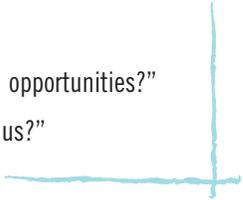


QUADRANT 4: THE RELEVANCE REVIEW

Over the years, I have referred to the upper left quadrant by a variety of titles; Results Management, Sustainability, and Review and Maintenance. “Relevance Review” is the one that I believe sums up the idea best. This quadrant takes a good plan and enhances it. It brings the question of how can we make this better year after year and generation after generation front and center as part of the plan.

Traditionally, most plans and strategies have been reviewed for technical compliance:

- “Is it still legal?”
 - “Are we taking advantage of all the tax savings opportunities?”
 - “Are there better insurance options available to us?”
- 

Questions like these have been the focus. I have also heard the reply: “No need to change your will, as it has a clause that provides for all your children even if they are born after you sign the document.”

But this typical investment review is wrong. It centers on a performance report prepared by the advisor with little or no information from you.

The relevance review resides “above the line” as it speaks into why you created a plan in first place and who the plan is serving. Quite simply, it looks at the purpose of the plan as a whole and all the underlying component strategies and asks: “Is this still relevant to who we are as a family, our current goals, view of the world, and vision for the future?”

Something that is relevant is something that matters and has the impact we want to pay attention to. Relevance can also be fleeting. Much of what was relevant to your life at age five was probably not relevant to you at age twenty, which has little relevance to you at age forty. The same applies to your family wealth strategy and its underlying components.

Let’s use the wealth and stewardship education as an example.

Today, you have a baseline of what you believe are the capabilities of the rising generations. Using that, we create a curriculum and set of experiences that seem relevant to whom the family is today. After six months, we find that our plans are not relevant as the next generation knows way more and has more skills than we realized. We need to change the plan to make it relevant given our new level of information.

NOTES

The same concept applies to other strategies. Let's say your plan includes the gifting of ownership in certain assets to your children so they can begin experiencing what ownership of financial assets actually means. Initially, this is planned to occur in increments over three years. After the first year, you discover that holding back for another two years is unnecessary, so you accelerate the plan to make it more relevant to you and your children. The reverse can also be true. You may need to stretch it out for five years or stop it until certain circumstances change.

The enemy of relevance is the idea of doing something because that is the way we have always done it. This is not to say tradition and traditions are not good. But traditions should still be relevant to the facts and circumstances of today.

One large multi-generational family that is on its seventh generation of adult members begins its annual family gathering with all the voting members, those age 25 and above, deciding whether they should continue the family traditions and activities for another year. In other words: "Are they still relevant to who we are today?"

This family has a number of traditions that remind them of where they started and the basic principles that have served them over the years. For example, a descendent becomes a member of the family assembly when he or she leaves childhood and exits adulthood at age eighteen. This involves a tradition of throwing a hat across the creek as reminder of the family's pioneer spirit and commitment to moving ahead even in the face of challenges.

(History has it that a cowboy's hat was one of his most important tools. It protected him from the sun and acted as a water container. If he got to a creek he needed to cross but was feeling insecure, he would throw his hat across, which forced him to cross the river to retrieve his hat.)

Relevance applies as well to legal and tax issues. While a particular strategy may still be very solid, changes within the family's financial structure may make it irrelevant. Tax-saving strategies are only relevant if the family tax situation does not change. The same is true of insurance strategies, investment management philosophies, and philanthropic plans. At best, an irrelevant strategy does not contribute to the family's vision and,

at worst, can be harmful.

In fact, once you move through discovery, design, and implementation the first time, and then move into relevance, what actually happens is a new form of discovery. Quadrants 1 and 4 merge so the picture becomes this:



Relevance can only be examined by understanding what is working, what has changed, and who is being impacted.

THE RELEVANCE REVIEW PROCESS

The Relevance Review begins at a high level with a review of the family vision and principles of wealth statement. Generally facilitated by a trusted advisor, this review can be done with your family as a group or just with you.

(Note, here comes another relevance question. If the review was done initially by you and an advisor three years ago, is it time to include more family members?)

The review must include discussion about what is happening with each member of the family. Your advisor should ask:

- “What have you learned or observed about them since the last time we talked.”
- “What struggles and opportunities are they facing?”
- “How are you feeling about his or her progress, growth and happiness?”
- “Are there new circumstances or situations that should be factored into your plan?”

Next, the schematic of your plan created under implementation should be reviewed taking into account the answers and thoughts you developed from the questions above. What strategies are working, what ones need to be tuned, and how does the overall plan feel to you?

It is also important to check the performance of your financial, tax, legal, investment and insurance strategies. This performance should be measured in the traditional ways, as well as against the requirements for your plan. For example, if you establish a family philanthropic fund, the investments in the fund should not only be high quality but also match the need for liquidity for your particular family and not follow the standard philanthropic model, unless that is what you want.



"IF I SEE SOMEONE WEARING
HILFIGER IT MAKES ME
PROUD, BUT THEN
I WONDER WHAT
I COULD DO TO MAKE THE STYLE
MORE RELEVANT FOR THEM
NEXT YEAR?"

~ TOMMY HILFIGER

More specifically, if you have specific goals for the fund, say clean water, then the investments in the fund should be with providers that share an interest in your cause. This approach can be thought of as Quality – Suitability – Alignment.

Maintaining relevance is a critical advisory role, and we will look more at in Part Three.

THE RELEVANCE REVIEW OUTCOMES

The initial outcome of a Relevance Review is a memo from your advisor summarizing the findings and a set of recommendations for what areas need to be adjusted. Then we drop below the line to complete a design and implement. Then the cycle begins again at an agreed time for a relevance review.

The real outcome of the practice of relevance review is the knowledge that your plan is moving ahead in step with the needs and goals you have for your family and your financial wealth.

