GLOBAL FAMILY & PRIVATE INVESTMENT OFFICES

ENGAGING THE RISING GEN

MAY 15, 2024 • FINANCIAL EXECUTIVES GROUP

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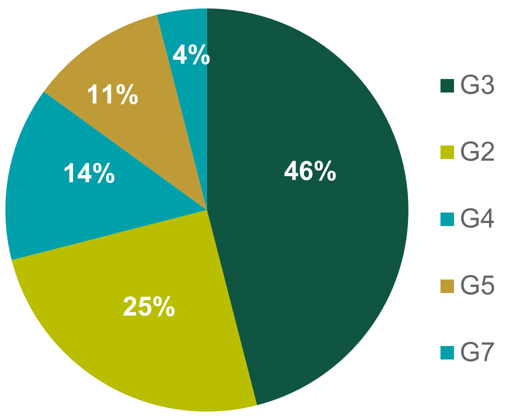
RESEARCH PARTICIPANTS – 55 FAMILIES

About the Rising Gen – 28 Interviews

Which generation is the Rising Gen?



Age

Min	26
Average	35
Max	43

About the Family Office Execs – 38 Interviews

Title

Average Time Spent with the Rising Gen

Min	Average	Max
5%	33%	90%

Average Tenure

10 years

OPPORTUNITIES TO ENGAGE

IN WHAT WAYS CAN FUTURE FAMILY LEADERS ENGAGE WITH THE FAMILY ENTERPRISE?

69%
Attend family meetings

65%
Participate in family, business, and/or family office governance

59%
Attend learning/training opportunities

53%
Engage in family philanthropy

29%
Work in the family business or family office

16%
Other

10% Intern in the family business or family office

Other includes: Facebook /Whatsapp group, social activities, 1:1 meetings with the family office

PREPARING FUTURE FAMILY LEADERS

WHAT EDUCATION/TRAINING HAS BEEN PROVIDED?

12%

NOTHING YET

44%

INFORMAL/AD HOC

“Historically, we scheduled quarterly group meetings that included education (cyber, investments, buying a house). Now we have 1:1 meetings to cover their specific issues. The office is in constant contact.”

“I have 1:1’s every few months with each member of the rising gen to check in and talk about whatever is on their minds.”

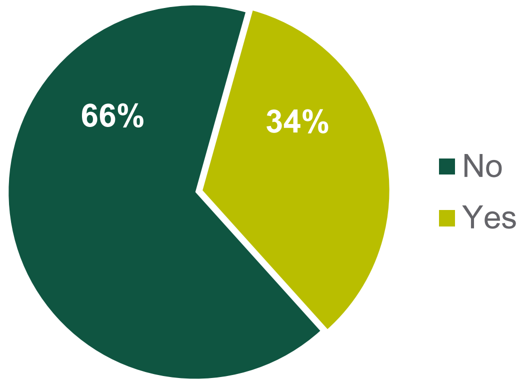
44%

ESTABLISHED & RECURRING AGE-APPROPRIATE LEARNING

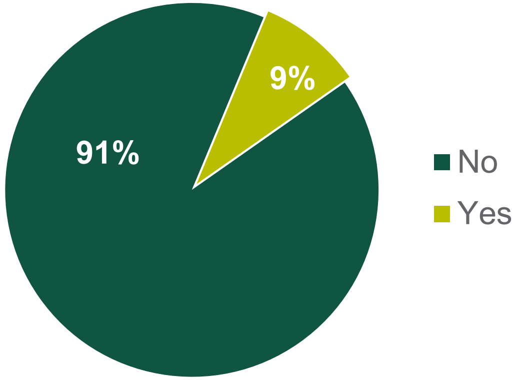
“We start early (ages 8-10) talking about values, risk tolerance, budgeting. At 16 our G4s were able to participate in their own investment partnership. Over the years, we have created different modules to explain taxes, trusts, budgeting, insurance…“

HOW ARE YOU INVESTING IN THE FUTURE OF THE FAMILY?

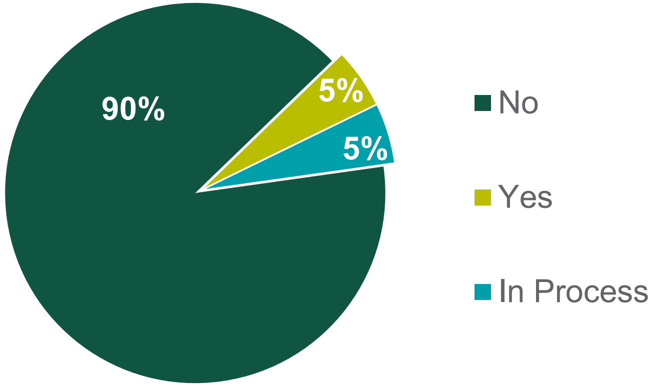
DO YOU HAVE A BUDGET FOR LEARNING & DEVELOPMENT?



DO YOU HAVE A LEARNING CURRICULUM?



DO YOU CREATE ANNUAL LEARNING PLANS FOR THE RISING GEN?



RISING GEN PERSPECTIVE:

AS YOU THINK ABOUT YOUR FUTURE ROLE IN THE FAMILY,
WHAT WOULD YOU LIKE TO LEARN?

how to replicate what we have for the next generation

practical realities of executing an estate plan

succession plans

leadership training

strategies & process to support entrepreneurship

communication & conflict management skills

how to mitigate risk

stewardship: how to become the face of the business

how to read a K1

how to balance growing & preserving wealth

trustee/beneficiary training

5 most important things to consider when evaluating an investment opportunity

board training

the big picture; the family's collective vision &goals

non-profit management

cashflow management

how to keep the family together as we exit the business

how to help people identify their purpose

how other families do it

finance 101, 201, 301

how to manage people

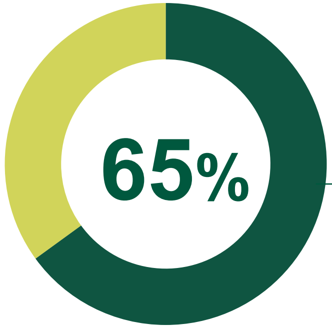
budgeting

making good decisions with diverse groups of people

family office management

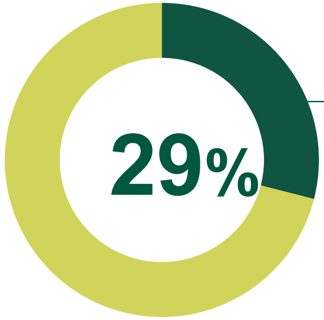
NEED FOR TRUSTEE/BENEFICIARY TRAINING

DO YOU USE PERSONAL TRUSTEES?



Rely on personal trustees

DO YOU PROVIDE TRAINING FOR TRUSTEES &/OR BENEFICIARIES?



Provide training for those family members serving as trustee

"I've received limited training on my dad's role as trustee. If something happened to him, I would have big anxiety about how to fill his shoes."

"We have an annual meeting to review my trust, but we definitely need more training."

BEST LEARNING EXPERIENCES

- Planning the annual family retreat and patriarch's surprise 85^{th} birthday
- Working with siblings and cousins to determine how to allocate $50k from the family foundation
- Structuring deals and raising capital for one of the family's direct investments
- Learning from and with peers
- Custom summer learning program developed for a family member to address her financial questions

"Our Education Committee's goal is to make training available to all on an opt-in basis rather than mandating training. We tried that, and it didn't work.

We did summer education and have had opportunities to intern in the family office and operating businesses. The Family Council completed the Culture Index and the whole family has done MBTI and StrengthsFinder - light bulbs went on. These assessments are conflict-mitigators. They help you understand each other and work better as a team.

There is no silver bullet; we need a variety of content to meet every family member where he/she is. ***To make the family retreats work, we need time to deepen relationships. Free time matters!"***

WORST LEARNING EXPERIENCES

- PPTs and lectures on financial topics
- Anything that feels like school
- Technical presentations with jargon
- Training on topics that aren't relevant for their life stage
- Too much content too fast and/or too soon

"I want to feel psychologically safe in conversations around our wealth. My sister doesn't feel comfortable asking questions in meetings with advisors.

It's not comfortable when someone is speaking in ways that aren't easy for someone without an interest in financial topics to understand."

COMMUNICATION PREFERENCES

- Text messages
- 1:1 conversations
- Zoom/Video Meetings
- Podcasts vs. books/white papers
- Short videos
- Newsletters with family member updates
- Family portal

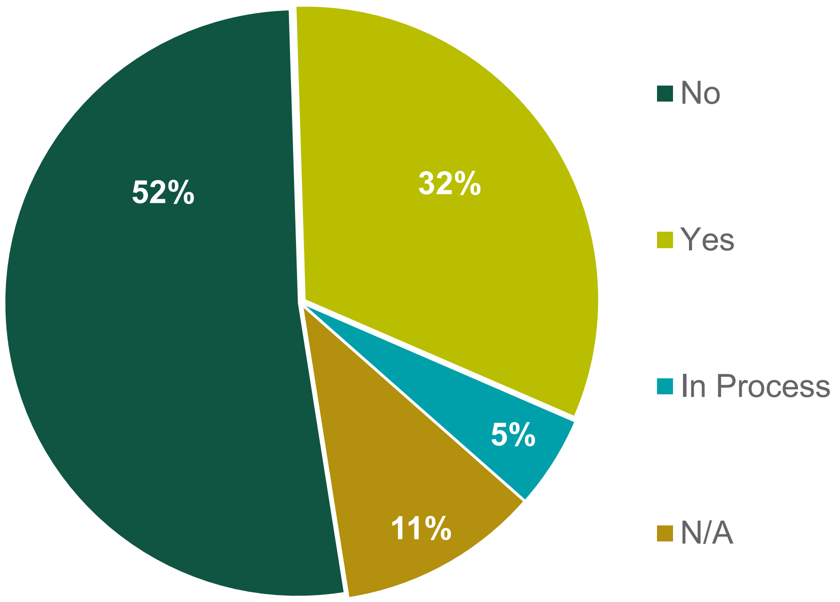
TRANPARENCY BREEDS TRUST

“The senior generation believes that telling people things will make them worse; my generation believes that telling people things will make them better.“

“Our family has been protective and has insulated us from the wealth. Fear is not helpful. Treating people as competent adults sooner is key; exposing us in age-appropriate ways and allowing us to learn by doing in ways that interest us is the best. Building competency over time is so much better than learning how at 50 or 60 without any experience.”

WELCOMING & PREPARING SPOUSES/PARTNERS

DO YOU HAVE AN ONBOARDING PROCESS FOR SPOUSES?



HOW CAN SPOUSES ENGAGE IN THE FAMILY ENTERPRISE?

7%

NOT INCLUDED

55%

INCLUDED WITH LIMITS

"Spouses can attend family meetings and training, but no access to business financials, motions or voting shares."

"Board service is bloodline only, but anyone can attend meetings."

38%

FULL ACCESS

"Spouses and fiancés can access and attend everything."

"100% family. They are invited to all meetings, and two work in the operating company."

GREATEST CHALLENGE: THIS IS HARD WORK!

WHAT IS YOUR GREATEST CHALLENGE RELATED TO PREPARING THE RISING GEN?

Time

- "Time, theirs - especially now that they're having kids - and ours to create quality, custom content that meets them where they are.”
- “It’s a slow process that never ends. Building buy-in takes a long time.”

Diverse Interests & Preferences

- "Finding the secret sauce, which is different for everyone.”
- “Educating in a way that's impactful; we're not teachers.“

Family Dynamics

- “Getting parents to understand that the next gen’s need their own space and helping them let go.”
- “G2 is deferential to G1, so there is a power vacuum. It's difficult to find a balance between giving G3 a voice and seat at the table when G1 still has the ultimate say.”

Engagement

- "Engaging them! It's a time in your life where you are busy with your own life and don't feel the need to be engaged.”
- “Getting people to respond.”

RESOURCES

Financial Literacy Resources:

- Northern Trust's Financial Essentials Modules these can be delivered virtually/in-person/1:1/in cohorts. There are typically delivered by Northern Trust professionals in their 20s and 30s (close in age to the learners).
- Tamarind Learning is a self-paced online learning platform that provides vital education on the cornerstones of wealth and stewardship in the form of multi-course programs and a professional designation.
- Napkin Finance is a free resource bite-sized learning, videos and online courses. It was developed by a Millennial who wanted to understand financial concepts on the back of a napkin.

Books & Podcasts:

- Wealth of Wisdom: The Top 50 Questions Wealthy Families Ask Each topic/chapter in this book has been turned in to a podcast so you can share the content in more bite-size learning for people to listen at their leisure.
- Wealth of Wisdom: Top Practices for Wealthy Families and Their Advisors Each chapter offers a practice/exercise to use with families. Here's a link to the podcast for each chapter.
- Engaged Healthy, Wealthy and Wise – 3rd book by Coventry Edwards Pitt (all are excellent). This one focuses on welcoming new members to the family.
- The Trustee Primer: A Guide for Personal Trustees by Patricia Angus is an easy-to-read guide for anyone who has been named trustee.

Podcast/Video Software:

- Podcast software used by a multi-generational family to record meeting minutes: https://transistor.fm/. The family I know purchased the Professional package ($49/mo) for 35 users.
- Video software: https://simpleshow.com/. Recommended by a family that uses this to produce high quality training videos.

THANK YOU!

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