vote
- Presentation from Jr. Council

Key Themes

Financial Education

**Early and Frequent
Communication with
Family**

**Responsible
Steward of Family
Wealth**

**Learn Family History and
Shared Values**

**Take on Actual Role
(e.g., co-trustee)**

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