

CIBC FAMILY OFFICE

HOSTING FAMILY MEETINGS

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Susan guides ultra-high-net worth individuals, business owners and family enterprises through their unique opportunities and challenges. Susan works with your trusted advisors to provide guidance and ensure alignment on all fronts in the areas of wealth, tax and estate planning, philanthropy, family governance and business succession planning.

With over 30 years' experience in private wealth management, commercial banking, investment banking and public accounting, Susan is a trusted and skilled professional.

Susan holds an Honours Bachelor of Commerce in Finance and the Family Enterprise Advisor (FEA) designation. She is also a member of the Chartered Professional Accountants of Ontario since 1992.

Executive Summary

Family discussions are an important part of preparing to transfer wealth to the next generation. Not everyone is comfortable hosting family discussions. In this paper, we take a closer look at the benefits and best practices of family meetings in the context of wealth transfer.

Although many people are reluctant to hold family meetings, family discussions can be a good way of sharing information, filling gaps, correcting mistaken assumptions, and asking for input. They can help to prevent bad decisions down the road.

Some key considerations for hosting a successful family meeting include scheduling, setting an agenda and including a facilitator or outside presenter. It's also important to plant the seeds of future discussions, which makes it easier to pull together future meetings.

Many of our conversations about wealth and managing wealth have to do with preparing it for the next generation. This includes growing it, minimizing taxes, ensuring that it's properly structured, and managing risk.

Successful families often do more than this. In addition to preparing the wealth for the next generation(s), they actively prepare the next generation(s) to receive that wealth. One key activity that is commonly used involves engaging the family in discussions, which is not something everyone is comfortable doing. Family discussions about wealth, typically as part of a family meeting, can feel especially challenging where there are spouses or partners, and potentially multiple generations. And imagine if there is also a family business or two involved?

In this paper, we explore some of the best practices for family meetings to prepare wealth for the next generation.

Family meetings

It's not uncommon for successful people, even those who may run large businesses or regularly conduct business meetings, to feel uncomfortable holding family meetings. This is particularly true if it includes conversations about the family wealth. They may not even be sure that family wealth conversations are worth the effort or the best practices that can make them successful.

I'm a firm believer in regular family meetings. I don't think I've worked with anyone who has regretted hosting these conversations. However, it's not uncommon for clients to have some concerns, including:

- Fear of losing control
- Fear of creating expectations
- Not sure what outcome they want
- Desire to retain the ability to later change their mind
- Concerns over creating conflict or confronting conflict that may already exist (but that can be ignored or avoided if nothing is said)

Our children are always listening to us. Even if we're not explicitly speaking with them about family wealth, they are picking up clues.

Despite the fears and concerns, the benefits of family meetings can be significant, even for families that don't have a large family business. If wealth is being transitioned, it's worth discussing.

Speaking with your children

By engaging in conversations with our children about family wealth, we better prepare them for what's to come.

Our children are always listening to us. Even if we're not explicitly speaking with them about family wealth, they are picking up clues. Chances are, if you haven't had the conversation, they do have some information, however incomplete or incorrect.

If we don't share this information with them, they will fill in the gaps—probably with incorrect assumptions. They may even inadvertently be making decisions based on this wrong information without even knowing it.

By having the conversation, we're also leveling the playing field. Parents often hold side conversations with one of their children about some aspect of their wealth. One child may be more involved in the business or have more interest in investments. Others may be left out of the conversation, which may cause friction or conflict between your children later on.

This can be a way for you to share your values and vision for your wealth. Not only are you sharing details of the family wealth, but also communicating your objectives for your wealth. This can start your children thinking about their relationship with money and what's important to them, if they haven't already.

You're also modeling for your children how to have these conversations with their own children when the time comes. In many ways this is a gift to your grandchildren and future generations as well. It can help mitigate the "Shirtsleeves to shirts to shirtsleeves in three generations" adage which is often caused by lack of communication and heirs that aren't prepared to receive an inheritance.



Asking for input

For some decisions, you probably do want your family's input. For instance, if the family wealth includes a corporation, a trust, real estate, or perhaps a Family Foundation, there are important questions to ask or discussions to have.

- Does everyone want to continue operating a family business or family enterprise?
- Does everyone want to be involved in the business, if there is one?
- If you have significant real estate holdings, what is their interest in continuing to be landlords—either now, in the future or when you pass?
- What about the family cottage?

Talking through these issues in advance and giving your loved ones a chance to express their wishes allows you to consider restructuring now. At the very least, it raises the possibility of incorporating a more appropriate distribution scheme in your estate plan. If you can plan for it now, in advance of something happening, the solutions available for you to consider are much broader. And having these conversations now can lessen the chance of conflict, decrease the complexity of your estate administration, and save considerable time, costs and taxes in settling your estate. Most importantly, it can lighten the load for your loved ones.

Once families realize that family meetings can be about more than just speaking about wealth, potential fears and concerns about these conversations start to lessen.

Keep in mind that it may not be enough to have the conversation once. Your children's and grandchildren's tastes, interests, ambitions and objectives can evolve over time. This is why regular family meetings can be beneficial so that children have the opportunity to voice their changing attitudes as they mature and develop.

Considerations for a successful family meeting

Schedule a family gathering or meeting at a time that's convenient for everyone, and consider hosting it somewhere 'off-site' so that everyone can get away from their day-to-day. This may mean scheduling it far in advance over a weekend, so that everyone can attend even if they have to travel from a distance. One family I know rents a bed-and-breakfast annually, another has it at the family cottage (a generous family cottage), still another hosts it at a hotel so everyone is truly off-site and it's a bit of a vacation. The key is that these families look forward to it as a time for everyone to get together.

Set an agenda (for the weekend, the day, half day or hour, as the case may be), so that there is some structure and you are setting expectations and managing any anxiety about the intent of the meeting. Again, the tone can be very informal, but structure can be your 'friend' by setting people's expectations.



Consider having a facilitator or an outside presenter. This may or may not be needed or it may be needed only for part of your time together. However, it can be a real benefit, particularly for your first meeting, or if technical information is being presented or discussed. It can also be very important if there is potential for conflict. People usually behave better with an outsider there.

Overall, regular family meetings can create a greater sense of 'Familianness' (the aspects of your family and your family relationships that make it unique and special), a sense of harmony and understanding, particularly if you balance your time together with a fun or social aspect. Whether informal or formal, you may want to incorporate some of the following different components:

- **Family Development** component, such as learning about the family wealth or discussing the family's philanthropic focus. This would be the more technical aspect or business aspect of the family gathering.
- **Family Cohesion** activity (learning about the family history or developing a family mission statement). My favourite is a client whose grandmother or great-grandmother was a fantastic baker—everyone gets together and makes one of great-grandma's recipes that's been handed down through the generations. It's a way to have fun, but also to pass on a family tradition.

- **Family Enterprise** discussion, if there is a family business (maybe it's a tour of the business or a recent expansion), or it's talking about a new rental property that's been purchased.
- **Family Fun activity** (team building activity). One family I know hosts an Annual Family Olympics that everyone looks forward to.

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Planting the seeds for future discussions

A final note, particularly for enterprising families. Good governance practices, like regular family meetings, can make it easier to weather challenging times. When you've already established a practice of getting together to discuss family wealth, it makes it much easier to get the family together or arrange a call for an emergency meeting. This could be to update everyone to ease anxiety about the family business, or perhaps because some decisions just need to be made. Families that already have this in place are much more likely to easily rally the troops in times of crisis. Families that have put this off as a 'nice to have' may struggle a bit more and be less equipped to cope with whatever stresses come along.





CIBC Family Office helps you and your family manage the complexities of multi-generational wealth. Working with our clients to help them organize and understand the intricacies of wealth ownership, we develop a plan that is tailored to each individual family, responsive to the needs of each member and reflects the family's current and future vision.

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