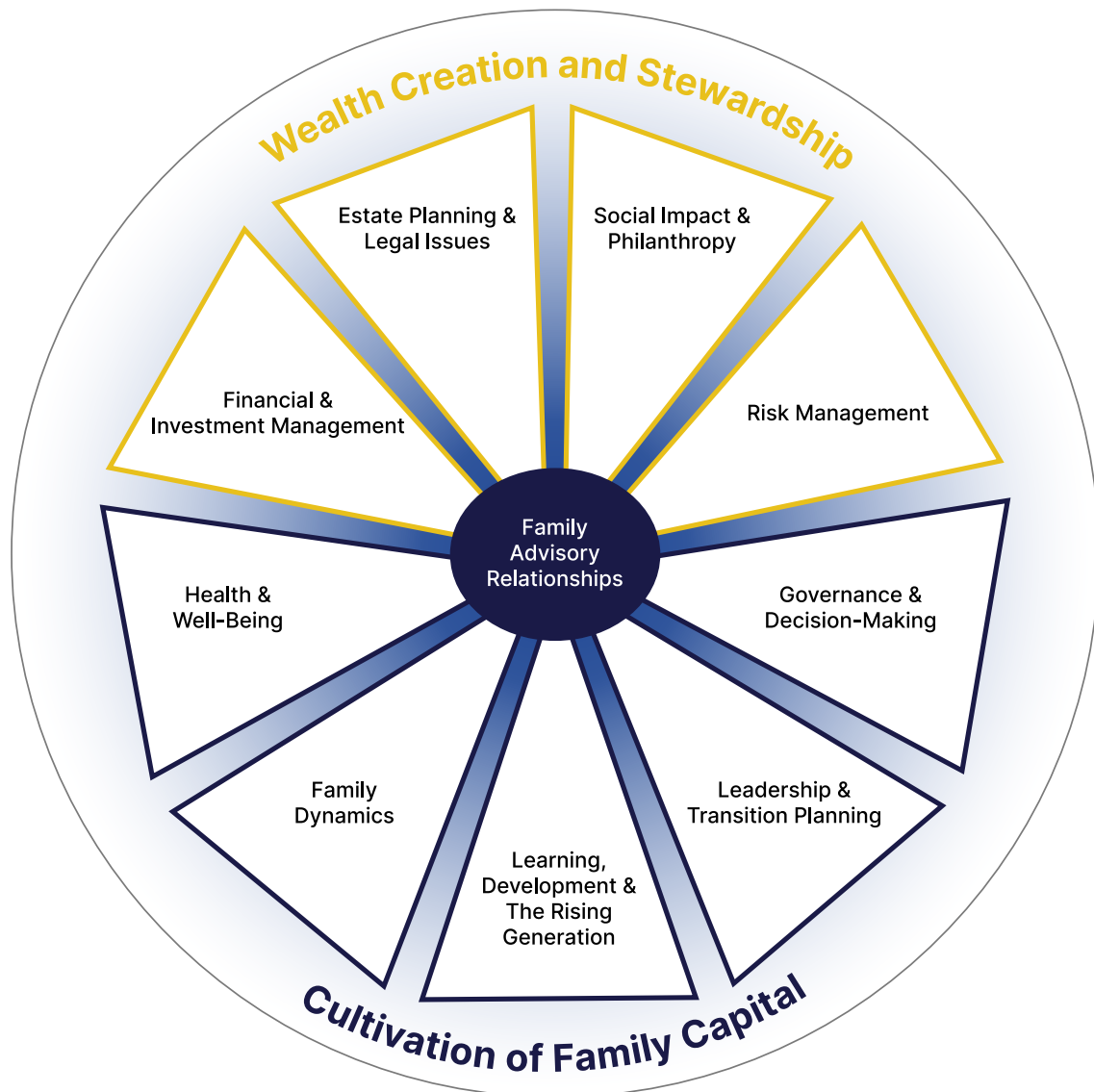


# 10 Domains: A Case Study



## Case Example

# The Medford Family

The following family case example - prototypical of an UHNW family - illustrates how issues arise across all Ten Domains when families achieve multigenerational wealth.

### Financial and Investment Management

The Medford Family had achieved a level of success in their family business they never thought would occur. Starting with their grandfather Michael as a plumbing and heating contractor, the business grew substantially over decades. First Michael and then his three adult children branched out into complete heating and cooling services, general home contracting, and finally an integrated service and manufacturing business specializing in environmental controls for luxury homes. By the third generation, the family enterprise was worth over \$450 million in three main family branches and twelve households across four states in the US Midwest.

The Medfords long ago realized they had wide-ranging needs as the complexity of their enterprise, wealth, and family grew. Their financial management outgrew the local accounting firm Michael had first used, moving to a regional registered investment advisory (RIA) firm, and then, after much discussion, to a leading-edge multi-family office (MFO) based in Chicago. They made the transition to benefit from strong integration of all aspects of their financial management and to leverage the relationships with other services that the MFO could offer. The family appreciated the latest techniques for managing the tax aspects in their wealth management and estate planning, though they always kept their family goals top-of-mind when implementing tax minimization.

### Estate Planning and Legal Issues

Estate planning was similarly excellent, with trusts constructed with both efficiency and human relationships in mind. The family sought input on other family law issues as well, such as modern approaches to prenuptial and cohabitation agreements that were increasingly becoming common with the younger generation who found marriage an optional choice when having children and buying homes.

### Social Impact and Philanthropy

Integrated with their management of the family's current wealth, the Medfords were strongly devoted as a family to their philanthropy. They involved nearly all their advisors in one way or another to help craft their giving plans, aligning their investing with their values and desire for impact. In addition to giving to educational and academic institutions (consistent with the family's support of lifelong learning), the Medfords targeted their foundation to supporting cardiac research. Their interest was sparked by Michael's medical history of cardiovascular disease, a series of heart attacks, and his eventual death at age 82 from congestive heart failure.



### **Risk Management**

The MFO was diligent in risk-management strategies using insurance and other techniques, sometimes assisted by collaborative advisors in outside firms. There was a comprehensive security plan for digital assets, cybersecurity, staffing in various residences and vacation homes, and the art, wine, and car collections that some of the family had begun to create.

### **Governance and Decision Making & Leadership and Transition Planning**

From the very beginning, the Medfords were always careful to maintain a focus on their family values, communication, and decision-making. Their first family meetings were around the Sunday dinner table when the children were young, talking openly about the business, the importance of integrity in all dealings, and maintaining a prudent approach to spending, saving, and charity. As a result, as the second generation (G2s) grew into adulthood and found places in the business, they continued the tradition of family meetings on a regular basis. With the help of a consultant recommended by their MFO, they eventually established a family council alongside the family enterprise board, setting policy and discussing stresses, opportunities, and the occasional conflict. They began grooming one of the daughters in G2 to take on leadership of the family enterprise after Michael had his first heart attack at age 59, creating a transition plan that spanned seven years. Janice, the Rising Generation leader, was mentored by a skilled executive coach and was able to step into the CEO role when Michael retired at 66.

### **Family-Advisory Relationships**

Throughout all their interactions with their MFO, legal, risk management, and other advisors, the Medfords kept a strong focus on finding and retaining advisors who put the Medfords' interests and needs first. Their primary relationship manager (RM) in the MFO was a technically skilled and emotionally intelligent individual with a calm manner, thoughtful approach, and natural ability to collaborate with others within and outside the MFO. The Medfords required that all their advisors take a team approach, avoid unnecessary jargon when explaining things, and be welcoming to all family

members without favoring anyone. As a result, the Medfords enjoyed a level of integration and consistency that benefited everyone.

### **Learning, Development, and the Rising Generation**

As the family continued to grow and the third generation (G3) came along, the family created an informal financial education program where the young G3s were taught basics of money management using an allowance system. By the time G3 were adults, a family council was established. Within two years, they saw the need to create a standing Family Education Committee to continually update the skills of the family on budgeting, investing of personal capital, and welcoming spouses and partners into the burgeoning family. With increasing numbers of family members, including several nontraditional and blended family households, the family naturally had to deal with complex family dynamics around the business, the wealth, and the normal stresses of a large extended successful family. They expanded family governance to begin annual family assemblies of everyone over the age of 14.

### **Family Dynamics**

As with most families, conflicts arose at times, often around how to balance the independence of each family branch with the necessary interdependence of a family sharing assets and a business. The Medfords are still finding their way in that delicate process. By sharing information, having high expectations of their advisors, and implementing shared decision-making, when possible, they are working hard to maintain the cohesion they cherish.



**Health and Well-being**

The family devoted resources to help the many members who had learning difficulties, a result of Michael having had mild ADHD and his wife Emily having had dyslexia. The Medford bloodline carried the genetic elements for these learning disorders. Many members in each generation required assistance with academic pursuits and occasionally with finding appropriate careers. With family emotional support and good resources, family members were helped as best as possible. They also learned to be proactive in planning for any issues with mental capacity due to aging and to the cardiovascular problems that also ran in the family.

The Medfords – like all families, wealthy or not – still deal with the stresses and crises of life. They are currently dealing with periodic volatility in the markets and the often-shaky transition to the fourth generation as the family grows larger, more diverse, and more dispersed. Fortunately, because their family wealth services are well-integrated and rest upon good advisor skills, they have the best possible chance to prosper for the future.

