

# The Evolving Role of Attorneys in Addressing the Needs of the Affluent Family

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The Pullen Consulting Group LLC

Effective change from the inside out

# Wealthy Families Need You

In 2012, there were 44,934 UHNWIs in the U.S., with an average wealth of \$135 million per person. This number is expected to increase by 68% by 2017

**42%**  
of Total Financial  
Wealth in the U.S.



Controlled  
by **Top 1%** of  
Families

*Most wealthy individuals have a professional advisor for investment management, tax planning and estate planning, but do not have anyone advising them on more complex, emotional intergenerational issues and legacy planning.<sup>3</sup>*

# They are Increasingly Complex



# How Hard is it to Sustain Family Wealth?



Statistically, most families fail to preserve wealth across multiple generations

70% of wealth is gone by the second generation<sup>1</sup>

90% of wealth is gone by the end of the third generation

Only **10%** of families transcend Shirtsleeves-to-Shirtsleeves<sup>2</sup>

# What Causes Wealth Transfer to Fail?



**A Williams Group study suggests that wealth transfers fail due to the following causes:**

- 60% Breakdown of communication and trust\* within the family unit
- 25% Heirs being inadequately prepared
- 15% Other causes such as tax considerations, legal issues, mission planning, etc.

# Legacy Planning

Among **Boomers (47-66)** and **Elders (72+)**, family stories, personal possessions, and financial inheritance rank the highest in Legacy importance

## Four pillars of a successful legacy plan:

1. Values and life lessons
2. Instructions and wishes to be filled
3. Personal possessions of emotional value
4. Financial assets and real estate

## Legacy Planning: What ranks highest in importance?

### FAMILY STORIES

 86%

 74%

### PERSONAL POSSESSIONS

 64%

 58%

### FINANCIAL INHERITANCE

 9%

 14%

 BOOMERS AGE 47-66  
 ELDERS AGE 72+

# What is Important to Families?

*“Talking to my children helps me understand their wishes for my inheritance.”*

*“It is my responsibility to initiate a conversation with my children about legacy.”*

68% of Elders  
“agree” with  
each statement

*“It is extremely important to me that future generations remember my parents and what mattered to them.”*

53% of Elders &  
75% of Boomers  
“agree”

*“Family stories are very important for preserving family history and memories.”*

74% of Elders &  
86% of Boomers  
“agree”



# What Can Families Do

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to alter the proverb:

“From Shirtsleeves to Shirtsleeves in  
Three Generations”

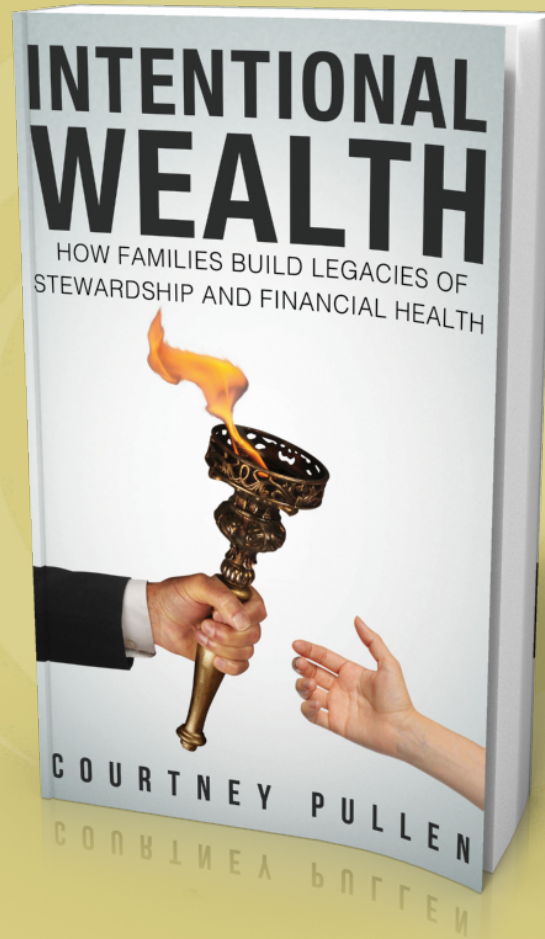


# Theoretical Turing Point

“A family’s wealth consists primarily of its:

- Human capital
  - The individuals who make up the family
- Intellectual capital
  - Everything each individual family member knows
- Financial capital
- Social capital—how family members engage with society

# Intentional Wealth



# Best Practices of the 10%



- A. Entitlement to Empowerment
- B. Define Values and Purpose
- C. Communication and Connection
- D. Preparing Heirs
- E. Betting on the Jockey
- F. Stewardship and Supporting Individual Development
- G. Rebuilding a Damaged Family Culture

# Entitlement to Empowerment





# Define Values and Purpose



Smith Family Guiding Values:

Smith Family Purpose:



# Communication & Connection



# Preparing Heirs





# Betting on the Jockey



The role of the Trusted Advisor

# Stewardship and Supporting Individual Development



“The bond that links your true family is not one of blood, but of respect and joy in each other’s life.”

~ Richard Bach

# Creating a Healthy Family Culture



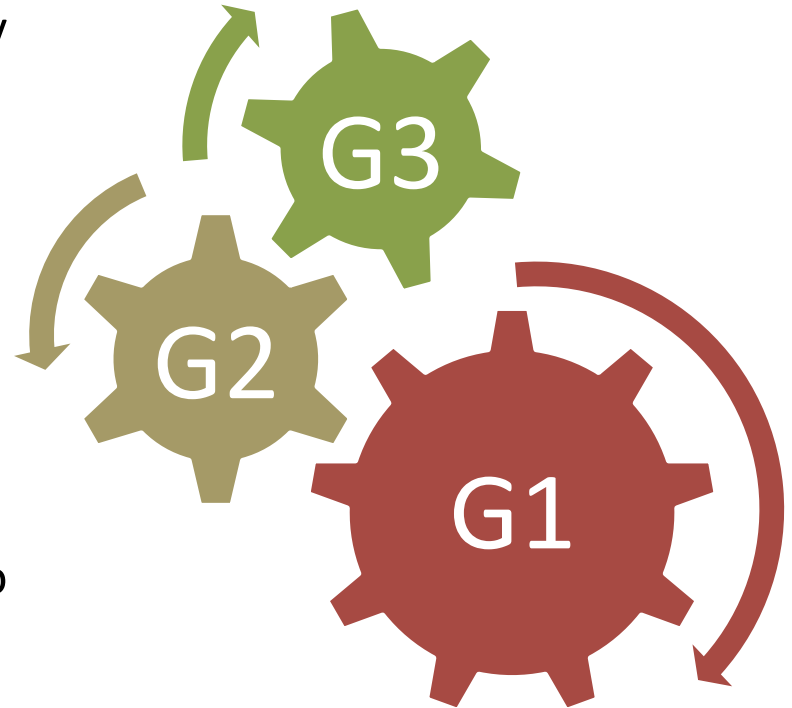


# Rebuilding a Damaged Family Culture



# Family Systems Theory

- Family viewed as a unit with each family member playing a distinct role.
- The family unit has it's own set of rules and behaviors which members operate within.
- Maintaining the same pattern of behaviors within a system may lead to balance in the family system, but also to dysfunction



*As an advisor, it's important to know the system that is already in place upon entering their personal family circle. You must remember when to accommodate a role and when you are being biased towards a role.*

# Q & A

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