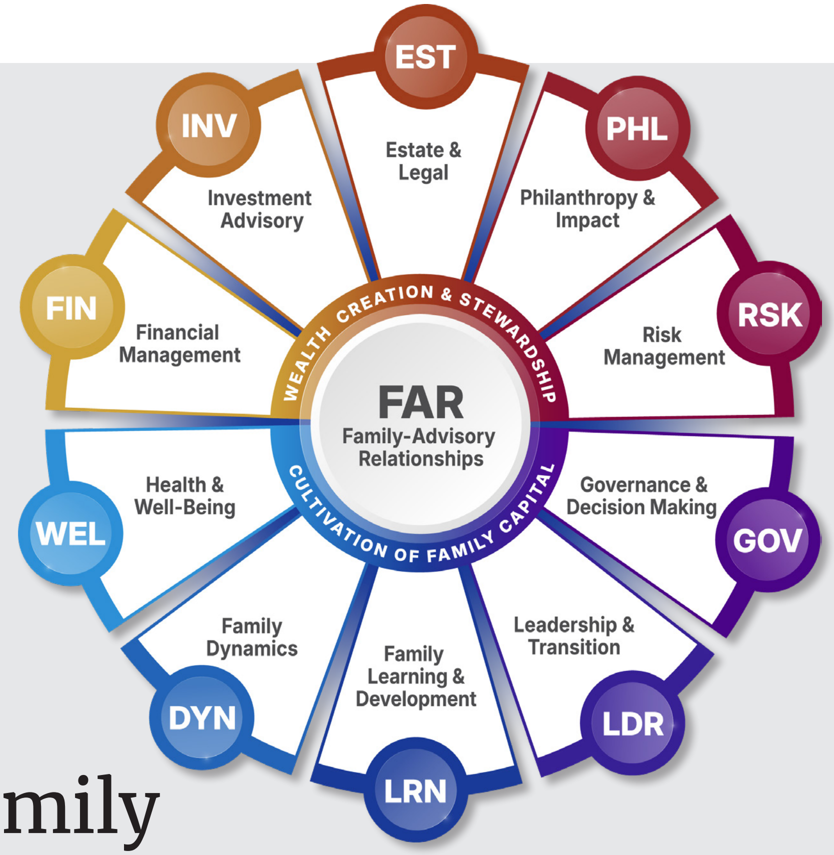
TEN DOMAINS:

A Case Study

The UHNW Institute



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 MANAGEMENT

As the Medford family's wealth and family enterprise grew, the complexity of managing their financial affairs grew with it. Their financial management evolved from a local accounting firm to a regional registered investment advisory firm and ultimately to a leading multi-family office in Chicago. This progression allowed the family to coordinate the many financial aspects of their wealth and take a more integrated approach to tax planning, estate planning, and financial management. Throughout this evolution, the Medfords kept their family goals at the center of their financial decisions and focused on creating structures that would support the stewardship and sustainability of their wealth across generations.

INVESTMENT ADVISORY

The Medfords took a long-term approach to the stewardship of their growing family wealth, with investment decisions considered alongside the family's broader goals and needs. As the family enterprise expanded and wealth became more complex, they relied on their advisors to help evaluate and manage their capital while balancing growth, preservation, liquidity, and the needs of multiple family branches and generations. The family also recognized the importance of helping younger generations develop the knowledge and skills to responsibly manage their own capital and participate in the family's broader approach to wealth stewardship.

ESTATE & LEGAL

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.

PHILANTHROPY & IMPACT

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 & DECISION MAKING AND LEADERSHIP & TRANSITION

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.

FAMILY LEARNING & DEVELOPMENT

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 & 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 wellintegrated and rest upon good advisor skills, they have the best possible chance to prosper for the future.