



Family wealth expert Chris Clarke shares the key steps to a successful wealth transfer—and the mistakes to avoid—when shaping an intentional family legacy.

Chris Clarke, CA, R.F.P., TEP, CFP is CEO and co-owner of First Affiliated Family Office Group, (firstaffiliated.ca) a family office firm that works with families to manage and administer their complex financial needs. She is also the author of *True Family Wealth: Love, Money and an Inspired Life*. An expert in the intersection of love, money, and legacy-building, Clarke has over 35 years of experience in helping clients preserve and grow family wealth and unity.

Clarke has seen how wealth can both empower and destroy families. Her work aims to prevent the latter. In October 2023, Clarke joined Burgundy Vice President and Investment Counsellor Charles Walker at the Minerva Summit to lead a first-hand workshop detailing the ways families can use their wealth to build extraordinary legacies that will last for generations to come. An edited version of her expert guidance is shared below.

When we are creating a generational wealth succession plan, we should be doing so with a view to creating an extraordinary legacy. What does that mean? When I'm working with clients, I want to help them grow and preserve family wealth, unity, and an extraordinary legacy in which every member of the family has the resources and opportunities to thrive and feel like they're part of something much bigger outside of themselves.

Why is this important? Far too often, we see the opposite happen—a life's work gets destroyed in the succession process and we see family relationships suffer because of it. By now, you've all heard the "shirt sleeves to shirt sleeves" in three generations analogy, and maybe you personally also have some experience with seeing relationships, a business, or assets dismantled during the succession process.

Every family is a universe all unto its own with its own complex dynamics, but there are three common mistakes that most wealth creators make when they're thinking about their succession and legacy. The first is that they misunderstand what generational wealth is. Second, they get stuck in historical familial roles and patterns. And third, they lovingly disempower their adult children.

To overcome these common mistakes, there are five steps that we can use as tools. However, remember that this is a journey, not a one-time fix—these five steps are something that are going to continually repeat themselves over time.

Step 1: Redefine Generational Wealth

Imagine that you're in your final year of life; hopefully, you're old and gray, sitting on a porch swing, and you're thinking about your life and your accomplishments. A genie pops out of a bottle and grants you three wishes for the next generation, enabling you to leave three of your most extraordinary and valued experiences to help them thrive. What would those three things be? What do you

value most? What are your hopes for them?

Often, the answers I receive to these questions are things like wisdom, the value of hard work, the ability to work at one's passion, and to contribute positively to society. These wishes and desires we have for the next generation are founded in our values, but the definition of generational

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wealth, according to Investopedia, is “the financial assets passed on by one generation of family to another. Those assets can include cash, stocks, bonds, and other investments, as well as real estate and family businesses.”

So when we are talking about generational wealth, we are talking about something that is far more than money—something I call true family wealth. True family wealth can't be passed on through a will; only money and

property can. Yet we spend most of our time and effort on the financial capital piece. As wealth creators and wealth inheritors, we have the responsibility to groom all three pillars of true family wealth—the financial, the human, and the social capital—in a balanced and dynamic way.

Human capital refers to our self-esteem, our self-confidence, our communication skills, our emotional intelligence, our intellect, our education, our health, and our leadership skills. Social capital is more about our relating abilities with others, whether it be our family members or our communities. Philanthropy is social capital, as is our financial advisor network. Our conflict resolution skills are also social capital. It's very important that all these forms of capital be developed in a balanced way, or you're not going to build an extraordinary legacy.

Step 2: Assess Historical Familial Roles and Patterns

The second most common mistake wealth creators make is that they often get stuck in their familial roles of parent and child and the power dynamics embedded in those roles. To overcome this, you will have to think of your legacy as a business, and of your family as its leadership team.

This is something that families who own businesses have very little difficulty perceiving. Families who have more passive assets, like real estate or portfolio assets, tend not to think of their family as being in business together. But if you're willing to view your family as a business-like organization, you can create the kind of environment in which you can have those difficult conversations about money, then you can work together to build that legacy as you provide opportunities to grow the leadership team for the next generation. Businesses have been doing this for generations, they do it well, and they have a lot of tools available to support them in that process.

If people who don't know each other—and who maybe don't even like each other—

can come together in a business and gather around a common vision to lead a company into the future, can you imagine what your family can do because you love and support each other? There can be some very powerful opportunities. What if your family members had the motivation and opportunities to express their unique talents? Leadership development, teamwork to enhance results, support whenever needed, and respect for one another, are all attributes of great businesses and great families. For added success, implement policies and procedures to mitigate conflict, and include educational and training opportunities in areas identified as challenges.

Lastly, a business reinvents itself to capitalize opportunities and mitigate risks;

extraordinary legacy looks like. You can have the best team in the world, but if you don't have a clear vision and a clear path to what you're all headed toward, you're going to spin in circles and go nowhere. Have you ever shared your legacy wishes with the next generation? Have you asked them what's important to them as the next generation? What legacy do they foresee? You're probably going to find that the goals, needs, and belief patterns of wealth creators are very different from the wealth inheritors.

Finding a common legacy and common values can be very challenging when you're coming from completely different worlds, as wealth creators and wealth inheritors often do. But once again, we can do what businesses do and use some of the tools available to

front, something that all generations can be excited about. At the end of the day, the mission statement is like the beacon of a lighthouse that will guide you and your family through both difficult times and periods of smooth sailing.

Step 4: Family Roundtable

Step four is to empower your team through formal family meetings, which I call the Family Roundtable. These meetings have flip charts, agendas, and meeting minutes. Roles and cell phones are left at the door, and you can meet at a rhythm—yearly, quarterly, monthly—that suits you. It is best to meet off-site in a neutral place where everyone is treated with respect as an equally contributing member.

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therefore, you should do the very same thing in your family. Eliminate role dynamics by creating an environment in which you can come together in a more formal way—I call this the “Family Treasury.”™ I give it a special name to indicate that you're not playing this role all the time; you're a family first and foremost. When you do this legacy-building work, you go to the Family Treasury™ and leave labels and roles at the door. You're not “mom and child” or “dad and child” anymore; instead, you're equally respected members of the team (not necessarily equal in authority or in wisdom) so that each of your contributions matter.

Step 3: Common Vision and Values

Like all great businesses, you need to have a clear and common vision for what your

them to unite a group around a common vision that is founded in common values.

There's an exercise in my book that will help you work with your family to do this. I have been working with families for 35 years, and I have never once come across a family where I could not find at least five to 10 common values. Here is an example of a family's vision statement: “We invest in the personal development of our family team through authentic communication, continuous learning, and collaboration as we together grow our socially responsible investments and charitable initiatives.” That is the extraordinary vision for their extraordinary legacy, and they came to it together by working on their common values.

It does have a very deep meaning when you do that work, and it brings a united

The formal Family Roundtable is the place where you groom the wealth stewards of the next generation in a very focused, patterned way. What goes on here? Education is number one, with financial literacy training, leadership training, and skills development being a focus. Consider having professional speakers, organized book clubs, relevant field trips, listening to podcasts, having documentary movie nights, and other tools available to you to roll out your educational curriculum.

Life coaching, mentorship, and financial planning for team members also needs to happen at the Family Roundtable. Remember, if the next generation is not getting the attention that they need for their unique concerns and are not feeling inspired about their future, they're not going to be great participants in this process. So, it's important



From left to right: Chris Clarke & Victoria E. Winter on stage at Design Exchange; Jacoline Loewen at Minerva Summit

that their needs are attended to. As this develops, start estate planning when the time is right—there has to be a mature team at that point. Later, there are co-investment opportunities, family fun, shared traditions, and the building of a proud history.

Communication and conflict resolution skills are also essential at the Family Roundtable. How comfortable are family members with communicating with each other openly and honestly about concerns that may be of a sensitive or difficult nature? How many people feel like there could potentially be a little bit of work to do on family communication? Likely all of us do. Once again, business comes to the rescue. Businesses use tools that we can use in our families to unite very diverse people with different backgrounds, attitudes, and communication styles. For example, Kolbe is an online diagnostic tool that family members can use to help get an understanding of their cognitive patterns. This is more about your *modus operandi* that you are born with; it doesn't change through your life, and it indicates how you need to get things done, how you process information, how you communicate with others, and how you need to be heard in communication.

Now, if you're still nervous about the idea of family dynamics in your formal roundtable meetings, then you can consider hiring a family facilitator. The job of a family facilitator is to help families work through

some of these communication dynamics and set them off on strong footing in their meetings.

Step 5: Family Charter

The last thing that I recommend is that you document all of this in a Family Charter. Consider the Family Charter like a journal that grows and evolves over time. This is what you're going to leave behind one day. You're going to leave a record of the journey that you and your family members have taken to create an extraordinary legacy. It also will foster the kinds of conversations that are needed.

The Family Charter documents the vision and mission, the culture and the team, the collective values, policies that address family reputation, and social media presence of a family. It also outlines family-traditions and healthcare; for example, what will you do if you have a family member who has an addiction? What are the steps that you're going to take?

Also addressed is the Family Roundtable meeting process, decision-making protocols, who gets to attend and when, and what happens if members don't show up as scheduled. There are also operational governance protocols—such as the investment committee, a philanthropy committee, and a family-traditions committee—making up all the different roles that people can play. Your Family Charter should also have a

place for appendices, where you put your strategic plans, your estate plans, your tax plans, and cybersecurity policies. Policies and procedures help prevent confusion in all good businesses, and they support families as well, and help move you towards your extraordinary legacy goals.

Nurturing True Family Wealth

Ultimately, I see a family legacy as a tree where the wealth creators planted the seed. Over many, many years, they cared for that tree, they nurtured it, and healed it when it got ill. They brought in advisors and mentors to help make it the healthiest, strongest tree they possibly could. It took a lot of work, a lot of time, and a lot of patience, but that tree is now producing abundant apples, and the family is enjoying those apples.

This is when the third mistake most often comes in; wealth creators may unintentionally and lovingly disempower their adult inheritors, and the reason they do that is they just keep giving them the apples. "You want another apple? Here you go. Another apple? Sure. Here are some more apples. We've got a lot." But they never take the time to teach them how to take care of the apple tree. Even worse, they never teach them how to plant, nurture, and grow their own apple tree. But true empowerment can only come from knowing how to grow your own apple tree. **M**



BURGUNDY ASSET MANAGEMENT LTD.

TORONTO

Bay Wellington Tower, Brookfield Place,
181 Bay Street, Suite 4510,
PO Box 778, Toronto ON M5J 2T3

MONTREAL

1501 McGill College Avenue Suite 2090,
Montreal QC H3A 3M8

VANCOUVER

999 West Hastings Street, Suite 1810,
PO Box 33, Vancouver BC V6C 2W2

FOR MORE INFORMATION CONTACT MINERVA@BURGUNDYASSET.COM
WWW.BURGUNDYASSET.COM

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