STEWARDSHIP PLANNING

Getting to the Heart of the Matter

A Revolution in Estate Planning for Wealthy Families

(UPDATED AND ABRIDGED)

Instruct those who are rich in this present world not to be conceited or to fix their hope on the uncertainty of riches, but on God, who richly supplies us with all things to enjoy. Instruct them to do good, to be rich in good works, to be generous and ready to share, storing up for themselves the treasure of a good foundation for the future, so that they may take hold of that which is life indeed.

(I Timothy 6:17-19)

E. G. "Jay" Link

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About the Author

E. G. "Jay" Link

Over three decades ago, Mr. Link launched what became known as the Family Wealth Counseling movement (now known as Stewardship Planning) that swept across America. During his career, he was regarded as one of the foremost experts on issues and strategies relating to affluent families and was often quoted in the national press. He was a popular and compelling public speaker within the legal, financial and nonprofit industries. He also frequently spoke at meetings attended by some of America's most affluent families.

It all began when Mr. Link found himself having more families asking him for help than he was able to serve and so to expand his capacity help more, he began personally training and mentoring other professional advisors in his Stewardship Planning process through his Professional Mentoring Program. Over the years, he successfully trained and mentored over 450 professionals from coast to coast in how to provide Stewardship Planning services to their clients. Through his efforts, he was able to help literally thousands of wealthy families give billions of dollars away to worthy charitable causes that would have otherwise been needlessly relinquished to the IRS in needless taxes or excessive inheritances to heirs. With his process, he enabled these families to find a clearer purpose, deeper meaning and greater fulfillment for their lives and their accumulated wealth.

Since retiring from personal practice in 2014, Mr. Link has continued to consult with a number of Christian ministries and launched his own nonprofit ministry called Transformational Stewardship (www.TransformationalStewardship.org) that serves Christian ministries and their highest capacity supporters.

He also has created his Stewardship Resource Library website (www.StewardshipLibrary.org) that houses all of his hundreds of stewardship articles, stewardship Bible studies, stewardship Scripture videos, advisor training videos, stewardship planning tools and all his books that he has produced over his career.

To my four precious daughters,

Bethany Jayne, Anna Kathryn, Kara Joy and Lissa Ranae

You are my crowning contribution to the world and to mankind

You are the living legacy of my life

Preface

Stewardship Planning:
A Paradigm Shift in Estate Planning

Stewardship Planning is a revolutionary estate planning approach for wealthy families. This approach has transformed how advisors work with their highest-capacity families. Articles about this unique approach have appeared in the *LA Times*, *Denver Post*, *Detroit Free Press*, *Indianapolis Star*, *Chicago Tribune*, and *Forbes Magazine*, just to name a few. Stewardship Planning has also been written about and expounded upon in numerous professional journals. The press, professional advisors, and affluent families have been impressed with the uniqueness and power of this human-centered approach to planning.

Imagine a virtues-based, purpose-driven, life-planning process. Contrast that with the traditional estate planning process, which is often unfulfilling and primarily focused on minimizing damage. What a fresh alternative!

Financial planners, attorneys, accountants, money managers, life underwriters, and nonprofit development professionals from all over the U.S. have witnessed the remarkable power and phenomenal success of the Stewardship Planning process. As a result, hundreds have joined this revolution. They have spent substantial amounts of money and undertaken hundreds of hours of comprehensive classroom and field training—all to help transform their practices from traditional estate planning to Stewardship Planning.

A Common Problem

The most frequent comment from America's financial and legal advisors is that everybody talks about this kind of planning, but nobody is actually doing it. Sadly, they are absolutely correct. Many advisors promote some piece of the puzzle—an inventive tool, a powerful trust, a clever strategy, or a hot financial product—but they are only engaged in transactional planning, not transformational planning.

Consider this illustration:

You have some interest in buying an airplane. After three minutes of conversation with a salesman, he arranges for you to meet him at the airstrip, where he can show you the "perfect" plane for you.

The plane he shows you happens to be the very one he owns. To the salesman, his plane is the plane everyone should own. He believes this plane has it all. In fact, he has led the company in sales for the past three years, selling this same model.

After arriving at the airport, he shows you the plane and describes the tensile strength of the metal alloy in the wings. He presents page after page of test results. He opens the hood and shows you the engine. He produces the specs. He tells you it has the most powerful engine in its class. He explains the thrust this engine can produce, the speed the plane can fly, and how fast it can climb. He is excited and urges you to look at the numbers. "Impressive, isn't it?" he asks. You are not sure what all those numbers mean, but you act impressed because he is so enthusiastic.

He takes you inside and points out the quality of the upholstery. He shows you the control panel—featuring the finest IFR equipment available. He explains the warranties and the accuracy tests on each piece of equipment. You begin to feel somewhat overwhelmed. Then you feel a tug on your sleeve and hear a whisper in your ear: "Let's go, Honey." You do not want to be rude, so you endure the sales pitch a little longer.

Now you are in the cargo area—the most spacious of any plane in its class by a full three cubic feet. Once you crawl out of the cabin, he takes you under the wings to show you the landing gear. This is no ordinary landing gear; it is the most expensive hydraulic landing gear available, stronger than any other on the market. Again, he produces pages of statistics.

The plane's fuel capacity is the largest in its class. He shows you the charts. "Look how far you can fly before needing to refuel." By this time, you are completely overwhelmed and more than ready to bring the tour to an end. Your enthusiasm for flying has been squelched by the data dump of endless details. You politely excuse yourself, despite his insistence that you visit his office to discuss pricing.

You admit that you have never seen a more impressive airplane in your life but tell him you need more time to think before making a decision. The reality is that you will never call him back.

He tries one final close, reminding you that "there is no time like the present" and warning that "things happen." You agree but still resist. You retreat to your car, giving up on the idea of flying—at least for now.

There is just too much about flying that you do not understand. You cannot make an informed decision. It seems better to wait and think about it some more.

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One year later, you meet with a Stewardship Planner. He explains that the first step in the Stewardship Planning process is to spend a day talking about and answering some very important life questions. He needs to get to know you. He wants to understand what you want out of life and what is important to you—what you believe God is calling you to do.

After spending the day together, you clarify that spending time with your spouse, children, and grandchildren is extremely important to you. Your business requires you to travel extensively, and you do not enjoy being away overnight. However, because your work requires you to fly to many small towns with limited scheduled flights, you often end up spending nights away from home. Driving to the airport, parking your car, checking your luggage, and waiting for your flight to take off all add up to weeks each year that you are away from your family.

In your discussions, you mention that you logged several hours flying planes when you were in college. But with a new family and the financial demands of your business, you put your passion for flying and buying your own plane on the back burner for over thirty years.

The Stewardship Planner also learns that there is a private airport just two miles from your home. So, he explores the option of you buying a plane. With significant tax benefits and depreciation, he discovers that it might make financial sense. Your interest in buying a plane is rekindled. You have always loved flying. The thrill of piloting a multi-ton piece of machinery into thin air is exhilarating beyond description. You love soaring above the clouds. You recall the breathtaking view of landing in a major city at night, with its sea of lights dotting the darkness. You remember the sensation of breaking through the cloud cover on a cold winter day and soaking up the warm sunlight that the world below cannot see or enjoy.

You decide that you do want to fly again. You want to have more time with your family, and flying will make that possible. It is perfect.

You ask, "What kind of plane should I get?" After considerable research on your behalf, the Stewardship Planner determines that a single-engine turboprop would be ideal.

Your spouse asks, "Is it safe? I want him in a safe plane! If he's going to fly, I want him in a safe plane!"

"Oh yes," he assures them. "It is not only the safest plane made but also the most efficient. There is no plane on the market that is better for what you want to do."

You enthusiastically go to the dealer to purchase the exact plane that he had recommended last year. You are so excited that you have trouble sleeping that night.

By the way, the plane you just purchased is the exact plane that the airplane salesman unsuccessfully tried to sell you last year. So, what was the difference?

The Stewardship Planner was not selling airplanes. In fact, he was not selling anything. He was simply asking you critically important questions in an attempt to help you discover what you wanted to do.

In this case, it just so happened that an airplane was an excellent decision. But now you can see that decision within the larger context of a total life plan. You now understand the *why.* Once you got clear on the *why,* you could be excited again about buying and flying a plane.

It is hard to be impressed with the majesty of Michelangelo's Sistine Chapel in a jigsaw puzzle if you see only six pieces of the puzzle. The same is true when someone is promoting only a certain trust, an innovative transaction, or a hot new product.

You might ask, "How does it all fit together? Does it all fit together? If we can get it all to fit together, what in the world is it going to look like when it is done? What if I don't like it after the plan is implemented? Is it irrevocable?"

Understanding how any piece of the plan fits within the context of the whole Stewardship Plan brings about the clarity a family needs in order to be excited—not overwhelmed.

The Common Question

Professional advisors in the financial and legal industries continue to ask us one question whenever they see the Stewardship Planning process at work: *"How are you getting these people to do all this?"*

Some years ago, we received a call from an attorney who was the head of planned giving for a major Christian charity. He was a brilliant technician and deeply committed to his organization. Over the past year, through referrals, several of his wealthiest supporters had gone through the Stewardship Planning process. The results achieved were beyond these families' wildest dreams. They recovered millions of dollars that would have otherwise been lost to the IRS in optional and needless taxes. That money was now on its way to this planned giving officer's ministry.

After each report of a major unsolicited gift, he would ask the supporter, *"Who has helped you do this?"*

He got the same answer each time. The supporter would name the same Stewardship Planner working with all of them. He could no longer contain his curiosity, so he called and asked if he could meet with me the next time I was in town.

The day finally arrived, and we sat down in his office. I asked him what he wanted to talk about.

He said he had no questions about the planning tools we used. The one question he did have was, *"How are you getting our supporters to make all of these major gifts?"*

He told me that he had been talking with these people for decades about doing something like this but had never been able to get them *"off the dime."* He asked us what we were doing that prompted his supporters to make such substantial planned gifts.

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In a similar experience, I was meeting with one of the largest law firms in America. This firm had more than fifty estate planning attorneys in its trusts and estates department. The couple we were working with had a net worth of about forty million dollars.

We were meeting with the family and all the advisors in the law firm's conference room to begin implementing the master Stewardship Plan we had designed for them. The advisors and the couple had approved the plan beforehand. This meeting was to delegate implementation tasks.

After the meeting, a senior partner of the law firm took us aside to his personal office. He told us that he had to ask one question that had been gnawing at him. He asked how we were getting this family to do all this planning *at one time.*

He said that it would have taken his firm twenty years of meetings, discussions, and presentations to get this couple to implement all the strategies and techniques we had incorporated into their master Stewardship Plan—*if* his firm could have done it at all. He further asked what we had done to get the couple so excited and motivated to take all these actions.

The Answer

The answers to both of these questions, posed by the development officer and the attorney, are exactly the same. It is the process an affluent family goes through that motivates them to implement these sophisticated plans—by empowering them to take control of the planning process and, as a result, fully enjoy the fulfilling results their Stewardship Plan produces.

In the chapters to follow, I will outline the Stewardship Planning process. This process leads to plan implementation, rather than the never-ending cycle of evaluation, hesitation, uncertainty, fear, and inaction that is common with traditional estate planning.

With traditional planning, couples often recognize that the process has left them with a tax, inheritance, or business-continuation plan, but they are not always sure what has actually been done. Furthermore, the traditional planning process does not generate any real excitement for those with great surplus. Once a family completes the Stewardship Planning process, they understand how everything fits together into one overall picture. They have built a master Stewardship Plan that they not only understand but also find exciting, fulfilling, and satisfying.

Through the counseling phase of the planning, couples become absolutely clear about what they want to do. Enhanced clarity produces greater confidence, and that greater confidence empowers them to take control of the entire planning process. They are able to tell their advisors what they want done, rather than wholly relying on their advisors to tell them what to do. With this enhanced clarity and greater confidence, they discover substantially increased leverage with their remaining time, unique talents, and accumulated treasures. This discovery will motivate and fulfill them for the rest of their lives.

Whether you are a wealthy individual, a professional advisor, or a charity, I believe you will find this book to be a fascinating insight into the Stewardship Planning process and its life-changing impact. For those of you who are ready to embrace a powerful, time-tested planning approach, this book will provide both the rationale and the methodology to break free—like a butterfly emerging from its cocoon—seeing both your life and the world from an exhilarating new perspective.

It will open your eyes. It will open your heart. It will allow you to begin thinking beyond…

E. G. "Jay" Link

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CHAPTER 1
What Makes the Stewardship Planning Process so Unique?

Even though Stewardship Planning has been the gold standard in planning for decades now, we still continue to hear the same initial question from both affluent families and professional advisors who have never encountered it:

“What makes the Stewardship Planning approach unique?”

Stewardship Planning is much more than simply looking at a financial statement and an estate tax table and then "running the numbers." Stewardship Planners recognize that there are actually three distinct aspects to each family's wealth. Only by fully exploring and incorporating all three of these aspects into the overall planning process can we hope to achieve maximum planning outcomes and maximum benefits for the family.

#1 - The Financial Aspect of a Family's Wealth

The financial aspect of a family's wealth is the most commonly understood and addressed of the three. It includes all the "stuff" you have accumulated over the years—stocks, bonds, mutual funds, buildings, businesses, personal property, etc. These are the things that, in a real sense, you have traded your life for by dedicating major blocks of your time and energy to accumulate them. But they are all still just stuff.

Of the three aspects of a family's wealth, the financial aspect is the most shallow. It is shallow because looking at a financial statement that lists in detail all the things you possess tells us nothing about you—the person behind the property. Of course, we will know that you own a manufacturing business, that you like Microsoft stock, or that you live in a very exclusive neighborhood. But we will not know much, if anything, about you as a person.

You can see that this makes the financial aspect the most impersonal. If we were to line up ten wealthy people and provide you with a balance sheet, could you pick out the owner of that balance sheet? Not likely. Assets and liabilities are not about people; they are about things owned by people.

A very wealthy man who had heard about what we do mailed us a "hypothetical" balance sheet and asked us to give him some ideas on what planning steps we would suggest if this were his situation. He hinted that if we gave him answers he liked, he might retain us. We told him his request was akin to calling up a doctor and asking, "I am sick. What drug or surgery would you recommend for me?"

As you know, the doctor would refuse to prescribe any drug or recommend any surgery without a comprehensive examination. In fact, it would be malpractice to do otherwise. Similarly, simply looking at a financial balance sheet does not provide us with enough information about a couple or a family to do anything but the most superficial planning. As you will learn in this book, Stewardship Planners are not in the business of doing superficial planning.

The financial aspect is also extremely well-defined. Most affluent people have a very accurate idea of their net worth. Much of their net worth can be determined by looking in the financial section of the newspaper on any given day. Harder-to-value assets, such as real estate and businesses, can be accurately valued through detailed appraisals. We rarely come across people who have no real idea of their net worth.

Because the financial aspect of a family's wealth is so shallow, so impersonal, and so well-defined, it is easy to discuss. When you go to one of your advisors, what is the first thing they want to see or talk with you about?—your current financial information. This is almost universal.

Do you remember the old television show *Dragnet*? Joe Friday always requested witnesses to give him "Just the facts, ma'am. Just the facts." This is the same approach taken by many traditional advisors. They are not particularly interested in getting into matters that cannot be explained or illustrated by a legal document, cash flow ledger, or balance sheet. This does not make them uncaring or incompetent professionals. They are simply doing the job for which they have been trained and for which you have hired them. They are experts in "just the facts." To expect more is unrealistic.

It is for this reason that I believe the financial aspect is the least important of all three aspects of a family's wealth. I am not saying it is unimportant—because it is. In fact, it is very important. But in comparison to the other two aspects of a family's wealth, it is clearly the least important.

Yet, as Stewardship Planners have worked with thousands of wealthy families all over the United States, we have all observed that more than ninety percent of all estate planning currently being done begins and ends with the financial aspect. The other two aspects are rarely, if ever, even discussed, much less integrated into their plans.

We have observed that traditional estate planning is nothing more than a series of unpleasant financial and business decisions that must be made in order to minimize the damage.

We have not met many people who get enthusiastic about minimizing the damage. That is why no one gets excited about going to the dentist. The best news you can possibly get from your dentist is that nothing new has gone wrong. That is the best news. The worst news could be the need for a filling, root canal, plate, bridge, or tooth pulling—all of these procedures have the singular goal of minimizing the damage.

Imagine that you went on a trip and received a phone call from your local fire chief.

"Mr. Jones," he begins, "I have some good news and some bad news."

"Oh, wonderful," you think. *You cannot wait to hear this!*

"Well, sir, the bad news is your house burned down last night."

"So, what's the good news?" you ask anxiously.

"Well, sir, we were able to save your detached garage."

Somehow, I think you would not be enthusiastic about the good news. Likewise, most people are less than enthusiastic when told that the federal government is going to take a major portion of their estate in taxes. That is the bad news. The good news, your advisors tell you, is that if you buy a life insurance policy, you can minimize the damage to your estate.

"Oh, now that is exciting," you moan. *"We get to choose between reducing our current cash flow now to pay for the insurance so we can minimize the damage once we are dead. Or, we can preserve our current cash flow but have our family's wealth devastated by taxes when we die. It seems our only decision is which way we want to lose."*

People do not get excited about minimizing the damage. What people do get excited about, however, is maximizing their potential! That is what Stewardship Planning is all about—helping families maximize their potential.

However, addressing only the financial aspects of a family's wealth cannot do this. The other two aspects must be addressed fully and carefully incorporated into the planning process.

#2 - The Social Aspect of a Family's Wealth

The social aspect of family wealth may be the most misunderstood of the three aspects. This aspect has been completely overlooked in almost every current plan when we review them for our families. This is tragic. But before we explain the power of the social aspect, let us first define what it is.

The federal government has passed laws requiring all wealthy Americans to donate a considerable portion of their families' wealth to the general welfare of this country. It is the law. No one can be born in this country, grow rich in this country, or die rich in this country without contributing a substantial portion of his or her accumulated wealth to others. This is how wealth is redistributed.

However, what very few wealthy families know is that the federal government gives them a choice in how they support the general welfare of our country. You can do so as an involuntary philanthropist, or you can do so as a voluntary philanthropist.

Involuntary Philanthropy vs. Voluntary Philanthropy

Involuntary philanthropists agree by default to relinquish a portion of their accumulated wealth to support others through the federal government, giving the government the authority to distribute those funds as it sees fit. We call this portion of a family's wealth, which is required to be distributed to others, **Social Capital**. The overwhelming majority of Americans select the default option of involuntary philanthropy, even though they may fiscally, morally, or spiritually oppose how the government will use (or potentially waste) their Social Capital contributions.

In contrast, voluntary philanthropists choose to self-direct their Social Capital to the causes and organizations they wish to support—those they believe are doing the most good for the most people—instead of simply turning that wealth over to the IRS in the form of estate and capital gains taxes. Being proactive in this decision-making process produces surprising and exciting results, which we will outline in Chapter 2.

Let me ask you: **If you wrote a check for one million dollars to the IRS or wrote that same million-dollar check to your favorite local charity, where would it do the most good?**

I have asked that question of thousands of wealthy families across the country over the years, and I always get the same response. The most efficient use of that one million dollars would be to give it directly to charity. Yet, if everyone agrees that making gifts directly to charity is far more efficient and beneficial than funneling those same funds through the federal bureaucracy—where 75% of every dollar collected in estate taxes is consumed just by the collection process—then there is a profound question that must be asked.

That question is: **If we all agree that self-directed Social Capital is more efficient than paying taxes, why isn't every wealthy family in America doing it?**

There is only one answer to this question, in my judgment, and it must not be taken lightly. That answer is: **Not every wealthy family in America knows they have this choice!**

Since many families do not realize they have this powerful and compelling choice—a vastly superior choice—it is not surprising that they do not take advantage of it.

A New World of Opportunities

Once you choose the voluntary philanthropist route rather than the involuntary one, a new world of opportunities opens up. But with this new world come options that few have considered seriously.

As you can see, the social aspect is more complex than the financial aspect. It also becomes moderately personal. We need to know more about you than simply what possessions you have. We need to learn what you care about, whom you care about, and who you might want to help outside your own family. For the families I served during my practice, this social aspect was not typically well defined before they heard about it from us. They simply had never had anyone help them understand it—let alone act on it in a meaningful and fulfilling way.

As we explored the social aspects of families' wealth, we would ask them: **"If we gave you a million dollars right now and told you not to spend it on yourself or give it to your children, but instead give it away to charity, where would you give it?"**

Can you guess how the overwhelming majority of people reply? What would you say?

Almost always, their response is: **"I'm not really sure. I would have to give that some thought."**

Do you know why they would have to give it some thought? Because they have never considered the possibility of giving away one million dollars to charity at any point in time—much less ten, fifty, or even one hundred million dollars.

If a wealthy family has never contemplated making major charitable gifts, for any number of possible reasons, they often find this topic very difficult to process. They do not know what their options are. They do not even know what questions to ask. They do not know how to engage their entire family in this process. They have no idea where to give.

Therefore, they need help exploring all the exciting possibilities and opportunities this new world has to offer.

The social aspect is a critical component of the Stewardship Planning process. The following chart illustrates the considerable impact that incorporating the social aspect has on the planning results we achieve.

	Traditional Planning Ignoring Social Aspect	**Family Wealth Counseling Including Social Aspect**
Family Social Capital Distribution Controlled by	Government	Family
Effective Use of Social Capital	Low	High
Personal Fulfillment	Low	High
Motivation to Implement Plan	Low	High

With the Stewardship Planning approach, the family can decide where their Social Capital will be directed instead of the government making those choices for them. Wealthy families almost always believe they can more efficiently direct their Social Capital than the government can. When they know they have a choice, they choose to do so.

Asserting that writing a check to the IRS is less fulfilling than writing a check to your favorite charity or ministry may be a gross understatement. No one gets excited on April 15 each year. No one feels good about making a substantial donation to the government. You will likely never hear anyone say, **"Oh, I love writing checks to the IRS. I get such a blessing out of it. It is such a thrill to do so!"** It could be said that sending your family's Social Capital to the IRS is not low fulfillment—it is no fulfillment.

In fact, if you write a one-million-dollar check to the IRS for taxes, you will not even get a "thank you" note. But if you send that same million-dollar check to a charity, they will not stop saying thank you. Which distribution option would give you the greatest sense of personal fulfillment and joy?

Similarly, traditional estate planning, with its **"just the facts"** and **"minimize the damage"** approach, produces very little personal motivation to implement the plan. Many traditional advisors share their high level of frustration with us. They struggle to get their clients to complete the necessary planning. This is no surprise. Nobody gets excited about doing damage control. However, when a family includes the Social Capital aspect, they cannot wait to get it done.

Leonard and Phyllis Lyon

Leonard and Phyllis went through the Stewardship Planning process. The team of advisors met in early November for a final review of the plan.

✅ All estate taxes eliminated. Check.

✅ Their income will increase by twenty percent. Check.

✅ The business will pass to their one son, tax-free. Check.

✅ They will be giving three million dollars to a world-renowned museum they deeply care about. Check.

Everyone was on the same page.

The Lyons then issued a directive to the planning team. They wanted this plan completely implemented before the end of the year. They were leaving on January 4 for a ninety-four-day world cruise and wanted the new plan in place before they departed.

The various assignments were given. The attorneys were drafting the legal documents. The accountants were handling the business appraisal. The insurance broker would order the Life Expectancy Reports. We were to supervise the overall implementation process to ensure everything was completed in a timely manner and in the proper order. The plan was completed on schedule.

On January 4, they left on their world cruise. Six weeks later, I received a postcard from India. To my surprise, it was from Leonard and Phyllis. I was amazed they even had our address with them. Turning the postcard over, I read the following:

For six weeks now, we have been trying to get you out of our minds, and we cannot. We are so excited about what we are doing with you.

— Love, Leonard and Phyllis

How many times has an advisor received a postcard like this? We had changed more than their finances. We had changed their lives!

It is the introduction of these social variables into the traditional estate planning equation that produces such exciting new planning options.

#3 - The Spiritual/Emotional Aspect of a Family's Wealth

If the financial aspect is the most shallow of the three aspects, and the social aspect is the least defined, the spiritual/emotional aspect is undoubtedly the most intimate. Just as the financial aspect appeals to the head, the spiritual/emotional aspect appeals to the heart. Here, the deepest and most profound issues of life are confronted and addressed. Here is where we come to grips with what life is really all about.

This is where we ask the questions that cannot be answered by looking at a financial statement, balance sheet, or legal document. Life is more than the accumulation of money or the avoidance of taxes. Life is about influence, relationships, and making a difference. It is about being fondly remembered by those whose lives we touch along the way. It is about legacy.

There is a moving scene in the movie *Little Lord Fauntleroy*. The young Lord Fauntleroy is talking with his mother about when he will become the Earl of Dorincourt. His mother tells him of all the wonderful good he will be able to do for others with the incredible wealth that will someday be under his control. She makes a profoundly powerful statement. She looks tenderly into his eyes and says, **"Son, the world should always be a better place because a man has lived."** This mother is transferring her beliefs and molding them into values that will guide her son for the rest of his life. What kind of Earl will this son be? Likely a kind and generous one.

Even though we seldom consciously think so deeply about such things, it would be safe to say that all of us would like to make the world a better place because we have lived. But how does that happen? How can we make the world a better place because we have lived? How can we **"cast a shadow beyond the grave?"**

We must first accept that we are mortal. God has granted us a certain number of days to dwell upon this earth. For some, it may be only a few. For others, it may be tens of thousands of days. No matter how many days we receive, all of us will reach our last day. Then, this life as we now know it will be over.

At this point, who we were and what we did with our lives will be permanently fixed in the minds of those who knew us. There will be no more additions to those memories. No corrections. Our relationships with people, our actions, what was important to us, how we lived our lives, and how we used our resources will be etched in the memories of all who knew us. The final paragraph of the final chapter of our book will have been written, and the indelible ink will have dried.

How will God view your stewardship of His resources? How fondly will you be remembered by those who knew you? Most of us hope that once our days have played out and we are gone, someone will remember us with gratitude, affection, and appreciation. We hope that something of what we have done in our lives will survive us and serve, to one degree or another, as a meaningful monument to our brief time on this planet.

Do you remember the powerful story of Ebenezer Scrooge? He was a tightfisted, coldblooded, calculating businessman who had amassed an incredible fortune yet continued to squeeze every penny he could out of everyone with whom he dealt. His goal was to become rich—to be happy. He had achieved his financial goals several times over. Yet it was not enough. He continued to amass ever greater piles of gold. The means to happiness (gaining wealth) had actually shifted from being a means to being the end itself.

One cold Christmas Eve, Ebenezer is given a gift by his deceased business partner, Jacob Marley. The gift was a chance to see his life from a different perspective. After the three spirits' visitations, Ebenezer sees himself as a broken shell of a man.

The most gripping scene in the story is when he kneels over his own gravestone after seeing everyone's disdain and disrespect for him after his death. Ebenezer appeals to the Spirit of Christmas Future to assure him that what he has seen is not fixed for eternity but can be changed—if he changes. He asks if the outcome of his life might be different from the horrors he has witnessed. After seeing beyond his days, he desperately regrets the way he has lived and pleads with the spirit to give him a chance to go back and do things differently. With indescribable gratitude, he awakens Christmas morning in his own bed—alive!

In one short night, this miserable, stingy, odious man is radically transformed into one of the most caring, generous, self-sacrificing men ever known by the people of London. Not only did he use his wealth and his life to bless the lives of countless people, but he also found the true happiness that had eluded him. He finally understood the truth of what Jesus said: **"It is more blessed to give than to receive."**

Although none of us will be given the supernatural opportunity to go beyond our grave and see how our life impacted others, we really do not need to do so to grasp the full scope of the shadow we cast with our lives (chapter 14). If we are totally honest with ourselves, it is not too difficult to get some idea of the size and length of the shadow we are casting.

Ernest Becker, the Pulitzer Prize-winning author, said it well:

"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 has 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."

We have seen that this aspect, more than any of the three in our counseling process, takes most professional, financial, and legal advisors far outside their comfort zones. This discomfort should be no surprise. Advisors have not been trained to discuss these intimate and personal aspects of people's lives. They do not know the questions to ask, and even if they did, they likely would not know what to do with the answers. But a Stewardship Planner knows what to do. That is why, no matter how many other advisors people may have on their current planning team, there will always be a chair at the advisors' table for a Stewardship Planner.

Finding a vision and a purpose in life that provide both the desired motivation and the needed emotional energy is essential. Once these two are mobilized, they allow families to actually find and participate in something that will indeed cast a shadow both now and beyond their graves. Getting to the heart of the matter is not something that can be done quickly or casually over lunch or during an afternoon meeting around a conference table. It takes time—lots of time. The Stewardship Planning process blocks off an entire day right at the beginning to help the couple fully explore the social, spiritual, and emotional issues of life. I will explain this **Discovery Retreat** later in chapter 4. In this day-long retreat, you will begin working on discovering your life purpose and finding your **"fire within."** I will talk more about that in much greater detail in chapter 6.

The truth is, **Stewardship Planning** is far more of a spiritual and emotional exercise than it is a financial and legal one. So, we return to our question at the beginning of this chapter: **What makes the Stewardship Planning approach unique?** It is the Stewardship Planner's ability to successfully understand and skillfully blend the financial, social, and spiritual/emotional aspects of each family's life into a master stewardship plan that makes the **Stewardship Planning** approach so unique.

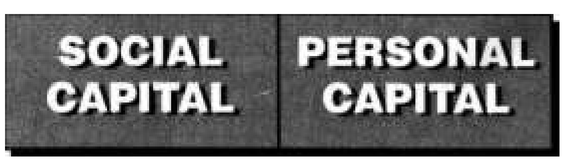
CHAPTER 2
Understanding Your Family's Wealth – Avoiding the Two Greatest Misconceptions

It seems presumptuous to suggest that people who have accumulated significant wealth might not fully understand their wealth. But after years of working with many wealthy families, I have found this is most often the case.

For an affluent family to make optimal choices regarding their wealth, they must be clear in their understanding of all their possible planning options—what can and cannot be done.

Assume the box below represents your family's accumulated wealth.

This is how most wealthy people see their wealth while they are alive. They see their wealth as one block of wealth owned and controlled by them. It may surprise you to know, however, that this is not the case. Your wealth is actually divided into two distinct categories, as shown in the box below.



Your **Personal Capital** is the portion of your wealth over which you have unrestricted control and ownership. You may sell it, consume it, or pass it on to your heirs. You may do whatever you like with it. It is yours.

Your **Social Capital** is the portion of your accumulated wealth that does not belong to you, even though you temporarily have control over it. This is the portion of your wealth that, according to our laws, you must allocate to provide benefits to the general welfare of this country.

When first received, this revelation usually comes as an unpleasant surprise to wealthy families. The idea that the **Internal Revenue Service** already has a **"lien"** on their wealth—up to 40% of their net worth and up to 37% of their qualified retirement plan—is often something they have not fully grasped. The **IRS** is merely waiting for you to die, or even just sell an appreciated asset, to collect its share of your wealth. The **IRS** particularly favors the sale option because then you contribute to its cause twice—once when you sell the asset (capital gains taxes) and again when you die (estate taxes).

While you are alive, you may see your accumulated wealth like the first box above. Once you die, everyone who survives you—your children, your attorney, your accountant, and the **IRS**—will see your wealth like the set of boxes.

It serves no one's best interest to refuse to face this fact. It is true, whether you like it or not. However, this revelation is relatively easy to deal with once you get, as **Paul Harvey** would say, **"the rest of the story."**

The rest of the story begins with an understanding of the two major misconceptions that cause many wealthy families to make less-than-optimal decisions concerning their wealth.

Misconception #1:
All My Social Capital Must Go to the IRS

Almost every wealthy person we have spoken to in the past has been under this unfortunate misconception. Nearly everyone, when asked to complete the following statement, knows exactly how it ends:

"There are only two things in life that are inevitable: _______ and ______."

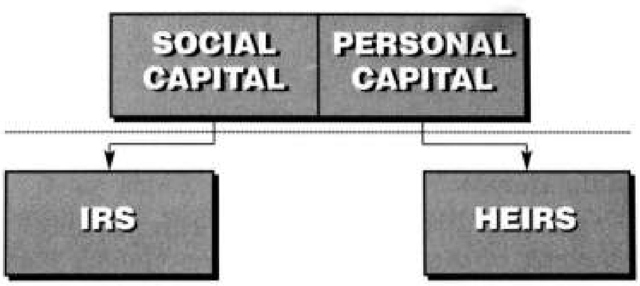
Do you know how it ends? Of course, you do.

"There are only two things in life that are inevitable: death and taxes."

The saying dates back to the founding of our nation. **Benjamin Franklin** first made this statement, and it seems as American as apple pie.

However, while the saying is very old and comes from a well-respected man, it is not necessarily true—especially the part about taxes.

The figure below depicts how a typical wealthy family views the passing of the family's wealth after death.



At first blush, one might think, **"What is so disastrous about that misconception?"** You will see as we explain the second misconception.

Misconception #2: Anything I Give to Charity Will Reduce My Children's Inheritance

This second misconception is also pervasive and leads some wealthy families to draw false conclusions and make inferior choices. The prevailing attitude among wealthy families is, **"If I give any of my wealth to charity, it will reduce the amount going to my children, and I love my children more than I do charity. After all, the IRS is going to take half of what we have when we die. We at least want our children to get the other half."**

Because of this misconception, few parents make any plans for major gifts to charity at their deaths. We have observed that this is the primary reason parents decide not to give to charity. We have not conducted a formal study, but our experience tells us that very few wealthy parents have included any type of major gifts to charity in their current plans. It seems contrary to their objectives of maintaining their own lifestyles and providing an adequate inheritance to their children. This is how they perceive the results of including gifts to charity in their planning.

I would often hear parents express an overriding affection for their children that precludes any gifts to charity. They say, **"Well, you know, charity begins at home."**

Actually, this statement is not exactly true. Charity does not begin at home—**responsibility** begins at home. When we feed and clothe our children, we are not being charitable; we are being responsible. When we make sure they get a good education, we are not being charitable; we are being responsible. The fact of the matter is that charity begins outside the home—when you start doing these things for others.

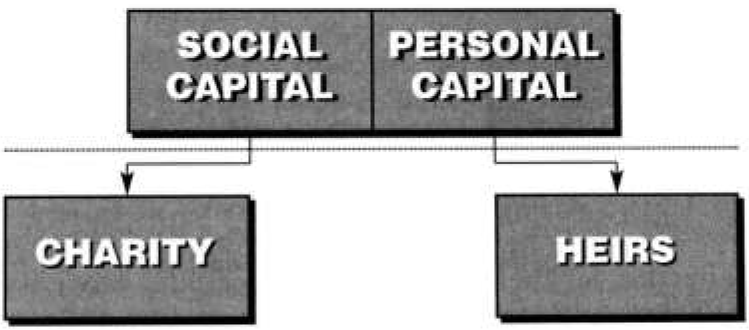
Fortunately, what wealthy people are really saying when they make this statement is that they love their children more than they love charity. And that is a good thing.

Debunking the Misconceptions

What if, instead of relinquishing all your Social Capital to the IRS, you could somehow disinherit the IRS? What if you could choose to self-direct that same Social Capital to worthwhile charitable causes and organizations you genuinely care about—charities you believe are doing important work?

Now, wouldn't that make for some interesting planning options?

Consider this scenario as an alternative:



If charity has to compete with heirs for Personal Capital, charity will almost always lose. However, when charity is put in competition with the IRS for the family's Social Capital, charity will always win. If both charities and wealthy families understood this, the amount of wealth flowing to worthwhile charitable organizations would be staggering.

In our initial meetings, we sometimes hear a wealthy person say, "I'm not particularly charitably inclined."

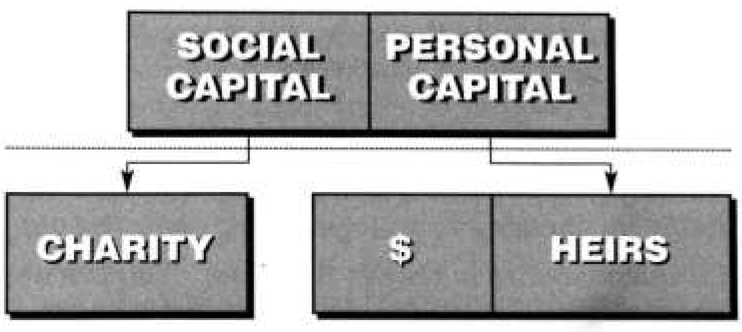
Our response is always the same: **"You're not charitably inclined? Based on your current plan, you seem to be very charitable. What surprises us is just how charitable you will be."**

Everyone with wealth will be a giver in one form or another. In fact, many of America's most affluent end up donating as much as half their collective wealth to a nonprofit organization with headquarters in Washington, D.C., and fundraising offices in every major city in America—the U.S. federal government.

However, you can choose to direct your Social Capital to charitable organizations you believe in, rather than defaulting to the federal government.

When a family chooses to self-direct their Social Capital to their chosen charities instead of the IRS, something remarkable often happens. In many cases, the parents actually experience an increase in their net spendable income for the rest of their lives. In essence, they make a profit by giving it away.

This increased income can also translate into a larger inheritance for their heirs. In fact, if the parents believe it is in their family's best interest, we can show them how to pass the full value of their wealth to their heirs with no shrinkage whatsoever. The distribution plan, then, often looks like this:

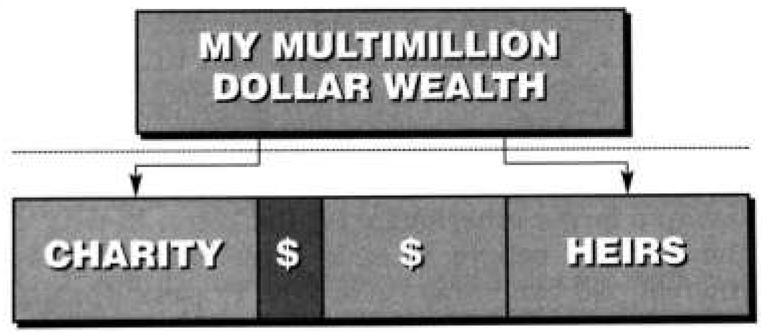


But we are not finished yet. There is still one final, exciting benefit to this unique planning approach.

When you self-direct your Social Capital to the charities you care about—rather than paying taxes to the IRS—those charities actually receive more than the amount you would have otherwise paid in taxes. This is the *cherry on top.*

It is truly a win-win-win situation. *You* win. *Your heirs* win. *America* wins. Everyone benefits, and more wealth goes toward meaningful causes.

It may seem like magic, but it isn't. It's simply **responsible planning.**



What we are doing here is taking your multi-million-dollar wealth and **amplifying** it—allowing you and your family to maintain maximum control not just over your **Personal Capital**, but also over your **Social Capital**.

Most people value control over their wealth. This type of planning excites them because, instead of surrendering a large portion to the IRS, they and their family **retain more influence** over where their money goes.

Every wealthy person understands that **the power of wealth isn't in how much you own—it's in how much you control**.

It may seem counterintuitive, but even with a 40% estate tax in place, your family can actually **grow wealthier** with each passing generation. *Welcome to the world of Stewardship Planning.*

After one of our presentations, a man looked at us in surprise and asked, *"Does the government know about this?"*

Our answer? *Of course!* Not only does the government know about these strategies—it wrote the laws upon which they are based.

Let's be clear: **creativity is not illegality**. We don't deal in tax loopholes or questionable schemes that crumble under IRS scrutiny. These strategies have been **legally established for decades**—directly from the heart of the tax code.

What makes this approach so powerful is the **depth and breadth of expertise** required across multiple disciplines—tax law, estate planning, financial strategy, philanthropy, and more. Each of these is a full-time career in itself, yet Stewardship Planning seamlessly integrates them all.

Once the two misconceptions we discussed are exposed, and the true possibilities become clear, most wealthy individuals become **energized** by the new, far more effective planning options available to them.

So, how do you want to be remembered?

As a taxpayer who had wealth involuntarily taken?

Or as a **visionary giver** who intentionally directed it toward causes that matter?

The choice is yours.

CHAPTER 3
Understanding the Power of the Three Phases of the Stewardship Planning Process

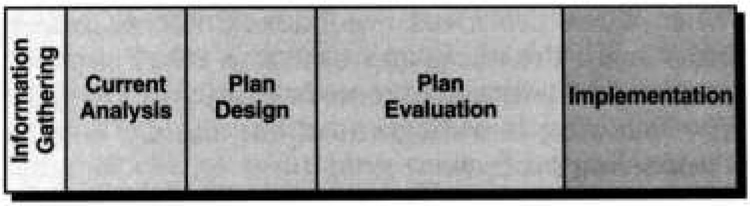
The Stewardship Planning process includes three distinct but fully integrated phases – counseling, planning and implementation. Within these phases are five steps. When these five steps are followed in the proper order, with the necessary time and effort applied, the implementation rate with families is exceptionally high.

The following is a diagram of our Stewardship Planning process.

The five steps shown above are identical whether you are doing traditional estate planning, business continuation planning, or Stewardship Planning. If you showed this diagram to your current advisors, they would most likely say, "That is what we do." They would be right. What sets Stewardship Planners apart is what we do during these steps and the time we allocate to each one—producing radically different results from traditional estate planning.

In the preceding diagram, each box is equal in size to represent an equal amount of time an advisor would devote to each step. In reality, however, the time allocated to each step varies depending on which advisor you work with. We have found that the most time is usually devoted to the areas in which the advisor feels most comfortable or knowledgeable.

The following is a typical time and energy allocation in the traditional advisor's estate planning process.



As you can see, the amount of time spent gathering information is quite limited in the traditional planning scenario. Often, this entire step consists of collecting the client's necessary legal and financial information and spending only a couple of hours in general discussions about their goals. From there, the traditional advisor begins analyzing the current plan and designing a new, improved one.

This process does not allow enough time to fully explore and address all aspects of a family's wealth. Typically, advisors gather only financial data. As we have stated, we believe the financial aspect of a family's wealth is the least important. Advisors are often unsure of what their clients truly want to accomplish. Once the plan is designed, an excessive amount of time is spent in the evaluation process because clients are uncertain whether the plan aligns with their goals—or even if they fully understand what it will do.

When a couple becomes confused or fearful, they often end up doing nothing. Are they uncertain about what they want to do? Are they afraid of making an irrevocable mistake? If either or both concerns arise, they will stop the process.

A recent survey found that the average wealthy family starts and stops the estate planning process five times. Five times. They know they need to take action, so they begin the process. Yet at some point along the way, confusion or fear causes them to halt. In many cases, they have all the legal documents drafted but never sign them. Fear and confusion are powerful deterrents.

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Imagine that you decide to build that once-in-a-lifetime home. You hire an architect. At your first meeting, he asks:

"How many bedrooms do you want?"

"Five."

"How many bathrooms do you want?"

"Four."

"How many cars do you want to put in your garage?"

"Four."

"How many square feet do you want?"

"About six thousand."

"Basement?"

"Yes."

"Pool?"

"Of course."

"How much do you want to spend?"

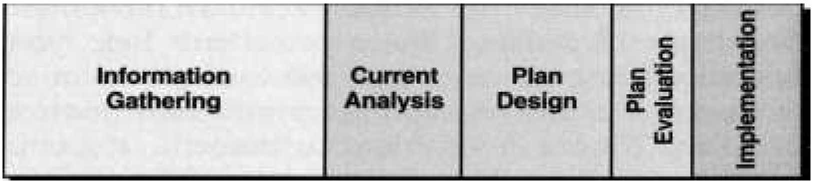
"No more than one million dollars."

He looks up, smiles, closes his notepad, and says, **"Okay, I think I have what I need. I'll begin working on the blueprints over the next couple of weeks and will present them to you for approval. It's a pleasure doing business with you."** The whole meeting lasts about an hour.

Is all the information this architect has correct? Absolutely. But what are the odds that he will come back with blueprints for your new house that are exactly what you want? The chances are near zero. Why? He did not spend enough time in the information-gathering phase before he began drawing the plans.

As a result, you will spend more time evaluating the blueprints he brings you. You cannot be sure that what he has drawn is truly what you want. You will need to scrutinize every detail and assess it carefully. Dozens, if not hundreds, of changes will have to be made to the blueprints during the evaluation phase.

Contrast the earlier traditional approach diagrammed with the time allocations in our Stewardship Planning approach depicted below.



You can see some striking differences between this diagram and the previous one. In the traditional approach, relatively little time is spent gathering information—forcing the evaluation period to be greatly expanded. A Stewardship Planner, on the other hand, devotes significant time to the information-gathering and counseling phase. This extended Counseling Phase dramatically reduces the need for an exhausting, frustrating, and time-consuming evaluation of the designed plan.

Now, consider another scenario. You contact a different architect about designing the same dream home. He explains that, to do a proper job, he will need an entire day to discuss your vision and explore the hundreds of options available.

"Have you ever built a home like this before?" he asks.

"Not really," you answer. *"We've built before, but nothing on this scale. This is a big project."*

"All the more reason for us to spend a day together talking."

The day of your meeting arrives. You sit down in the comfort of your home, and for the next several hours, he asks you one question after another—dozens of them. Some seem unrelated to building a house. When you voice this concern, he explains:

"We've built hundreds of homes. These questions help you clarify exactly what you want. We're designing more than just a building—we're designing your home."

He continues:

"Will guests be visiting often? What about live-in staff? Will you be away from this home for extended periods? Do you enjoy yard work? Will your grandchildren be staying over? Do you want to keep this home in the family for future generations?"

The questions keep coming.

After hours of questions, he pulls out book after book of floor plans and pictures of homes. He asks what you like or dislike about them, helping you visualize how your house might look. He encourages you to imagine each room's appearance, down to the smallest details. You even discuss how many electrical outlets you want in each room and where the light switches should be placed. He leaves no stone unturned.

After hours of thinking, talking, and dreaming, you are amazed at the level of detail involved in building a home. You're impressed—he clearly knows exactly what needs to be done.

The day flies by. Twelve hours together feel like only a few minutes. It was fun. Challenging. Tiring. Most importantly, by the end of the day, you have complete clarity about the kind of home you want and what you expect from it.

Following your full-day meeting, he prepares a detailed letter summarizing everything you discussed. You receive the first draft, but notice a few important details were missed. After some additional thought, you decide to make a few changes. No problem. The adjustments are made, and the process continues until the letter accurately reflects everything you want. You sign it, and he begins drafting the blueprints for your dream home.

A couple of weeks later, your architect returns with the completed blueprints. They are exactly as you had envisioned—everything looks fantastic.

How long will you spend evaluating those blueprints? How many changes will you need to make? Likely very little time and very few adjustments. The significant amount of time invested upfront was rewarded by a smoother, faster finalization process with minimal revisions.

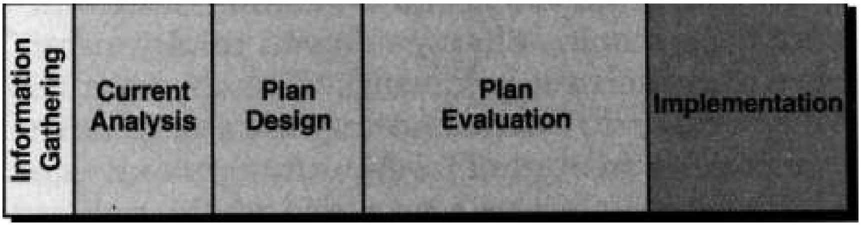
Which of these architects would you prefer to hire? Which one has a more efficient process?

What sets the second professional apart is not his ability to draw blueprints—the two may be equally skilled in architecture. However, the first architect's process is frustrating and confusing. It may even cause you to abandon the project altogether. After all, you don't want to invest significant time and money into building a home that isn't exactly what you envisioned.

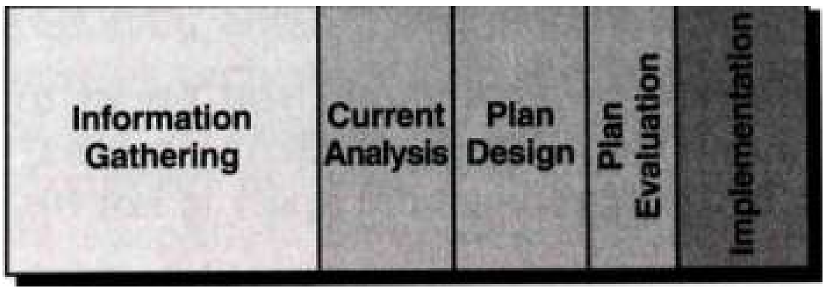
In contrast, the second architect's approach brings clarity early in the process. He helps you define your vision before drafting the blueprints, not after. This eliminates stress, frustration, and confusion as you navigate this complex journey. If you have ever built a home, you can appreciate the accuracy of this analogy.

Beyond providing clarity, Stewardship Planning also significantly reduces the total time required. Compare the following two diagrams, which illustrate the time demands of each approach.

The Traditional Estate Planning Approach



The Stewardship Planning Approach



For every hour we spend with a couple in the Counseling Phase, we eliminate weeks or even months from the overall planning process. When both the couple and the planning team have a clear vision of their goals, the time required for analysis, planning, evaluation, and implementation is drastically reduced. The extended counseling phase doesn't add time—it saves time.

What Happens in the Three Phases of the Stewardship Planning Process?

The following is a diagram outlining the entire Stewardship Planning process and its three phases. Under each phase are listed the three primary components and which advisor is expected to be the leader during that phase.

Phase 1 Counseling	**Phase 2 Planning**	**Phase 3 Implementation**
One Day Discovery Retreat	**Analysis of Current Plan**	**Drafting/Execution Legal Documents**
Life on Purpose Questionnaire	**Design of Proposed plan**	**Repositioning of Assets**
Creation of Planning Goals and Objectives *****	**Evaluation by Planning Team** *****	**Acquisition of Fin. Services/Products** *****
Lead Advisor	***Lead Advisor***	***Lead Advisor***
Stewardship Planner	***Entire Planning Team***	***Attorney & other Professionals as Needed***

The remainder of this book outlines each phase of the process and explains how we approach them. Section 2 focuses on the Counseling Phase—the distinctive element that sets Stewardship Planners apart. Section 3 delves into the critical topics that must be addressed to create an effective plan for both you and future generations.

SECTION II

THE UNIQUE COUNSELING PROCESS OF STEWARDSHIP PLANNING

CHAPTER 4
The Discovery Retreat – The Most Important Day

Of all the pieces of the Stewardship Planning process, the Discovery Retreat is the most important. The Discovery Retreat sets the Stewardship Planner apart from all other advisors. To our knowledge, no other type of advisor takes such an intense and comprehensive approach to helping wealthy families discover and fulfill missions for their lives and wealth. This, in our judgment, is the most critical component of the entire planning process, yet it is the one part that is most often minimized or ignored.

We have found that many advisors have little or no training or experience in helping wealthy parents address life's "soft issues." Often, their primary specialties are the "hard issues"—tax and financial matters. A Stewardship Planner is highly skilled in the hard issues but is also trained in the soft issues of relationships and emotions.

During the Discovery Retreat, we have observed a common characteristic among older, wealthy couples. There seem to be two CEOs in each family: a Chief Executive Officer and a Chief Emotional Officer. It is fascinating—and sometimes a little frustrating—to put these two CEOs together, watch them share their different perspectives, listen to their dreams and fears for themselves and their families, and encourage them to dig deeply enough to address the critical areas of their lives. More than once, while sharing their feelings, one spouse has said to the other, "Honey, I did not know that was how you felt."

Such a revelation would not be too surprising if a couple had been married for five years, but many have been married for nearly fifty years. How is it that someone married for half a century could still be surprised to discover a longstanding attitude or feeling in their spouse? The answer is simple: this was the first time in their lives that they had ever talked in depth about these vital issues.

For this reason, we always insist that both spouses be present and actively participate in the Discovery Retreat. It is not possible for the Chief Executive Officer to speak for both—something would inevitably be lost in translation.

"My wife does not want to be involved in any of this planning!"

Occasionally, during discussions about the planning process and Discovery Retreat, a husband will tell us, "My wife is not interested in any of this stuff. She even refuses to attend any of the planning meetings we have with our attorneys and accountants." Or, "My wife has told me to go ahead and make whatever decisions about planning are necessary. She does not want to be involved."

What these men have told us is absolutely true. Their wives do not want to be involved. But we need to explore the reasons for such a reaction. We have found that wives resist involvement for one or more of the following reasons:

1. They have attended numerous estate planning meetings with their attorneys, accountants, trust officers, etc., and have found the meetings overly focused on the "hard financial issues." They are generally not interested in the technical terminology and are unable to connect emotionally with the process. Therefore, they feel they have little to contribute to these meetings and tell their husbands, "You go to the meetings; I am going over to see the grandkids."
2. Another reason is that most Chief Executive Officers have very dominant personalities. They sometimes overpower their wives with their thoughts, opinions, and quick reactions. They often fail to listen carefully—if at all—to their wives' views or

perspectives. The wives know their input and opinions will not be heard or, if heard, categorically disregarded if different from their husbands' thoughts. So, after years of being ignored or overpowered, they determine that contributing will be fruitless and of no consequence. Therefore, they tell their husbands, "Count me out." The husbands may not even realize this has happened. They think their wives are genuinely uninterested.

3. Occasionally, there are husbands who are so used to controlling situations that they do not want their wives to be involved in any of these matters. They have effectively communicated this wish—both verbally and nonverbally—over the years. They want to make all the decisions and do not want to be distracted from their personal agendas by their wives' thoughts and comments. In this scenario, the husband does not want us to meet or even talk with his wife. This is the most troubling reason.

We have worked with couples where all three of these reasons were present. It only takes a few questions and one face-to-face meeting with the wife to uncover the problem. The fact is, if we cannot resolve this issue and get both spouses involved in the Discovery Retreat, we know before we begin that the process will be doomed to failure. Nothing will happen. So, we know not to take the case.

Once, a man said his wife did not want to be involved and that she genuinely was not interested. We asked him two questions: "Do you mean to tell us that, if we can show your family how to give millions of dollars away to charity, your wife will have absolutely no interest in helping decide where any of that money will go?" Also, "Do you mean to tell us that your wife, the person who most likely knows your children even better than you do, does not want to have any meaningful input into what each child should get and how best to structure that inheritance?" The man changed his mind.

We requested that he allow us to meet personally with his wife and him so we could tell her our Stewardship Planning story. If, after that meeting, she still were not interested, we would consider going on without her. (We can say this because we have never told our Stewardship Planning story to a Chief Emotional Officer who did not "light up like a Roman candle" after hearing the presentation.) For her, this was the part of the planning process that had always been missing. This was the part of the process in which she truly could be a major contributor. Our story was something she was acutely interested in and excited about.

After another such meeting, the wife looked at us and said, "This is the first estate planning conversation I have ever had with an advisor that I both enjoyed and understood."

If the reason a Chief Emotional Officer has chosen not to be involved is that her part of the family's "business"—the heart part—has always been absent, she will find our approach much to her liking.

If the husband truly desires for his wife to be involved but, due to his overpowering personality, routinely stifles her input, the way we conduct the Discovery Retreat eliminates that problem. The Stewardship Planner facilitates the discussion so that each spouse has the opportunity to respond to each question, share their views and thoughts, and then discuss them in a respectful and productive way. This format is extremely effective.

Many years ago, before we fully understood the importance of both spouses being involved, we let a fiercely independent entrepreneur pressure us into taking him through our process without his spouse. We were going to do it his way, or we were not going to do it at all. We reluctantly acquiesced.

We went through the counseling process with him, analyzed his current situation, and designed an absolutely fantastic new plan for him. Once we completed our presentation, we asked, "Well, what do you think?"

"This is more than anything I ever expected!"

"Should we go ahead and begin the implementation process?" we asked.

"Well, I am not sure. I am going to need to talk to my wife first," he said hesitantly.

"Excuse me? You have to talk to your wife first?" we asked in amazement. "You told us that she was not going to be involved in any way."

"Yes," he said. "But I did not know it was going to be all this. I cannot make these types of major decisions and plans without her knowledge or input."

Rather than leaving him to try to present our plan to his wife, we volunteered to meet with her to go over it.

You can probably guess what happened. The wife had a host of concerns and wishes that the plan did not reflect. We ended up having another Discovery Retreat with both of them. As you can imagine, many of their goals and objectives changed with her insightful and sensitive input, requiring the plan to be completely redesigned. Ultimately, we ended up designing a second plan and adding three months to the process.

We learned a very important lesson: If a couple's wealth was accumulated during their married lives together, and the heirs are their children, both spouses absolutely must be involved.

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"Let's forget about all this 'touchy-feely' stuff and get on with the business of planning!"

Can you guess which one of the CEOs makes this kind of statement? This is a classic Chief Executive Officer comment, and we hear it quite often from them. They are not so concerned about the details of where they, their heirs, or their wealth are going; they are just anxious to get there – to the bottom line.

We liken it to the army that was hacking and cutting its way through a jungle in Africa. The general sent a soldier to climb a tall tree to see if they could find out where they were. The general calls up, "Sergeant, where are we?"

The voice comes back, "General, I don’t know where we are, but we sure are making great time."

Sounds like a typical Chief Executive Officer at work on his estate plan.

A similar analogy, back in the day, would be to call AAA and say, "My wife and I want to take a vacation. Can you put together a TripTik for us?"

"Well, where do you want to go?" the voice on the phone asks.

"East. Now will you put a TripTik together and get it out to us right away?" you say with some degree of irritation in your voice.

"But sir, where east do you want to go?"

"Stop focusing on details. I want to go east, and I want you to put a TripTik together telling me how to get there," your voice increasing in volume and intensity. "Doesn't he understand?" you think. "I need and want a TripTik, and I am not interested in planning out a detailed trip. Doesn't he know I am a very busy man? My time is precious. All he needs to know is that I want to go east. Isn't that enough?!"

Obviously, it is not. In fact, if you travel east long enough, you will end up right back where you started, having covered lots of ground but not having made much progress – unless movement is your sole objective.

Likewise, having a few general ideas about what you want to do with your life and your wealth is inadequate to develop a comprehensive life plan that will maximize your personal potential and financial leverage.

If you and your spouse wanted to go on a world tour that would take you to twenty-four countries and last a year, how much time would you spend planning that trip? Probably weeks, if not months. Should it be any different to set aside a substantial block of time to determine what you want to do with your wealth – both for the rest of your life and when you are no longer here to use or control it?

The fact is that touchy-feely is a regular part of our lives, regardless of which CEO you are. Consider why you bought the car you did instead of the other cars in the same price range. You liked it. Touchy-feely. Why did you buy the suit you bought instead of all the other suits for sale at the same price? You liked it. Touchy-feely. And why did you buy the house you are living in instead of the other homes available at the same price? You liked it. Touchy-feely. Why do people choose the spouses they do? What drives their decision to marry a particular person – their minds or their hearts?

You see, almost every decision we make is based, to some degree, upon feelings. Facts may or may not be included in the decision. "Where do you want to go to eat tonight, Honey?" you are asked. "Oh, I feel like Italian food tonight." The friends you choose, the advisors you retain, the clothes you buy – these and hundreds of other choices all have an emotional aspect.

Why should we suddenly resist getting in touch with our feelings when it comes to making some of the most important choices of our lives? These choices will affect us as well as our families for generations to come.

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"Just because we engage our hearts does not mean we simultaneously disengage our brains."

However, since each of the family's CEOs is naturally inclined to be either more logical or more emotional, it is even more important that they work together to bring both balance and perspective to the planning process.

Remember, people are most powerful when they can both think and feel at the same time – when their heads and hearts work as one. When two people think and feel as one, there is an exponential increase in the power and impact of the process – the whole becomes decidedly greater than the sum of its parts. That is why we insist that both spouses be fully engaged – mentally, spiritually, and emotionally – in this process. The combination produces phenomenal results!

How does the Discovery Retreat work?

A Discovery Retreat generally lasts one full day. We typically begin at 8:00 a.m. and finish around 6:00 p.m., depending on a number of factors. We prefer to hold the retreat in the couple's primary or vacation home, whichever they prefer. We never conduct a retreat at their office or ours. We want the couple to feel completely comfortable and safe as we talk about these very serious, personal, and confidential matters. As Dorothy said in *The Wizard of Oz*, "There's no place like home." Home is the best place in the world to relax and be yourself. Interruptions and distractions can and do disrupt the retreat, so we do everything possible to minimize them.

It is during the Discovery Retreat that we discuss each spouse's responses to the questions in the *Life on Purpose Questionnaire*. Chapter 5 is devoted entirely to addressing the importance of these questions, along with the vision and energy generated from the mutual conclusions that come from them.

We do not collect any financial or legal information prior to the Discovery Retreat because this retreat is not about assets or legal documents. We want to focus our time and energy on helping the couple pinpoint problems to be solved and/or opportunities to be seized. In most cases, we uncover several of both during our day together, and these become the foundation for our future planning.

It is during the retreat and the weeks following that we help the couple craft their Stewardship Planning Goals and Objectives. This is when it all begins to come together.

A Collaborative Effort

Our work must be a collaborative effort. We do not have a magic wand (even though many families might think we do). We have already scoped out the terrain, and there are no shortcuts to getting there from here. We can only succeed in our work if everyone actively cooperates and fully participates. If we are going to accomplish from the Discovery Retreat what we want and need to accomplish, there must be a personal commitment from all parties.

The counseling process is very labor-intensive. There is no way to rush a masterpiece. It demands everyone's mental, emotional, and spiritual energy to achieve the greatest results. However, as we pointed out in the preceding chapter, the time demanded in this phase proportionately reduces the time required to complete all other phases of the planning process.

If you have ever been involved in constructing a building, you know that getting started seems to consume a disproportionately long period of time. The construction crew must level the ground, dig and pour the footers, lay the foundation, and get all the building materials on-site. Then, it seems that almost overnight, the building goes from nothing to being framed and under a roof. That is the way it is with the Stewardship Planning process. It seems to start slowly, but it finishes fast.

Again, of all the days we devote to Stewardship Planning, the single most important day of the whole process is the day of the Discovery Retreat. No other day even comes close. It is a day well spent.

Let me share just one example of how powerful this day was for one couple.

Joe is the CEO of a rapidly growing company located in a large metropolitan area. Together, Joe and Jill have successfully nurtured their two children to adulthood. They are still in love with each other. Communication with the family is good, and they are proud of their children, even if they do not always agree about everything. Their net worth has ballooned to over twenty million dollars. Gifts of stock to the children were made when it was worth pennies per share. As a result, each of them has a trust worth about a million dollars now. Joe and Jill are in their fifties, in good health and vital. They have legal, tax, investment, and insurance advice from the most qualified professionals, with up-to-date, sophisticated estate planning documentation.

Joe and Jill have already made a million-dollar gift to a trust for the benefit of charity, in addition to faithfully supporting their local church. Even with their affairs as well ordered as this, they are still eager for the Discovery Retreat.

From the moment we begin on the day of the retreat, it is obvious that Joe and Jill have each done their homework. Independently, they have gone through the *Life on Purpose Questionnaire*, made notes of their thoughts, and eagerly shared them with each other. We are, at this point, simply privileged listeners. They are having a great time sharing who has been important in the formative years of their lives, why, and how. How they met. What they share in common.

How they are different and complement each other. Affirming each other. The relationships they have with their children. Hard times shared together. Fun times. Sad times. Challenges met and overcome. He is a hands-on type. She is a gifted and consistent letter writer. The positive energy they share is powerful and tender. Occasionally, one responds to the other, "I did not know that!"

The most touching of these moments occurs with the sharing of their dreams of things they would like to accomplish. Both agree they want to share their wealth in significant ways but without fanfare.

Joe has observed two needs. "There are a lot of retired men in good health who need something to do to feel useful," he says. "I would like to establish a nonprofit company to do odd jobs around the house. We would recruit and train these men to do the work. Trucks would be equipped with tools. Once set up and organized, it could even be ‘franchised.’ There are thousands of older women needing help to care for and maintain their homes. The people we would serve will have to meet certain qualifications. Like your mother, Jill. She needs help, and there is never anyone around to do it. We could call it Helping Hands, or The Widow's Might, or something like that."

Jill sits forward. She is listening with a new intensity, and with tears in her eyes, she says, "I did not know you ever thought about this." Coming even more alive and energized, they continue—"And we could do such and such and help so and so"—and on and on, they brainstorm together.

Joe and Jill demonstrated why the retreat is the most important part of the Stewardship Planning process. For this already healthy, emotionally fit, productive couple, it became the catalyst for them to take time and take stock of who they are—and why. They expressed appreciation for each other and what they have accomplished together, and they formulated how their lives will have significance beyond the pleasures provided by their wealth.

CHAPTER 5

The Power Is in the Questions – Gaining Enhanced Clarity, Greater Confidence and Increased Leverage

The idea that there is power in questions seems to be contrary to our American way of thinking. We have been taught to believe that power lies in the answers. "The one who has the answers has the power!" Questions are merely a means to an end. Consequently, we have an abundance of professional advisors but very few professional "askers."

We have observed that many professional advisors simply assume the desires of all their clients are essentially the same—avoid taxes and pass the maximum possible inheritance to the heirs. Ok—next client. Because of this faulty assumption, the answers and solutions for all their clients will be essentially the same.

We have also observed an interesting phenomenon among estate planners. Professional advisors tend to design clients' plans after their own images. If advisors sell life insurance, their plan designs will always include life insurance. If they like Living Trusts, all plans will have a Living Trust. If they like Family Limited Partnerships, one or more will undoubtedly be part of every client recommendation. If they like Charitable Remainder Trusts, they will find some place to fit one in for all their clients.

We once heard an advisor say in his educational presentation, "We always use Generation Skipping Trusts in our planning with our clients."

Another speaker stated, "We always recommend a Qualified Personal Residence Trust for our clients." The operative word here is *always.* The advisors assume the questions are the same for all their clients. Therefore, the answers will be the same for all their clients. It is like the joke about the insurance agent who shakes your hand and says with great confidence, "Hi. I am Jim Smith. Life insurance is the answer. Now, what is your problem?" Unfortunately, this approach to planning is pervasive.

We were making a presentation to a planned giving council in Michigan and mentioned an article that had appeared in *Trusts and Estates* magazine just the month before. It reported the results of a survey of Michigan attorneys. Since we were in Michigan, it seemed appropriate to mention it. The overwhelming majority of estate planning attorneys surveyed did not ask questions regarding any charitable giving interests their clients might have. When asked why, they said they did not feel it was their place to probe into those personal areas of their clients' lives. Further, if their clients brought the matter up, the advisors would only discuss charitable giving at the tax level. They were concerned that if they did ask about or probe in these areas, they might upset and possibly lose their clients.

After the meeting was over, an attorney in the audience came up to me and said, "I just want you to know that I happen to be one attorney that asks the question." His nametag indicated his name as *Bill.*

"Bill, that is fantastic. Exactly what question do you ask?"

"I ask every one of my clients if they have any charitable interests."

"Don't tell me, Bill. Almost every one of your clients responds by saying, 'No, not really.'"

With a surprised look on his face, he said, "Yes, they do. How did you know?"

"Bill, our experience has taught us that the type of question you ask often gets a negative response because clients are unaware of the exciting planning possibilities that we just spent the last hour and a half showing you. Charitable intent is often something that must be uncovered with specially designed questions."

I then suggested he ask a different question: *"If you had to choose between giving one million dollars away to the IRS in estate taxes or giving that same million dollars away to your favorite charity, which would you prefer?"*

"Bill, do you think your clients would still have no interest in charity?"

He agreed, "Their answers would be completely different, and our plan designs for those clients would end up looking completely different as well."

Because of one simple question, the planning *destination* their client chooses will be completely different.

Yet the questions—the really important questions—are simply not being asked. Maybe advisors feel uncomfortable discussing them. Maybe they do not know the right questions to ask. Maybe they really do not think it is any of their business. Maybe they feel uncomfortable getting so personal. Who knows? But what we do know is that the power in planning is in the questions.

I believe this is another major, fundamental difference between the traditional estate planning approach and the Stewardship Planning approach.

The Life on Purpose Questionnaire

As a result of years of doing Stewardship Planning and learning what matters to people of wealth, we created the *Life on Purpose Questionnaire* to help guide our conversations during our Discovery

Retreats. It consists of 50 critical questions addressing virtually every area of a family's life. These questions:

- help us get to know the families.
- help the couple get to know themselves and each other in many new and important ways.
- help both spouses make sound decisions regarding the effective use of their remaining time, their unique talents, and their accumulated treasures—producing the greatest possible benefits for them, their heirs, and the world.

The *Life on Purpose Questionnaire* has three sections: (1) *Where Have You Come From?* (2) *Where Do You Want to Go?* and (3) *What Decisions Need to Be Made?*

Many of these questions are fun to answer. Some may be difficult. A few may even be painful. But each question helps uncover problems to be solved and opportunities to be seized in their lives.

Here is an example of how the Discovery Retreat and the *Life on Purpose Questionnaire* combine to produce such effective results.

Meet Rich and Cindy Bowling. The Bowlings are both sixty-five years old and have inherited a substantial amount of wealth. Their net worth is currently over ten million dollars. Recently, they told the development director of a university they wanted to make a major gift to the school. However, they had not yet "pulled the trigger" and made the gift. We were introduced to them through the director.

We were certain that, until the Bowlings gained enhanced clarity about *why* and *how* to make this major gift—and then got excited about doing it—the gift was not going to happen. The first step in helping them achieve this clarity was to take them on a Discovery Retreat, having them fill out the *Life on Purpose Questionnaire.* In our initial conversations with them about the purpose and value of our Discovery Retreat, Cindy made a most profound observation.

"We have six attorneys anxious to document what we want to do at four hundred dollars an hour," Cindy said, "but not one of them has ever offered to help us figure out *why* we want to do it." She said we were the first professionals who offered to help them decide *why* before we helped them decide *how.*

When I explained that a Discovery Retreat could give them greater confidence so they could take control of the planning process, both Rich and Cindy looked puzzled.

"How can this Discovery Retreat allow us to take control of a planning process when we know nothing about any planning tools and techniques?" they asked.

We explained that the power is in the questions. Knowing the right questions to ask gave them control of the process. We were able to give them the questions.

Cindy responded, "In other words, having the right questions to ask ourselves and our advisors will allow us to tell our advisors what we want to do, instead of having to look to them to tell us what to do."

"Exactly."

Rich and Cindy immediately saw the value and power of the Discovery Retreat and taking the time to work through the *Life on Purpose Questionnaire.* They agreed to set aside a full day for the retreat.

The results were beyond anything they had imagined. It was indeed the life-changing experience they had been told it would be. They gained enhanced clarity, greater confidence, and saw numerous opportunities for dramatically increased leverage.

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This is just one of numerous examples I could have chosen. Going through the Discovery Retreat and working through our *Life on Purpose Questionnaire* enables couples to gain real perspective on their circumstances. With that perspective comes tremendous new energy for the planning process. The *Life on Purpose Questionnaire* helps wealthy families catch the vision.

The ability to effectively use your remaining time, unique talents, and accumulated treasures in a clear, confident, and highly leveraged way—to do the most good for the most people and find the greatest fulfillment and significance—is energizing beyond words.

We obviously do not intend to discuss or even list all 50 of our questions. Many questions are so important that we have devoted entire chapters to addressing a single issue raised by just one of them. However, we will share a few to give you an idea of just how different these questions are from those you are routinely asked in the traditional estate planning process. We will then offer some thoughts as to why these questions are so powerful.

Question: If you had just thirty days left to live, had perfect health, and money was not an issue, what would you do with those last thirty days?

This is a very sobering—if not frightening—question, to be sure. You will likely never hear these words in your lifetime, but for the sake of participating in a very valuable mental exercise, let us imagine the following scene:

You are sitting in your local hospital's examination room, in a backless gown, after spending all day taking a battery of tests. You are waiting for the doctor to come and give you the results. He finally walks in. You can tell he is having difficulty looking you in the eyes. The news cannot be good.

He sits down next to you, finally meets your gaze, and speaks: "The test results could not be worse. You have a very rare, incurable disease. It is already so advanced that what little treatment we do have would be useless, and there is no surgical procedure known for this illness."

He speaks your name and then slowly says those six dreaded words: "You have thirty days to live."

The doctor then adds some extremely good news to his shocking pronouncement. He explains that with the nature of this disease, you will have no negative physical manifestations until the very last day. Death will come instantly. For the next thirty days, you will continue to feel and look as you do right now. You will notice no change in your energy level until the very last day. No one will even be able to tell you are sick.

"I have thirty days to live."

"Only thirty days!"

Your mind is whirling with the news that your days are numbered. Of course, your days have always been numbered, as is the case for all of us. But now, your actual number of days has been revealed—and it is several thousand fewer than you had assumed.

Once the news sinks in, one penetrating question comes to mind: *What will I do with my last thirty days on this earth?*

Will you finally read those books you have always wanted to read? Will you spend these last precious days with your children and grandchildren? Will you rush back to the office to finish that project that *must* be completed this month? Will you try to mend fences with people whose relationships with you have been broken or strained? Will you take that once-in-a-lifetime vacation you always dreamed of? Will you visit the people who have influenced and helped you most and tell them *thank you*? Will you devote your remaining time to giving back from all you have received? Will you prepare to meet your Maker?

At a time like this, the truly important things in life become apparent, don't they? Under these circumstances, it becomes easy to distinguish between what is urgent and what is important, what is real and what is superficial, what is lasting and what is temporary.

The great tragedy for far too many of us is that life never becomes more precious than when it is almost over. Then, we hurry to do what has been left undone, fix what has been broken, savor what has been overlooked, and give what has been long overdue.

Few of us will ever know the exact number of days we have left, allowing us to get *our house in order* before we say goodbye to this life. But can you imagine how our priorities might change if we lived our next thirty days as if they were truly our last? Can you imagine how much more at peace we would be if we actually *did* those final things now, instead of waiting until our last thirty days really arrive?

At a national conference, a man shared a lesson he had learned from his grandfather. His grandfather told him, *"Remember, Son, there will be a first time and a last time for everything."*

He explained what he meant:

- The first time you kiss your mother goodbye—and the last time.
- The first time you take a walk through the woods—and the last time.
- The first time you sit down to a meal with your entire family—and the last time.
- The first time you put on your shoes each morning—and the last time.
- The first time you hold your child in your arms—and the last time.

There is a *first time* and a *last time* for everything in life.

Living with this truth in mind enhances our awareness of life and makes all the *in-between* times far more precious and meaningful. The things we would choose to fill our final thirty days with are, in reality, our highest priorities.

If you had just thirty days to live, what would you do with them?

The greatest challenge is aligning who we *are* with who we *truly want to be.*

Can you see how important it is to be clear about our life priorities? The tyranny of the urgent is never more obvious than when we honestly ask ourselves this question. How we answer it has everything to do with how we plan.

We could fill the rest of this book with powerful stories of how this simple question has transformed couples' thinking and planning—helping them gain clarity on what is *truly* important.

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Question: What is the most meaningful charitable gift you have made?

On more than one occasion, this simple question has brought about a flood of fond memories and even tears. Here are a few examples of their stories.

During a Discovery Retreat with Kyle and Meredith Hall, a couple worth over thirteen million dollars and earning more than one million dollars per year, we asked this question. As soon as we asked, they both looked at each other, knowing exactly what the *correct* answer was for both of them.

"We have a home in Mexico where we go during the winter," the wife shared. *"One winter when we were there, a friend took us to a local Salvation Army orphanage to visit. We were so impressed and moved by the love and care that we saw there, we have sent this orphanage five hundred dollars each year to help them with their*

work. That is, undoubtedly, the most meaningful gift we have ever given." A tear could be seen in the wife's eye as she shared this story.

"Five hundred dollars per year?"

"Yes."

"Really meaningful?"

"Incredibly meaningful!"

"Well, may we ask you a follow-up question?"

"Yes, please do."

"If giving five hundred dollars has been so meaningful to you, can you imagine how fulfilling it would be to give away one million dollars?"

Both of them looked at each other, looked at us, then looked back at each other and said, *"We have never thought about doing anything like that before."*

"Based on what we know about your situation, it looks to us like you are going to have several million dollars to be giving away, since you have said you do not want to give that money to the IRS in estate taxes."

Talk about increased leverage! This was one example of how the right questions can lead to powerful results.

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During a retreat with another couple, we asked the same question. They both immediately smiled at each other. They knew. It was the same for both of them.

"Each year, our family sends $250 to support an orphan child in Africa. We do it as a whole family. We write letters to her, and she writes us back. It is the highlight of our year."

This family was worth more than $25 million and earned more than $2 million per year. A $250 gift—a mere 1/100th of one percent of their annual income—had produced such joy and personal fulfillment.

Leaning toward them, we asked, *"If giving $250 a year to help someone in need has been this meaningful and fulfilling to your family, how do you think you would feel to give $2.5 million away to help others like this little orphan girl?"*

Silence. Stone silence. As if they had just been told they had won a fifty-million-dollar lottery, they were speechless.

We asked, *"If you could give that much away, what do you think you might do with it?"*

"Well," they looked at each other as the husband spoke, *"I think we would have to give that some thought."*

"Then you need to start thinking about it, because you are going to be giving away a whole lot more than $2.5 million."

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During another retreat, we asked this question, and as soon as we did, the wife burst into tears, weeping openly. We waited. Her heart was responding to the question.

Once she regained her composure, she said, *"During the Depression, I was a very young girl, about ten. Times were really hard for my family. We had so little. I remember one cold winter day my father came home and told us about the Browns down the road. They were in even worse shape than we were. In fact, their situation had almost become desperate.

*"I remember my father asked me to get a burlap sack and come with him. We walked to the root cellar, and he carefully picked through the potatoes, selecting the best he could find. He then picked out a number of the best-looking apples and onions. He did

the same for the carrots and the turnips until the bag was filled. I thought he was getting some food to bring into the house for us to eat. But as he closed the root cellar door, he took my hand, and we walked down the road to the Browns' house. He knocked, and when Mrs. Brown came to the door, he had me hand the bag of produce to her. She looked into it and broke down in tears. She hugged me ever so tightly and thanked my father.

"I can see that picture in my mind like it was yesterday. My father taught me what it was to give—and to give sacrificially."

It was a very moving and powerful moment. Then we asked if she had ever done anything like that since.

"No, never."

"Why not?"

She looked at us in near disbelief. The thought had never crossed her mind that she could or should do something like that again. She and her husband were not dirt poor, struggling to survive like her family was during the Depression. They were worth millions—tens of millions. But there were families in their town who were still dirt poor. They could help them now! They could make a difference today!

To make a long story short, she chose to set up a family foundation in her father's honor. She used the income from a multimillion-dollar gift to the foundation to support the poor and needy in her community. It became this woman's life work.

Can you imagine what it did for her in the way of finding meaning, fulfillment, and purpose in her life? One simple question changed her life.

Question: Are the best years of your life ahead of you or behind you? Why?

This simple question tells us volumes about a person’s current perspective on life. How do you think the vast majority of older wealthy Americans, who can afford every luxury in life and do virtually whatever they please with their time, answer this question?

The answer may surprise you. The majority believe that the best years of their lives are behind them. This is one of America's great tragedies—an incredible loss of one of our most valuable resources. It is not a good thing to be old in America today.

When people believe the best of life is behind them, they are just biding their time. These great movers and shakers have come to believe life has passed them by. They are now "out to pasture," and while living in comfort, they are simply waiting to die.

Our goal is to help these wealthy Americans catch a new vision for their lives—find something new to move and shake. This will not come by trying to motivate them to add another zero to their net worth. That objective lost its motivation some time ago. Getting them excited about trying to spend even more on a consumptive lifestyle is not going to light their fires either.

We have found that unless we can help the wealthy find some reason to believe that the best years of their lives are ahead of them, they will not have enough energy and motivation to complete the planning process. They need to find something that gives them a new reason to live—to “move and shake” again.

We have also discovered that simply avoiding taxes is not enough motivation. Avoiding taxes may be a good initial motivator, but it seldom provides adequate spiritual and emotional energy to carry wealthy families to an enthusiastic implementation of a comprehensive Stewardship Plan.

When people believe that the best years are behind them, we must ask, *"What motivates you to continue to live, to get up in the morning, or to do something big?"* For most of our people, this question uncovers a faulty life perspective they had unconsciously embraced. However, now that it has been recognized, they choose to reject it completely.

Our joint challenge, then, has been to counsel couples and help them find some work, some cause, some challenge in life that changes their answer to this question. Now, they firmly believe that the best years—even if they are in their eighties—are still waiting to be lived. Often, hours of discussion result from this one simple question. Sometimes, these discussions continue for weeks, even months.

This is such an extremely important area that we are going to spend all of Chapter 6 outlining how people can discover their real life purpose and "fire within."

You can see why we believe the power is in the questions. Armed with the right questions, wealthy families can make effective, meaningful, and life-changing choices that would have never been considered had these important questions not been asked.

By working through the *Life on Purpose Questionnaire,* people can gain enhanced clarity as to what they want to do with their lives and their wealth. They gain greater confidence that they can indeed articulate to their advisors what they want to do and can effectively evaluate their advisors' plan designs to determine if the plans will get them where they want to go (i.e., maintain control). The motivation that drives this planning process, that gives the couple the emotional energy to travel this new and unfamiliar territory, comes from recognizing the dramatically increased leverage they have at their disposal and the desire to again begin moving and shaking.

As you can tell from the powerful stories I've shared, this *Life on Purpose Questionnaire* in the hands of a skilled Stewardship Planner can lead to much more than simply minimizing the damage. It enables families to maximize their potential.

Remember, the power is in the questions.

CHAPTER 6
Discovering Your Life Purpose and Stirring Your "Fire Within"

In this chapter, we first want to define the general concept of life purpose. After working with hundreds of people all over the United States, it has become obvious that few people have a clear understanding of what life purpose is. Fewer still have mastered their own definition of life purpose.

In the *Life on Purpose Questionnaire*, it asks you to briefly describe your current understanding of your life purpose—what are you here to do? The majority of people have difficulty articulating a response. Few have answers. Those who attempt to respond generally offer a superficial answer. They have never given this idea serious thought.

An equally powerful question asks you to determine the purpose of your wealth. The idea that people and things could, or should, have a purpose seems to have been lost in our modern, materialistic American culture.

Does every human being have a life purpose? Are we on this earth simply due to some biological function of life? Are we just waiting for some future failure of other biological functions to end our lives? Is there more? Is there a purpose for our lives?

Modern thought pushes the idea that we are nothing more than a massive compilation of protoplasm. No matter how impossible the odds, the fact that we are here proves that accidents can happen. We are simply several billion "accidents" now living on this planet.

The modern mantra is, "Let us eat, drink, and be merry, for tomorrow we shall die." Or, as we see on bumper stickers, "He who dies with the most toys wins." Or, as reflected in an old beer commercial, "You only go around once in life, so grab for all the gusto you can."

Is this all there is? Is this our life purpose? In today's culture, the answer seems to be yes. And, if so, we should make all we can, take all we can, consume all we can, and enjoy all we can, because after this, there is no more. When it's over, it's over.

However, we would challenge this philosophy. We believe there is another explanation.

Have you ever wondered why you, an individual of stature in your community with substantial means and education, have never been awarded the Nobel Peace Prize? Likewise, have you ever wondered why a poor elderly woman—an individual who lived in the slums of a Third World city with little education, no material wealth, no station in life; an individual who served a handful of starving, dying, orphaned children—did receive that most prestigious award?

The answer is obvious. Intellectually, we have embraced the notion that we are here as a result of an accident. However, in our hearts, we have a higher understanding of purpose and dignity that elevates the value of human life.

The world recognized purpose and dignity in the exemplary life and sacrificial service of Mother Teresa. We honored this woman for fulfilling her humble yet noble life purpose.

So, we come back to our original question: What is life purpose? If we accept that there is only the physical world, we cannot realize a complete and satisfactory answer. Acknowledging only a part of our being—our physical side—leads to only part of the right answer. What is the rest of the answer?

In reality, we are truly physical beings, but we are also social beings, emotional beings, and spiritual beings.

The general definition of the life purpose concept is to discover the purpose for the whole of who we are—physically, socially, emotionally, and spiritually.

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Each year, our firm organizes and underwrites a mission trip to Mexico to build homes for homeless families. It is a life-changing experience for all who go. Overlooking that poverty-stricken community prompted us to ponder a number of sobering questions. Why are we living in the most prosperous country in the history of the world? Why were we born in America and not in some ghetto in Rwanda, Haiti, or Mexico? Why do we have healthy bodies while malnutrition, TB, or other diseases plague others? Why do we have such abundant wealth? Is it just good luck? Hardly. We believe there is a plan for us—a life purpose.

Our goal in life should be to discover and carry out our own life purpose. How do we deploy our accumulated wealth to do the most good for the most people during our short time on earth? We start by understanding our fundamental human desires.

Four Fundamental Human Desires

Human beings have four fundamental desires that must be fulfilled to find meaning and purpose in life. When these fundamental desires are equally met, a person will be healthy, focused, balanced, happy, and fulfilled. When they are not met, any number of problems can occur. We will illustrate some examples later in this chapter, but we begin by identifying and defining these desires.

1. The Desire to Gain Independence

Deep within us, we desire to gain independence—to be free. We do not want to be obligated to anyone. But even in a free country such as America, financial freedom is not granted automatically by law. For many of us, we must earn our financial freedom. The desire to gain financial independence is why many of us sought higher education or started businesses.

If you have ever started a business, recall your initial reasoning. You probably wanted to improve your life, get ahead, and be your own boss. When the opportunity arose, you seized it—and all the inherent risks that came with it—in an attempt to build a secure financial future for yourself and your family. The wealthiest business owners have obviously succeeded, often far beyond anything they ever imagined when they first started.

Those who have financial independence treasure it. Those who do not, long for it. Night schools are filled with adults still trying to get ahead. Lotteries are a multibillion-dollar business fueled by people longing to hit it big so they can be financially independent. No one can deny the presence and strength of this internal desire.

2. The Desire to Help Others

The second fundamental desire is to help others. The motivation to help someone who needs what we can provide dwells within all of us. Whether it is your spouse, children, grandchildren, neighbors, friends, other community members, or your employees, the desire to help resides within each of us. A mother's relationship with her child is the most vivid example of this desire to give—to sacrifice for the good of another.

This desire can make a man instinctively risk his life to save a young boy who has wandered into the street in front of an oncoming car. It can motivate a woman to walk away from a profitable career as a doctor and move to the jungles of Africa to run a primitive medical clinic. It tugs at our hearts when we see pictures of starving children on television. This desire causes you, in the wee hours of the night, to stay up and lovingly hold your crying child who is afraid of the dark. This inner impulse to give of ourselves and our belongings to others we deeply care about is real and powerful.

3. The Desire to Feel Significant

The third fundamental desire is to feel significant. Psychologists' offices are filled with people whose lives are falling apart because of a poor self-image. These individuals do not feel loved. They do not feel appreciated. They feel like failures. In the United States, this problem is almost epidemic.

But many of us are on the healthier side of this coin. There are people whose work makes a difference in the world in some way. Examples include the Red Cross worker, the teacher, the social worker, and the missionary. Despite the fact that the work does not translate into a great deal of accumulated wealth, these careers produce strong feelings of significance for the workers.

For many wealthy people, feelings of significance come in a different form. Even though other areas of their lives may be in shambles, many creators of wealth have been able to gain an immense feeling of significance from successful material accumulation. In contrast, inherited wealth does not produce the same feeling of significance. In fact, heirs often experience feelings of inadequacy and insignificance. It is important that wealthy parents understand this fact.

4. The Desire to Find Immortality

The final desire is to find immortality. No one wants to die. Given the choice, we would prefer to live forever. The medical industry has become a multibillion-dollar industry for one reason—people do not want to die.

Standing at the bedside of someone in intensive care is both a chilling and an impressive scene. Equipment surrounds the patient—machines monitoring vital signs, machines dispensing drugs, respirators, and other machines doing who knows what. The room is full of technology. Why? Because the person does not want to die.

But check the mortality tables. Mortality is one hundred percent. One day, the old ticker is going to stop. And then what? Is it over, or will you continue to somehow live even after your physical body ceases to function?

It is this desire for immortality that causes us to want to be remembered by someone for something meaningful. How do we continue to live even after we are dead? We offer some profound options for your consideration in the coming chapters.

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These four fundamental desires have everything to do with how we discover our life purpose. However, how we integrate these desires leads to vastly different results. The most common approach is what we call the **Compartmentalized Approach** to finding your life purpose.

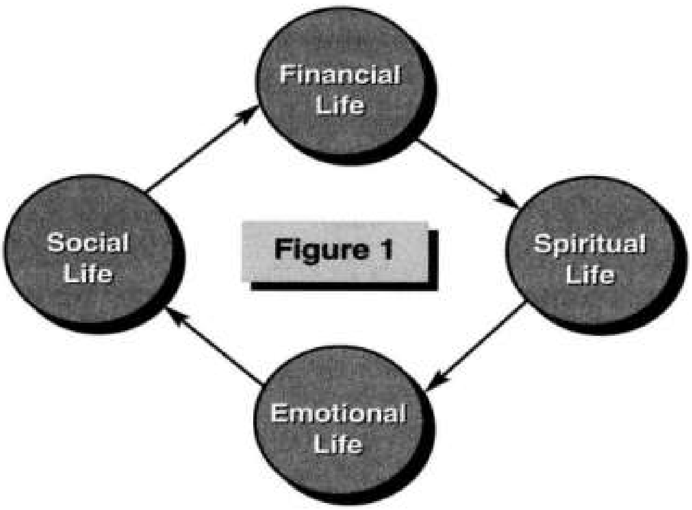
The Compartmentalized Approach to Finding Your Life Purpose

Typically, we see the four fundamental desires as separate and distinct aspects of our lives. Consequently, we relate to them independently, as the following illustration depicts. Our goal is to spend an equal amount of time in each of these areas of our lives. The greatest frustration people experience is that giving equal time to all areas is impossible. No matter what area of life we seek to address, we feel guilty because we are neglecting the other important areas.

While you are at work, you feel guilty because you believe you should be home with your family. After all, Dad, *"You promised."*

When you are home with your family, you feel pressured because you have so much work to do. In an attempt to compensate for neglecting your family, you skip the charity board meeting on Tuesday night, which adds even more guilt and frustration to your life. The more you try to balance your time and pursuits, the more stressed, frustrated, and guilty you feel.

Figure 1 depicts this compartmentalized approach to life—trying to touch all the bases with equal amounts of time and interest. This is the way most people try first. However, we must tell you that it simply does not work. You cannot find your life purpose using this approach. Here is the theoretical ideal:



The Imbalances that Develop Following the Compartmentalized Approach

After years of observing this futile approach to finding purpose in life, we have seen that imbalances often develop accidentally. The following are four figures that depict common imbalances we have identified.

Figure 2 represents people who have a poor self-image and have become so consumed with trying to feel important and find a sense of significance that the other areas of their lives have been neglected. As a result, their lives have become completely out of balance.

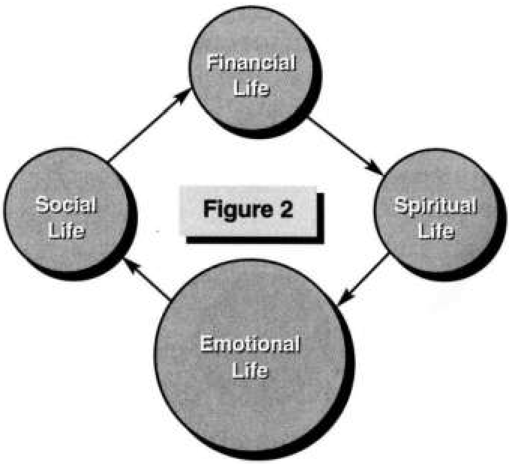
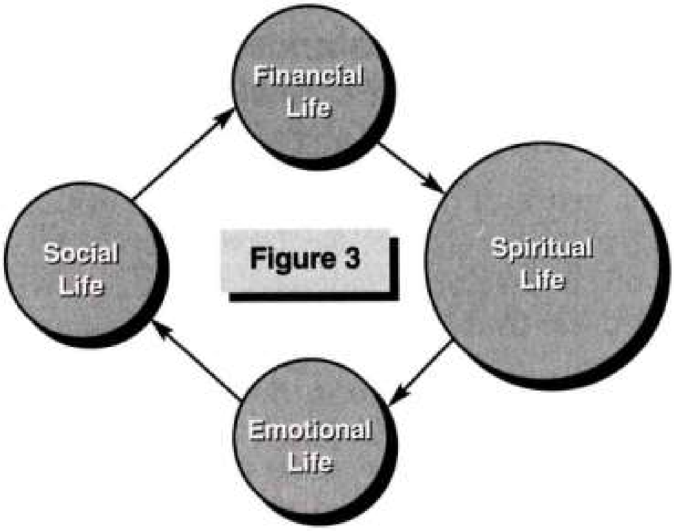


Figure 3 illustrates people who have become so consumed with being "heavenly minded" that they are no earthly good to anyone. They are so philosophical about life that their existence becomes somewhat hollow. Their lives are out of balance in these four areas, and as a result, their true life purposes remain undiscovered.



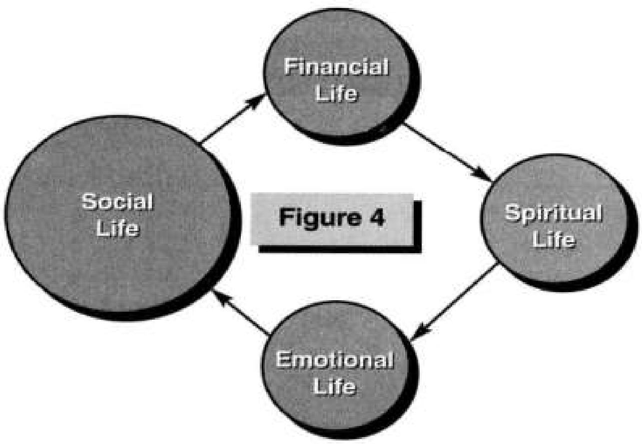
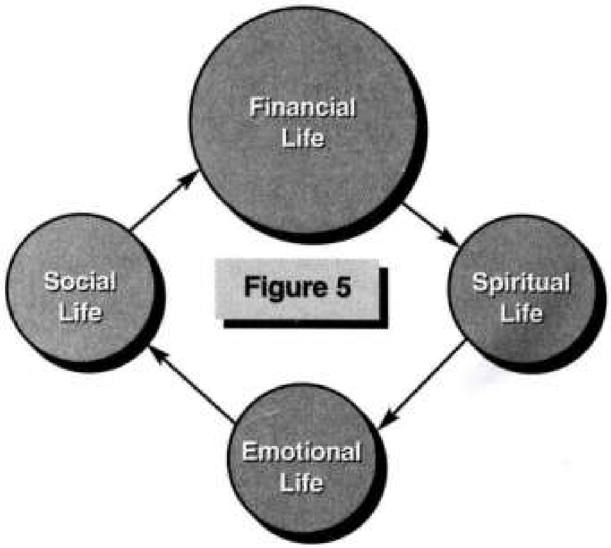


Figure 4 illustrates people who have devoted themselves so completely to helping others that they neglect the other fundamental areas of life. Although this overemphasis on serving and helping others may seem noble at first glance, these individuals often fail to care for themselves. As a result, they may not be socially, emotionally, financially, or spiritually healthy.

Lastly, Figure 5 represents the common imbalance seen among "fiercely independent entrepreneurs." These individuals started their businesses to build a secure financial future for themselves and their families. However, they became so engrossed in the process that, instead of running their businesses, their businesses began running them. They found themselves on the success treadmill, running at full speed. While they achieved incredible monetary success, the other critical areas of their lives suffered due to the overwhelming demands of financial pursuits.



The last thing any of us want is to spend our entire business careers climbing the ladder of success, only to reach the top and realize it was leaning against the wrong wall. Unfortunately, we have seen this happen all too often. Entrepreneurs may achieve great success in business, but often at the expense of their health, marriage, and children.

The good news is that as long as you are still on this side of the grass, it is not too late to climb back down, reposition the ladder against the right wall, and begin the ascent once again.

The Synergistic Approach to Finding Your Life Purpose

We suggest an alternative—and, we believe, a superior—approach to discovering life's purpose. We call it the Synergistic Approach. Rather than treating the four fundamental desires of life as separate and distinct areas, we propose merging them into concentric circles, as follows.

The goal in life is to find those activities, causes, relationships, and opportunities that align with all four fundamental desires. When you devote your time and energy to these specific pursuits, you fulfill all your desires and meet all your needs simultaneously. Once you identify what falls into this core area and begin dedicating yourself to it, you will feel a fire ignite within you—perhaps unlike anything you've ever experienced before.

When you feel that fire, you will discover both your life's purpose and the purpose of your accumulated wealth. The

Synergistic Approach is like focusing the sun's rays through a magnifying glass onto a piece of paper. Within seconds, the paper ignites. Similarly, when you narrow your focus from the countless possibilities in life and concentrate on the few activities that simultaneously fulfill your financial, social, emotional, and spiritual desires, your life will light up like the Fourth of July.

Someone once said, "The two most important days in a person's life are the day they are born and the day they discover why they were born."

George Bernard Shaw made a revealing statement that perfectly captures this idea:

"This is the true joy in life—being used for a purpose recognized by yourself as a mighty one. I am of the opinion that my life belongs to the whole community, and as long as I live, it is my privilege to do for it whatever I can. I want to be thoroughly used up when I die. For the harder I work, the more I live. I rejoice in life for its own sake. Life is no brief candle to me; it is a sort of splendid torch which I've got to hold up for the moment, and I want to make it burn as brightly as possible before handing it on to future generations."

Do you think George Bernard Shaw had found his fire within? Notice the fourth sentence in his quote: "For the harder I work, the more I live." That is a sure sign of finding one's life purpose—being energized by work, never bored or burned out.

When we help a couple—or better yet, an entire family—discover their life purpose and the purpose of their family's wealth, there is an explosion of excitement, motivation, and passion that propels the planning process forward. Once they know what they are here to do, they cannot wait to begin doing it.

This experience—this discovery of purpose—transforms their perspective, shifting their mindset from believing that the best years of their lives are behind them to realizing that the best years are still to come.

SECTION III

THE UNIQUE FAMILY PLANNING ISSUES ADDRESSED IN STEWARDSHIP PLANNING

CHAPTER 7
Understanding the Psychological Pyramid of Priorities

One of the most powerful and important planning concepts is the Psychological Pyramid of Priorities. It identifies how people prioritize things. It is basic and instinctive. It is part of our human nature. Yet, it is very common to see this pyramid routinely ignored or violated in the planning process, to everyone's frustration and dismay.

Once the pyramid is understood, it simplifies and clarifies the proper steps to fully implement plans. The concept is incredibly simple, yet it is often the simple things in life that confound the wise. Knowing the pyramid does not make it powerful. Applying this concept to the planning process does.

The Psychological Pyramid of Priorities has three levels, or tiers. The first priority is the foundation of the pyramid. The second priority, obviously, is built upon the first, and the third level is built upon the other two below it. Except in the rarest of cases, it will not be otherwise. Adhering to this pyramid allows an advisor to create a plan the family will feel comfortable enough with to implement.

Here is how we illustrate the Psychological Pyramid of Priorities.

The Base Level of the Psychological Pyramid of Priorities-Taking Care of Ourselves

One of the most basic and fundamental human instincts, common to us all—rich or poor—is self-survival. Volumes have been written on this instinct and how it impacts human behavior.

To minimize this instinctive human drive, even among the wealthy, is foolhardy. Although people may be worth millions or even tens or hundreds of millions, most recognize how quickly things can change. Most wealthy people today did not inherit their wealth; they created it themselves through years of sweat, sacrifice, and risk.

Now they are comfortable and want to stay that way. They do not want to go back to struggling to pay the bills and make ends meet. They had enough of that lifestyle in decades past.

Contrary to popular opinion, most wealthy people live well below their means. This may sound absurd. It may be hard to imagine how people can live in a two-million-dollar house, have a Mercedes and two BMWs, take three months a year to live in a one-million-dollar winter home in Naples, Florida, have a million dollars in the bank, and still be living below their means.

The wealthy could spend more than they do. But they do not. They usually have substantial discretionary income beyond what they consume. They often have accumulated assets they could not possibly consume in their lifetimes, even if they went on a spending spree every day for the rest of their lives.

Somewhere along the way to where they are today, they chose to cap their lifestyles. It may have been a conscious decision. It may have happened as a result of finally having everything they wanted in life. It may have been that they never increased their lifestyles from years past, even though their net worth and income have multiplied many times over. No matter what the reason, they are living well below their means.

How much is enough for us?

Regardless of this tendency, there seems to be one question that wealthy people rarely contemplate, seriously or otherwise. That question is: How much is enough for us?

How much income do we feel we need to maintain our current lifestyle? It should surprise no one that wealthy people are not living on a budget. Often, they have only a vague idea of how much they spend each year on their lifestyles. They have enough on hand to buy whatever they want, so no one tracks spending. Consequently, the question of how much is enough is not answered easily.

Notice that we do not ask, "How much do you actually need to maintain your current lifestyle?" We ask how much you feel you need to maintain your current lifestyle. Over the years, we have learned that no matter how logical, rational, or analytical people are, they still will not make a decision unless they feel comfortable with it.

We often get responses like this: "Well, probably $250,000 in annual spendable income would allow us to maintain our current lifestyle, but we would feel a lot more comfortable with $350,000." The number we work with in planning this case is $350,000, not $250,000. We have seen that feelings often override facts when they are in conflict with one another. This couple is telling us they really want $350,000 of annual spendable income.

The next question we ask is, "How much do you need in emergency reserve to avoid possible future financial disaster?" It seems that a simple mathematical equation could give us the answer, but it does not work that way.

Memories of economic collapse and financial ruin—something younger Americans have yet to experience—have indelibly marked many older Americans who either lived through the Great Depression or were raised in homes where the Depression had a major impact.

The instinctive and understandable reaction of those who have experienced true financial hardship is often, "We can never have enough in reserve because we can never know just how long or how deep the next 'Great Depression' will be."

The answer to this concern is not a simple mathematical calculation. It requires in-depth conversations to help distinguish facts from feelings as we seek to answer this critically important question.

These are emotional discussions that go to the root of the instinctive human drive to survive—to take care of ourselves. These are not financial issues. Advisors who do not understand the pyramid are not sensitive to these perceptions and, consequently, move their clients into plans that are out of their clients' comfort zones.

Until a person feels comfortable that he or she has set aside enough to stem the worst financial disaster the person believes could happen, that individual will never release anything to children, charity, or anyone else.

That is why we produce detailed, integrated cash flow scenarios as part of the stewardship planning process—so people can see that the sum of money they feel they need adequately provides them with the security they want. Unless they feel financially secure, they will not be emotionally ready to move to the second level of the Psychological Pyramid of Priorities.

The Second Level of the Psychological Pyramid of Priorities- Taking Care of Our Heirs

In addressing the second priority, wealthy parents must ask themselves, "How much is enough for our heirs?" This question is just as complex and emotional as the first. However, now the emotion is not one created out of deep fear and anxiety but out of deep love. In most cases, we are going to the opposite extreme of the emotional pendulum.

Warren Buffett made a profound comment on the topic of inheritance. He said, "I want to give my children enough of an inheritance that they will feel like they can do anything, but not so much of an inheritance that they might choose to do nothing."

When we discuss this quote with wealthy parents, the overwhelming majority readily concur.

Yet almost none have tried to identify the minimum and maximum levels of wealth that would be best to pass on to their heirs.

The goal of passing as much of the family's wealth to the heirs as possible is one of traditional estate planning's primary assumptions. Planning strategies are designed to maximize the heirs' inheritance. In fact, this is often the only planning goal. The chant rings out, "Max to the kids. Max to the kids."

Estate planners have told us that the only thing that really matters—the goal of the estate planning "game"—is to see how much wealth their clients can transfer to their heirs. Whether the rest of the money goes to charity or the IRS is apparently irrelevant.

We feel that where the other half of the family's wealth goes should be just as important. When we ask how much wealth a couple would like to pass to their heirs, they often look at us in disbelief and say, "Well, everything, of course!" They believe there is no other answer loving parents could or should give.

When they answer this way, we ask them another clarifying question: "When you say 'everything,' do you mean everything before tax or everything after tax? Because if you mean everything that is left after taxes, you may only mean 60% of everything."

We must assure them that loving parents can have another answer. Few other advisors have raised this question, much less provided any method by which to determine what an appropriate inheritance might be.

That is why the statement from Warren Buffett is so valuable. There are minimum and maximum boundaries for an appropriate inheritance. We seldom are faced with parents who ask, "How little is too little?" They most often are struggling to answer, "How much is too much?"

When parents struggle to find an appropriate inheritance for their children, we take them through what we call an Inheritance Fire Drill, which asks a series of key questions.

The first is: Do you think inheritances are a right or a privilege? The answer is almost always a privilege.

We then ask them if they want to fund lifestyle or opportunity. If it is lifestyle, they need to figure out what is needed to set aside to ensure that lifestyle. If it is opportunity (which it most often is), then we ask them, "What opportunities do you want to fund?"

We then ask them to make a column for each child and list exactly what they want each child's inheritance to do for them—what opportunities they want to fund.

This part of the fire drill goes something like this:

"Well, we want them to each have their own home."

"How much will that cost?"

"$500,000 each."

"Okay, what else?"

"We want them to be able to keep our vacation home in West Palm Beach, Florida."

"How much is that worth?"

"One million dollars."

"What else?"

"Our kids all love to sail, so we would like for them to be able to own their own sailboat and have the money for the marina and boat maintenance."

"Fine, how much will they need for that?"

"Two hundred thousand dollars."

"Good, what else?"

"We want to be sure that our kids can provide our grandchildren the best education possible."

"And how much do you want to make available for that?"

"Thirty thousand dollars a year for each grandchild."

"Fine, anything else?"

"Yes, we want them to each have one million in the bank for emergencies."

"No problem. Anything else?"

This exercise continues until the parents cannot think of any other funding opportunities that they would want to provide to their children and grandchildren as an inheritance.

We once had a man say after going through this exercise, "If they get anything else, they will have more than I do!"

"So," we ask, "if your heirs get all this, would you consider it to be an appropriate inheritance?"

"Yes."

To their surprise, when we add up all the numbers and explain the time value of money, the children's inheritance is almost always dramatically less than the amount they had in their minds before the fire drill.

It is interesting that the total inheritance, once it is tallied, often does not go much beyond fifty percent of the family's current net worth.

The one exception is when a family business is involved, it makes up the majority of the family's wealth, and they want the business to go to the children. Then, these results will not apply. In those cases, the entire value of the family's wealth may indeed end up being passed on to the heirs. The important thing in any case is that the parents know how they have arrived at the inheritance figure instead of simply pulling some arbitrary number out of thin air or resorting to the default answer, "Everything."

On as many occasions as not, the heirs actually end up with a larger inheritance with our new plan than they would have received under the existing plan. With many current plans, the children would receive even less than fifty percent of the family's total wealth.

Whatever amount of wealth ends up being "enough of an inheritance that they will feel like they can do anything, but not so much of an inheritance that they will do nothing," the next question that parents must ask is, "What will we do with the rest of our wealth?"

Assume that a couple determines, after they itemize their inheritances, that fifty percent (and sometimes less) of their wealth is an appropriate amount for their heirs. In this case, we tell them, "If you want to pass fifty percent of your wealth on to your heirs, and you do not mind the other half going to the IRS in estate taxes, you will not need us to go further and do any planning for you. Your current 'default' planning option is adequate. But if you would prefer to self-direct that Social Capital to the charities and ministries you care about, you will need us to do a good bit more planning."

This discussion leads us to explore the final tier of the Psychological Pyramid of Priorities.

The Third Level of the Psychological Pyramid of Priorities- Taking Care of Others

This is where the fun begins. The parents feel completely secure that they are going to be able to maintain their lifestyle and ride out any kind of emergency for the rest of their lives. They are providing their heirs with an appropriate inheritance. Now comes the big question, "What do we do with what is left?"

Obviously, charitable giving is a wonderful answer, but one that is rarely used. Why? In our experience, it is because most charities approach wealthy donors with an inverted pyramid. Charities approach donors to explain their needs—asking that the charity's needs be met. There is nothing wrong with asking that your needs be met. However, based on the Psychological Pyramid of Priorities, donors will not meet the charity's needs until they are certain that their needs will continue to be met and their heirs' needs will be met. If they do not know how much they need to accomplish these higher priorities, they will be reluctant at best and completely unwilling at worst to bestow a major gift on a charity.

The charities may ask, "Well, then, why are we able to acquire multimillion-dollar planned gifts from our donors if what you are saying is true?"

The issue is not whether they have acquired major gifts, but rather, are those gifts as major as they could have been? What about all those donors from whom the charity solicited a major gift but never received one? Was there any wealth left on the table that could have gone to the charity but went to the IRS instead? The answer, we believe, is usually in the affirmative.

We suggest this is the case because the Psychological Pyramid of Priorities was inverted and violated. It is not what they did give to charity that is the issue. It is what they did not give, but could have given, that is the issue. Until the family determines how much they need and how much their heirs need, they will always give less than they can or maybe even should.

Some years ago, we were referred to Dr. and Mrs. Jim Hohlt. They were one of the few families we have had that already had a charitable trust established before we met them. He was on the board of trustees of a regional university. A couple of years prior to Dr. Hohlt meeting us, he was approached by the director of development about making a planned gift to the school. After some reflection, Jim and his wife, Liz, decided to fund a charitable trust with one hundred thousand dollars of highly appreciated securities.

Do you think the director of development was pleased to accept this planned gift? Of course! However, two years later, Jim and Liz met with us. We took them through the entire Stewardship Planning process. When we were done, we set up and funded a second charitable trust with $1.7 million more of appreciated assets—seventeen times more than he gave two years earlier. What was the difference?

It is simple. We followed the Psychological Pyramid of Priorities and helped them answer the two questions that had never been asked by any of their advisors: "How much is enough for us, and how much is enough for our heirs?"

Once they had satisfactorily answered these two questions, Jim and Liz discovered they had extra wealth left over—$1.7 million, to be exact. Now, the couple was emotionally willing to make a second planned gift because they saw that this part of their wealth was truly surplus.

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If wealthy people have not adequately answered the questions of how much is enough for them, their children, and others, they give substantially less than they could. They do not want to over-give and create possible lifestyle maintenance problems for themselves or reduced inheritance issues for their family.

Each wealthy family must fully answer these three essential questions. Without doing so, the likelihood of getting a creative master stewardship plan implemented falls to nearly zero. A planner must have fixed benchmarks upon which to base his or her plans. With no clear answer as to how much is enough for someone to feel comfortable maintaining their current lifestyle, no plan for wealth transfer to the family can be developed effectively. Likewise, with no specific set figure for the appropriate amount of wealth to be passed on to the family, there is no way to determine if there is any surplus. This thought process and the answers that come from it are absolutely critical to effective and strategic planning.

The Psychological Pyramid of Priorities expresses our most basic human instincts of (1) taking care of ourselves, (2) taking care of our own, and (3) taking care of others. Moving through these planning priorities in the proper order not only simplifies the entire planning process, but also makes it more rewarding. It is worth the effort.

CHAPTER 8

Planning with Your Heart as Well as Your Head

One of the most difficult tasks in estate planning is including the human side of the equation. The planning process itself is heavy on the technical side. There are legal documents, Estate Tax tables, Gift Tax tables, Annual Gift Exclusions, Applicable Lifetime Exclusions, Generation-Skipping Tax exemptions, gift and estate tax deductions, unlimited marital deductions, valuation adjustments, revocable and irrevocable trusts, inter vivos and testamentary trusts, GRATs, CRUTs, FLPs, and CLATs.

Then there are the integrated cash flow ledgers, multiple insurance illustrations, net present value calculations, time value of money projections, interest and growth rate assumptions, and mortality tables.

If that is not enough, all the meetings are held in an advisor's formal conference room with everyone dressed in business attire. The room is full of professionals who make their living by analyzing and writing words and running numbers. They are masters of the details. They are brilliant technicians. The brainpower in the room is staggering.

Assets you have traded much of your life to accumulate—businesses, homes, and real estate—are reduced to nothing more than commodities to be repositioned and revalued to improve "the bottom line."

Worst of all, our children and grandchildren can—and often are—reduced to nothing more than a small but useful group of tax shelters to be taken advantage of in the planning process.

Is it any surprise that planning often lacks any human element? Parents and their advisors end up letting the head issues overrule the heart issues of life during the planning process.

Viewing Your Family Members as "Tax Shelters"

Consider this. A man and his wife are both giving their children and grandchildren twenty thousand dollars each year, their joint annual exclusion amount. Has anyone asked them why they are doing that? Perhaps more importantly, why is the amount twenty thousand dollars? Why not twelve thousand dollars? Or fifty thousand dollars?

The answer usually has less to do with whether making these gifts is good for the heirs as flesh-and-blood offspring and more to do with maximizing the advantage of using heirs as tax shelters. Think about it. These gifts are made primarily to enhance the parents' tax planning, not to enhance the welfare of their children and grandchildren. If you question the truth of this observation, simply ask yourself: who prompts parents to make such gifts and further recommends the size of the gifts? The answer is usually the tax advisors.

You see, like it or not, family members can and are being used as tax shelters. Have you considered how the heirs feel knowing that the primary—if not the sole—reason they are getting these annual gifts from their parents or grandparents is because there is a tax incentive? Do these gifts have anything to do with their parents' love for them? Or are they made with ulterior motives and strings attached?

Ask yourself, when those children or grandchildren receive their annual gifts, do they come with cards or personal letters expressing love and affection, explaining why the beneficiaries are receiving this inheritance, and expressing the hope that they will use the gifts wisely?

What beneficiaries usually receive with their gifts are letters that must be signed and returned to the trustees within thirty days. They must waive the right to withdraw their gifts. This does not necessarily communicate a great amount of feeling and affection.

Generation Skipping Trusts "You Own It, but You Don't"

Have you ever considered the emotional impact on heirs of Generation-Skipping Trusts? Enough time has passed since these trusts became law that research on this type of trust is available. Generation-Skipping Trusts, sometimes referred to as GSTs, are having a negative impact—mostly emotional—on the beneficiaries.

The Inheritance Project has done extensive research into how the beneficiaries of wealth handle these trusts. This research is turning up some very interesting and troubling discoveries. A GST may be the hardest trust of all to deal with emotionally because "you own it, but you don't." Are GSTs set up because they are really best for the family members who will have to live with them for the next one hundred years or more, or because they are good tax planning tools?

The heirs' perceptions are very interesting. They sense that trusts, in general, have nothing to do with trust at all. These trusts have everything to do with distrust.

Whether that was really the parents' motivation is irrelevant. For the heirs, perception is reality. Unless they are told otherwise, the message is loud and clear: "My parents did not trust me with my inheritance." How does it make heirs feel knowing that a trust was set up that they could not control? That they were not deemed responsible or trustworthy enough to be fully and totally able to handle their wealth—ever?

Family Limited Partnerships "Irrelevant Ownership"

The use of Family Limited Partnerships, referred to as FLPs, in planning is another example of potential planning without a heart. The typical scenario of an FLP is that the parents retain control of the entire partnership by keeping the general partnership units while gifting the limited partnership units either directly to family members or into a trust that will ultimately end up benefiting family members.

Of course, the limited partners—the offspring—have absolutely no control over these assets. They are at the mercy of their parents as to whether there will be any income coming from it or how the assets will be invested. They learn nothing and possibly even gain nothing from their inheritance.

What these parents have communicated to their family's future generations is, "We do not trust you to make good decisions or to be wise in handling this wealth you are receiving. Just hold onto these units and be quiet. We will take care of everything."

What message is being communicated to the children or grandchildren through this tax planning and wealth control strategy? It is safe to say this strategy does not lead to a flood of warm, fuzzy feelings toward the parents. Often, heirs even feel used and manipulated.

"Dad is just doing business again. We are his little pawns in his game to beat the IRS."

It May Not be Wrong, but It May Not be Wise

Do not misunderstand the point. We are not saying any of these tools and techniques are, in and of themselves, wrong or bad. We use these tools—and dozens like them—all the time.

What we are saying is that decisions to use these tools and techniques must be evaluated with the heart as well as the head. We must explore the "soft" side of an option as well as the "hard" side. Tragically, this is rarely done in traditional estate planning.

One of our cardinal rules in the Stewardship Planning process is to always ask, "How will the family feel about this particular strategy?"

It does not matter how good the technique is or how well it works in their particular situation—if the couple do not feel good about it, it is not going to happen. They simply will not do it. We must find an alternative strategy that makes both "head" sense and "heart" sense.

Unfortunately, the other family members—the beneficiaries of this accumulated wealth—are seldom given that same opportunity to have input before a plan or strategy is implemented. In fact, the overwhelming majority of estate planning is done behind the closed doors of an advisor's conference room, with just the parents and their advisors considering options, making decisions, and implementing plans.

We find this practice fascinating. An owner of a business usually does not decide to set up an elaborate new employee benefit plan without consulting at least a few key employees to see if it is something they want or need. Are they in favor of it? Will they participate? Will it be a valuable perk? Yet, just the opposite seems to happen when putting together the "benefits package" for their own flesh and blood.

Often, the children know nothing of their parents' plans until they are sitting in the attorney's office, listening to the last surviving parent's will.

Look at Your Plan's Impact through the Eyes of Your Family Members

There is a natural tendency for fiercely independent entrepreneurs to approach their planning the same way they run their financial empires: "This is my wealth, and I will do with it what I please." While this mindset may be effective in managing assets, it is not as effective when transferring wealth to future generations in a way that ensures it will be a blessing rather than a burden.

Parents must make a conscious effort to shift their perspective—to move around to the other side of the table. In other words, they need to consider the impact of their plan through their children's eyes, taking into account their feelings and emotions. We encourage parents to put themselves in their children's shoes and imagine how their lives will unfold after receiving their inheritance. Do they like the outcome they envision?

We always insist that parents engage in this mental exercise. They should ask themselves the same types of questions we ask when designing their plan: How will the children and grandchildren feel about this arrangement? Are we doing something for the family, or are we doing something to the family? The simplest way to answer this question is to ask the children directly.

Including the entire family in the planning process introduces a new set of emotional and practical considerations that parents may not be ready to address. Often, they feel uncomfortable fully disclosing their financial details to their children. However, we strongly believe that full disclosure is the best approach in these matters—though we acknowledge there are exceptions to every rule. Simply demonstrating trust in their children by being transparent can significantly improve the plan’s impact and reception.

In-laws versus Outlaws

Whenever possible, we encourage the direct involvement and input of children, adult grandchildren, and even in-laws in the decision-making process.

Have you considered the impact a multimillion-dollar trust in your daughter’s name alone might have on her marriage? She will be receiving two hundred thousand dollars a year from her trust, while her husband earns only fifty thousand dollars annually—working all year to make it. How will this affect his sense of equality within the marriage? While this inheritance will undoubtedly make them "financially happier," will it contribute to their personal happiness and help them maintain a strong, vibrant marriage in the years ahead? Or will the gift inadvertently sow seeds of envy, division, and possibly even divorce?

The newspapers are filled with tragic stories of wealthy heirs. This is not a far-fetched theory that could never happen to your family—it is the reality of how life works, and wealth provides no insulation from it.

Too often, parents approach wealth transfer planning with the primary goal of maximizing tax benefits. In doing so, they fail to carefully and adequately consider the human ramifications of these tax strategies, inadvertently sowing seeds of discord in the lives of their children.

Blessing or Cursing Your Grandchildren

As another example, consider the grandchildren's trust set up using the GST exemption. Each grandchild is set to receive one million dollars upon turning twenty-five. While this may be a great tax planning strategy, what will it ultimately do for—or perhaps to—these twenty-five-year-olds? Even more concerning, what impact might it have on them before they reach twenty-five, knowing that a substantial sum of money is guaranteed?

How might this knowledge affect their work ethic, motivation to pursue a good education, and career aspirations, knowing that after their twenty-fifth birthday, they will receive at least eighty thousand dollars a year—regardless of whether they work or contribute?

Consider how this trust could undermine parental authority and influence. If parents insist that their son graduate from high school, he may simply refuse and move out, knowing that in seven years, he will be "rich." Did the grandparents intend for this to happen? Of course not. They were simply trying to maximize the tax incentives available to them.

If you think the solution is to keep the trust a secret until the grandchildren turn twenty-five, you are merely trading one emotional risk for several others.

When planning is done without heart, without considering the human side of the equation, and solely for tax efficiency, the results can be disastrous for the very people the plan was meant to benefit.

Wealth Does Not Build Character; It Only Reveals It

Parents must remember: wealth does not build character; it only reveals it. We have seen parents who believe that, although their children are currently lazy, undisciplined, and selfish, their inheritance will somehow magically transform them into hardworking, disciplined, and generous individuals. However, if you place millions of dollars in the hands of "bad" children, all you have given them is the opportunity to be worse. Conversely, if you place millions of dollars in the hands of "good" children, it enables them to do even more good. Wealth simply magnifies the underlying nature of those who possess it; it does not change it.

A parent's greatest challenge in estate planning is not just wealth transfer but instilling solid virtues and noble character in their children and grandchildren. Only then will they have the foundation to use wealth in a way that blesses themselves, their family, and others. Chapter 12 explores this issue in greater detail.

Feeling What Inheritors Feel

The Inheritance Project's materials are extremely helpful to parents who wish to fully explore the heart side of planning. Inheritors face five major emotional conflicts. All five can be overcome, but with careful advance planning, they can simply be avoided. This is why we encourage parents to engage their heirs in the process while they are still around—to serve as both role models and mentors to the next generation of wealth holders.

To the extent that parents recognize the emotions and challenges that come with the wealth they are passing on, they can effectively address them. Just as they strive to minimize taxes through strategic planning, they can also devise ways to reduce or eliminate these emotional pitfalls in the estate planning process.

Inheritors' Fears

It is interesting that the greater the level of financial security provided by an inheritance, the more emotional insecurity there tends to be. Even though these heirs are financially secure, they struggle internally with debilitating concerns about self-image, responsibility, and even survival.

Deep, nagging questions eat away at their psyche: *With all my wealth, how can I prove myself in any endeavor I undertake? Am I a valuable person without my wealth? Without this wealth and the* *advantages it provides, could I even make it on my own? If I didn't have all this wealth, would my friends still be my friends?*

These are just a few of the haunting questions that loom in the minds of inheritors of wealth. Lavishly bestowed wealth often increases heirs' insecurities rather than alleviating them.

Inheritors' Isolation

The possession of wealth leads heirs to conclude, sooner or later, that they are different from most people. Of course, when it comes to the amount of wealth they have, this is true. However, this perceived difference may be incorrectly transferred to other areas of life.

They feel separated, insulated, alienated, and disconnected from the rest of the world. This is a lonely and painful feeling. This sense of isolation has been conveyed to them in many ways as they grew up—living in country estates with walls enclosing the lawns and in city apartments with guards protecting the buildings.

They cannot have normal relationships with many people because their wealth can be intimidating to others. Instead of being a means to deeper, more fulfilling relationships, their wealth isolates them. This forces them either to endure loneliness or to hide their wealth in order to live a "normal" life.

The movies *Aladdin* and *Roman Holiday* illustrate this well. In *Aladdin*, Jasmine chooses to flee the castle to experience real life. In *Roman Holiday*, Princess Anne sneaks out of the royal compound one night to see how the rest of the world lives. In both cases, they quickly realize how ill-equipped they are to live normal lives.

Both of these heirs longed for what they had been cut off from—what they could see but not experience. Such isolation is anything but a blessing.

Inheritors' Delayed Maturity

The protected and sheltered lives that heirs enjoy as children may keep them from growing up. Things are simply given to them. They are not required to think, plan, budget, or set boundaries. With unlimited resources, their goal often becomes to eat, drink, and be merry. If they waste ten thousand dollars, no problem—there is always more. Heirs often fail to learn even the basics of financial responsibility, such as balancing a checkbook, let alone managing their wealth wisely.

Wealthy heirs can also become snobs. They may think of themselves more highly than they ought and fail to develop social skills, humility, grace, and compassion. They risk becoming the infamous "spoiled rich kids."

Children must learn to become emotionally autonomous from their parents. They can achieve this when parents equip them with the virtues, values, and skills needed to succeed in life—with or without wealth. This is the most important inheritance parents can give to their children.

Inheritors' Lack of Direction

Abundant wealth often leaves heirs in a fog. They have no clear plan or purpose in life. Their wealth has given them the opportunity to do anything, yet they find themselves doing nothing of value for themselves or anyone else—except enjoying the abundant life their wealth allows.

If inheritors have no specific goals or objectives, they may find themselves running at full throttle yet with no rudder in the water, drifting from one hobby to the next, from one degree program to the next, from one career to the next. They are going nowhere in high fashion. Simply put, they have no plans for their lives.

When people know they have so much money that they never need to work, they find it extremely hard to commit to anything—especially something that requires sacrifice or even pain. Yet, without commitment, relationships and accomplishments will never be truly fulfilling, and life will remain hollow.

Inheritors' Guilt and Shame

Heirs commonly experience both shame and guilt over their unearned fortunes. They possess what few others have and what many desperately need—yet they did nothing to earn it except being born into the right family.

This unmerited wealth can be deeply unsettling. Since money was rarely discussed at home while they were growing up, they may assume wealth is a taboo topic—something shameful. Over time, they may internalize the idea that having money makes them inherently bad. This mindset often takes root early in life.

Guilt can also stem from how the family fortune was amassed. If it was built through exploitation, manipulation, or morally questionable means, heirs may see the wealth as tainted, leading to further emotional conflict.

In an attempt to cope, inheritors may push themselves to work exceptionally hard to "earn" their wealth, go to great lengths to hide it, or constantly apologize for having it—sometimes all three. These struggles can make it difficult for them to feel free to be themselves, as they remain trapped in the need to prove they deserve their good fortune.

Planning with Your Heart as Well as Your Head

The majority of wealthy individuals we work with are first-generation wealth creators. They started with nothing, relying on relentless work ethic and countless hours of dedication to build their success. For much of their early lives, they lived modestly while carefully constructing their financial empires.

These fiercely independent entrepreneurs have no personal experience with the emotional and psychological challenges that come with inheriting significant wealth. Likewise, most advisors—who are not wealthy themselves—lack firsthand knowledge of the emotional complexities of wealth transfer, aside from what they have observed in their clients' heirs.

Because of this knowledge gap, it is essential for parents to seek guidance that considers both the heart and the head in their planning. While there is no shortage of professionals who can handle the technical aspects of wealth transfer, there is a significant lack of advisors who integrate the human side of inheritance into the process.

As we have shown, an inheritance is more than just money—it carries emotional weight and long-term consequences. A Stewardship Planner is uniquely trained to navigate both the financial and emotional aspects of wealth transfer, ensuring that families plan with both wisdom and compassion. Recognizing the emotional pitfalls is only half the battle; the other half is assembling a planning team that understands these challenges and can address them within the broader context of tax and estate planning.

CHAPTER 9

Resolving Family Conflicts and Repairing Broken Relationships

Family conflicts and broken relationships are not exclusive to the wealthy. These painful realities exist across all economic levels. However, when significant wealth is involved, the intensity and scale of these problems often escalate, making them even more challenging to navigate.

This chapter may be difficult for some to read. The wounds of family discord can run deep, and some may feel that certain relationships are beyond repair. Others may choose to skip this discussion entirely, fearing the pain it might resurface.

But this chapter is not about dwelling on past hurts—it is about offering hope. No pain is too deep to heal, and no relationship is beyond restoration if even one person is willing to take the first step.

In cases where reconciliation is not possible, there are practical steps to finding lasting peace and freedom. Whether or not broken relationships can be repaired, we all deserve the opportunity to move forward, let go of emotional burdens, and embrace a life of peace.

No matter the outcome, healing and victory are always within reach.

Causes of Conflict in Wealthy Families

Before we can explore how to resolve family conflicts, we must first understand their root causes. Not all conflicts within a family are expressed through heated arguments or ongoing disputes. In many cases, wounds remain unspoken, silently festering beneath the surface. The freedom to openly discuss these conflicts and express pain is often suppressed. In some families, certain topics become entirely taboo, never to be acknowledged.

In many instances, one party may not even realize a conflict exists, making resolution especially difficult. When grievances remain unspoken, healing becomes nearly impossible.

Through our years of working with wealthy families, we have observed that nearly every family conflict—no matter how complex—tends to fall into one of six fundamental categories. Understanding these categories is the first step toward resolution and healing.

1. General Neglect

Years ago, we came across a powerful statement in the context of asset management: *"Any asset left unmanaged becomes a liability."* The idea is simple—if you invest in something but neglect its care, its value diminishes over time.

Consider a home that goes without maintenance for twenty years. Its structure deteriorates, its market value plummets. Or imagine driving a car for fifty thousand miles without a single service. Eventually, it will break down.

The same principle applies to relationships. Any relationship left unmanaged—especially between parents and children—can turn into a liability. There is a significant difference between children merely *growing up* and children *being raised.* Providing food and shelter ensures they grow up, but raising them requires intentional effort, guidance, and presence.

One of the most common internal conflicts in wealthy families is parental absence during a child's formative years. In many cases, nannies and household staff assume the role of caregivers, leaving parents physically or emotionally distant. The long-term effects of this dynamic are profound—leading children, even into adulthood, to feel unloved, abandoned, and emotionally disconnected.

The consequences of such neglect are rarely neutral. Instead, they manifest as resentment, low self-worth, fractured marriages, and struggles in their own parenting.

Take the case of Herb Cohen, a man from the Southwest who was referred to us by a family back East. Herb wanted to review his family's estate plan, and when we introduced him to the concept of *Stewardship Planning,* he was so inspired that he invited us to present it to a nonprofit board and his local Jewish Federation.

To explore these ideas further, we scheduled a *Discovery Retreat.* Herb's wife, Barb, was initially reluctant to attend but eventually agreed. When we arrived at their home and began the session, Barb struggled to answer some of our questions, while Herb was surprisingly open.

One pivotal question we asked was, *"What kind of relationship did you have with your parents, and in what ways are you most like your mother and father?"*

Herb's response was deeply emotional. He described a strained, distant relationship with his father. He recalled standing over his father's coffin, pouring out the words he had never been able to say in life:

"Why didn't you ever come to my basketball games? Junior high, high school, college—I kept hoping you'd be there. Why didn't we ever really talk? I loved you. I wanted to spend more time with you."

Herb's story is a heartbreaking reminder that wealth and success cannot replace the most fundamental human need—connection. Without effort and presence, relationships suffer, and the emotional cost can last a lifetime.

He related that while he was having this meaningful conversation with his father, a sobering reality hit him: he had just had the best conversation of his life with his father, and his father was dead.

The next question we asked was, "Are there any other damaged relationships with family members that need to be resolved?"

Herb looked at me with a pained expression. He said, "Well, I was married before. I have three children from my first marriage whom I have not seen in twenty years."

We were surprised and asked, "You're kidding? You haven't seen your children in twenty years?"

He said, "No, nor have I spoken with them."

We responded, "It sounds as if your kids are going to have the same experience at your funeral that you had at your father's funeral."

He looked up at us and said, "That is, if they even come."

Then he stood up, went to his china closet, and pulled out a Kiddush cup. In the Jewish faith, this cup is used when saying blessings on the Sabbath and religious holidays. He brought it over to me and asked me to stand by the window so I could really see it. It was silver and very old. He showed me the names of his ancestors, dating all the way back to the early 1800s. It had been passed down from father to son for more than 175 years. He pointed out where his grandfather's and then his father's names were inscribed on it.

He turned and looked at me, saying sadly, "Who can I leave this to? Am I going to leave it to my wife's daughter? She's not even Jewish."

We said we felt his son should have it. We advised him to reach out to his children, that perhaps a messy divorce had led them to believe he was a monster.

He looked at us and said, "I kind of deserved some of that."

We encouraged him, saying, "But the truth is, you are a wonderful person now. You need to let your children at least know what kind of person you turned out to be. Do you have the courage to contact them?"

Herb asked, "What do you mean?"

We said, "Think of the rejection you might get. It's going to take some courage to make those calls. Can you do it?"

As the retreat progressed, he became more and more excited about the idea of reaching out to his own children. Several hours passed. We apologized, explaining that we had a plane to catch, but it was clear our conversation wasn't finished.

Herb told Barb, "You need to ride with us to the airport so we can keep this going." There we were, bouncing around in the back of the Jeep, asking them these very powerful questions.

Suddenly, Herb said, "I just thought of something. During the war, I couldn't get a basketball because all of the rubber was used for the war effort. They weren't making basketballs, and I loved to play the game. My friend and I crumpled tinfoil to shoot baskets. When I was about eleven, my father found a basketball for me. I have no idea where he got it, but I was the only one in the area who had one."

With tears in his eyes, Herb sighed, "You know, I forgot about that."

"It sounds like your father really did love you," we offered.

He responded, "I guess he did, in his own way."

It took this man fifty-five years to realize that his father really did love him. It may have been the most significant revelation of his life.

We pulled up to the airport. We were running late. The last call for our flight was being announced, and we knew we would never make it.

Herb said confidently, "No problem. I will run with you." He asked his wife to stay with the car, and he ran with us through the airport to be sure that we caught our plane. We didn’t have time to say goodbye, but we could see in his eyes both peace and hope.

Any asset left unmanaged becomes a liability. This is just as true of human assets as it is of financial assets. We will tell you the rest of the story later in this chapter.

2. Rejected Family Values

Many times, we have seen the children of wealthy parents reject their family's primary virtues and core values. They choose a course for their lives that is the antithesis of everything the family stands for. Children may become involved in drugs, marry outside their family's faith, or live a promiscuous and immoral lifestyle. Often, this is their way of responding to the general neglect they experienced at home.

A child may turn out to be lazy and unmotivated. To the fiercely independent, entrepreneurial father, this is like scratching fingernails on a chalkboard. Nothing creates more excruciating discomfort for a hardworking father than having a lazy son.

The tragic conflicts and broken relationships that have resulted from children rejecting their parents' underlying virtues and core values could fill several volumes. The daily newspapers all too often feature true stories of wayward children from wealthy families.

3. Failed Expectations

"Dad, I have never been able to live up to your expectations. No matter how hard I try, you are never satisfied."

How many times have we heard this sad cry from the children of wealthy parents?

Wealthy parents often unconsciously think that because their children have had the best of everything—the best schools, the best clothes, the best tutors and coaches—they should be the best at whatever they do. It can be hard for extraordinary parents to accept that they have ordinary children.

More often than not, these kids will never be the brightest, the most athletic, or the shrewdest business minds in their class. Yet living in the shadow of an extraordinary parent forces them to strive for levels of achievement that they simply cannot attain. As a result, their lives are filled with the frustration and pain of knowing that they are disappointing the very people they love the most and want to please. Generally, they will eventually give up trying.

Another way in which failed expectations create family conflicts is when a child's career has been predetermined by an edict of the parents—like the young prince who is destined to become king regardless of whether he wants to or not. His future has been predetermined.

We have seen many fathers who have, as part of their business plan, designated a son to take over the family business. It has simply been assumed that the son would be the heir apparent to the business "throne."

The only problem is that the son's skills, temperament, or career goals may not align with becoming the CEO of the family business. He wants to please his father, but he does not have the talent or the interest to go into the family business.

The Bennett family had to deal with such an issue. The matter had become such a sticking point between Henry, the father, and his son, Tim, that they had all but stopped speaking to each other. This fractured relationship was revealed during our Discovery Retreat.

Henry wanted Tim to go to Stanford, earn a degree in business, and then get his MBA from Harvard. Tim was bright enough—he was a straight-A student. He was a good child—clean-cut, moral, and well-mannered—everything a mother and father could want in a son. Except Tim was not interested in the family business. He was interested in music. He wanted to attend the Juilliard School of Music, one of the finest in the country.

Henry told Tim that if he went to Stanford and majored in business, he would pay for his entire college education. If Tim insisted on going into music, he would have to pay for his college education himself. Henry would not help him at all.

The stress on the young man was incredible. He longed to please and be accepted by his father, but he also had an intense desire to play the cello with a symphony. Tim chose to pursue his own passion instead of his father's, and the relationship between father and son was all but severed. We will continue this story later in this chapter.

Failed expectations have created a huge number of conflicts in the wealthy families we have worked with.

4. Self-Gratification

One of the great advantages of wealth is that there is plenty. One of the great disadvantages of wealth is that there is plenty.

Children who have the opportunity to get everything they want will usually end up wanting everything. This disease, which we call "affluenza," is usually transmitted from parents to children by common association.

Children who grow up with access to "easy" money, lots of free time, and little responsibility become consumed with getting and doing what pleases them. They often become so self-focused that they only live for themselves.

If their parents ask them to contribute something to the family, make some sacrifices for the good of the whole, or assume some responsibility, they will make life miserable for everyone until they get their way.

This can create a very unhappy home life for everyone. Even after the children move out, they often keep "coming back to the well" so they can continue the opulent lifestyle they had grown accustomed to while living at home.

How does a young man or woman, after living a life of luxury, move away from home and start with nothing? The culture shock is extreme. What often happens is that the children go out and try to recreate the lifestyle they were used to at home. They run themselves into major financial trouble because they cannot afford to live the way their parents do.

Parents may continue to underwrite their children's lifestyles, but the children never become responsible or self-sufficient. They remain permanent dependents.

This self-gratification problem can persist indefinitely and can create major disagreements and conflicts between family members.

5. Lack of Honesty

You might think this refers to lying to your children and spouse, and you would be right. But there is so much more to honesty than simply being truthful in what you say.

All of us have lied on purpose, probably more than once. There may be no more devastating violation of a human relationship than intentionally deceiving someone you love. Small infractions can be overcome when discovered. Major ones, on the other hand, can end relationships. These are the kinds of lies that destroy marriages and business partnerships.

There is another kind of dishonesty that is incredibly pervasive among the wealthy. More often than not, we hear about this type of dishonesty from children when they discuss their relationships with their fathers.

We were talking with the daughter of Jerry Watkins, a very wealthy business owner. When we spoke about him, Beth said coldly, "I do not trust my father. He is not honest."

We were almost numb with shock. Jerry was one of the most honorable men we had ever known. He had told us that he had walked away from several major business opportunities because, for the deals to work, some numbers would have had to be "fudged." He wanted no part of those kinds of deals.

He was the kind of businessman who would refund a dollar to a customer whom his clerk had inadvertently overcharged. He was like a modern-day Honest Abe Lincoln. We could not understand why Beth did not trust this man—her own father. But what she told us was truly heart-wrenching.

Reflecting on her childhood, she said, "When I was eleven years old, I had a school recital. I was the featured pianist for the evening program. I was dressed in a formal gown, and the auditorium was full of proud parents, family, and friends anxious to hear the evening's performance. I had reserved seats for my parents at the end of the front row.

"The day of the recital, my dad told me that he had a business meeting that afternoon but would come directly to my recital. I stood backstage waiting for Dad to arrive. The seat next to my mom remained empty. The recital started—still no Dad. I was next. I looked again to see if he was there. The seat was still empty.

"When I walked out on stage to perform, I glanced over to see if my dad had arrived. The seat was still empty. I cannot describe the intense disappointment and pain I felt that night. We had been home for about an hour when my dad finally arrived. He was very sorry he had missed my recital. The business meeting had run over. I wanted to forgive him, but I was so hurt. He had promised me he would be there. But he lied."

She continued, "When I was fifteen, there was a father/daughter banquet at our church. It was a very big event, and everyone was wearing dresses and suits. All my friends were going. The dinner was on a Friday night, and Dad called to say that he was running a few minutes late and asked if Mom could run me to the church so he could just meet me there.

"The dinner started and ended. I sat alone for the entire dinner and program. Just as it ended, my father arrived. He said he was very sorry and that things at the office had gotten out of hand. He promised me he would take me out to dinner some evening, just the two of us, to make up for it. He never did.

"Then there was my high school graduation. I was class salutatorian. He arrived late. He missed my speech. He was very sorry, but things just came up at work."

By this time, she was crying openly as she relived these painful memories. "Can you see why I do not trust my father? Can you see why I do not think he is an honest man?"

Jerry never overtly lied to his daughter, whom he loved deeply. But he might as well have. He promised to be there for her, but instead, he let the tyranny of the urgent get in the way of the priority of the important.

Lack of honesty takes more than one form and can create conflicts in relationships that can and do last for decades.

We will finish this story later, too.

6. Parental Favoritism

This area of conflict also has many facets. There are cultural prejudices that make a father believe his daughter should not become the CEO of the family business simply because she is a woman, even though, by both temperament and training, she may be the most qualified.

"My son will run this company, or I will sell it," one bullheaded business owner declared when we suggested that his daughter might be better suited to lead the company.

This same mindset also leads parents to believe that their daughters' inheritances should be smaller than their sons'. Of course, it is the parents' wealth, and they are free to distribute it as they please. However, this predisposition to favor male children over female children has led to countless conflicts between parents and their children.

We have also seen parental favoritism favoring the eldest son over a younger son, based purely on birth order. Sibling conflicts over such discrimination date back millennia.

Another insidious form of parental favoritism is the unequal treatment of children compared to their spouses.

"In-laws have only secondary standing in our family," many parents subconsciously believe. "We claim the grandchildren as ours, but the in-laws who helped bring them into the world are not 'real' members of our family."

This attitude creates conflicts between sons- and daughters-in-law and their parents-in-law. It also causes tensions between children and their spouses. Many times, in-laws are excluded from family meetings, omitted as beneficiaries of trusts, and kept entirely in the dark about the family's financial affairs. In fact, many legal documents are deliberately drafted to prevent in-laws from having any involvement.

Taking Care of Unfinished Business

When we use this phrase, people immediately understand its meaning. Taking care of unfinished business means proactively resolving family conflicts and rebuilding broken relationships. In almost every family, there are unresolved issues that need attention.

Several years ago, we were invited to speak on Stewardship Planning at an international medical conference. The topics covered were broad and, for the most part, of little practical value to anyone who was not a medical professional. However, one session led by a psychiatrist stood out as truly profound.

This psychiatrist had been in clinical counseling for more than twenty-five years. He opened his presentation with a striking statement:

"The need for ninety percent of all psychological counseling would disappear overnight if people learned to do one simple thing."

The audience was captivated. Could all the complexities of life and its conflicts really be reduced to just one simple act? He let the moment settle before revealing his insight:

"The need for ninety percent of all psychological counseling would disappear overnight if people learned to forgive."

He explained that we need to forgive in three ways:

1. **We need to forgive God**—whether for making us in ways we do not like or for allowing circumstances in our lives that have caused pain or sorrow.

2. **We need to forgive ourselves**—for the ways we have failed those we love and for the mistakes that weigh on our hearts.
3. **We need to forgive others**—those who have hurt or disappointed us, whether they ask for forgiveness or not.

Think about it. Ninety percent of all psychological burdens could be lifted if we simply chose to forgive.

Of course, we've heard all the objections:

- "I cannot forgive that person for what they did to me."
- "That person isn't even sorry. Why should I forgive them?"
- "He's dead now. It's too late to forgive him."

But ask yourself: Do you want to heal those family wounds? Do you want to reconcile broken relationships? Are you willing to say what needs to be said?

Do you want your family to be whole, healthy, and happy during the final days of your life?

Are you willing to set aside the urgent and focus on the important?

Seeking Forgiveness

When we encounter unresolved conflicts within families, we often ask the individuals involved, **"If it were possible to heal this relationship and resolve this conflict, would you want a loving, intimate, and meaningful relationship with the other person?"**

Almost without exception, the answer is **yes**.

What we often see, then, are two people who both desire a healthy, happy, and fulfilling relationship—but who feel trapped by the unresolved pain and barriers between them. They simply don't know how to clear away the emotional debris.

The solution is simple, though the action may be difficult: **forgive one another.**

The Rest of the Stories

Two days after our Discovery Retreat with the Cohens, we received a one-line fax from Herb. It read simply: "I made the calls."

We immediately picked up the phone.

"What do you mean, you made the calls?" we asked.

Herb replied, *"I called my ex-wife. I hadn't spoken to her in ten years. The last time we talked, we were back in court—it wasn't pleasant. But to my surprise, she was gracious. She told me all about our kids."*

He paused, then continued, *"I'm a grandfather. I have a three-year-old grandson. My son and his wife live in Houston, as does my middle daughter. She's married but has no children yet. My oldest daughter lives in Chicago."*

Herb had called them all.

His son was thrilled to hear from him and was planning a Christmas visit with his mother. The two of them would meet for breakfast the day after Christmas—Herb was finally going to meet his grandson. He was ecstatic.

His younger daughter burst into tears the moment she heard his voice, sobbing for ten or fifteen minutes. Herb fought back tears himself. He told her, *"I know I can't make up for the past twenty years, but I'll answer any questions you have. I want a relationship with you, if you're willing."* She agreed to take his number and visit her mother during the holidays.

His oldest daughter, however, was cold. She took his number, but he didn't hold out much hope.

We asked if we could check in after the holidays.

"Please do," he said. *"I wouldn't have done this without your encouragement. And by the way—it looks like I'll have someone to give my Kiddush cup to after all."*

That Christmas, Herb saw his son for the first time in decades—a six-foot-two, handsome young man. His grandson was a delight. His son, an excellent father, had married a wonderful woman. They invited Herb to visit their home soon.

He had taken the first steps toward healing a twenty-year rift. The joy he found in that process was indescribable.

Henry Bennett & His Son, Tim

Then there was Henry Bennett, whose son, Tim, wanted to pursue music instead of taking over the family business. Henry had resisted, fearing the loss of his company's future CEO. But after reflecting on the greater loss—the loss of his only son—he realized the problem was his, not Tim's.

Unannounced, Henry flew east to see him.

"Son," he began as they sat on a park bench under a large oak tree, *"I need to ask you to forgive me. I was wrong about your career. You must follow your dreams, just as I followed mine. If music is your calling, then I am thrilled. So few people ever find what they're meant to do in life."*

His voice cracked. *"Tim, I want you to know I'm proud of you. Proud of the man you've become. If playing the cello is your passion, I want to support you. I'll pay for your education, and when you play your first concert, I'll be in the front row."*

For the first time in over a year, father and son embraced. They sat on that bench, holding on to each other, rocking and crying.

Six years later, Tim was playing in a major symphony. And true to his word, his father was in the front row, watching his son thrive.

Jerry Watkins & His Daughter, Beth

Beth, the daughter who had been repeatedly disappointed by her father, was hesitant to confront him. But we encouraged her—if she wanted healing, she had to tell him how she felt.

When the day came, Jerry sat across from Beth, unprepared for the depth of pain she carried.

As she shared the first story, his chin quivered, and tears filled his eyes. To him, missing her recital had seemed like a small thing. But as she spoke, the memory hit him like a wave. Before she even finished, he leapt from his chair, embraced her, and pleaded, *"Please, forgive me."*

With every painful memory Beth recalled, Jerry's shame deepened. They hugged, they cried, they healed.

That night, Jerry finally took his daughter to the dinner he had promised her years ago.

The Power of Forgiveness

We continue to be amazed at the healing and freedom that come with forgiveness. More often than not, it's as simple as asking for it.

Extending Forgiveness

When two people truly love each other and both want to resolve a conflict, healing and reconciliation can begin. But what about those cases where the other person doesn't even realize they've caused harm? Or when they know but refuse to seek reconciliation? Or, perhaps most difficult of all, when the offender is no longer alive?

How does one gain freedom from the burden of pain and resentment in these situations?

The Silent Destruction of Resentment

One thing is certain: holding on to resentment hurts you far more than it hurts the offender. We've seen people consumed by bitterness and anger while the other person remains completely unaware of the offense.

Resentment is like poison—it festers in the mind. People who refuse to forgive often replay offenses over and over, engaging in imaginary arguments where they finally "win." When they recount these events, they relive the pain, reacting with anger, clenched fists, raised voices, or even tears.

All the while, the resentment eats away at their heart and soul. Slowly but surely, it suffocates them—like inhaling small doses of carbon monoxide every day.

These are the moments when forgiveness is most difficult, but also most necessary. Do not lose heart. There is a way to release the burden, even when the other person doesn't acknowledge the harm, refuses to make amends, or is no longer here to hear it.

Five Steps to Forgiveness Without Reconciliation

Step 1: Make a list of every person who has hurt or offended you and with whom reconciliation has not occurred. Take your time—this process may take a week or more as memories resurface.

Step 2: Next to each name, write down the specific offenses. Be honest and thorough—did they abandon you? Steal from you? Slander you? Abuse you? No matter how painful, put it all in writing.

Step 3: Find a quiet, secluded place where you can be alone with your Creator. Read your list aloud and, one by one, declare your decision to forgive. Release each person from their "crimes" against you. Drop all charges. Declare them not guilty.

Step 4: Allow yourself to fully express your hurt and resentment. But also, recognize that harboring bitterness has been just as damaging as the offense itself. Choose to let go—not only of the person, but of the pain they caused. Acknowledge that you will no longer try to change or correct them. You are turning them over to a higher authority.

The key is to release them. Once you break the chains of resentment that bind you to them, you truly will be free of that person. You set yourself free from the resentment.

STEP 5: Once you complete Steps 1–4, destroy your list and do not tell any of the people what you have done. The last thing in the world you want to do is go to one of them and say, "Oh, by the way, I decided to forgive you for being such a jerk." As soon as you say that, that person will be right back on your list. This is a private decision between you and your Maker. No one needs to know that this has happened. Once it is done, let it go!

One lady chose to destroy her list by tying it to a large rock and then throwing it into her lake, symbolically separating herself from all the pain and hurt that those people and events had caused her. After completing this process, she was finally free emotionally from her father, who had died more than thirty years earlier.

Another man chose to burn his list in his fireplace, symbolically sending all those past offenses and hurts up in smoke. Finally, he was emotionally free to go on with his life, leaving all that baggage behind.

Conclusion

There is nothing mystical about resolving family conflicts and repairing broken relationships. There are only two ingredients needed: one, the desire to resolve and repair, and two, a willingness to forgive and seek forgiveness. While there are situations where the problems will be so severe that professional counseling may be advisable, the vast majority require only desire and forgiveness—commodities that all of us can access.

Once the family's unfinished business is completed, the planning process can move forward with unity, energy, and strength. Trust can be reestablished, communication lines can be reopened, and the family is positioned to work together.

Traditional planning seeks to isolate family problems and then plan and draft documents around them to contain the issues and prevent them from worsening.

Stewardship Planning seeks to heal the wounds, not simply bandage them while they fester. We want healthy, happy, and functioning families. With reasonably functional families, the wounds and injuries can be healed, never to be worried about again.

CHAPTER 10
Preparing Your Heirs for Their Inheritance

When the founders of the family fortune consider transferring the family's wealth to upcoming generations, they usually do so exclusively within the context of the transfer itself. They spend large amounts of time determining how to avoid the taxes and create airtight legal documents to preserve the wealth from claims of creditors and irresponsible heirs.

These well-drafted plans may be the state-of-the-art in tax planning, incorporating precision language in each document. Yet, what determines whether an estate plan is successful cannot be merely whether it has escaped taxation and litigation. The determining question is, *Has the family been able to successfully retain the family wealth and use it in ways that are truly beneficial both personally and globally?* But the single most important question that should be asked by these founders of wealth is, *Have we been truly successful in our wealth transfer plans if our heirs are not able to retain their inheritance and have their lives enhanced emotionally and financially by receiving it?*

Jessie O'Neill, the founder of the Affluenza Project and the heir of a wealthy family, lists the following outcomes when a financial inheritance is passed on without an emotional inheritance:

- Inability to delay gratification
- Inability to tolerate frustration
- Low future motivation
- Low self-esteem
- Low self-worth
- Lack of confidence
- Lack of personal identity

- Social and emotional isolation
- Feelings of failure, depression, anxiety
- Unrealistic expectations and lack of accountability
- False sense of entitlement
- Inability to form intimate relationships

If parents were to pass on their entire financial empires successfully to their heirs, but these negative emotional dysfunctions were also passed along with it, would anyone consider the family estate plan successful?

Numerous studies in recent years have revealed some very sobering statistics concerning the success of traditional estate planning in preserving the family's wealth, let alone the heirs' emotional health:

- Sixty-five percent of wealthy families have lost the family wealth by the end of the second generation.
- Ninety percent of wealthy families will have lost the family wealth by the end of the third generation.

It is a classic example of shirt sleeves to shirt sleeves in three generations or rags to riches to rags in three generations. In Holland, the saying is, clogs to clogs in three generations.

Traditional estate planners have suggested that the primary culprit behind the disappearance of family wealth is the crippling estate taxes that are levied on wealthy American families.

However, in Australia, these statistics are almost identical to those in the United States. Yet, Australia has one major difference: it has no estate tax! Wealthy Australian families are losing their wealth at virtually the same rate as wealthy American families. The United Kingdom has almost identical statistics as well.

Obviously, avoiding estate taxes does not ensure the successful retention of wealth by the children or the grandchildren. So what is the reason for these pathetic results? The answer has nothing to do with how effectively a family eliminates taxes or has great legal documents drafted. The answer is in how well heirs have been prepared to receive wealth.

How do the parents and founders of the family fortune prepare their heirs for their inheritance? It begins with building trust and communication.

Building Trust and Communication

Roy Williams, author of *For Love and Money*, points out that these two elements are critical to the successful transfer of family wealth from one generation to the next. Trust and communication between parents and their heirs in these areas are not optional: they are essential. Consider the following illustrations.

Jared Mills had never turned over the responsibility of managing the family's multimillion-dollar investment portfolio to his sons.

"They could never manage money as successfully as I do," Jared said.

He is correct. He is correct now, and he will be correct after he is dead. The sons will never learn to manage money because Jared never trusted them enough to give them the chance to even try. He never communicated to them how to select or be an effective money manager. Consequently, the first time the boys will get their hands on the money, Jared, who could have been their best teacher and coach, will be dead, leaving them adrift at sea with millions of dollars, no idea how to manage it, and no one to advise them. No trust. No communication. Unfortunately, this is not an isolated example. It is almost routine among wealthy families.

Another example is the father who never tells his children how much wealth the family has because he does not trust them with that kind of sensitive information. They finally learn about the amount of wealth their parents had in the lawyer's office after the last parent dies. They are completely ill-prepared to manage the family's wealth. No trust – no communication.

It is quite common among wealthy families for their children to be resentful of that wealth. They often see their father as being filled with greed, consumed with power, and living an opulent lifestyle, while the rest of the world struggles to even survive. They often view the family wealth as something evil. They take the side of those who are down and out, the weak and the poor. They may even see their parents as "the enemy." These children intentionally go to the other extreme in their lifestyles, rejecting this cursed disease of "affluenza." They drive old cars and shop at thrift stores.

What they may have never seen or understood is that their parents have perhaps anonymously given millions of dollars away to help the poor in their city – a gift only made possible because of their parents' brilliant business prowess. The children also do not know that their parents pay their employees very well and provide generous benefits, giving the employees' families a better life.

They do not see any of this. They simply do not know. Why? They do not see it because there is no trust and no communication. Some wealthy parents do not choose to include their children in their charitable giving. The children do not understand how their family's wealth can be used to help others, to help those who are down and out, the poor, homeless, sick, and hurting – the very people they so wish to help.

If wealthy families are going to keep their wealth in the family for future generations to enjoy and use for good, they must do more than simply implement effective financial techniques and strategies. This traditional approach to planning guarantees nothing except a high failure rate.

Parents need to draw back the curtain covering the family's wealth and reveal to the children what is behind it. It can be done slowly and over time, but the sooner the better. Children need to see what will someday be theirs. Talk with them about the purpose of wealth and how it can and should be used. Talk with them about the responsibilities that accompany the control of wealth.

Think of this process in the same way you would if you were bringing in a top executive to eventually run your company. He would go through years of mentoring and training to become competent, comfortable, and ready to step into the shoes of a CEO. The same is true with the transfer of family wealth. A plan without communication is no plan, or it is nothing more than a plan to fail.

We were in a Discovery Retreat with Bill and Mary whose net worth is over one hundred million dollars. Bill shared that they did not have any estate taxes to pay. Each child was already worth ten million dollars, so they were going to give all their wealth to their private family foundation.

He was correct. He already had a "zero estate tax plan" in place. We then asked Bill, who was a venture capitalist, how much money he and Mary had given to charity last year.

"Four hundred thousand dollars," he answered.

"Was it easy to give that much away?"

"Easy?" he chuckled. "I worked all year long evaluating charities, charitable projects, and various grant proposals to determine which we felt were worthy of our support."

"So, giving four hundred thousand dollars away last year was really a challenge?"

"Oh, yes."

"Do you realize, Bill," we said, "that when you die, your family foundation will have over one hundred million dollars in it? The law requires that five percent of the trust assets and income must be distributed annually to charity. That is five million dollars each year.

How prepared are your children to distribute effectively five million dollars to charity each year?"

The blood drained from his face, and with a look of horror, he gasped, "Oh, no!" It had hit him for the first time that, even though he had a zero estate tax plan in place, he had failed to consider how totally ill-prepared his two children were to continue the charitable heritage he had begun, much less increase the giving by a multiple of twelve.

Worst of all, the children did not even know that there was one hundred million dollars going into a foundation that they would be required to manage. A disaster waiting to happen.

But communication is not enough. There must also be trust. The progress of a young man who is an aspiring pilot is a good example. He begins his training in class, learning about the aerodynamics and operation of a plane. Then he goes out with an instructor in a small single-engine plane for lessons. The instructor begins trusting him by letting him take the controls yet is always right there in case he makes a mistake. Once he has demonstrated measurable standards of progress, the instructor will trust him with his first opportunity to solo. His solo flight consists of simply taking off, circling the field, and landing again. He is completely on his own, an exhilarating and frightening experience for both the new pilot and the instructor. Once he has passed that milestone, he is now back with the instructor learning all of the other aspects of flying. Dozens of additional flying hours are logged.

Then comes the day when he must pass his Visual Flight Rules tests allowing him to fly completely on his own anywhere he wants, except in the clouds or fog. He must go through extensive additional training to earn his Instrument Flight Rules certification. Finally, he may fly a single-engine plane anywhere he wants at any time he wants.

If, however, he wants to fly in a twin-engine plane, there is more training that he must go through to be checked out on flying a twin. Once he has demonstrated his competence, he can fly wherever he wants in a single or a twin. But let us say our young pilot aspires to become a commercial pilot. To do so, he must take even more extensive training and get his commercial pilot's license. Further, he does not want to simply fly "puddle jumpers" on commuter flights. He wants to fly 747s. More training, more flight hours, more check flights. Then finally, after years of additional training and flying, he is given the opportunity to sit in the left seat of the cockpit of a 747 – the big one. He is trained and experienced. He knows what to do, and he does it well.

Passing on family wealth is much the same thing. In a figurative sense, if you are going to leave your children a fleet of airplanes for their inheritance, it makes sense while you are both alive and well to teach them how to fly. If not, you may end up having to lock the planes up in a hangar and give the keys to a trustee who is then required to babysit their inheritance, because the heirs are not trained or trustworthy enough to fly without supervision.

You must turn over some part of the family wealth after you train them and then trust them to fly. They will probably make some mistakes, some errors in judgment. But better to make a mistake in a single-engine plane circling the airstrip at five hundred feet than to make the same mistake flying a 747 at thirty-five thousand feet with a plane full of passengers. If they succeed in the first test, you can trust them with more.

The first two keys to successful wealth transfer are trust and communication. Trust and communication are not achieved through creative tax planning strategies or airtight trust documents. They are achieved through an investment of time and money in relationships – family relationships.

An ancient proverb says, "Wisdom along with an inheritance is good." This is exactly what we are espousing here. Leave your children the wisdom to know what to do with their inheritance, so it will bless them and others and not be a destructive curse.

Again, successful transfer of wealth cannot be judged solely by how little taxes the estate paid or how sheltered the assets are from waste and lawsuits. It must also be judged by how mentally and emotionally prepared the heirs are to receive and be proper stewards of their inheritances.

The Perfect Training Ground for Preparing Heirs

This nagging concern over whether heirs will be mentally and emotionally prepared to receive the family inheritance has troubled the wealthy for thousands of years. King Solomon (circa 700 BC), the Jewish king whose wealth and wisdom were legendary, struggled with this very same issue. He expressed his concern over this frustrating dilemma when he confessed:

"Thus, I hated all the fruit of my labor for which I had labored under the sun, for I must leave it to the man who will come after me. And who knows whether he will be a wise man or a fool? Yet, he will have control over all the fruit of my labor for which I have labored by acting wisely under the sun."

Is there a way to affect whether our children will be wise or fools with their inheritance? The answer is definitely, yes!

Overcoming Emotional Dysfunctions

Consider the exposure unplanned wealth can create for your heirs. Suddenly, your heirs are wealthy. How can they know whether people are genuinely interested in them or merely in enjoying the benefits of their wealth? Your heirs may eventually begin to question whether their friends love them or their money. This uncertainty can be very destructive to their self-esteem.

Additionally, they risk becoming obsessed with consumption. Their whole world can begin to revolve around their individual wants and desires. The younger the heirs are when they receive their inheritances, the greater the chance of this outcome.

Furthermore, they risk losing the important connection between work and reward. They have been rewarded for doing nothing except being born and surviving the older generations.

So, how can you pass this wealth on to your heirs without making them insecure, lazy, and/or spoiled? You can teach them about charitable giving!

Immediately establish a family foundation and fund it with an appropriate amount of money. Charge these future heirs of your family's wealth with the task of distributing these funds to worthy charitable causes. (For example, if you focus your charitable giving efforts in Third World countries, it is incredible how much can be done with very little money.)

You might ask what this would teach them. In reality, what they can learn from this experience—especially if repeated frequently during your remaining lifetime—is very significant. Can you imagine what it would feel like for your heirs to know that they have, for example, built an orphanage in Guatemala that will continuously feed and house twenty orphaned children? (Five thousand dollars to build it and ten thousand dollars to feed them for the next five years should cover it.)

Knowing that they have made a difference in the lives of twenty desperately needy children should be profoundly fulfilling for your heirs. Even though they did not use any of their own money, they still gain all the emotional and psychological benefits of this charitable project, just as if they had put the money up themselves. The heirs say, "Look what we did!" not, "Look what Mom and Dad or Grandma and Grandpa did!"

You have helped improve their self-image. You have directed their focus away from selfishness. You have enabled them to do meaningful work. What a powerful combination of benefits for such a small investment.

If you live long enough and repeat this often enough for this kind of giving activity to become a way of life for your heirs, it is unlikely they will fall into the common problems created by inherited wealth.

This charitable context can be a perfect training ground for teaching heirs about investing and managing money, setting up budgets, and the cost of operating a "business," as well as all the emotional and psychological benefits already mentioned. Charitable giving provides the best of all worlds and is the perfect platform for preparing your heirs to be ready, financially and emotionally, for their inheritance.

Receiving Back More Than You Give

How can giving so little be so meaningful? It is a simple fact that what comes back to you in charitable giving is always disproportionate to the size of the gift you make, regardless of whether you are giving away $250 or $2.5 million. If this is true for wealthy parents, it is also true for the children and grandchildren of wealthy parents.

Charitable giving builds character, develops a positive self-image, and provides a real sense of accomplishment in those who participate in it. Beginning a significant charitable program now and including all your heirs can be the best training ground of all. It can be a fantastic growing experience for both you and your heirs. It can also become a wonderful activity that will draw your family closer together in a way that no other family activity can.

Even for families who have experienced broken relationships among family members, focusing family activities on helping others instead of on the family itself allows even strained relationships to be rebuilt as family members work together, doing good and helping others.

You have nothing to lose with this Stewardship Planning strategy except your concern over how successfully your heirs will handle their inheritance when it comes.

Examples of Families that Succeeded in Preparing Their Heirs

Example # 1

Recently, the father of one man passed away. Ben, who we were working with, became reflective on how his father and mother helped prepare him and his siblings for their substantial financial inheritance.

As Ben shared the vivid pictures of his memories, it was obvious his father, Craig, was a man of great principle who had started his business in the midst of the Great Depression. One of the primary virtues Craig developed within his children was responsibility. Responsibility was taught incrementally. By around age twelve, each of the children started working on the family farm and eventually began participating in the family business to teach them how to be self-supporting and responsible. Craig then further prepared Ben by placing him in the role of president of the family business. Craig had the opportunity to mentor Ben in this role for several years prior to his passing.

Ben told us that Craig lived by this edict of wisdom: "Whoever can be trusted with little can also be trusted with much, and whoever is dishonest with little will also be dishonest with much." When the children proved that they were capable of accepting additional responsibility, Craig would give them more. Often, he would come alongside his children and help them make an investment decision and mentor them in their efforts. As the children increased in wisdom and expanded their application of the training Craig had imparted, he would lessen his role as mentor.

Ben spoke of how money concepts were taught to the children both at home and in the business. The family lived modestly, and Craig instructed the children to run the business by the same conservative principles. When money had to be spent for personal and business needs, Craig made sure it was absolutely needed and that the expenditure was the right thing to do. Craig had a discerning attitude toward the use of money.

As Craig was teaching the children these wise, conservative business and financial principles, the mother was teaching and modeling a complementary virtue of giving. The children were able to see and experience how the act of giving brings great joy and satisfaction to those involved. Through both parents, the children developed a very balanced perspective on the purpose of money. They have learned to be frugal in their personal and business lives. More importantly, they have learned to become charitable givers in and outside their community. The parents' discernment and wisdom have been successfully transferred to the children. The parents were able to leave a legacy as a result of their commitment to training their children and not just financially endowing them.

Example #2

Commitment to the mentoring and training of your children is a lifetime endeavor. As parents of three adult daughters, Nancy and Jim are, for the first time, enjoying life as empty nesters. Yet, these parents firmly believe that they need to be involved in the training and mentoring process a second time. They had the privilege of training their daughters in the values and spiritual beliefs they held. All of the daughters, now married, are normal, down-to-earth people. They just happen to be heirs to millions of dollars. Eventually, these millions will be distributed to charitable foundations and managed by the daughters. Jim chose to actively groom his sons-in-law to become involved in the management of these funds. The only way to ensure the inheritance is managed as the parents wish is to mentor each of the husbands in the areas of life, family, business, leadership, and service. In this way, the parents will be able to pass down their family legacy to their daughters' families.

Jim had created a limited partnership so each daughter and her husband could jointly participate. He funded it with stock, real estate, and other business holdings. Since its inception, every week, Jim and his sons-in-law have come together to discuss family business and the principles of stewardship, giving, and serving others. Jim is building a stronger family relationship with the sons-in-law and training each of them to become good managers of what will eventually be entrusted to them through his daughters.

The value of these mentoring relationships is that Jim can now observe both the strengths and weaknesses of each son-in-law and take appropriate measures to help them develop into mature, wise, and discerning men. They will then be better equipped to serve not only their wives and families but also the wealth inherited from Jim and Nancy.

We asked Jim, "Is it hard work?" He smiled and said he receives great joy seeing his sons-in-law become mature and productive leaders. We posed a second question to Jim, "When will you finish your mentoring process?" He answered, "Never. You can never prepare them enough because we do not live in a static environment."

Example #3

This third family operates a midsize general construction company. Bill Willis had found himself with an estate and business planning challenge. He expressed his concern about how he would transfer his business assets upon retirement. Bill has one son-in-law, Andrew, participating in the business and three daughters with no interest in the business.

He had three primary financial objectives: first, to provide an equal inheritance for each of his daughters; second, to provide a strategy to remove the business assets from his estate; and third, to alleviate the family business successor from being dependent on the parents' net worth as collateral for construction opportunities. Bill created a second construction company with a similar business name. Andrew has now operated that company for ten years. Over that period, Bill directed business into Andrew's construction company. As Andrew's construction company became profitable, the profits were placed back into the business to establish Andrew's own net worth and bonding capabilities.

The mentoring relationship Bill established with his son-in-law helped meet Bill's objective. It allowed Andrew to build a successful construction business through Bill's leadership and resources, and it prepared Andrew to receive the family business.

In the examples above, we can see how the parents have been able to mentor their heirs by modeling their principles and beliefs.

The children have benefited through the nurturing relationship of their parents during their adult lives.

Example #4

Too many parents have lamented after their children are grown, "If we knew we were going to have this much, we would have done things differently with our children."

Within five years of his marriage to Janice, David Wallace's business endeavors were proving successful. He and Janice saw their net worth reach in excess of five million dollars. As the Wallaces' business holdings expanded, so did their young family. David and Janice's three boys are very productive in their business activities and have been very interested in charitable opportunities.

In talking with David about how he and Janice had prepared their heirs for inheritance, we discovered some very interesting attitudes and truths about the subject. In fact, both terms "heir" and "inheritance" were conspicuously absent from our discussions. Rather, terms such as "family wealth" and "stewardship" were prevalent.

David and Janice believe their family's success is directly linked to the concept of Stewardship vs. Ownership. David put it this way:

"A steward does not look at an asset as his to begin with. Too many of my wealthy friends have this incorrect attitude and perspective of ownership; therefore, the wrong treatment of assets results. Some parents say, 'These are my assets. I paid the price to get here, and my kids are going to have to do the same! Until then, I will make all the decisions!' What these parents fail to recognize is their stewardship over both the assets and their kids. How can that attitude lead to anything but resentment? The fact is neither the assets nor the kids really belong to them. They have simply been entrusted with the children and the assets as parents and stewards."

When David and Janice realized that the family asset base was expanding beyond their own needs, they established trusts for the young boys. David and Janice talked openly to the boys about the family assets. They placed an emphasis on preparing the boys to be stewards of the Wallace family wealth. There have never been any family conversations about an inheritance. Rather, the focus has been on a planned transfer of the responsibilities and privileges of stewardship. David believes that this cannot begin at death via inheritance. It must happen during his lifetime.

As an example of trust and communication building, one of their son's summer projects during college was to develop a Family Asset Review. The project involved identifying each family asset along with the asset's value, income, indebtedness, and any other pertinent information. David and Janice made this information readily available. The project not only heightened their son's awareness about the details of the family wealth but also served as an excellent resource for the entire family.

David and Janice also reinforced their values through action. David told us:

"As stewards, it is an honor to work. It is also an honor to serve others through our work, with our time and other resources. As soon as they could drive, the boys have had jobs. My kids have seen that hard work can be one of life's greatest joys. Sure, I told them that, but they had to learn it for themselves. Even when they were younger, I refused to shield them from hard work. They worked on the construction sites, seeing and learning about every aspect of construction. At an early age, they learned about the true economic value of their labor and their decisions. As time passed, they learned that wealth and its privileges are earned with honest, hard work. It is not ill-gotten. Today, they are very comfortable with the family wealth."

Children are more comfortable with the notion of inherited wealth when they are connected to a purpose for its existence that extends beyond their own personal interests. The vision becomes bigger than the family itself. A shared virtues/values approach connects the family members to the community in a way that makes sense of the family's wealth. Charitable giving builds character and gives meaning to our existence.

David further provided this insight and encouragement:

"Generosity and the attitudes of stewardship go hand in hand. Throughout the years, Janice and I have shared the enjoyment and deep satisfaction that is associated with serious-minded charitable giving. Now the boys' generosity exceeds our own. I am delighted. They have become very creative and ingenious in their charitable giving. They are getting some important things done."

For David and Janice, sharing their faith, building trust, and maintaining communication have always been important aspects of their relationship with the boys. David said, "I never want to cut off communication with my kids. Communication is absolutely necessary for building trust. Trust is absolutely necessary for a successful relationship in a family or in a business."

The importance of trust and open communication, coupled with the understanding that they are unconditionally loved, became readily apparent when the boys approached the decision of being directly involved in the family business. The question was not so much "Should I come into the family business?" The question was "What do I want to do with my life?"

Conclusion

If a family concentrates an equal amount of time and effort in financially and emotionally mentoring their heirs to prepare them fully for their inheritance, the likelihood of successfully transferring wealth that will be retained by subsequent generations and be a blessing to them is exponentially increased. This is why we believe that the Stewardship Planning approach more adequately addresses all of these issues within the context of life planning as opposed to merely tax and trust planning.

Heirs need to feel trusted and know that the lines of communication between their parents and them are open. They need to be mentored in how to handle effectively the privileges and the responsibilities that will someday be theirs.

These issues are best discussed with your children, not in the lawyers' conference room, but in your own living room. This part of the planning process is about loving people and using things, not about loving things and using people. Your children need to hear that from you.

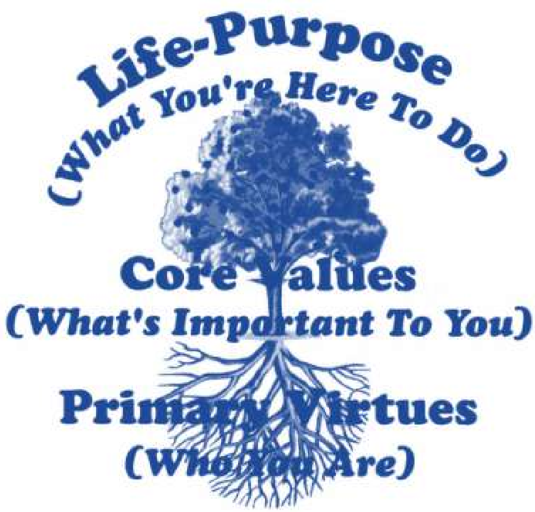
CHAPTER 11

Building a Strong Family Tree

A Lasting Legacy for Future Generations

We often ask wealthy parents what they want most for their children and grandchildren. The answer is always the same: We want our children and grandchildren to be happy.

Nothing is more gratifying than watching your own children grow up to be happy, useful, and productive members of society. Likewise, nothing is more heartbreaking than seeing them grow up to be miserable, useless, and unproductive. These extreme outcomes are not a matter of the luck of the draw or the result of some good seed/bad seed explanation. They are often the direct result of the condition of the family tree.



On the next page is a picture of an apple tree, an illustration we use to depict a family tree.

There are three parts to our "family tree": (1) the root system, (2) the tree itself, and (3) the fruit on the tree. The root system represents the Primary Virtues upon which the family tree is built and from which the tree draws its life. The tree itself represents the Core Values that are a natural outgrowth of the root system. Core Values are those activities and priorities in life that we choose to pursue. The fruit on the tree represents our Life Purpose, what we are here on this earth to do.

We have already addressed Life Purpose in chapter 6, so we will focus our attention on Primary Virtues and Core Values. These two aspects are absolutely essential for a healthy family tree.

The Difference Between a Primary Virtue and a Core Value

When we ask parents to define values and virtues, they often struggle to distinguish the two clearly.

We define value as "what we believe to be important or has worth for us, something that has utility." It is something we prize; it is valuable to us. Money, for example, can be said to have value because of what it can do for us. Cars, homes, jewelry, and real estate are all valuable. Recreational activities as a means of entertainment may be valuable to us.

We define virtue as "what we believe to be right, good, and proper." There is a critical component of "rightness" or "goodness" that is missing in the definition of a value.

Money, real estate, homes, and cars are not thought of as right or good. They are thought of as valuable, useful, or important. Virtues, on the other hand, address character, integrity, and goodness – being and doing what is right.

Often these definitions alone do not adequately provide clarity between the two terms. The following comparison chart helps to further define and differentiate values and virtues.

Virtues	Values
External (created outside of us)	**Internal** (created by our own design)
Objective (a matter of fact)	**Subjective** (a matter of opinion)
Universal (commonly accepted)	**Local** (widely divergent)
Moral (perception of right/wrong)	**Amoral** (no perception of right/wrong)
Immutable (unchangeable)	**Variable** (ever-changing)
Eternal (transcends time)	**Temporal** (ends with us)
Divine (extends from nature of God)	**Human** (extends from mind of man)

External vs. Internal

Virtues are external. We did not conceive them in a moment of brilliance or invent them in one of our more creative moments. They were bestowed upon us. For example, consider the virtue of telling the truth. Was that your idea? Or did someone teach you that telling the truth was the right thing to do?

Values, on the other hand, are created by our own design. What is important to us is just that—important to us. We decide what is important, what we like, and what we want to pursue.

Objective vs. Subjective

Virtues are always objective in that people will recognize a virtue as a matter of fact. Again, using truth as an example, we may not be able to determine what the truth is in a certain situation, but we all agree that the truth is what we want.

A value, though, is a matter of opinion. If one person was a baseball fan and another was a football fan, which would be "right?" Neither. It is a matter of opinion, a value.

Universal vs. Local

A virtue is accepted universally. You can go to virtually any corner of the earth, any culture, any religion, and you will find consensus among all as to the "rightness" of a particular virtue.

Values are widely divergent. If you go to Chicago, you will find people there tend to be Bulls' fans. In Indianapolis, just 150 miles south, people tend to be Pacers' fans. Values change from geographic location to geographic location, from culture to culture, and from religion to religion. They all hold different things to be important and valuable.

Moral vs. Amoral

Virtues carry the perceptions of right versus wrong. Parents tell their children and grandchildren, "It is right to tell the truth. To tell a lie is wrong."

A value carries with it no such moral underpinning. If you like Harvard University and someone else likes Ohio State, or if you like opera and someone else likes drama, there is nothing in these preferences that makes them right or wrong. There is nothing moral at stake here.

Immutable vs. Variable

Virtues do not change from generation to generation, from nation to nation, or from culture to culture. They remain the same. Values change. Do you remember what was important to you when you were eighteen years old? Are those same things still important to you? Values change, even within one's own lifetime.

Now we must ask why anyone would attempt to build a comprehensive, intergenerational wealth transfer plan based upon values, knowing that they are, and will continue to be, in a constant state of change.

Eternal vs. Temporal

Virtues have existed from the beginning of recorded time. You can go back into our most ancient manuscripts and you will find that the same virtues we embrace today were embraced thousands of years ago as well. This is why virtues-based planning is so powerful. Time has tested and proven these virtues survive and thrive throughout time.

Values come and go. They are here today and gone tomorrow. Are there things you value that your children have no interest in whatsoever? The answer is probably yes, maybe even several things. That is why it is so frustrating trying to pass on our Core Values. If they are not rooted in the Primary Virtues, they can die with you.

Divine vs. Human

We believe the reason why virtues are external, objective, universal, moral, immutable, and eternal is that they are the extensions of the nature of God.

Values are mankind's best attempt at coming up with virtues. That is why values are internal, subjective, local, amoral, variable, temporal, and human. Every human being has his or her own unique combination of Core Values. It is rare to find two people who value all the same things.

Distinguishing Between the Two

Scan down the following list and determine whether each item is a value or a virtue. Remember that a virtue always contains an element of universal rightness; whereas, a value is a matter of subjective opinion.

Virtue or Value?

Sports

Music

Making Money/Getting Rich

Business Success

Giving to Others/Charitable Giving

Social Status

Honesty

Material Possessions

College Education

Temperance

Financial Freedom

Personal Responsibility

Of the twelve items listed above, only four are virtues: (1) Giving to Others/Charitable Giving, (2) Honesty, (3) Temperance, and (4) Personal Responsibility. The rest are all values.

After years of study, we have compiled a list of what we call the Primary Virtues. They are primary because you can go to any race, culture, or religious group at any period of time in history and find these Primary Virtues regarded by the group as necessary for strong families and a healthy society.

Honesty: Always telling the truth

Humility: Thinking of others as more important than yourself

Sacrifice: Giving of yourself with open hands and a loving heart

Industry: Working hard and taking pride in your work

Responsibility: Being answerable for yourself and your actions

Temperance: Knowing when enough is enough

We have not met any parents who did not want these virtues to be present in their heirs' lives. Would you not love to have someone describe your child to you as being as honest as the day is long, or to hear someone say that your son would give a person the shirt off his back? How about having your daughter's employer tell you, "She is the hardest worker we have, and when I give her a job to do, it is always done well"? It would make you proud, wouldn't it?
What if you confronted your child about a mistake he or she made and your child responded with, "Yes, Mom and Dad, I messed up. I will personally see to it that I fix it"? You would be impressed, no doubt, with your child's sense of personal responsibility.

What a joy it would be to hear your child say, "I already have enough. I do not need or want any more."

These utterances would make any parent proud. Their children would be demonstrating high levels of virtue, character, and integrity.

If an overriding goal of wealthy parents is for their children to be happy, there is no better way to achieve that goal than to inculcate these Primary Virtues in them and into your planning. The sooner they learn these virtues, the better. But it is never too late, no matter how old your children are, to go to work on this task. We will give you many insights, perspectives, and strategies for influencing your adult children toward these Primary Virtues in the next chapter.

Often, however, these virtues are missing in heirs' lives. In the absence of these Primary Virtues, something else moves in to fill the void – vices. Consider what can happen when an heir rejects one or more of these Primary Virtues.

An absence of Honesty breeds:

Corruption, Mistrust, Manipulation, Duplicity, Cheating

An absence of Humility breeds:

Self-centeredness, Conceit, Discrimination, Pride, Bigotry, Disrespect

An absence of Sacrifice breeds:

Greed, Selfishness, Unforgiveness, Lack of Concern and Love, Envy

An absence of Industry breeds:

Low Motivation, Shallow Commitments, Lack of Direction, Laziness

An absence of Responsibility breeds:

Irresponsibility, Poor Accountability, Unreliability, Blaming

An absence of Temperance breeds:

Excessiveness, Overindulgence, Extravagance, Addiction

These vices are not limited to the wealthy. Vices are common among all people, regardless of their net worth. But what we have observed is that wealth increases the ability to indulge in many vices. As we pointed out in the preceding chapter, wealth does not build character; it only reveals it.

An ancient Jewish proverb says it well, "Luxury is not fitting for a fool." If a child is going to pursue vices instead of virtues, is an inheritance of any kind appropriate? This question is not asked often enough.

Judging a Child Based upon Virtues and Not Values

One of the greatest areas of conflict occurs between parents and children when values and virtues are blurred. An example of this was Henry Bennett, whom we wrote about in chapter 9, who had a strained relationship with his oldest son, Tim, because he wanted Tim to take over the family business, but Tim wanted to go into music. Henry thought his son should get a "real" job and make more of himself. They were barely civil to one another.

What had happened here was the father had failed to distinguish between his personal Core Values and the family's Primary Virtues. He was trying to force his own Core Values on his son, but his son had developed another set of Core Values. Yet they both were living out in their lives, in exemplary fashion, the same Primary Virtues – Henry in his business and Tim in his music.

Once Henry Bennett realized the difference between virtues and values, the frustration and disappointment disappeared almost immediately. It is true that Henry would have liked for Tim to have taken over the business. But he now recognized that for Tim to be truly fulfilled in life, he needed two things: (1) to fully embrace the Primary Virtues, and (2) to use his own personal Core Values to discover and live out his God-given life purpose. This was a very liberating revelation for this father.

Children will never be happy and will never maintain their parents' Core Values by force or decree. Unless children voluntarily maintain the same values, as soon as the parents are gone, so are their Core Values. Frankly, in light of this understanding of the difference between Core Values and Primary Virtues, does it matter if the parents' Core Values die with them? Is that such a bad thing?

As one father said (using our family tree metaphor), "I do not care what my children's tree grows to look like or even what kind of fruit it produces – as long as it is growing from the same 'root system' as mine."

Attempting to build a family heritage using values as a foundation is like building a home on shifting sand. To build a legacy with virtues is like building a home on bedrock. Initially, the buildings may look quite similar. However, the former will most assuredly collapse, likely sooner than later, while the latter will certainly endure for many generations to come. For families that want to establish a lasting family heritage, there seems little doubt upon which foundation they should elect to build.

In our opinion, these discussions are absolutely essential to successfully developing a comprehensive, multigenerational wealth transfer plan that will work effectively to benefit the heirs and enable them to grow as human beings and pursue their highest and best purposes in life. We have not worked with a wealthy couple yet that, when confronted with an enhanced clarity between values and virtues, did not find that their planning decisions were significantly affected as a result.

If you want to build a strong family tree that will sustain the harsh realities of time, you must cultivate a strong root system of Primary Virtues. Then, let your "saplings" grow as they will, become all they can, and achieve what they are called to do. Just sit back and enjoy their adventures.

With this added emphasis in planning, you have greatly increased the chances of long-term success in transferring your family's wealth to future generations. This may be both the most important investment of your life and the one that will produce the greatest number of dividends.

The Stories of Two Different Families

Brenda and Jack Colvin

Brenda and Jack were second-generation wealth. The Colvins had been married for fifty years and had three children: two sons and a daughter. They also had eight grandchildren. When Jack was thirty-five years old, his father died, leaving him the sole heir to a very successful family business. Like many entrepreneurs, Jack devoted most of his time to the business. He worked day and night, including weekends. The result was that the value of the family business increased tenfold.

Jack and Brenda's children grew up never lacking for anything. As teenagers, they spent their summers at camp or traveled with their friends' families. Upon reaching the age of sixteen, each child was given their car of choice. Brenda Colvin was a very public person. She was away from home almost as much as Jack. This left the children to be raised primarily by nannies. The children were sent to the finest private schools money could buy. Even though their grades were poor, all three attended the best colleges, thanks to their parents' generous contributions.

When the Colvins' sons graduated from college, they went immediately into the family business. They were given generous salaries and perks. Their daughter married just prior to graduating from college. Her husband was a starving actor, so the Colvins supported their daughter to ensure she maintained her lifestyle. Soon, grandchildren arrived, and the Colvins began to meet all their wants.

The company continued to grow until Jack Colvin retired and handed over the management of the business entirely to his sons. They promptly raised their salaries and increased their perks. The three key people who were not family members but had worked for the company their entire lives eventually retired. Once in total control, the sons began expanding the business, rapidly taking on debt their father had refused to pursue. Instead of spending time at the office, they spent time at the golf course or vacationing. They remembered how their father never spent time away from the company. Their attitudes were to enjoy life. If you got into difficulty, use money to buy your way out of trouble.

As for the Colvins' daughter, shortly after the birth of her third child, her husband decided that he no longer wanted to be married. She had never worked, so she looked to her parents to support her lifestyle, and they did.

The business had always supported everyone in the family. There was no reason to think a day might come when there was no business to meet the needs of the family.

It wasn’t long after this when we met the Colvins. We had only known them through acquaintances and what could be read in the local paper. Now, standing before us were two people emotionally and financially devastated, because the entire financial empire they had built over their lifetimes for themselves, their children, and grandchildren was gone. They were in their mid-seventies and had just learned that their family business was bankrupt due to their sons' excessiveness and lack of work ethic. The only assets they had left were the family home and Jack's IRA. In order to maintain even a modest lifestyle for the rest of their years, they were going to have to sell their home.

As for their sons, they were now faced with tremendous debt and the realization that, for the first time in their lives, they needed to get real jobs. Sadly, they were in their mid-fifties and had little knowledge or skill to offer any company. They had no idea how to run a company or even work for someone else. The daughter was also in trouble because she could no longer look to her parents as her sole source of support. The entire family was devastated. Never did they imagine that one day the wealth their family had accumulated would be gone. The beginning of the end was the parents' failure to practice and transfer the primary virtues that form the foundation for successfully passing on family wealth.

The Colvins had never seriously considered the long-term ramifications of excessive wealth in the hands of unprepared children. Like a garden left untended, over time, only weeds will thrive. Wealth without honesty, humility, sacrifice, industry, responsibility, and temperance will sooner or later become a wasted asset.

Fortunately, we also meet and counsel many families who have happier stories to tell. One such family is Jan and Carol Bard.

Jim and Carole Bards

When we first met, the Bards were living in a lovely retirement community. They had two married sons and three grandchildren. Their wealth had come from the sale of a family business, disciplined saving over the years, and a long-term view of investing.

The family held very strong beliefs about their responsibility to be good stewards of the wealth entrusted to them. As such, one of the first things taught to all family members was the need to give back to the community. Everyone was expected to tithe ten percent of their income. This included money earned from cutting grass and paper route deliveries by younger family members.

Neither the Bards nor their children had any debt. Their homes were paid for, as well as all of the family automobiles. When the Bards' grandchildren graduated from college, their parents gave them a car. It was the responsibility of the child to make regular payments into a savings account so that, when the time came to replace the car, the money to purchase another one outright was available.

One of the outcomes of our work together was the establishment of a family foundation. With the foundation, they were able to create a lasting legacy that exemplified their primary family virtues and core values. The family foundation represented the family's strong work ethic, discipline, and desire to serve the needs of others. It gave the family a way to look beyond themselves and serve the community that had given them their wealth in the first place.

The Bards lived their daily lives trying to practice the virtues discussed earlier in this chapter. By embracing these virtues, the family realized the responsibility that wealth created. With the formation of their family foundation, the family found a unified purpose. Jim and Carol now have new meaning and purpose in their final years. For their children and grandchildren, their family foundation will forever stand as a testament to those primary virtues held so dear by Jim and Carol. The family wealth their inheritors will ultimately be called to steward will provide rich and powerful opportunities to discover their various life purposes and to find joy, meaning, and fulfillment in carrying them out. In this way, the Bards have indeed built a strong family tree that will most certainly survive for generations to come.

CHAPTER 12

Influencing Your Adult Children
It Is Never Too Late

During our retreats with parents, we often talk at length about the role they have played—and are currently playing—in the lives of their adult children. Far too often, we hear these parents say it is too late to influence their children because they are grown.

This is often a very painful realization for them. They recognize that perhaps they didn't do all they could have in parenting and mentoring their children while they were growing up. They know their children are adults now and believe that the opportunity to influence them has passed. Many of these parents also do not have a close, intimate relationship with their children.

Harry Chapin's hit song of the '70s, "The Cat's in the Cradle," was wildly successful, possibly because it reflected so accurately the consequences of yielding to the tyranny of the urgent. The song struck a common chord with parents and children alike. The story it tells is all too familiar to those who have spent much of their lives in a headlong pursuit of the "American dream." Here is the sad tale:

A child arrived just the other day,
Came to the world in the usual way,
But there were planes to catch and bills to pay,
He learned to walk while I was away.
He was talking before I knew it, and as he grew,
He said, "I'm going to be like you, Dad,

You know I'm going to be like you."
And the cat's in the cradle and the silver spoon,
Little Boy Blue and the Man in the Moon,
"When can we play, Dad?" "I don't know when,

We'll get together then.
You know we'll have a good time then."

My son turned ten just the other day,
Said, "Thanks for the ball, now c'mon let's play.
Will you teach me to throw?" I said, "Not today,
I've got a lot to do." He said, "That's OK."
And he walked away and smiled and said,
"You know I'm going to be like you, Dad,
You know I'm going to be like you."

He came from college just the other day,
So much like a man, I just had to say,
"I'm proud of you, won't you sit for a while?"
He shook his head and said with a smile,
"What I'm feeling like, Dad, is to borrow the car keys.
See you later, can I have them please?"

And the cat's in the cradle and the silver spoon,
Little Boy Blue and the Man in the Moon,
"When you coming home, Son?" "I don't know when,
But we'll get together then.
You know we'll have a good time then."

I've long since retired and my son's moved away,
I called him up just the other day.
"I'd like to see you, if you don't mind."
He said, "I'd love to, Dad, if I could find the time."
You see, my new job's a hassle and the kids have the flu,
But it's sure nice talking to you, Dad.

It's been real nice talking to you."
And as I hung up the phone, it occurred to me,
He'd grown up just like me.
My boy was just like me.

When parents say it is too late to influence their kids, we challenge that conclusion.

We ask them, "Are you different people now than you were twenty years ago?"

"Oh, yes," they say.

"Do you think you will continue to change over the next twenty years?"

"Yes, most likely we will," they answer.

"Well, then, if you are still in a state of constant change at your age, why would you assume that your children's lives are fixed in stone?"

It seems to us that the real question is not whether it is too late to positively influence your children. The real question is whether parents want to be down on the sidelines, intimately involved in their children's lives as they play the game of life, or whether they prefer to sit in the bleachers, passively watching their children's lives unfold. The children are going to change. The parents must decide whether they want to be actively involved in influencing those changes or not.

Parents begin to see that maybe it is not too late to make a positive impact on the direction of their children's lives. Even if the relationship is fractured, there is hope for repair and reconciliation, as we outlined in chapter 9.

As long as parents are alive, they impact their children in one way or another. Even if parents have no contact with their children, the absence itself impacts who the children are and what they will ultimately become. Parents will impact their children, either negatively or positively, until the day they die and often even after that. Parents' marks are all over their children—either in positive ways or negative ways.

It is important to know that the concrete in life never completely dries. We are all constantly being shaped by old and new relationships, current and past circumstances. We are all a work in progress.

This should give parents reason for renewed hope. It is not too late. Parents can still have a positive influence in their children's lives. Parents can still make up for lost time.

The purpose of this chapter is to give parents specific examples of how other wealthy parents have reentered their children's lives actively and effectively. Often, this requires coaching for the parents, so they don't repeat past mistakes or reopen old wounds. Fortunately, love covers a multitude of sins. What people lack in ability, they can certainly make up for with desire.

The most important question that parents must answer is whether they want to be involved in their children's lives in a positive way. If your answer is no, you can move on to the next chapter. If your answer is yes, you'll be pleased to learn that it is not nearly as difficult as you might think. If you care for your children and want a happy and loving relationship with them, a positive influence on them will naturally follow from that relationship.

Understanding the Difference between Power and Influence

If you are going to impact your adult children's lives, it is critically important that you understand the difference between power and influence. If you do not know the difference, you are probably setting yourself up for difficulties in your relationship with your children. Let's explore the distinction between these two ways of relating to others.

Power is exerted through control. People with power make things happen. They force people to do things. They have the authority to impose their will on others. For example, the President has the power to veto legislation. A general can order his troops into battle, even to their deaths. An employer can fire an employee, instantly changing that person's life.

Power over young children is critical. Parents must be able to direct their young children—to go to bed, take a bath, clean their rooms, and keep their hands away from dangerous things like a hot stove. It is necessary and appropriate. But, inevitably, children grow up and begin to establish their own standards, beliefs, and ambitions. As they mature, they develop their own boundaries, as well as their own views on risk and opportunity.

Once children reach adulthood, they will naturally resist others' attempts to control them. This is a positive and necessary development. They are becoming their own people, the "captains of their own ships." At this stage, trying to use power—through nagging, complaining, or threatening—usually leads to rebellion. If you try to force your standards on your adult children, you risk not only their rejection of those standards but also their rejection of you. This is when relationships and families break down.

The first reality you must accept is that you no longer have control over your adult children, and you cannot tell them what to do. Both you and your children will have better, longer, and happier lives if you understand this. You can no longer command them or make decisions for them.

You must not try to "bribe" them with promises of material gifts or threaten them by withholding such things. If you resort to these tactics, you might win a small battle, but you will lose the larger war.

Once your children are adults, you need to treat them as such—respect them as peers and friends. Power and control are no longer relevant.

This is where influence comes in. Influence is the ability to impact others' lives by offering new insights, different perspectives, accurate information, visions, opportunities, and experiences. Influence comes from recognizing and honoring a person's authority. A modern example of someone who possessed immense influence without power or control is Mother Teresa. She had no material wealth, no political office, and no official power. Yet, she spent her life serving orphaned, starving children in one of the poorest regions of the world. Her work earned her the Nobel Peace Prize and worldwide recognition. When she spoke, the world listened.

Influence earns respect; power demands it. Parents must adjust to a new role in their adult children's lives. This new role may feel unfamiliar and uncomfortable, but it is one that is both appropriate and effective.

As parents share wisdom, insights, and visions with their adult children, the children are free to consider and act upon these new perspectives. Any change in direction or action must come from them, not you. In this role, you serve as a coach, a mentor, a visionary, a technical resource, an advisor, and a friend. You offer your input, and they are free to accept or reject it. Whatever their decision, your role remains to be a supportive and encouraging presence—rejoicing in the relationship and continuing to offer guidance as needed.

Often, adult children will test you the first few times by doing the opposite of what you suggest. They want to see how you will respond when they assert their autonomy. If you react with anger or frustration, the relationship will move backward. But if you respond calmly and say, "It is your life, and I've given you my best advice," the relationship moves forward and strengthens.

Do you see the difference between power and influence? Attempting to influence your adult children works; exerting power over them does not. Once you recognize this, you are prepared to make significant progress in your relationships with your adult children.

Perhaps the best way to demonstrate how to successfully influence your adult children is to share examples from the lives of other wealthy parents.

Examples of What Parents Have Done to Influence Their Adult Children

Charlie and Kathryn Wilson

Charlie was born in rural Nebraska, the son of a meat cutter in a packing plant. He had two siblings and a very special mother. Life was tough in the 1930s, and it became even harder when Charlie's father was killed by a drunk driver on his way home from work. At just ten years old, Charlie had to pick up food stamps from the relief office and take them to the grocer to buy basic necessities like beans, bread, and milk. It was then that he vowed never to be poor again. Growing up in the heart of America during the Great Depression, adversity shaped his character. Charlie learned the value of honesty, hard work, and the importance of being smart and educated.

After returning from World War II, he met Kathryn, a kind and devout Christian woman. They married, and Kathryn’s upbringing taught her that material wealth was far less important than being good, decent people. This belief became the foundation of their family’s values as they built their lives together, even when they didn’t have much financially.

Over time, life treated them well, and the family business Charlie started in 1950 grew to be worth over five million dollars. One of their sons expanded the business in a new direction, which added millions more to the company’s value. Several children and grandchildren joined the business, and their efforts contributed to its continued growth. Yet, like many families, they had drifted apart over the years.

Charlie and Kathryn reached out for help and chose to participate in a Discovery Retreat with us. As part of the retreat, they completed the Life on Purpose Questionnaire, which turned out to be a life-changing experience. They discovered a renewed sense of purpose and realized there were so many things they wanted to do for others. By using their Social Capital in alignment with their Christian beliefs, they could accomplish these objectives instead of paying estate taxes, capital gains taxes, and income taxes.

With careful planning, they found their anticipated retirement income had increased thanks to significant income tax deductions from gifts they would not make until after their deaths. They used this "new" money to make gifts to their children and charitable causes close to their hearts.

They created the White-Stein Family Foundation, named in part after Kathryn's beloved mother, and began using it as a tool to reconnect with their children. It took a year for the children to fully understand the foundation's workings and their role in it. But over time, the foundation became a way to re-engage the family in one another's lives. Now, the family's quarterly foundation meetings are the highlights of their year.

Since its inception, all the children have personally contributed to the foundation. Through it, they've provided scholarships to a local college, helped build a town square, and started a housing program for people wishing to move to their community. Their foundation is still small compared to what it will become when Charlie and Kathryn pass, but the children are already meeting with advisors to learn how to manage the foundation's investments.

By the time Charlie and Kathryn are gone, their children will be equipped with the knowledge and experience to effectively manage both their inherited wealth and the foundation's social capital. They're learning how wealth can make a positive difference and impact many lives.

The family has united around a common cause, bringing them closer than ever before. Charlie and Kathryn's foundation allows family members to participate, learn, and work together. The family has become a source of strength for one another as they reach out to help others and find purpose in both their lives and their wealth.

Through their involvement, Charlie and Kathryn have opened a new world for their children. By re-engaging in their children's lives and creating a shared mission, they will leave a lasting influence on their family for generations to come.

Wayne and Alma Bandy

Two of the three Bandy children were what most people would term "normal." They were hardworking professionals, had nice families, and led responsible lives. Wayne and Alma had no problem communicating with their two "good" children. The "good" children knew and understood the majority of their parents' finances and would have no problem, in future years, continuing to lead responsible lives after receiving additional wealth.

The "black sheep" in the family, Tom, had led an erratic and financially unstable existence and had routinely needed help. According to Wayne, he was a mess.

We helped Wayne see the need to begin building a stronger relationship with his wayward son. Wayne started meeting regularly with Tom and began working extensively with him to teach his son (now in his late 30s) his perception of being financially responsible. Wayne took him to meet with his stockbroker, his accountant, and even the local bank manager with whom the father had a good relationship. Tom began to respond favorably to his father's personal interest in him, as well as his coaching and counseling.

In the past, when Tom had an extra dollar, it was always gone. Now, Wayne was very pleased to find that Tom had started a systematic program of investing for his future. He no longer spent every dollar that he had, and he actually became very proud of his newfound financial discipline.

Wayne has dramatically influenced Tom because he chose to get back involved in his son's life and coach and mentor him. Not only did Tom learn a lot from his father, but the two actually ended up becoming the best of friends – even after all those years of conflict, frustration, and no genuinely meaningful relationship.

Conclusion

As long as you are on "this side of the grass," it is never too late to influence your adult children. They, like all of us, are still works in progress. They can still be changed and molded. But it must be done with authority and influence – not power and control. It may surprise many parents to learn that most adult children want the loving and supportive influence of their parents in their lives. If your children have veered off course in life, there may still be time to try to bring them back.

If they are financially incompetent or excessive, you can still provide them with the knowledge and experience they need to make wise financial choices. We would even go so far as to suggest that no one is better suited to have this influence in a child's life than their own parents.

It may not happen instantly. It may take time to reestablish (or establish for the first time) a loving, trusting, and accepting relationship filled with good communication. However, with desire, determination, and consistency, parents can have a profound influence on the lives of their adult children.

CHAPTER 13
Assembling an Effective Planning Team

One of the greatest challenges for wealthy families is successfully putting together both a competent and complementary planning team. This challenge is much the same as putting together a champion sports team. Families want the best players that money can buy, or at least that their money can buy. The personalities of the team members, their respective egos, their strengths and weaknesses all come into play as a group of talented individuals merges into a team that can effectively work together.

The similarities to a sports team are striking. Sports team members are highly compensated professionals who are very good at what they do. These professionals often believe their individual contribution to the team's success is the most important and that all the other players on the team are to merely support the "star." They often think that they know best what needs to be done to bring home a championship – knowing even more than the coach and the owner.

Like professional athletes, some advisors may be prima donnas. They already think they know it all and can do it all. They do not think they need anyone else telling them what to do and, consequently, are not coachable. Professional sports are full of players like this. It is tough enough to coach one of these players on a team, but how would anyone like to have an entire team of them? Time and time again, we have seen the highest-paid teams be far less successful during a season than lower-paid teams. Many times these high-profile teams do not even make the playoffs. The reason is simple: individual ability and performance do not automatically translate into team success.

In order for a team to be successful, the players must play well together. A team full of superstars not playing well together will not be a winning team, or at least will seldom become champions.

They must learn to respect the other team members' abilities. They must trust each team member to do the job for which they are most skilled. They must believe that each team member is committed to doing the best job they can for their client.

One problem that teams occasionally have is when everyone on the team wants to be the captain or the quarterback. They want to call the signals, run the plays, and tell everyone else on the team what they should do. They want to be the team member who is in charge of all the others. A team made up of only quarterbacks is going to have little success out on the playing field.

Here is some advice on how to avoid the professional jealousies and infighting that often sabotages the planning process. Finally, I will offer some guidelines on how to get the best possible results from your advisors.

Getting Your Planning Team to Work as a Team

Building a successful planning team has three primary elements: (1) The family is clear about what they want done, (2) Team members are clear on what their respective roles and duties are, and (3) There is mutual respect for each team member's expertise. When all three of these are present, the results are impressive. When one or more of them is not, it results in what we call planning paralysis – nothing happens, and the opportunities are lost.

The Family Is Clear about What Is to Be Done

The greatest conflicts among team members arise when the family is not clear about what is to be accomplished. When team members sense uncertainty, advisors begin to promote their favorite planning strategies or tools.

It would be like a football game late in the fourth quarter. Your team is down by two points on the opponent's thirty-eight-yard line. It is fourth down and two. The coach (the couple) calls a timeout to discuss the options. The offensive line wants the fullback to run right up the middle to get the needed yardage. The tight end and the halfback want to sweep around the end. The wide receivers want to go for broke and surprise them with a bomb. The punter wants to punt and pin them to the goal line. The place kicker wants to try a fifty-five-yard field goal.

Any one of these play options may get you where you want to go. But who must make the decision? The coach. Until the coach is clear on what is to be done, disagreements and debate will divide the team.

Once the coach decides what the team will do, the team members focus their energies on executing the coach's play. If the couple (or coach) cannot articulate clearly what they want, the planning team will flounder. They will debate what really is important to the family, question their motives, and argue about which planning strategy is best. Without clarity on the part of the coach, planning paralysis will result.

Each Team Member Knows Own Role/Duties

Another issue that creates conflicts among team members is poorly defined roles and unclear duties. If the team members are not clear about what position they are playing, the team will be very inefficient. Can you imagine two guards and the center standing at the line of scrimmage arguing over who is supposed to snap the ball? That team is going to lose every game.

A meeting of the advisors must be held to determine who will do what based on their expertise and abilities. A team with all quarterbacks will be a team that loses every game. Somebody has to block, and somebody else has to carry the ball. Everyone has important, yet different, roles. All the advisors must set aside their egos for the good of the team and the success of the owner.

When each member of the planning team is clear on the goals, what is being done, and who will do it, a synergy develops among the members. They stop competing and start complementing one another.

Mutual Respect of Team Members' Expertise

Sometimes, there is a lack of respect among team members. The attorneys may not think the Stewardship Planners know anything because they are not attorneys. The accountants may think the insurance professionals are only concerned about making a commission and do not have their best interests in mind. We have seen team members from larger firms look down on those from smaller firms, assuming the smaller firms are less competent because of their size.

One of the best ways to eliminate this kind of professional posturing is for the affluent couple to make it clear that this is their team, and they expect everyone to work together. Often, the Stewardship Planners are among the last advisors added to the team. Many times, other advisors have been there for years. Now, all of a sudden, the original group finds there is a new player. The team may feel threatened or fearful of what the new player is there to do. They might think they are being replaced or relegated to less active roles. They may fear that the new advisor will make them look bad in front of their clients. These are all common fears and concerns. The couple must address this matter straightforwardly by sending each current team member a letter introducing the Stewardship Planner and directing the team to work together.

The following is a sample letter that a couple might send out to the team of advisors, introducing a Stewardship Planner to the planning team members. The letter dispels their fears and sets the stage for peer respect for all members of the team.

Dear {Advisory Team Member},

My wife and I have recently retained {Stewardship Planners' firm} to guide us through their Stewardship Planning process. Although our current advisory team and we have accomplished much, we believe this firm brings unique creativity and skills in several significant areas to the planning process. We believe adding them to our advisory team will help us maximize our time, talents, and accumulated wealth for everyone's benefit.

I have asked the firm's president, {name of Stewardship Planner}, to give you a call to introduce the firm, personally introduce himself (or herself) to you, and learn about your role on the planning team. Once you see what they do, I think you will understand why we are so excited about adding them to our planning team.

This letter serves as my authorization for you to provide {Stewardship Planners' firm} and its members with whatever information, documentation, or explanation they may need from you. Please assist them in any way possible as we proceed through this Family Wealth Planning process. I appreciate your cooperation in this matter.

I want to add that {Stewardship Planners' firm} has not been brought in to replace any of our current advisors. We believe that his (or her) firm brings unique talents, perspectives, and knowledge that will complement our current advisory team. They will serve as a valuable addition. Your continued active involvement in this process is absolutely essential.

Thank you in advance for your cooperation. Please call me if you have any questions or concerns.

Getting Successful Results from Your Planning Team

We have seen and been involved in situations where the couple set the planning team up to fail in its task. They unintentionally sabotage the team by making choices that create the very problems they wanted to avoid. The following are our five rules for achieving winning results from a team of advisors. When these five rules are followed, we always design and implement a plan successfully.

Rule # 1 - Include all planning team members in the process from the beginning

Some time ago, we worked on a case where a couple, Joe and Cathy, told us that they wanted to hire a different attorney for their planning, rather than the one they were using for the business. We offered the names of some of the most competent counsel we had worked with for them to choose from. Joe told us to go ahead and proceed with the planning, and they would choose an attorney soon. We proceeded unaware of what we had just allowed to happen.

Our Stewardship Planning presentation was perfect. The plan accomplished everything Joe and Cathy desired. They were thrilled that we had kept their complex plan understandable and were eager to proceed with the suggested implementation steps. Knowing they were pleased with our referrals to competent legal counsel, we asked if they had selected their new attorney yet. Joe replied, "Oh, I forgot to tell you, we have decided to stay with our same attorney." Our worst nightmare had become a reality.

The attorney, rightfully so, was very threatened when he saw all the work that had been done over several months without him. He was protective, defensive, and very adversarial. Who could blame him? He had not been included in the planning loop from the beginning. Consequently, he began a long, frustrating delaying tactic.

If the owner wants to design and implement a plan, the decision-making advisors must be included on the planning team from the very beginning. To work with a family, we now insist on this.

Rule #2 - Permit your advisors to openly communicate with one another whenever needed

We had the opportunity to work with a wealthy couple some years ago, Lester and Virginia, who had an extremely high net worth. It was a perfect situation for Stewardship Planning, or so we thought.

The fly in the ointment was that Lester refused to give us the name of his estate planning attorney. Lester said he wanted us to take them through the process, and then he would take the plan to his attorney for review. We could see SO much potential benefit for the family and for charity that, against our better judgment, we agreed to take the case and ignored the inherent dangers of the arrangement. All we knew about this attorney was that he was considered the brightest and most creative estate planning attorney in this particular major U.S. city.

We went to work reviewing their current plan. Lester and Virginia were planning to gift specific assets to their private foundation upon Lester's death. The plan was to use the income from these assets to make annual gifts to charity. The problem was that a private foundation is not permitted to hold these kinds of assets. The result of this planning mistake was that his business partner would end up paying an additional $1.4 million in income taxes annually. This had been a major oversight.

Normally, we would go privately to the advisor who drafted the plan to discuss this problem, so he or she could address it with the family directly. But since we were not allowed to talk to his advisor who drafted the plan, we had no choice but to point this out to Lester and Virginia. Of course, the couple immediately took it to their attorney. From that point forward, the attorney became our adversary. We had been forced to violate one of our cardinal rules: Never take another advisor's mistake to the family. Allow that advisor to address his mistakes directly with his client.

Either in spite of or because of finding this mistake, Lester and Virginia retained us to design a new plan. The plan we designed produced substantial increased leverage in this family's ability to give to charity by eliminating substantial income taxes, all capital gains taxes, and all estate taxes. We redirected that money to charitable causes. Lester's attorney had never even heard of one of our creative planning strategies.

When the attorney saw the plan, he again felt threatened by us. We had shown this top attorney's clients a strategy that he did not know about, and his pride was damaged. We had been forced to educate him in front of one of his best clients rather than in private. Not a good thing.

We knew better than to enter into this kind of a "restricted" relationship, but in our excitement to help this family, we let the client bring the seeds of dissension into the process by not letting all advisory planning team members have open communication with one another. Today, if the clients insist on this kind of arrangement, we simply refuse to work on the case. We already know disaster looms ahead.

One of our many positive examples of the success of keeping this rule came when Ethan referred us to his parents. Steve and Jennie were in their sixties. When Ethan's parents heard our story, they elected to engage us to take them through the process. The first step was setting the date for the Discovery Retreat. Although Steve and Jennie thought their objectives were simple and they were clear on them, we encouraged them to complete the counseling phase and experience all of the benefits. They were absolutely astounded by the power and clarity they gained in the counseling process. The resulting plan was equally amazing, and they were very happy with the cooperation among their advisors.

Their accountant provided tax returns for the prior three years. They provided a detailed list of assets with copies of all documents representing ownership. Their lawyer provided the wills and trusts that had been executed previously. Their insurance advisor provided insurance contracts, dates, cash values, death benefits, and ownership and beneficiary designations. All of this was accomplished within one week.

The communication and cooperation among the planning team members was extensive and complete from the very beginning of the planning phase. The result was a unique design that met all of Steve and Jennie's objectives. They chose to fully implement the plan as their team had designed it. The process was successful because the cooperation was genuine and client-centered.

Obviously, complete cooperation among the team of professional advisors is of paramount importance. Experience, knowledge, and a full commitment to achieving all the planning objectives, as developed during the Discovery Retreat, must be a requirement for any team member participating in the Stewardship Planning process.

Rule #3 - Do not pit your advisors against one another

We often find that fiercely independent entrepreneur-type men almost enjoy the idea of pitting their advisors against one another, thinking that by doing so they will get more objective analyses of a plan design and keep everyone honest. We have found that just the opposite is true. Emotions, egos, personalities, and preferences get in the way of the planning process when this happens.

The couple will hear about a planning idea, strategy, or product that one advisor is recommending and then take it to the other advisors for evaluation. Of course, they are totally unable to explain adequately the rationale for the recommendation and cannot answer the other advisors' questions. The other advisors will reject the idea because they either do not fully understand it or may question the competency of the advisor recommending it. Either way, everybody loses.

After these barriers are constructed, when, or if, the advisors do finally get together, you can almost cut the air with a knife because the tension is so high. What ends up happening in these situations is nothing. The family gets frustrated, confused, or scared and, at best, postpones any action until later or decides to forget the whole thing.

If you want to have success in planning, you must eliminate everything that pits advisors against one another. They should not have to defend their competency, integrity, or motives to the other advisors on the planning team. It does not work in sports, and it does not work here either.

Rule #4 - Insist on consensus from your planning team

When you gather a group of knowledgeable experts together, conflicts and differences of opinion are inevitable. This is not a bad thing. In fact, it can be very beneficial. As long as there is mutual respect for each member's expertise, it is valuable to let these advisors spar with one another—as long as it doesn't get personal. One of the advantages of having broad professional diversification on the team is the creativity and insights that each member can bring to the table.

However, what can happen is that some advisors become so enamored with their own creativity that they dig in their heels and insist that their way is the only right one, regardless of what the other team members say. They believe they are right, or that their way is best, and that ends the discussion. The other advisors disagree, and the team finds itself in an intractable situation. The only thing we know for sure is that no one will move forward with this major roadblock among trusted advisors.

We once had a situation where the husband simply forced his advisors to return to the conference room and stay there until they reached a consensus on a plan design. They reviewed the Stewardship Planning Goals and Objectives once again to ensure everyone was clear on what the couple wanted. Then, the advisors went into the conference room.

Three hours later, the team emerged with a consensus. The plan was implemented immediately, with everyone's support and agreement.

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Another example of the power of consensus came when an elderly couple, Fred and Anna, retained us to guide them through the Stewardship Planning process and to become a key member of their planning team. The team spent the next three months working together to better understand the intricacies of the family’s financial and legal situation. Most of the advisors were receptive to having us on the team and were cooperative and helpful throughout the process.

Early on, the accountant determined that the existing law firm lacked the expertise necessary to accomplish what was needed. At Fred’s direction, we began searching for a law firm specializing in this type of planning, one that could serve as co-counsel to the family’s current attorney. The existing attorney was very valuable to the planning team, as he had a great deal of history with the family and knowledge of what would and wouldn’t work practically for them.

After several interviews with our suggested legal experts, the couple added a new member to their planning team. The team was very pleased to have him on board.

As we progressed, the accountant provided additional insights into how Fred and Anna made decisions and how he liked to work with advisors. On many occasions, since we were introducing new concepts and ways of thinking, Fred looked to the accountant and his trusted attorney for interpretation and reassurance that good decisions were being made. Their nod of approval carried the day.

Over the course of two months, a final plan design was developed. The resulting plan was a comprehensive family wealth plan that successfully transferred more than fifteen million dollars to their newly created family foundation. The benefits of this transfer included a net increase in their after-tax income, along with a two-million-dollar increase in the inheritances for each of their five children.

When the team presented the final plan, Fred and Anna were very pleased. However, they wanted to allocate some of the increased income to several of their children, whom they felt needed the income now. With this change in mind, we began implementing the plan.

Legal documents were drafted, proofed, and reviewed by each advisor to ensure consistency with the plan design. A bank trustee was brought in to oversee a gifting strategy and serve as a backup to the trusted family members who were acting as trustees.

The Stewardship Planning process worked well because the planning team worked well together. We talked together. We planned together. We presented together. We implemented together. Everyone was happy with the result.

Rule #5 - Assume a leadership role on your planning team

One of the biggest mistakes a family can make is allowing their advisors to control the planning process. The family must take on the leadership role. We often have couples ask how they can take control of the planning team when they do not know anything about planning.

Our answer is simple: You do not need to know anything about planning to assume leadership of the team.

When generals order their divisions to advance to a certain point, there are countless logistical matters that must be addressed to move thousands of troops, equipment, and supplies. That is the responsibility of colonels, majors, captains, lieutenants, and sergeants. The general's job is to make the big decisions, set the direction, determine the objective, and then issue the orders to make it happen. If the orders aren't carried out, the general expects to know why.

Generals may not know how to fix a Jeep, service a cannon, or cook for ten thousand soldiers, but they don't need that knowledge. It's not their job to handle those tasks.

Likewise, couples don't need to know all the technical details of designing a plan. They simply need to communicate what they want the plan to accomplish and then assess whether the plan meets their stewardship goals and objectives. When advisors begin to experience discord, the couple can refocus the team by revisiting their planning goals, which were outlined after the Discovery Retreat. Once those goals are clear, all other discussions fall into place. In short order, the plan is approved, and the assignments are made.

That is the kind of leadership we're referring to. The couple doesn't need to be experts in estate planning, but they do need to know their desired outcomes and be able to express those goals clearly and confidently to their team of advisors.

Conclusion

When any aspect of this chapter is ignored, it's only a matter of time before things begin to fall apart or grind to a halt. On the other hand, when these five rules (restated below) are followed, the entire Stewardship Planning process proceeds with incredible smoothness and efficiency, and everyone is happy with the results.

Rule #1: Include all planning team members in the process from the beginning.

Rule #2: Permit your advisors to openly communicate with one another whenever needed.

Rule #3: Do not pit your advisors against one another.

Rule #4: Insist on consensus from your planning team.

Rule #5: Assume a leadership role on your planning team.

SECTION IV

THE UNIQUE CHARITABLE PLANNING OPPORTUNITIES AVAILABLE WITH STEWARDSHIP PLANNING

CHAPTER 14
Building Bridges Instead of Walls

Many wealthy individuals, who have been financially successful, often find themselves in rather unfortunate circumstances later in life – waiting to die in luxury. This statement may seem harsh, but we have witnessed this reality many times. Their businesses have been sold, and they have more time and money than they will ever need, yet they have nothing in particular to do. They kick back, focusing virtually all their time and energy on playing, having a good time, and making themselves comfortable. All the while, they are moving closer and closer to the end of their days. They are, in fact, waiting to die in luxury.

In addition, many affluent individuals, particularly men, live much of their lives having created few intimate, personal relationships. Their wealth – and the power that comes with it – often creates walls between them and the rest of the world. Their wealth intimidates those with far less. It also makes them ripe targets for anyone trying to sell something. They endure a never-ending stream of vendors hawking their wares.

Instead of relying on close friends and family for help, these overachievers simply use their wealth's purchasing power to buy the needed services, which allows, or even forces, them to keep personal intimacy with these hirelings at a safe distance.

What may seem like a life of ease is often one of emptiness and loneliness. A wealthy person might rarely recognize, or admit, this, because their material abundance often keeps them emotionally and mentally occupied. They seldom, if ever, consciously feel the emptiness. While there are golf buddies and bridge club friends, these relationships are rarely deeply personal or caring. More often than not, they are superficial social interactions with other wealthy individuals, discussing their latest travels or most recent financial conquests. Sadly, they rarely feel free enough to come out from behind their walls of wealth and be open, honest, and real with one another.

Buying the next new car, vacation home, flying to Florida in their new jet, or taking another cruise may be fun, but these activities are not deeply satisfying. They may provide entertainment for a while, but, like most toys, people tire of them and move on to the next new, often more expensive, toy for the next round of entertainment. As they repeat this cycle, only rarely do they recognize that they are caught in a disappointingly hollow pursuit.

In contrast, imagine the possibilities if we engaged these affluent movers and shakers and offered them an opportunity that would not only touch the world in which they live, but also any part of the world they choose to influence. Picture the power that could be harnessed if these empire builders could catch a vision that would reenergize their creativity, experience, and motivation. What if someone could show the wealthy how to retain control of all their Social Capital (Chapter 2) and self-direct that latent wealth to dearly held and passionately supported causes? An army of sleeping giants would be awakened.

Until now, the wealthy and their advisors have largely ignored the idea of Social Capital and have seen it as the enemy (taxes) – something to be minimized. They focus all their planning decisions strictly on what produces the most financial benefit to the family. Often, no one has presented the alternative: giving their Social Capital to charity. Why? Because planning is typically done in a financial vacuum, ignoring the spiritual, emotional, and social components of a person's life (Chapter 1).

Since Social Capital does not directly benefit the wealthy family but is instead intended to help society at large, many of these families and their advisors have not had serious discussions about its use and distribution. A wealthy couple may be offered a vague, general question from one of their advisors about whether they have any interest in giving some of their wealth to charity. But there is usually little meaningful conversation about the possibilities, much less any direct challenge to make a personal investment in any significant social or spiritual outcome. It is merely presented as one of many possible transactions – an optional expenditure. It becomes just another question on the advisor's list that must be asked before moving on to the "really important" matters.

Calvin and Maurine Hill

Calvin and Maurine Hill had no children. They had been married for forty-six years and had accumulated a very substantial fortune over the years. Their concern was that they had no one to leave their wealth to. They had a couple of nieces to whom they wanted to leave a small inheritance, but that was it. The problem for the Hills was what they should do with their accumulated wealth.

During the Discovery Retreat, we began exploring the possibility of adopting some "charitable" children, since they had no biological children. Their first reaction was negative, but as they began to think about it, they became more open to the idea.

We started researching local charitable organizations that served children. They found a Christian ministry that they were particularly interested in, and we scheduled a site visit to one of the organization's children's homes. The experience changed this couple forever.

As they got out of the car, they looked closely at the facilities. They were adequate, but needed painting and general maintenance. Just at that moment, a kickball came rolling toward our car, followed by three children. Calvin reached down and picked up the ball. When the three children came racing up, they stopped abruptly and looked into Calvin's eyes. For that split second, time seemed to stop.

It felt as if minutes passed with Calvin looking at these children, when in reality it was only a split second. When Calvin turned back to us, his eyes were filling with tears. It was then that we learned Calvin had grown up in an orphanage himself.

The director of the children's home arrived and took us on a tour of the facility. The walls in the dining room were cracked. The basketball court was dirt. The playground was very small. The little pool had been closed due to lack of funds for maintenance. The dorm rooms had bare steel beds with lumpy mattresses.

Calvin asked the director how many of these children go to college. The answer was virtually none. They simply didn’t have the resources to pursue higher education. The laundry facility was antiquated, as was the infirmary. But, for these fifty-six children, it was home.

During the drive home, there was an intense silence. Calvin and Maurine said little. We knew this was the kind of silence they needed at that moment. When we arrived back at their home, they invited us in. They wanted to talk.

What happened next was moving beyond words. Calvin looked at Maurine and said, "You know, Honey, we’ve been planning to move off this farm and get a home in town. What would you think about turning our homestead into a home for those kids?"

Maurine responded, "We could convert this house into the main building and then build some smaller homes around the property for the children to live in. We could put a dock at the pond and make it into a swimming area." The dreams flowed from them, and the energy and intensity of their excitement grew as they spoke.

They decided they wanted to return to the children's home. This time, their visit was not to see the building, but to meet the children. Calvin and Maurine spent the day with the children, watching them play games and eating lunch with them. They began to learn their names.

They went back again. And again. Each time, they brought little goodies and occasionally a new outfit for Mary or a new ball glove for Tommy. The kids started calling Calvin and Maurine "Grandma and Grandpa." For all of them, their lives had become richer and fuller.

Calvin and Maurine donated their homestead property to the children's home. They donated enough to build the needed buildings and to endow the maintenance of the entire property from their foundation. They also set up a scholarship program for the children from this home. Each year, any child who graduates from high school with a B average or better receives a full four-year scholarship to the local state college from the foundation.

Once the children's home was relocated to the Hills' old homestead, they often drove out to eat dinner with the children who now lived there. Calvin and Maurine knew each child's name.

One day during a visit to the home, Maurine looked at us and said, "Thank you for giving us such a wonderful family to leave our wealth to. We could not be happier if they were truly our own children."

That night, the board of directors hosted a dinner in honor of the Hills. When they were introduced, the children all spontaneously jumped up and cheered. Susie, a seven-year-old, ran over and climbed into Calvin's lap, hugging him. Calvin kissed her on the forehead and then began to openly sob with joy as he held Susie in his lap. The entire room was moved to tears by the scene. It was an evening never to be forgotten.

Calvin and Maurine had torn down their walls of wealth and used those same materials to build bridges to the lives of these precious, helpless children. They changed these children's lives forever. But the children were not the only ones whose lives were changed. The Hills now had a family. They were no longer simply waiting to die in luxury. They had a purpose. They had a life. They were making a difference.

Conclusion

Addressing the social, spiritual, and emotional aspects of a family's wealth must come first—before the financial aspects. Wealthy individuals must answer the question *"why"* before they can answer the *"what"* or the *"how."*

Asking *why* opens up a whole new world. It is a world where the heart resides—a world where meaning and fulfillment are found. It is a world full of bridges instead of walls, where caring, open hands reach out to help. It is a world where most of us would prefer to live, a world where we meet real life face-to-face, a world where we discover the deepest sense of personal significance and the highest levels of meaning in life. It is a world that feels truly good.

CHAPTER 15

Casting a Shadow beyond the Grave

Mankind is mortal. Our Creator has granted us a certain number of days to dwell upon this earth. For some, it may be only a few days, while for others, it may stretch to tens of thousands. Regardless of the number, there will come a time when our last day arrives. Our lives will come to an end.

At that moment, who we were and what we did during our time on earth will be permanently etched in the minds of those who knew us. There will be no more additions, no corrections, no changes. Our relationships with others, our actions, what mattered most to us, how we lived, and how we used our resources will be ingrained in the memories of those we left behind. The final paragraph of the final chapter of our life's story will have been written, and the ink will have dried.

How fondly will those who knew you remember you? Will you be someone people will want to remember? Or will you be someone others are glad to forget? Most of us hope to be remembered with gratitude and affection. We hope that something of our lives—our actions and choices—will survive us, serving as a meaningful testament to our brief time on this planet.

The Day of Your Funeral Has Arrived

None of us will get a preview of what we will leave behind, so we cannot see how our lives impacted others. But to gain a sense of what shadows you may be casting, consider the following imaginary exercise:

You have just died. (Sorry, but it is going to eventually happen to all of us.) What is different about your death, however, is that you are going to have the rare privilege of attending your own funeral service. No one will know that you are there or that you are listening to everything being said. Everyone believes that you are dead and gone.

What makes your funeral so interesting for you is looking over the crowd and noticing the people who are there, and maybe even more telling, mentally noting those who are not there. Funerals are crisis events. People take time off from their jobs, rearrange their schedules, cancel trips, and dip into savings to get there. Funerals are never timed conveniently for anyone.

The funeral is about to begin. Your casket is at the front of the room. Friends, associates, and family have gathered to pay their last respects. Your funeral service includes a series of eulogies offered by those who knew you best. After the opening strains of music conclude, your spouse shares what was really important to you during your lifetime. Then your children take their turns recounting to the audience what kind of parent you were to them and what they saw as your life priorities during the years they were growing up. They also share how you influenced and impacted them once they became adults.

After your family, some of your key employees take the platform to relate what kind of employer you were and how working for you impacted their lives. One of your business associates describes what kind of a businessperson you were and the standards you lived by in conducting your business.

Then, your next-door neighbors stand to share with the audience what kind of a neighbor you were to them. A representative of the local charities then steps forward to tell of the role you played in helping local nonprofit organizations fulfill their charitable missions. Finally, a city official enumerates how your life, your influence, and your wealth made a difference in the local community.

The funeral concludes. You are buried. For those who survive you, life goes on.

For this little exercise to be helpful, it is important to reflect, "If I were to die tomorrow, how will people remember me, and what would they say about me?"

Would you enjoy attending your funeral, or would it be painful? If what they would say about you is not how you want to be remembered, we have good news. You still have time to change what those eulogies would include.

One of the best examples of a man who changed his eulogy was Alfred Nobel. That name immediately brings to mind the Nobel Peace Prize. But that is only the second half of this man's story.

Alfred Nobel was a Swedish chemist who made a fortune inventing dynamite and several other explosives used for weapons of war. Years after his world-renowned developments, Nobel's brother died. The local newspaper mistakenly thought that it was Alfred Nobel who had died.

The next morning, Alfred Nobel arose to read his own eulogy in the paper. He was described as the man who became very wealthy enabling people to kill one another in unprecedented quantities. Nobel was stunned and shaken at what he read. He made the decision to use his accumulated wealth to honor people and accomplishments that benefited mankind. He created the Nobel Peace Prize, and you know the rest of the story.

Casting a Shadow for the Long Term

Being fondly remembered and having a long-term, positive impact on those with whom a person has lived and worked is a serious challenge. An even greater challenge presents itself in trying to cast a meaningful shadow on family and people yet unborn—generations yet to come.

To illustrate this challenge, can you remember your great-grandmother's name on your mother's side of the family?

Often, people do not think about it, but it is likely that their great-grandmothers were alive when they were born. Yet, very, very few people can even remember their names, much less one personal detail about their great-grandmothers' lives. If you do not remember her name, your great-grandmother's shadow never reached you. In truth, many people's shadows are short, and quickly we forget those who have gone before us. It is not that people mean to be forgotten; it is that they did little to lengthen their shadows during their lifetimes.

You Cannot Cast a Shadow on Yourself

The fact is that you cannot cast a shadow on yourself. Try it sometime. It cannot be done. If the sun is perfectly overhead, a person casts no shadow at all. If the idea of casting a shadow represents having an impact on others, your shadow must fall upon the lives of others. If a person's life and pursuits all revolve around the self—what is in it for me—that person will likely cast a very short shadow, if any at all.

The question is, how can I cast a shadow that will stretch beyond my lifetime? Can I be certain I will continue to have an impact on the world even after I am dead and gone? How can I end up with more than a headstone over my grave as a remembrance that I was here? Will my great-grandchildren even remember my name, much less what I stood for and cared about? Will I inspire and motivate others who survive me through the life I lived?

No one asks these important questions at a birth. But they do ask them at a funeral. A birth is a time of joy and happiness—a time of hope and great expectations. A funeral, on the other hand, is a time of reflection and being reminded of our own mortality.

Funerals often lead us to evaluate our life priorities. We may more clearly distinguish between the tyranny of the urgent and the priority of the important. Funerals help us to look anew at the direction of our lives. We can then decide if this course will take us where we want to end up.

Those Who Consciously Try to Cast a Shadow During this Life and Beyond

We meet many wealthy people who concentrate on making a difference with their remaining time, their unique talents, and their accumulated treasures. Yet, there is no way to fully comprehend the length and breadth of the shadow a person will cast. Often, what we give of ourselves to others ends up getting passed around to still others and may end up impacting the lives of countless people we will never get a chance to meet.

If we are going to cast a shadow beyond our own days, we must invest in things and people outside of ourselves. Keep in mind, you will not be remembered by what you have kept for yourself. You will only be remembered by what you have given to others.

We have seen wonderful examples of how wealthy people have used their lives and possessions to cast a shadow on future generations of their family, as well as on future generations of their community. Here is just a sampling:

- A gift to a local university to build a twelve-thousand-seat pavilion to house future sporting events, concerts, and shows.
- Setting up and running the first Special Olympics program in the family's community and then sponsoring it annually thereafter through an endowment.
- The creation of a family foundation funded with stock to produce annual grants for education, protection of the environment, and scientific research projects.

- Grandparents taking their grandchildren with them to deliver fresh produce to needy families in the inner city each Saturday morning during the summer.
- A family undertaking the fundraising for the restoration of a landmark community theater that had deteriorated and subsequently closed. The theater has been reopened and completely restored to its original beauty. Each chair in the theater contains a plate naming the donor who gave to the restoration project
- A gift to a university to build a new business school that will forever carry the family's name.
- A gift to the local YMCA endowment fund for scholarships to allow underprivileged children in the community to participate in YMCA activities and to advance the YMCA slogan: "We promote the building of strong kids, strong families, strong communities."
- An endowment that provides food for a local rescue mission. Each month the entire family goes to the mission to serve a meal to the homeless in their community. It is the highlight of the family's entire month.
- A major planned gift to a museum that records the history of the Jewish people during the holocaust.
- A gift to the local Boys and Girls Club for college scholarships for high school graduates who were active in the Boys and Girls Club.
- A gift made by a congregation member to help acquire property and build a new church building.
- A gift to a local museum to educate visitors on the community's history and the arts. A plaque honoring the donor's parents who lived and raised their families in the community.
- The creation of a charitable organization in the name of two families. The organization will create a habitat restoration

project and education facility to teach visitors about the area's history, habitat, and ecosystem.

- A major gift to the local hospital to build a new wing. At the entrance to the new wing, a plaque will forever display the family name as a major contributor to the new wing.
- A public city park named after the family as well as an endowment to underwrite the park's maintenance.
- The largest private gift ever made to a local cancer institute for research and development of a cure for cancer.
- Creating a professionally produced videotape of the parents sharing their life virtues and core values with their family for all future family generations to know and remember the founders of the family fortune.
- Building an educational building on the campus of the university the donor attended. It is a great joy to witness the donor's enthusiasm as he takes friends on a tour of his building while visiting the campus.
- Establishing scholarships for deserving students to attend the donor's alma mater. The family meets each year to decide who will receive their family's scholarships for that year.
- A family donating their second home for a crisis pregnancy center in their town and setting up a matching grant for its annual funding.

You can see that all of these examples demonstrate a focus on giving to others—casting a shadow both now and beyond their lifetimes to help make a difference in the lives of others. Further, did you notice how many of these simultaneously encompassed both family and others at the same time?

Ellen and Sandy Perry

Megan introduced us to her mother and grandmother. Both had accumulated very substantial wealth. They decided it would be beneficial from an intergenerational perspective to coordinate as much of the family planning as possible.

Therefore, Ellen (Megan's grandmother, age 85) and Sandy (Megan's mother, age 63) agreed to visit with us. Ellen and Sandy were leading quiet lives typical of women who were born from 1900 to 1930 in a small Midwestern town. Although they had significant family wealth, neither of them had fully explored this wealth's potential.

Documents that were drafted as a result of closed-door conversations between their now-deceased husbands and attorneys had largely been dormant for thirty years or more. In spite of the fact that their assets represented a significant holding to the local bank, which serves as trustee, the women had been left out of all discussions that were supposedly being made on their behalf.

We shared with them the concept of virtues-based life planning and showed them how they could align their personal virtues and core values with their financial assets to create more meaning for their lives through the legacy they would one day leave. They were eager to begin, stating that no one had ever talked with them this way before and that this process was exactly what they had been looking for and needed. They completed the questionnaires, which helped us get in touch with who they were and what they held most dear.

Ellen and Sandy's primary virtues and core values were honesty, responsibility, sharing, and family unity. Both quoted "do unto others as you would have done unto you" as a part of their cherished foundational beliefs. Ellen and Sandy believed passionately in preserving their wealth for the future because they felt an obligation to future generations to pass along a meaningful family legacy. As those who had gone before them had been helpful to them, they wanted this legacy of helping others to continue. Stewardship of the family heritage was a sacred trust for them.

As Ellen and Sandy began to get more in touch with the strength of their feelings and became clearer about what was really important to them, they chose to replace their original wills with new ones representing their beliefs. They definitely wanted documents containing strategies that would incorporate their family mission into the planning process.

They chose to establish a family foundation that would carry on the legacy of sharing and being responsible stewards of their assets forever. Ellen was especially delighted to know that her grandchildren and great-grandchildren would have the opportunity and privilege to share wealth that had originated with Ellen and her husband. She said, "I will go to my grave knowing that I have done the right thing with our wealth. Thank you for giving me this gift of peace of mind."

When the strategies encompassed in each of their plans were in place and the final documents signed, Ellen and Sandy requested that we come to their lakefront cottage, which had been the cornerstone of some of the planning. They wanted to keep this cottage in the family so future generations could enjoy the shared family experiences that only result when families take the time to be together, without the pressure of busy agendas. The entire family came, and we talked about the planning that had been done, how it was done, and why. Although a part of their inheritances was given to others, each adult child came to us and said, "Thank you for creating such a special plan for my family. Thank you for explaining it to us so that I can plan for my own life now that I know how this will impact me."

Truly, now, their masterpiece is complete. As the family dreams live on and resonate through future generations, income from grandfather, father, and husband will flow to grandmother, daughter, wife, children, grandchildren, great-grandchildren, and beyond, as the family foundation continues to carry this family's values to the community and the world. This is the right way to cast a shadow beyond the grave!

Conclusion

No one wants to be forgotten. No one wants to feel like his or her life might prove to have been smaller than it could or should have been. We all want to think that how we have spent our lives has been a good investment, not just for our own creature comforts and sense of worldly success, but so that others will enjoy the fruits of our investments as well.

For this to happen, we must focus not on what we make, but on what we give; not on how comfortable we can make ourselves, but on how comfortable we can make others; not on how much wealth we can accumulate for ourselves, but on how much wealth we can distribute to others.

In the 1800s, Andrew Carnegie, businessman turned giver, may have said it best in his book *The Gospel of Wealth*. Carnegie, a dyed-in-the-wool capitalist, challenged the wealthy of his day with these provocative words:

An ideal State [is one] in which the surplus wealth of the few will become the property of the many administered for the common good. The public verdict will then be: "The man who dies rich dies disgraced." (emphasis added)

Andrew Carnegie still lives today. His life and influence continue to cast a shadow on us. Carnegie is remembered not because of his riches, but because of his generosity. Remember, you cannot cast a shadow on yourself.

CHAPTER 16
Building Family Unity through Charitable Giving

The role charitable giving can play in a family's life is like looking at a prism. Depending on the shape of the prism and the precise angle of the light, you may see entirely different spectrums of beauty and color each time you look. In Chapter 10, we discussed how charitable giving creates an ideal platform for helping children overcome common dysfunctions caused by inherited wealth. In this chapter, we want to explore another way in which charitable giving can actually benefit families – how to use charitable giving to build (or, in some cases, rebuild) family unity.

Parents in this century face a very significant dilemma that most past generations did not face. Children and their families are scattered all over the country geographically, pursuing widely different careers and personal interests. How can parents successfully keep their families socially and emotionally together in this incredibly mobile and diversified society?

This splintering of the family unit can be even more pronounced if there are broken or damaged relationships added to the adult children naturally going their own ways in life. It is hard enough to stay in touch when all relationships are whole and healthy. It is almost impossible when there is bitterness and broken fellowship among family members (Chapter 9).

Without some overriding purpose or commonality, family members can and often do go for extended periods of time, even years, never visiting or even communicating with one another through a phone call or letter. Socially, emotionally, and spiritually, they become virtual strangers to one another in later years. Clearly, this is not an outcome that makes the parents feel good about the condition of their family. To the contrary, we find it usually brings great sadness and disappointment.

For families that have succeeded in remaining emotionally, if not geographically, close over the years, introducing a charitable mission to the family can catapult it to even higher levels of unity, cooperation, and meaningful fellowship.

We know of no other aspect of family wealth that has more positive impacts and fewer negative consequences than actively working together in a shared charitable family mission. This is just another angle of the charitable prism that adds a strikingly brilliant new spectrum of light and beauty to the life of a family. We have discovered three critical ways in which charitable giving can rebuild unity and cooperation, even in fragmented families.

1. External Family Focus

Often, the children of wealthy parents have a myopic and egocentric view of life. Generally, their material desires are all met, and they see the world through the rose-colored glasses of wealth.

A shared charitable mission is the single most effective way to help a family overcome this myopia and egocentrism. The key is to recast the individual family members from a self-focus on their personal agendas, their private records of past family offenses or omissions, and/or their self-serving attitudes of "what is in it for me" to a focus on others. Now, by concentrating on the lives and needs of others, the entire family is elevated to something much higher, more noble, and much more powerful that can survive over multiple generations.

As one teenager asked his mother recently, "Why should I get good grades and get a good education when I am going to be rich anyway?" This is, to say the least, a very troubling but logical conclusion. These children of wealth believe their "tickets have already been punched." Why get good grades? Why work hard?

Why get a good job? They can already have whatever they want. They can go wherever they want. They can do whatever they want. For children of affluent parents, this attitude reflects their perception of "real life."

Jeffrey and Colonie Fisher

Jeffrey and Colonie were extremely wealthy and enjoyed the fruits of their labor. They had a palatial home and all that accompanies it. Their children had grown accustomed to the finer things in life. It was obvious from our conversations with them that they were completely unaware of how the rest of the world lives.

We asked them, "Do you know that there are people living within one-hundred-fifty miles of you that are still living as primitively today as Americans were when this country was founded? Did you know that many of these people may be living in conditions that would rival living in Third World countries?"

Our revelation was a shock to both them and their children. Keep in mind, the family lived in one of the most exclusive residential estates of this major city. They had a chauffeur and housekeepers. The children all attended the most exclusive private schools. Their vacations included places like the beaches of the Riviera, the ruins of Greece, and the ski slopes of Switzerland. They never stayed in anything less than five-star hotels, and they ate at only five-star restaurants. They had their own jet and full-time pilot.

This family was so insulated from the real world by their wealth that even when they saw a picture of a starving child in Africa, it did not seem real. It was more like a Hollywood movie plot. The children were following in their parents' footsteps in every way.

As part of our work with this family, we decided a site visit for the entire family was in order, and they agreed. We spent considerable time with the family preparing them for what they were about to see. We explained that they would witness the way much of the population of the world lives. We asked them to observe what they saw with their hearts and not just their minds.

The day came, and we all traveled to a remote location in one of the most impoverished mountain areas. The director of a charity who worked to help the people in this poor region accompanied us. Before we even got to the site, the sobering scenes we passed on our way already had begun to take a toll on this family.

During the trip, the director explained to the family what was happening in these mountains, why things were the way they were, and what his organization and others like his were doing to try to help. When we finally arrived at our destination, the family was as fully prepared to embrace what they saw as possible.

The poverty was beyond anything they had ever seen. It almost took their breath away. The homes were ramshackle huts with outhouses and no running water. People were cooking over open fires. What little paint was on these people's homes was peeling off. One home's front porch had all but collapsed. The few sticks of furniture were handmade and very primitive. Little children were running around in the dirt, wearing tattered clothes and only a few had shoes. The sight left the entire family both numb and speechless. They had no idea people so close to their home actually lived in such squalor and poverty. It was heart-wrenching.

Then the director took them down the road a short way to show them a new home that had been built by volunteers who wanted to help these poor families. It was incredibly modest and looked more like a tool shed than a home. But it was the nicest home they would see. The director pointed out a few families working in their gardens, using very nice tools that had been donated to help these people raise their own food.

Another location showed the Fishers how some other concerned people had stepped in and were showing the people of this area how to make country crafts that could be sold in the novelty shops in the cities for a very good price.

As the Fishers talked with the genuine and sincerely friendly people, the culture shock slowly wore off. The family members talked about what they might do to help Shorty, Anna, Burnadette, Ernest, and the others in this village to make a better life. They began asking more and more questions of the director about his charity's plans to continue helping these people. They were absolutely shocked when they discovered how far so little money would go in helping the people in this poverty-stricken area.

The entire family began to get excited about the potential of their financial capacity to transform the lives of entire towns in this impoverished part of their own state. The site visit was an incredible success. For the first time in the Fishers' lives, they had a focus on something and someone other than themselves. Their "family" had just gotten a lot bigger.

Many meetings followed as the whole family began focusing on helping others instead of simply helping themselves. The Fishers now have a new focus that has brought a new excitement and a new unity to their family. It has given them something meaningful to talk about and to do as a family. For that, the entire family is deeply grateful.

A Common Family Mission

Part of the unifying process of charitable giving is the creation of a master plan that everyone in the family can truly buy into and be an active part of as the family works together toward one or more common charitable causes or activities.

We met a couple who had set up individual foundations for each of their three children. Each child could do exactly what he or she wanted with his or her own foundation's money without having to deal with the other siblings. This may be acceptable for the purpose of helping charities, but how will this approach help the family's siblings work together and be united as a family? They have all but guaranteed that this will be just another way in which each child can be isolated, never to be seen or heard from again except possibly at weddings and funerals.

The personal missions of different members of a family may be as diversified as anyone could imagine. But the charitable mission of the family can still be the glue that holds the family together from generation to generation and the lens that keeps them focused on a central, common family goal. As time passes, each senior generation is required to mentor and coach the younger generation to receive the family charitable mantle to continue on with the family legacy that was begun by the founder of the family fortune.

Adam and Stephanie McKinley

Adam and Stephanie are in their late seventies. They have raised two children who are grown, married, and living near where they were raised in New York. There are seven grandchildren, ages ten to twenty-seven. Adam and Stephanie have accumulated substantial wealth over the years through Adam's ownership in a business and his prudent investing.

Since they were very private about their financial affairs, their children did not know exactly how much Adam and Stephanie had. They did know that they were worth millions of dollars. Adam and Stephanie had more than enough to live on, plus substantial excess wealth.

Stephanie was active in the local museum and hospital charitable fundraisers. Both Adam and Stephanie had healthy relationships with their children. The children had finished college and were successful businesspeople. Neither had any interest in the family business, so they sold it to a minority partner seven years ago.

Adam is very tough and independent, a classic entrepreneur. Even at his age, Adam continued to manage all of his assets and investments. He was raised in a very poor home and consequently had developed the value of being very frugal with his money. He was not a particularly charitable individual. His modest annual contributions to various charities and Stephanie's time given to the hospital and museum were all he felt compelled to do.

One day, their son, Bill, was exposed to some powerful concepts on charitable giving that, if employed, would cost the family none of their accumulated wealth but would create millions for charity. Bill spoke to Adam about these concepts, and the ideas were very appealing to Adam as well. He became particularly excited about the idea of setting up and running a family foundation.

As a result of this discussion and various meetings with his attorney and us, Adam set up the foundation and contributed well over two million dollars to his newly formed family foundation. He then called a meeting of all his children, their spouses, and his grandchildren. At their first meeting, the main topic was, what should they do with the money? One of the problems for Adam was that, even though he felt he had raised his children with good values and they turned out to be responsible adults, he had some serious concerns that his grandchildren might not end up the same way.

It had been very difficult for Adam and Stephanie to find a common basis upon which to develop a meaningful relationship with their grandchildren because of the grandchildren's tremendous age differences and different perspectives on life. Nevertheless, Adam felt it was important that the grandchildren be involved in this meeting since they would ultimately be given the responsibility of running the family foundation. At the meeting, Adam and Stephanie suggested giving five hundred thousand dollars initially to some worthwhile cause and then in the future giving the income from the balance on an annual basis. The meeting ended with each one assigned the task of returning for the next meeting with a presentation of where the five hundred thousand dollars should be contributed.

At the next meeting, one grandchild, Jeremy, age fifteen, made a presentation on why most of the money should be donated to the city's substance abuse center. Jeremy, who was seen by Adam and Stephanie as their most troubled grandchild, hung around a tough and rather unsavory crowd. Jeremy shared his reasoning. His best friend had spent eight months living there to go through rehabilitation. His friend had been released two months earlier, and the facility seemed to have made great changes in his life. Jeremy had noticed these changes and knew in his heart that this facility had saved his friend's life. Jeremy's friend told him about the facility's need for money. Jeremy made quite a compelling case for making the gift to the center, sharing with his family the details of his best friend's story.

Jeremy then asked the director from the center, whom he had invited to the meeting, to come into the room to make a presentation on how the money could be used. The center was in great need of repairs to the living quarters, and in particular, it needed a new kitchen and dining facilities.

After everyone had given their presentations on where the money should be given, a discussion was held, and a family vote was taken. The whole family unanimously voted for Jeremy's project. They felt that the initial money going to this cause would have more impact than any other cause presented. Adam and Stephanie could not have been happier and more proud of their young grandson and the entire family's participation in the family foundation. For the first time, Adam and Stephanie had an open door of influence with Jeremy.

The common family mission of giving to the Drug and Alcohol Rehab Center brought a new sense of unity to all three generations of the McKinley family. For the first time, all three generations agreed on something extremely important. It was the beginning of a very dynamic ongoing interaction among the McKinley family that has improved communication, relationships, and unity in the family.

The Joy of Giving

Giving is something learned. It is not a natural part of our human nature. You only need see a couple of small children quarreling over the same toy, both simultaneously shouting, "mine" and trying to rip it out of the other's hands to see this truth.

"Survival of the fittest" is another example of this take-and-keep-for-yourself mindset. The idea of finding joy in giving to others is counterintuitive. Yet, it is taught in every major world religion and in all the major cultures in history.

Why would a young man sacrifice his life in a war to allow people he does not even know to continue to live in freedom? Why would someone who has worked hard and paid a very high price to be financially independent turn around and give most, if not all, that money away to others? These and other similar questions cause us to consider the idea of giving to others.

Our natural inclinations tell us there is joy in keeping, but not giving. There is joy in spending money on myself, but not spending money on others. Ask most children what is most exciting about Christmas, and the answer will be the same – getting presents. When we hear that answer, we all smile and maybe even conjure up a few of our own memories.

But there is a much deeper level of fulfillment in life than the simple joy children experience as they rip open countless brightly colored packages full of wondrous things just for them. May we suggest that the greatest fulfillment in life can be found in doing what is counterintuitive?

The deepest levels of life's joy are not found in what we get but in what we give. If you try to explain this concept to small children, they will stare at you with blank looks on their faces, amazed that anything could possibly provide more joy than receiving presents. But, as many know, there is no gift parents and grandparents could ever receive that exceeds the joy of watching the bubbling enthusiasm of their own children or grandchildren as they wildly tear open a box, squeal with glee as they discover its contents, jump to their feet, dash headlong toward the parent or grandparent for a big hug, and offer a thousand kisses and thank yous.

Why should it be any different now with accumulated wealth? Far too often, in our pursuit to build and control our own financial empires, we find ourselves far more focused on what we are getting out of it all than what we could be giving. Often, we find ourselves unconsciously reverting back to a childlike attitude towards happiness: getting toys for ourselves. With this attitude, we sacrifice the deeper joy in life by neglecting the ancient truth that tells us, "It is more blessed to give than to receive."

When wealthy families do not focus solely on maximizing what they will keep for themselves and their families, but strive to address the deeper issues of life, they will find a depth of joy that almost defies description.

The joy of giving can only be learned through personal experience. It cannot be learned academically. In order to truly discover the joy of giving, you must make a gift, and the larger and more sacrificial the gift, the more profound the joy. Giving is one of life's great immutable principles.

Giving can also become addictive. The more you give, the more giving you want to do. However, unlike most addictive behaviors, the more of this people indulge in, the healthier and happier they become.

For any of us to experience great happiness, we must learn three important truths: (1) We must work hard, (2) We must save/invest part of what we earn, and (3) We must give some of what we have to others. It is what we call the financial EKG – Earning, Keeping, and Giving principle. Two out of three will not bring happiness. In fact, two out of three can lead people to high levels of stress or extreme levels of unhappiness.

For wealthy families, the first two purposes are well within their experience and knowledge. But how will wealthy parents teach their children and grandchildren the joy of giving? This requires a good bit more thought. How will they let them experience how it feels to show grace to someone who does not deserve it? How will they come to fully appreciate the power of living with open hands and an open heart? This is often new ground that many families have never plowed before.

Duane and Betsy Carr

Duane and Betsy recognized that even though they had been generous with their own wealth, they had never taught their children how to give joyfully. They decided this was a project they wanted to accomplish with the children and grandchildren before their lives were over.

During the next Thanksgiving family reunion, the Carrs began working on this long-overdue training. Duane got down on the floor with each of his young grandchildren, gave them each a twenty-dollar bill, and told them that he was giving this to them to do good. He then asked them what "doing good" meant to each of them. For about twenty minutes, Duane sat on the floor and shared with each of his small grandchildren what it meant to do good with money. Before the conversation was over, the grandchildren decided what good they wanted to do with the money that Duane had given them.

He continued that practice each year with the grandchildren, increasing the amount he gave them as they grew older. It became a family tradition for Grandpa to get down on the floor at Thanksgiving time and talk about what it means to do good with money.

What a profound impact Duane has had on his grandchildren's perspective on the purpose of wealth with that simple annual exercise. Duane knew that experiencing the joy of giving could only be learned by doing it. Since his grandchildren did not have it to give, he provided the resource for the learning.

David and Rachel Griffin

The Griffins likewise made a conscious decision to begin instilling the joy of giving in their heirs' lives. They decided the best way to provide this experience was to set up a family foundation. They called a family meeting of all the children, spouses, and grandchildren to announce their plans.

David and Rachel asked each of their children to be on the foundation board with them. They were making a substantial, initial gift to fund the foundation. The children were both surprised and honored to be brought into their parents' financial inner circle to share in their charitable efforts.

They also wanted to engage their grandchildren in this process. They began by allocating one hundred dollars for each year of each grandchild's age as their gift to charity this year. Dan was given $2,300 to give; Sarah, $2,000; Sherry, $1,700; Ann, $1,300; Dave, $1,000; Drew, $900.

Their mission was (with their parents' help if needed) to come up with a proposal on who would be the recipient of their gift from their family foundation. They presented their gift recommendations at the next family meeting. When that meeting ended, there was not a dry eye in the house as the children revealed their recipient choices and explained the reasons they wanted to give to those particular people and organizations.

Dan had just lost a friend in a car accident and wanted to offer a scholarship to the university music department in his deceased friend's memory. Sarah had a friend whose father had just died, and the family was really struggling to make ends meet. Sherry wanted to send the money to the children's hospital to help fund research on Sudden Infant Death Syndrome. Their next-door neighbors had just lost their child a month earlier to SIDS. Ann wanted to give her money to the local Special Olympics. She was a very talented runner who held the state record in two track events for her age group. She thought children less gifted than she should also be given a chance to compete. Dave wanted to give his money to the local Christian youth camp because it needed new boats. Drew loved animals, and he wanted to give his money to the local animal shelter to help find good homes for "lost and lonely animals."

To see the depth of feeling and compassion of these grandchildren was deeply moving for David and Rachel – more so than anything they could have imagined. They were very pleased with the first phase of the grandchildren's training.

Conclusion

These moving examples of families that have proactively worked to bring their families together, use their wealth as a tool to build family unity, and allow their family to experience the joy of giving cannot be minimized. The stories are compelling. The results are undeniable and profound. Little time and money are needed to get this kind of family-building experience started.

What makes the idea of including family charitable giving as a critical component of a master family plan so powerful is that it produces so many individual and collective benefits without any adverse side effects. The heirs are able to overcome many of the emotional problems inherited wealth carries with it (see chap. 12). Multiple family generations can bond together in ways that would be impossible to achieve otherwise. The entire family learns the delicate balance between, "What my wealth can do for me and what my wealth can do for others." This knowledge and wisdom lead to happy, content lives full of meaning and joy for every member of the family.

Parents have everything to gain and nothing to lose by beginning this process with their own families. Again, the process takes little time and relatively little money to get started. What is required, however, is desire – desire to maintain a close-knit, unified family that loves, talks, and works together in meaningful ways on meaningful projects outside of themselves.

In this situation, our counsel is the same as the famous Nike commercial: "Just do it!"

Chapter 17
Changing the World-One Life at a Time

The desperate needs of so many people in the world can be overwhelming. Even billions of dollars invested in helping them can produce little noticeable relief from a worldwide perspective. The sheer size of the world's needs is so staggering that people become discouraged because their "little bit" (even though it may be tens of millions of dollars) will not make a significant difference.

But do you know how to eat an elephant? The answer is very helpful in this discussion. You eat an elephant one bite at a time. If you think about eating an entire elephant in one big bite, it seems impossible and more than a little ludicrous. But when you break the task down into "bitesize" steps and then go after it, eventually the elephant will be eaten. If eating the elephant one bite at a time takes too long, then you can ask others to join you, provide them with forks, and let them help you eat away. The more people you involve in the task, the easier and sooner it is achieved. Before you know it, you have accomplished something very significant that many would have deemed impossible – you have eaten an elephant.

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Early one morning, a man was walking down the beach. He noticed a very strange phenomenon. Up ahead of him, the beach was covered with starfish—thousands of starfish. The tide had washed them ashore during the night. Walking among the starfish was a beachcomber, picking up one starfish at a time and throwing it back into the ocean.

When the well-dressed businessman came close enough to talk to the beachcomber, he chided him in a condescending way, "With thousands of starfish lining this beach, you really don’t think what you are doing will make a difference, do you?"

The beachcomber picked up another starfish and flung it back into the sea. He then replied, "I made a difference for that starfish, didn't I?"

This is our point. Even if individuals gave all they had— all their remaining time, all their unique talents, and all their accumulated treasures—to meet the needs of the world, the gestures would make little difference globally. The efforts and wealth would be spread too thinly over too many people to do much good for anyone. But just as the beachcomber understood that, even though he could not save all the starfish, he could save some of them. He had accepted the task of making a difference to the extent he could with the time and resources he had.

We cannot help everyone, but we can help someone. We cannot do everything, but we can do something. We cannot change the entire world, but we can change some small part of it.

We all need to have a global awareness, but we need to have a local focus – hence the title of this chapter, "Changing the world—one life at a time:" Changing the world (global awareness), one life at a time (local focus).

Even the longest trip begins with the first step. The task for each of us is to decide which lives in this world we want to change and how we want those lives to be changed.

Deciding a course of action is both a thrill and a very serious challenge. Even contemplating the myriad possibilities of what could be done to help others has left many somewhat baffled. This is not a new situation. It has perplexed and frustrated wealthy people for centuries. Aristotle recognized the difficulty of effective charitable giving:

"To give money away is an easy matter and within any man's power. But to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man's power – nor an easy matter. Hence it is that such excellence is rare, praiseworthy, and noble."

Ted and Kate Bonifay

We were introduced to Ted and Kate by their accountant. They were eighty-three and eighty-two, respectively. They had amassed wealth of approximately fourteen million dollars and did not have any direct heirs. However, they had already directed approximately seventy percent to their friends, nieces, and nephews. The remaining thirty percent was going to charitable causes. They felt they had done all of the planning that could be done.

We had reviewed the Stewardship Planning methodology previously with their accountant, and he was intrigued. He asked if we would be willing to speak with the Bonifays about our process.

During the course of our first interview, we discovered a number of interesting facts about their financial life, as well as their desire to assist charitable causes whose value systems they supported. They had previously created a small charitable trust. The trust was generating a small amount of income to them that they did not need. They had in excess of $1.2 million of annual income, generated mostly by their investment portfolio. They needed three hundred thousand dollars per year to maintain their lifestyle. Kate was severely disabled and needed twenty-four-hour care.

Due to this couple’s advanced ages, we conducted the Discovery Retreat in three separate segments, each approximately three hours long. We spent a good deal of time clarifying why they had chosen to assist the particular charities listed as beneficiaries in a testamentary bequest of thirty percent of their estate. We learned that prior to Kate's disability, she had a significant interest in these charities, and Ted wanted to make certain that her wishes were carried out after their passing.

We explored whether he would like to leave even more to charity and whether they realized that, if they made the gifts now as opposed to after their deaths, they could also obtain a current income tax deduction as well as estate tax savings. They told us that they did not realize this but that it was an intriguing concept. Over the course of the next couple of months, we prepared a number of discussion drafts before finalizing our planning.

One of their preferences involved changing the eventual beneficiary of their current charitable trust to a family foundation. They were concerned that charities' initial missions and focuses might change somewhere along the line, perhaps no longer reflecting the donors' original intent. Had the donors known these changes were going to take place, they may not have continued to give them additional contributions. They also noted that using a charitable foundation rather than testamentary lump sum gifts to charity would perpetuate their family name. More importantly, they could hold the charities of their choosing accountable annually. In other words, the trustees would be instructed to continue making annual contributions to the particular charities as long as their missions met with the family's standards.

Next, Ted was concerned with their ability to make current charitable gifts. We assured him that our cash flow analysis would deal with not only affordability but also his comfort zone. On that basis, the Bonifays agreed to proceed and gave us the authority to create a plan utilizing $2.5 million of their tax-free bond portfolio.

The first stage of our planning involved the conversion of $2.5 million of their tax-free bond portfolio. The innovative planning strategy we used more than tripled their current net, after-tax cash flow. This additional cash flow allowed us to utilize another planning strategy that would almost quadruple the inheritance to their heirs.

Ted was amazed that this could be done. In fact, he was so amazed that he determined that this was too much to leave his heirs and asked whether there was some way they could make an additional gift to charity. We answered in the affirmative, and he determined what portion of that excess income could be contributed annually to their newly created family foundation, which would, in turn, invest the money. The end result of this phase of the planning was that the Bonifays' heirs received substantially more than they would have received with the old plan, and charity received almost three million dollars more as well.

On the way back from his attorney's office after executing all the necessary documents, Ted asked us, "Now, you did tell me I could do more of this if I wanted to, is that right?" We assured him that he was correct, and he said that he would like to discuss some ideas that he had at a later time.

Approximately one month later, Ted called his accountant and told him that he would like to meet with us again. We set up the meeting and were pleased to hear that Ted and Kate were not only extremely excited with what we accomplished so far, they wanted to explore accelerating significantly their charitable gifts. They gave us the following parameters:

1. Contribute an additional four hundred thousand dollars annually to the family foundation without having to pay capital gains tax on the sale of the appreciated portfolio.
2. Create a mechanism whereby the foundation could remain in perpetuity.
3. Have no effect on their lifestyle and little, if any, effect on their cash flow.

It was obvious that the Bonifays had gotten the message. They understood that by making current, as opposed to testamentary, gifts, they could actually increase the amount of money that went to charity as well as to their heirs.

The Bonifays have given five million dollars more to their heirs and four million dollars more to charity. They have created a mechanism for their family name and value systems to be perpetuated through eternity, all under the family's control.

Ted could not stop shaking his head. He just kept repeating, "I cannot believe that we will be able to accomplish so much with so little and that my accountant and attorney not only agreed with but endorsed the process. We will be grateful to you forever."

In the twilight of their lives, this couple discovered several powerful new ways to change their world. In fact, they will never know in this life the countless people who will be blessed by their deep desire to make a difference. The Stewardship Planning process equipped them with planning strategies that allowed them to have a greater impact in the world than they ever dreamed possible. And for the Bonifays, their lives are richer and fuller than ever before.

Strong Desire + Great Capacity = Phenomenal Impact

We have met many people who have a strong desire to make a significant difference in the lives of others—to change the world. But typically, these extraordinary people have ordinary capacity with which to fund their extraordinary dreams. Most charitable organizations are founded by those who have created a nonprofit organization in an attempt to raise funds from the general public in order to transform their grand vision for changing the world into reality. These individuals have strong desire but limited financial capacity. Their overall social impact is hindered by this financial shortfall. Almost every charity in America would tell you that if they had more funding, they could do more good and have a greater impact on the world. Strong Desire + Limited Capacity = Reduced Impact.

Then, there are many affluent families in our country who have incredible financial capacity but, for whatever reason, have limited desire to reach out and make a difference in the world. Many times, they are so focused on the demands and interests of their own lives that they seldom have time to take a look at what is going on in the rest of the world. These well-to-do families have incredible capacity to change the world, but they have limited desire to do so—at least in any meaningful way. The result is that they do dramatically less good than they could. Weak Desire + Great Capacity = Reduced Impact.

But when a wealthy family develops a strong desire, coupled with their great financial capacity, the impact they can have in the world jumps off the charts. These families are able to fund their own vision. They do not need to go out and raise funds to make it happen—they have the resources within their own possession. The problem is that they do not know how to unlock these treasures to fund their vision. This is why our role as Stewardship Planners becomes so critical. We help wealthy families discover their life purpose, cast their charitable vision for changing the world, and then help them fund it from their own accumulated wealth. Strong Desire + Great Capacity = Phenomenal Impact.

What follows are a couple of exciting stories of people who did put it all together.

Sonny Parter

The degree of Elaine (Sonny) Parter's generosity was not known to many. "She gave without strings. She never expected to get anything back," said the pastor at her church, where Sonny worked as secretary during the week and played the piano Sunday mornings.

Recipients of Sonny's estate include a Christian liberal arts university, a Christian school, two Christian homes for abused children, a national Jewish medical and research center, a local university's department of orthopedics, a children's hospital, and her church. She also helped put several students through college.

Collin Errel, who received one thousand dollars from Sonny for an overseas foreign exchange program, remembered the woman for her "quiet wealth." "She provided the church with an awful lot of support—by building things and giving to needy individuals, too," said Collin.

Sonny "adopted" Collin's family when they moved to town, treating him and his siblings like the grandchildren she never had. She always considered her wealth a gift and a responsibility. She felt she was in a stewardship position, meaning that she was obligated to preserve and use her resources wisely.

Sonny lived with her parents in a modest home for much of her life. She was married but divorced quickly and returned to her parents' home. She never remarried. Her father made products for veterinarians, and a corporation that eventually became a Fortune 500 company bought his company. Sonny's father kept the stock and left it to his daughter.

The organizations she chose to give to reflected her passions. She was never able to have children of her own, but she loved children and loved helping. For example, during her childhood, Sonny and her mother visited a Christian home, then an orphanage, to read to the children. Decades later, she continued to visit the home, reciting from memory the same Bible stories she had read with her mother.

She donated the largest share of her estate to that home. Each day, elementary school children gather in a classroom named for her. The children know about Sonny and how she contributed to their education and treatment. An endowment was set up at the Christian home on her behalf to support the children perpetually.

Through her donations, she will be remembered for generations to come, in ways she could not have imagined. Sonny's generosity has made a difference in many lives. She greatly believed in the importance of her charitable work and provided gifts of health, hope, and joy to the children and families of her community. Strong Desire + Great Capacity = Phenomenal Impact.

Changing the world one life at a time—that was the story of Sonny's life.

Dee and Jerry Horne

Dee was invited to attend a Stewardship Briefing offered through Taylor University, and after hearing our Stewardship Planning story, she asked for our help with her own planning. Her husband was in the advanced stages of dementia and was unable to provide any assistance.

At that time, Dee thought all her affairs were in order, but she quickly realized there was so much more she could do with the wealth that God had entrusted to her and her husband than she had ever imagined. Once her plan was designed, and she understood the considerable wealth she could deploy to support the Kingdom through the Christian ministries they most cared about, her life and enjoyment skyrocketed.

She made a lead gift to the Christian university she had attended and where her husband had served on the board, to help build a new educational building on campus. She also made several matching grants to begin an honors program at another Christian university with which she had a long-term relationship.

Dee contributed to a Christian retirement community where she lived by funding a chapel in her husband's memory. She also helped fund a home for people recovering from addiction and brokenness. Additionally, she provided the funding for a home for a crisis pregnancy center near where she lived. She even funded scholarships for Christian young people from a third-world country to attend a Bible college in Canada. These are just a few of the many projects Dee has supported over the past few years.

Dee didn't stop there—she gifted substantial funds to her two sons so that they could, in turn, make gifts in the family's name. As a result, her two sons enjoyed substantial income tax savings for several years.

If you were to ask Dee, she would tell you that she has never experienced more joy or felt more blessed in her life than by being able to impact so many lives for the Kingdom of God with the resources He entrusted to her and her husband. After her husband's death, God blessed Dee with a new husband, her former pastor, who became her partner in continuing to give during their lifetime.

Dee is truly changing the world, one life at a time! She is giving while living and knows exactly where her gifts are going, all while casting a legacy that will extend even beyond her lifetime.

Conclusion

You cannot help everyone, but you can help someone. You cannot do everything, but you can do something. You cannot change the entire world, but you can change a small part of it.

It all begins with a simple question: Do you really care? Do you genuinely want to make a difference? Do you want to change the world in some meaningful way?

The world should always be a better place because someone has lived. Will the world be a better place because you lived? With the time you have left, the unique talents you possess, and the wealth you've accumulated, will you invest yourself in changing the world – one life at a time?

Will those who survive you be able to honestly say that the world is a better place because you lived?

Other Books by E. G. "Jay" Link

E. G. "Jay" Link, *To Whom Much is Given: A Stewardship Guide to Godly Decision Making,* Indianapolis, IN, Amazon Publishing, 2025.

E.G. "Jay" Link, *Who's in Charge Here*, Indianapolis, IN, Amazon Publishing, 2025.

E. G. "Jay Link, *Spiritual Thoughts on Material Things: Thirty Days of Food for Thought*, Indianapolis, IN, Amazon Publishing, 2025

E. G. "Jay" Link, *The Steward's Way*, Indianapolis, IN, Amazon Publishing, 2025.