



FALCON
WEALTH ADVISORS



Manage Family and Finances Proactively

Prevent Conflict and Help Maximize Performance

Family and finances each have the power to bring about some of life's greatest rewards—they can also, however, contribute to some of our greatest stressors. When the two become intertwined, the impact can be exponential. In fact, according to a recent study conducted by the American Psychological Association, 66% of adults cite money as a source of stress and 55% of that population report that money also contributes to fights or tension in their family.¹

It's no surprise that television series featuring family power dynamics at their core, such as "Yellowstone" and "Succession," have the nation riveted. While most do not boast the assets of the fictional Roy and Dutton families, a proactive plan for preventing conflict is a best practice at all wealth levels. Whether managing an inheritance, family business or familial wealth stemming from another source, these steps can help foster healthy relationships while optimizing your financial plan.

6 Steps for Healthy Family Finance Relationships

01 Foster Clear, Transparent Communications

Wealth can be an uncomfortable topic, but clear and transparent communications are essential to nurturing an environment steeped in trust and candor. Each family member must be able to honestly convey their values, perspectives and priorities. These conversations are the building blocks for minimizing conflict and achieving the group's collective goals, while preserving familial bonds.

02 Craft a Family Mission Statement

Developing a family mission statement can be a highly effective exercise to guide financial decisions. This statement is based on shared values around money and used to guide your investment strategies.

Use the following prompts to guide your family mission statement:

- What are your household values?
- What are your passions; how can money help fuel those passions?
- What are your professional goals, i.e., entrepreneurship, rising up the corporate ladder, pro bono work, etc.?
- How can money enhance your lifestyle?
- What types of problems can money help solve?
- What are your short-term financial goals, i.e., splurges, mortgage payments, etc.?
- What are your long-term financial goals, i.e., education, retirement, etc.?
- Are you focused on wealth preservation, growing wealth or deleveraging assets?
- Are there health or special needs circumstances that will require additional savings?
- What charitable causes are important to you? Why?

Focus on commonalities between family members versus what sets you apart to craft a customized mission statement reflecting your family's goals. These are a few examples:

"Our mission is to equitably divide income to fuel each family members' highest priorities while preserving 15% for our collective endowment fund that's dedicated to cancer research."

"We seek to minimize the income we derive from our family business so we can invest the majority of our profits back into operations and help ensure its success for future generations."

"Our mission is to achieve wealth preservation through a diversified portfolio managed by an agreed upon third-party financial advisor."

No matter what your mission statement is, make it a point to annually revisit and adjust it as needed.

03 Establish Regular Formal Family Meetings

It's easy to slip into informal protocols when family and business overlap, but it's important to approach these conversations in a formal manner.

- **Assign clear roles and responsibilities**, designating individual members of your "team" with specific jobs, i.e., scheduler, recording secretary, etc., to streamline processes.
- **Engage all family stakeholders** in meetings through a calendar invitation, ensuring the time works for everyone and providing a virtual option for those who cannot attend in person. If it's truly impossible for a family member to attend, encourage them to designate a trusted representative amongst the stakeholders to communicate their positions.
- **Devise an agenda** to guide key discussion points. Each meeting should include an update on financial performance, a review of complex business matters and non-business related topics like family events or announcements such as related weddings, pregnancies and more.
- **Hold meetings on a regular cadence** as determined by the group with required annual meetings.
- **Incorporate third parties** as needed to present relevant updates, i.e., lawyers, financial advisors, health advocates, etc.



04 Tackle the Tough Situations

Commit to having the hard conversations early. Engage your loved ones in candid conversations to address any potential disrupters, such as the passing of a loved one, divorce, addiction or mental illness. These discussions can help highlight potential gaps in any plan.

Some questions that may arise include:

- How can I tap into my trust in the case of an emergency?
- How can I become more liquid to pay for unforeseen circumstances?
- How can I exit the family business?

05 Select a Team of Professionals

A complex portfolio that involves a diverse group of multi-generational stakeholders typically requires a team of professionals to manage that wealth. Do research, gather referrals and engage multiple family members to conduct interviews. Some professionals that may comprise your team include a Certified Public Accountant, estate planning attorney and financial advisor.

As fiduciaries, financial advisors as well as estate attorneys will schedule one-on-one meetings with each of the appropriate parties. It's also important for this team to interface with one another to create streamlined strategies that align with your wealth management goals.

06 Nourish Your Family Bonds

When the money tree grows in the same plot as the family tree, complex emotions may arise. Ultimately, the optimal environment for achieving strong financial results is achieved when the relationships behind that wealth are healthy and aligned. Remain committed to preserving your bonds while navigating any sensitive issues with love and kindness.

A multi-generational wealth management plan requires a multifaceted approach. With some focus, such a plan and continuous follow-up can empower a family's well-th story. Contact us to learn more about strategies to proactively plan for your financial future.

Schedule a meeting with your financial advisor to get started.



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¹ American Psychological Association, "Stress in America 2022," October 22, 2023

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