

PREFACE

Inevitably, all wealthy families must manage their wealth in some way or another. Unfortunately, without proper understanding of wealth, family and the purpose of financial capital, many of these families will lose the vast majority of their wealth by the third generation. This trend is so prevalent from culture to culture, that the idiom “from shirtsleeves to shirtsleeves in three generations” has a match in many different languages and countries around the world. By reading this series, you have already taken the first step towards not only protecting your family’s wealth through the generations, but also towards strengthening your family and giving it purpose. John F. Kennedy once said that “efforts and courage are nothing without purpose and direction,” and this expression is one that all wealthy families should keep in mind when creating a method or system of methods for managing wealth. It must be understood that it’s not enough to act—not enough to simply follow the instructions of advisors and create trusts or pursue tax minimization strategies. Families must define their purpose and their direction, identify their values and understand how each action relates to these core concepts. If not, they’ll be lucky to have three generations.

In an effort to help wealthy families along their journey, we’ve compiled in this series years of knowledge and experience in the financial industry, and insights garnered from working closely with a seventh generation family office. While there are lessons included in this work that are derivative of some of the most prominent minds in family wealth, by no means should you let this series represent the end of your studies into the best practices for you. We encourage you to learn as much as you can, continue to research and find the methods that work for your family. Unlike many other fields of study, family wealth is not an exact science, and what works for one family may not be applicable to others. Still, you should find within these pages an excellent foundation on which to build your understanding of family wealth. We’ll include information to help you understand the nature of wealth and the family, lessons on teamwork and inclusion,

financial education on hard structures such as a family bank and trusts, and much more over the next ten installments.

Finally, it must be understood that this continual process, this ongoing generational relationship is never-ending. It is a trip without a target, a mass migration without a terminus. Every generation of a family is different and each has their role to play in the process. Some generations will be wealth creators and some will manage that wealth. There will always be setbacks and hurdles, and these must be consumed and burned as fuel for the journey. This trip cannot be taken in isolation either. It must be taken together as a clan, as a single unit that makes decisions and works together. To understand the concept of family, we must look to the famous quote, “The true meaning of life is to plant trees under whose shade you do not expect to sit.” The goal is to create something lasting, something that lives long after its initial founder has passed on. Lasting structures should never be created for the present, but built so that they exist for all generations to come. Those who undertake this journey must understand that it must be for the family, not one or two individual members, but for the whole.

SERIES OVERVIEW

We’ve organized this series in a modular way, allowing families to take advantage of each installment, digest the material in a meaningful way and explore of our recommended readings.

The first installment, “The Family Office Mindset” looks at the definition and purpose of wealth and the family structure. It builds on this by looking at family as a business, or going concern, and the governance of that system. It ends with a look at the journey of families and wealth creation.

The second installment, “Family,” dives deeper into the family structure, and the concept of family. We cover topics such as the longevity of families, leadership, teamwork and inclusion. It closes with a look at the natural roles within families.

The third installment, “A View of Wealth,” will explore the concept of wealth and a family’s human, intellectual and financial capital. In it, we’ll define these concepts and illustrate theories regarding the purpose of wealth.