

INVESTMENTS & WEALTH MONITOR

A reprinted article from September/October 2022

Building a Thriving and Connected Family of Wealth

*By Stacy Allred, MST, CFP®, Joan DiFuria, MFT, and
Stephen Goldbart, PhD*



INVESTMENTS & WEALTH INSTITUTE®

Building a Thriving and Connected Family of Wealth

By Stacy Allred, MST, CFP®, Joan DiFuria, MFT, and Stephen Goldbart, PhD

In 1994, American investor Charlie Munger, vice chairman of Berkshire Hathaway, delivered a speech about attaining “worldly wisdom”¹ with a message so powerful that it still reverberates today.² Worldly wisdom requires building a set of mental models and stacking the models in a latticework to solve problems. In 1996, he expanded on this concept and underscored the importance of using a multidisciplinary approach, i.e., no one discipline has all the answers, and problem-solving requires taking the “best big ideas” across disciplines.³

Using a multi-model, multi-disciplinary approach may seem overwhelming at first. But as Munger said, it’s not really that tough, because “80 or 90 important models will carry about 90 percent of the freight,” and “a mere handful” will do most of that work. No one “master list” exists; rather, you need to gather the models that are most relevant, with the greatest positive impact, to the problems you are trying to solve.

As advisors to families with significant financial capital, what are the problems you and your clients are trying to solve? What opportunities are you and your clients trying to optimize? Which models are most relevant for tackling these issues? Which models belong in your cognitive toolkit?

MEET THE ROMEROS

Let’s consider a hypothetical case study of Joe and Mary Romero and their three children who are ages 16, 20, and 27.⁴ What problems and opportunities do

they face? If the Romeros were sitting in your office, which models would be most relevant to help them build worldly wisdom and thrive?

Joe and Mary are a couple in their mid-50s who recently sold a successful business they founded and built over the past 30 years. Joe is excited about the sale, but he’s not sure how he wants to spend his time in the future. He really doesn’t like the idea of retirement. “Everyone I know who has fully retired seems unsettled and not very happy,” he says.

Mary is less worried. She’s already plenty busy, between parenting, friends, making pottery, and working on philanthropic activities. She is looking forward to using some of the business proceeds to build a family foundation.

Joe and Mary have three children:

- Sally, 16, is undecided about her future and focused on her friends. She is concerned that her family’s wealth may lead to her friends to see her as a “rich kid who doesn’t have to do anything in order to succeed.”
- Zack, 20, is focused, independent, and loves animals. He has always known he wants to become a veterinarian. Zack knows vet school is costly, and he’s counting on his family to help him realize his goal.
- Bob, 27, works as a software developer. He is financially self-sufficient and has never leaned on his parents for money. But now that he’s thinking about starting his own business, he wonders if he should ask his family for some help.

No one ‘master list’ exists; rather, you need to gather the models that are most relevant, with the greatest positive impact, to the problems you are trying to solve.

Every family is unique and, like the Romeros, has specific details and needs. But in more than three decades of helping families navigate wealth, we have found that, time and again, wealth-holders share a “conceptual skeleton.”⁵ They have similar questions about many of the same issues, such as the following:

Purpose: How might we build and maintain a sense of purpose and well-being for each generation?

Stewardship: How might we best steward wealth and find the balance between personal enjoyment and sharing?

Effective giving: How might we make gifts that enhance family members’ growth and development but don’t undermine self-esteem, motivation, or autonomy?

Future thinking: How might we plan for continuity, succession, and being a role model for the rising generation?

Harmony: How might we employ practices that minimize the risk and divisiveness that money can bring to a family?

Imagine your client has attained significant financial capital and now faces new problems. “I don’t want the money to mess up my kids or my relationships with them,” says your client. This client is now in your office asking about financial education programs for the kids and advice about the dos and don’ts of gifts and inheritances.

As an advisor, this is where things get interesting. Financial education, well-structured estate plans, and investment portfolios are important. But these alone aren’t enough to combat the risks and challenges associated with significant economic capital. So, what do you and your client need to do?

PROMOTE FLOURISHING, COMBAT LANGUISHING

The number-one goal of successful wealthy families is to foster thriving individuals and build connections among family members. In other words, the objective is to promote flourishing and combat languishing using financial capital to help family members build bountiful lives. Creating a bountiful life—being the best you can be, living a life of passion and productivity, empowerment, equanimity, and empathy—is real wealth.⁶

THE HOLISTIC LEARNING FAMILY

Research shows that families who succeed over time—at growing and preserving family assets and family connections—embrace a holistic definition of wealth.⁷ For these families, financial capital interfaces with social, intellectual, human, spiritual, and

legacy capital—the “five capitals,” as defined by family wealth and governance expert James Hughes.⁸ Hughes’ model of the five capitals, with its broad definition of wealth, is a foundational model for your cognitive toolkit.

The successful multi-generational family works for rising generations to thrive, live fully engaged lives, have tools that enable them to reach their potential, and build a sense of well-being.⁹ Armed with a broad integrative mindset and shared purpose, families that flourish are on the lifelong journey of creating a holistic learning family.¹⁰

Families that go from “good to great” are aware of the opportunities and risks of wealth and seek to get in front of these challenges.¹¹ They want to empower each family member, encourage social

Table 1 THE ROMERO FAMILY JOURNEY

	Joe (Patriarch) (mid-50s)	Mary (Matriarch) (mid-50s)	Bob (age 27)	Zack (age 20)	Sally (age 16)
Key priorities and/or issues	Redefining what matters most at his age, having successfully sold a business, but not wanting to “retire.”	Freedom to go deeper into her passion for giving back.	Finding ways to best leverage family resources to take the risk of starting his own business but maintain his hard-earned financial autonomy.	Laser-focused on becoming a veterinarian. Has always been focused on his goals, including achievement in school and sports.	Wants to focus on the present and not over-worry about the future
Background Story/Perspective	Joe is stepping back to see what Joe loves to do and what he would prefer to stop doing. He wants to explore how he can best deploy his business skills and wisdom without having to devote all his time to work. “After working 60–80 hours a week for most of my life, I feel I’ve been given a freedom passport. I’ve done some angel investing, but what I really want is to travel and explore other opportunities. I got the wake-up call when my cycling buddy, who was in great health, had a heart attack. Should I try something new? What else, outside of what I already know, could I be doing?”	Mary sees the family financial capital as the resource to use to expand her philanthropic activities, giving both time and money. She is guided by her spiritual background and has a strong sense of what it means to be a good steward of their financial wealth. But she is worried about her daughter: “Unlike my two sons, Sally doesn’t seem to have any direction for her life. She’s more concerned about the daily drama of her friends than she is about planning for college. We don’t want to see her ‘falling through the cracks’ or feeling it’s a free ride now that we have money.”	Being in a family of means, Bob knows he could take risks or try things in life (travel around the world for a year, try to build a business) with support from his family. But he deeply values his independence and feels very ambivalent about asking for family resources. Bob realized that he has little understanding of his parents’ estate plan, which may affect his own decisions about how much to save, spend, or invest. Bob is also grappling with determining if his girlfriend is “the one” or if he should move on.	Zach is a natural at making good friends, achieving high grades, and interacting with people of all ages and social classes. He is focused, good natured, and emotionally intelligent. “I have known since we got our first puppy that I wanted to work with animals. I have little doubt that I will become a veterinarian.” Zack is excelling at university, volunteers with animal rescue, and already has done research on the graduate schools he would like to apply to for his professional degree.	Sally gets decent grades with limited effort, but she doesn’t want to feel pressure about getting into the best college she can. “Everybody seems to be worried about my future, except for me. All the pressure is starting to get to me. Perfection in this family seems to be the rule, but that is not how I am wired. Ironically, all their talk about the money and my future has meant that I must think and worry about money more than I ever did before and know more than I want to know about it.”

Figure 1

10 LIFE STAGES, 10 CORE COMPETENCIES

1	2	3	4	5	6	7	8	9	10
5-11/12 Elementary School	12-14/15 Middle School	15-18/19 High School	19-25 Emerging Adulthood	25-35 Early Adulthood	35-40 Middle Adulthood Reevaluation	Early 40s-late 50s Established Adulthood	Mid-50s-mid-70s Late Adulthood Liberation	Late 60s-90 Eldering (Part I) Summing Up	Late 70s-end of life Eldering (Part II) Encore
BUILD CAPACITY TO INTEGRATE WEALTH EFFECTIVELY									
External Competencies <ul style="list-style-type: none"> • Financial skills • Wealth and life planning skills • Stewardship and governance skills • Philanthropy skills • Entrepreneurial and family enterprise skills 					Internal Competencies <ul style="list-style-type: none"> • Emotional abilities • Social abilities • Learning and growth mindset • Responsibility and accountability • Health and wellness 				

Source: Cocreated by Stacy Allred, MST, Joan DiFuria, MFT, and Stephen Goldbart, PhD

responsibility, and make positive contributions to their communities.

In designing a holistic learning family model, our purpose was to create a tool to support family members according to their capacities, passions, and stages of life. As one of our clients said, “Wealth is like rocket fuel, but where will it take you?” Indeed, at any age or stage of life, financial capital can help build well-being and self-esteem or magnify ill-being and the potential for feeling lost.

We’ve observed that families that over-identify with the money itself are most likely to fall into a black hole over it. Too much focus on the money can undermine personal well-being and development. It can amplify anxiety, depression, entitlement, lack of motivation, and, in extreme cases, even narcissism. These behaviors can result in languishing rather than flourishing—of family members and the family itself.

In multi-generational families, the ingredients that contribute to the family learning journey vary with individual life stage and life choices. Table 1 outlines these ingredients for the Romero family.

THE 10×10 LEARNING ROAD MAP

As a trusted advisor, you have an important opportunity to expand your client’s thinking. You can provide the holistic solution that can help this family see around corners. But here’s the catch: It’s not just the kids who need to build

skills. Navigating the opportunities, challenges, and risks of significant financial capital requires active involvement from the entire family. This isn’t a spectator sport for anyone in the game. As modern advisors continually look for ways to differentiate and enhance value, they need a model and toolkit to attend to what matters most for every family member, at every stage of life.

Although there are no easy answers, individuals, families, and the advisors who serve them, who are willing to put in the work, can create a learning family¹² and focus attention on supporting family members of all ages to build competencies.

A holistic learning road map can help you and your clients achieve the number-one desired outcome—a thriving, connected family—by providing a model of intentional focus and commitment. The road map comprises 10 core competencies that are applied across 10 life stages (see figure 1). It highlights the importance of both a prevention mindset and a promotion mindset in order to navigate the opportunities and challenges of financial abundance. It invites users to metaphorically wear a reversible cape that gives them the agility to deflect the bad and cultivate the good.¹³

Learning road maps need accessible onramps that invite family members of all ages to be curious, review the

activities, and choose the competencies they want to pursue. We prefer methods that pull rather than push, engaging the energy and motivation of each family member, guiding each individual to a self-authored, exclusive plan that has the best likelihood of leading to action.

From our perspective, effectively navigating the challenges of wealth is a lifelong journey, and every life stage has milestones and learning activities. The 10×10 Learning Road Map offers clients a chance to stop, look at where they are, consider key activities for their life stages, and choose where they want to go next on their learning journeys.

Clients’ chosen learning activities are tuned to their own life decisions, directions, and experiences. This results in a unique dynamic process that unfolds as each person progresses through the 10 stages of life. The process allows each person the freedom to redirect an individual learning path, explore new spaces, and revisit missed opportunities or past challenges with improved competencies and enhanced self-esteem.

Exercising competency muscles can shift, change, and refine one’s sense of core identity—who I am, what I’m capable of, and what really matters—as one moves forward in the life cycle. Contrary to outdated conventional wisdom, personal development doesn’t have to stop at some arbitrary or fixed point in life (see figure 2).

Figure
2

HOW WE MIGHT WE BUILD CORE COMPETENCIES



Source: Cocreated by Stacy Allred, MST, Joan DiFuria, MFT and Stephen Goldbart, Ph.D.

THE 10 CORE COMPETENCIES

The learning road map covers 10 core competencies—five external and five internal (see sidebar and table 2). Each competency is exercised over the course of the 10 life stages via stage-specific milestones and activities. In other words, it’s the framework for a learning action plan for each family member in each stage of the life cycle. It encourages youngsters to learn the basics, adults to master the skills they need to meet challenges and opportunities, and seniors to carry out the tasks of eldering.

The 10 core competencies work in synergy to help accomplish the following:

- They build up and elevate the overall capacities of every family member.
- They span the arc of life, from childhood to senior years.
- They foster each person’s strengths and create a more resilient family.

A holistic learning journey addresses all the competencies essential at specific life stages and sets plans for obtaining them. The resulting road map helps families protect against family cultures that can be negative and/or destructive, leading to, for example, indecisive, unmotivated, or overly self-centered children. Instead, active engagement in a learning road map can help individuals cultivate life skills and competencies that move them closer to their true potentials.

FROM GOOD TO GREAT

Families that foster bountiful lives that go from “good to great”¹⁴ are aware of the opportunities and risks of wealth and seek to get in front of these challenges.

We’ve observed that families that thrive over time share the following commonalities:

Active learners: They assign a high value to lifelong learning and plan to build and strengthen competencies required for each family member—and the family as a whole—to effectively integrate wealth and thrive.

Strong culture: They develop a strong culture, fueled by a growth mindset and anchored by planning and core practices.

Healthy communication: They continually enhance communication and conflict-resolution skills within and among generations.

Wise parenting: They seek an optimal balance of love and support with high expectations of responsibility and accountability; in other words, they use an authoritative parenting style.

Inclusive: They are attuned and open to each family member’s differing developmental capabilities and life-style choices.

Informed: They make use of the most recent research on neural and psychosocial development.

Manage change: They think through and plan for how to manage changes such as marriage, divorce, birth, and death, as well as blended family dynamics and sibling rivalry.

INTERNAL AND EXTERNAL COMPETENCIES

INTERNAL COMPETENCIES

Internal competencies are the skills necessary for development of mature personality and well-being. These abilities surface, develop, and are exercised throughout a life span. They are at the core of family members who have a solid sense of character—the combination of emotional intelligence, social engagement, responsibility, and wellness. Our understanding of the internal competencies is culled from research in the disciplines of emotional intelligence, positive psychology, and adult development.

EXTERNAL COMPETENCIES

External competencies are the skills necessary for the development of a capable, educated person who gets things done, including the acquisition of knowledge, abilities, and credentials. Specific skill sets are needed for ever-increasing levels of responsibility required by whatever pathway is chosen by each family member. Our understanding of the external competencies arises from work in the areas of leadership development, financial and estate planning, and family wealth consulting.

Sources: Christopher Peterson and Martin Seligman, *Character Strengths and Virtues*, Oxford Press (2004); George E. Valliant, *Triumphs of Experience*, Harvard University Press (2012); Daniel Goleman, *Emotional Intelligence*, Random House (2005); Stephen Goldbart and Joan DiFuria: *Affluence Intelligence*, Da Capo Press (2011). James E. Hughes, Jr., Susan E. Massenzio, and Keith Whitaker, *Complete Family Wealth*, Bloomberg (2018).

Table
2

EACH OF THE 10 COMPETENCIES COMPRISES 10 KEY ELEMENTS

THE FIVE EXTERNAL COMPETENCIES					
	Financial Skills	Wealth and Life Planning Skills	Governance Skills	Philanthropy Skills	Entrepreneurial and Family Enterprise Skills
1	Speaking the language of finance (terms)	Base estate planning documents (will, power of attorney, durable, and health care)	Understand and communicate family culture and family history (on both sides)	How to give money away effectively (grant making)	Entrepreneurial skills both inside and outside of the family enterprise
2	Earning (from lemonade stand to financial impact of career choice)	Taxes: Gift and estate	Determine family mission, values, and priorities	Understand philanthropic structures (private foundations, donor-advised funds, etc.)	Leadership skills both inside and outside of the family enterprise
3	Spending (lifestyle and cash-flow management, e.g., how to live within a budget)	Trusts: Knowledge of trust and fiduciary duties and impact of distributions	Develop a plan to foster a flourishing family and lifestyle, balancing individual choice with shared goals	Clarify requirements and responsibilities of board members	Stewarding all of the five family capitals
4	Saving (ability to delay gratification)	Engaged and competent beneficiary (working with trustee)	Understand and develop family governance policies and practices, responsibilities, roles, and expectations of each generation	Review recent lessons and current trends in philanthropy	How to be both a mentor and a mentee
5	Investing (investment objectives and risk tolerance) asset allocation, understand how to read your statement, stock market and economic indicators	How financial and estate structures work	Understand and develop family and business governance structures such as the family council, family assembly, family office, and board service	How to identify causes	Industry knowledge of the family business
6	Borrowing: How to manage credit and debt	How to hire and work with advisors/institutions (due diligence, questions to ask in a portfolio review)	Asset protection (may include pre- or post-nuptial agreements, art, vacation property, etc.)	How to evaluate grant proposals	High-level business management skills for key executives
7	Behavioral finance: Impact of emotions and beliefs on financial decision-making	Planning in order to foster clarity about potential future roles—in the family, or in the family enterprise(s)	De-risk; develop methods and policies for effectively managing the risks of wealth on children	How to engage effectively with grant seekers	Broad understanding of business strategy and how it aligns with family goals and values
8	Risk management/Insurance	Strategic life plan, including how to best navigate personal transitions	Transition planning for the desired and for the unexpected	Develop a grantmaking plan to include strategic objectives (honoring the past, and making room for new voices/rising generation)	Promote and protect family brand and reputation
9	Taxes: Income and capital gains	How to build and manage a career (career planning—including vocational preferences and coaching, informational interviews, networking)	Continuity and succession planning for transfer of wealth and for family enterprises	How to employ collaborative decision-making within and between generations	Management of family assets (from shared investment portfolios to vacation homes)
10	Sharing: Simple charitable giving to socially conscious investing (ESG)	Navigating the impact of wealth on relationships	Security (physical and digital) and privacy	Assess and reflect on the impact of giving	Pathway and training for career development within or outside of the family business
THE FIVE INTERNAL COMPETENCIES					
	Emotional Abilities	Social Abilities	Learning and Growth Mindset	Responsibility and Accountability	Health and Wellness
1	Open-mindedness, flexibility	A willingness to change	Curiosity and love of discovery	Follow-through	Living a life of meaning and purpose
2	Self-awareness/self-reflection	Effective communication skills: Reading people and situations, good listening skills, and expressiveness	Willing to challenge the status quo	Trustworthiness and integrity	Maximizing physical and emotional health
3	Empathy	Understanding others' perspectives	Embrace uncertainty and ambiguity	Ability to work hard to attain goals effectively	Being and feeling safe in mind and body
4	Self-agency: Ability to recognize choices and take control of one's life	Conflict resolution skills	Productivity (work and other)	Moral and ethical responsibility (fairness, equity)	Handling the impact of aging and/or health issues
5	Resilience and anti-fragility	Effectively collaborate and compromise	Risk-taking	Being answerable for one's actions	Having personal power: Sense of feeling effective
6	Trustworthiness and integrity	Build trusting relationships	Creativity	Financial awareness and competency	Cultivating a positive mindset
7	Self-regulation: Ability to manage mind, body, emotions, and behaviors	Social and cultural awareness; diversity and inclusion	Open to multiple perspectives	Taking responsibility for one's impact on others	Having fulfilling relationships
8	Optimism	Interpersonal effectiveness	Challenges one's thinking (re-think)	Responsibility for lifestyle management	Securing enough money to meet needs and wants
9	Self-esteem and secure sense of identity	Appropriate assertiveness	Ambition and motivation	Responsibility for taking calculated risks	Attaining peace of mind in regard to physical, emotional, and spiritual health
10	Tolerance of uncertainty and ambiguity: the capacity for integration: both/and rather than either/or	Manage boundaries between self and others	Receptivity: Ability to take in new ideas and receive feedback	Awareness of social and cultural responsibilities (world citizenship)	Cultivating personal development and well-being throughout the life cycle

CULTIVATING RESILIENCE AND AGILITY

The 10×10 Learning Road Map also cultivates the core qualities we've found that are required for success—open-mindedness, resilience, agility, personal agency, and responsibility. These capabilities are critical for what researchers have described as “positive plasticity.” Positive plasticity is the ability to adapt and change in the face of challenges regardless of your age. Positive plasticity leads to successful aging and more satisfaction with life.¹⁵

By developing positive plasticity, individuals enable themselves to take calculated risks, make smarter decisions, and

better manage uncertainty. As a result, they often lead to more prosperous, healthy, and fulfilling lives. On the flip side, the absence of positive plasticity presents distinct risks. We often hear from parents who are concerned that their financial success may have a damaging effect on their children. For example, they worry that it may lead to children who lack purpose or motivation, and these children may miss out on emotional and social development. Developing a plan that addresses the developmental needs of each family member is the antidote to these fears and can help families actively sidestep potential problems related to significant financial capital.

IMPLEMENTING A LEARNING ROAD MAP

Here are four steps an advisor can follow to get a family started on a holistic learning journey:

1. Advisors give each family member a 10×10 Learning Road Map chart for their specific stage of life.¹⁶
2. Family members select 1-3 activities (across the 10 internal and external competencies) that they are motivated to pursue.
3. Advisors help each family member build an action plan for their selected activities, for the next 90 days (or longer if desired).
4. Clients and advisors review the action plan together and determine future steps of the learning journey.

HOW TWO SIBLINGS USED THE 10×10 LEARNING ROAD MAP

Mary and Joe's oldest child, Bob, is 27. He's financially independent but debating whether to seek to use his family's wealth to help him chart a new career path. He's also interested in settling down with a life partner sooner than later.

Mary and Joe's youngest child, Sally, is 16. She knows her parents want her to go to college and be self-sufficient, and she wants to as well—but she has only vague ideas about what she'd like to study or work at as an adult.

With the help of the family's wealth advisor, each family member used the 10×10 Learning Road Map to self-assess their own individual skills and develop a personalized learning plan. (In the interest of brevity, this discussion focuses on just two of the Romero family members.)

Bob's self-assessment revealed that he wants to strengthen his financial, life-planning, and emotional capabilities. He found that identifying these areas for skill-building motivated him to move forward with a personalized learning action plan.

Sally's self-assessment showed that she's interested in developing her personal identity by cultivating her creativity, responsibility, and accountability skills. She also wants to gain enough financial skill to be self-sufficient.

Bob's road map entailed monthly meetings with the advisor, who helped him develop a personal financial plan and learn more about the financial and psychological impact of family wealth. Bob then decided to work with a wealth psychologist to help him think through career choices and understand his feelings about family money.

Sally's road map includes additional and more-open communication with her parents and taking on extra responsibility as she finishes high school. The three of them have committed to talking candidly about expectations, values, and philosophies as well as money management. They plan to buy some stock together, visit colleges, and work together to help Sally find her own path.

Table 3 provides some examples of client issues and the activities chosen by family members to address them.

FOUNDATION FOR WEALTH AND LIFE PLANNING

Building a strong and connected family, enhanced and not undermined by financial abundance, can't be left to luck or happenstance. It requires intentionality, action, and guidance from a plan designed to develop healthy individuals, align family members along values and goals, and stimulate capabilities and connections that result in longstanding family bonds. Ultimately, all this leads to stronger communities and a stronger world.

Charlie Munger's ideas about leveraging models are an invitation to all advisors to be curious and take a hard look at their toolkits.¹⁷ Do you have the models you need to support individuals and families so they can focus on their top priorities? Do you have the tools you need to help them build the capacities essential to thriving and meeting the challenges of today's complex world? What might you add? What might you need to unlearn? ●

Table
3

CLIENT ISSUES AND ADVISOR ACTIVITIES

CLIENT ISSUES	ADVISOR Advisor works with each family member on the selected activities from the 10x10 chart
<p>Parents are anxious about adult children's handling of money, both now and in anticipation of a large inheritance. Each adult child has different financial abilities and understandings. Parents want a plan attuned to each child's financial know-how.</p>	<ul style="list-style-type: none"> • Individualized learning for financial literacy, money skills: earning, spending, saving, sharing • Preparing for independence, learning to get paid what you are worth • Sharing and teaching financial values • Implementing governance to protect the differing needs and capacities of the rising generation • Planning for post-high school life
<p>Rising generation family members want a sense of individuality, independence, and more control of their money. They want a personalized advisory relationship that is not a carbon copy of their parents' advisory relationship.</p>	<ul style="list-style-type: none"> • Understanding and addressing the impact of family wealth, including on close relationships • Making giving decisions on their own; gaining clarity on "what is mine, theirs, and ours" • Developing and managing an individual investment philosophy and financial plan
<p>Investors need guidance about how to best lead the family to become a successful multi-generation legacy family.</p>	<ul style="list-style-type: none"> • Mentoring the rising generation • Fostering and supporting individuals to become family leaders or family champions* • Capturing the family history • Facilitating family meetings that foster multi-generational communication
<p>Large multi-generation families and family offices are looking for a positive and engaging learning model that includes all family members.</p>	<ul style="list-style-type: none"> • Learning activities and milestones for every stage of life from ages 5-100 • Experimentation and innovation in calculated risk-taking and learning journeys • Strengthening problem-solving skills • Increasing self-agency and self-reliance • Career development • Rising generation councils and clubs
<p>An adult child from a prominent, wealthy family is marrying and wants to learn more about the family wealth and the trust account that's been set up. Does the money belong to the child? After the marriage, will it belong to the spouse as well?</p>	<ul style="list-style-type: none"> • Prenuptial agreements • Generation-sensitive financial education • Understanding the value, benefits, and responsibilities of trusts • Family line vs. nonfamily line • Estate and gift planning • Family communication

*The term family champion was coined by Joshua Nacht. See Joshua Nacht and Gregory Greenleaf, Family Champions and Champion Families: Developing Family Leaders to Sustain the Family Enterprise (2018).

Stacy Allred, CFP®, leads the Family Engagement and Governance practice at First Republic Investment Management in Bellevue, Washington. She earned a master's degree in taxation, with distinction, from DePaul University and an undergraduate degree in accounting. Contact her at sallred@firstrepublic.com.

Joan DiFuria, MFT, is a co-director and co-founder of the Money, Meaning & Choices Institute based in Albany, California.

She completed the Harvard Business School Program for Management Development including a degree in education and psychology. Contact her at admin@mmcinstitute.com.

Stephen Goldbart, PhD, is a co-director and co-founder of the Money, Meaning & Choices Institute based in Albany, California. He is a licensed clinical psychologist who earned a doctorate from the Wright Institute, Berkeley. Contact him at admin@mmcinstitute.com.

ENDNOTES

1. Charlie Munger, "A Lesson on Elementary, Worldly Wisdom as It Relates to Investment Management and Business," speech at University of Southern California Marshall Business School, 1994. <http://www.safalniveshak.com/wp-content/uploads/2012/08/Lesson-on-Elementary-Worldly-Wisdom-Charlie-Munger.pdf>.

Continued on page 50 →

BUILDING A THRIVING AND CONNECTED FAMILY OF WEALTH

Continued from page 13

2. Other works based on Munger's philosophy include *Super Thinking: The Big Book of Mental Models*, by Gabriel Weinberg and Lauren McCann (2019); and Farnam Street's *The Great Mental Models* (<https://fs.blog>).
3. Charlie Munger, "A Lesson on Elementary, Worldly Wisdom, Revisited," speech at Stanford Law School, April 19, 1996.
4. Compilation based on client experience, modified to protect confidentiality and maintain integrity of the story.
5. The idea that many problems share a "conceptual skeleton" was developed by cognitive scientist and author Douglas Hofstadter. See his Pulitzer Prize-winning book: *Gödel, Escher, Bach: An Eternal Golden Braid*, Hofstadter (1979).
6. Many search for "the one thing" to find fulfillment; we see a bountiful life as the process of bringing together many dimensions of self, loved ones, and community, growing in scope and complexity over the life cycle.
7. Dennis T. Jaffe, *Borrowed from Your Grandchildren: The Evolution of 100-Year Family Enterprises*. (Hoboken, NJ: Wiley, 2020).
8. Based on the ideas of James E. Hughes, See *Complete Family Wealth*. (Hoboken: Wiley, 2017). See also an interview with James Hughes *Redefining Family Wealth as Well-Being*, <https://www.firstrepublic.com/insights-education/redefining-family-wealth-as-well-being> (2022).
9. Wealth holders readily acknowledge that they want family members to be happy. Shawn Achor, a researcher in positive psychology, posits that "perhaps the most accurate term for happiness is the one Aristotle used: eudaimonia, which translates not directly to 'happiness' but to 'human flourishing.'" Achor notes that this definition resonates because it acknowledges that happiness is not all about "yellow smiley faces and rainbows." Channeling Aristotle, Achor defines happiness as the joy we feel striving after our potential.
10. The idea of a "learning family" is adapted from the work of Peter Senge, who defines learning organizations as organizations "where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together." See Peter M. Senge (1990), *The Fifth Discipline—The Art & Practice of the Learning Organization*.
11. The idea of going from "good to great" was popularized by Jim Collins (2001) in *Good to Great: Why Some Companies Make the Leap... and Others Don't*. Researchers also have studied how families go from "good to great"; see *Borrowed from Your Grandchildren, The Evolution of 100-Year Family Enterprises*, Dennis T. Jaffe (2020).
12. Peter Senge (2020), *The Fifth Discipline*.
13. The reversible cape metaphor was developed by James Pawelski, professor of practice and director of education at the University of Pennsylvania's Positive Psychology Center. <https://penntoday.upenn.edu/2016-01-28/latest-news/penn-professor-explores-what-it-means-be-positive>.
14. See endnote 11.
15. Ursula M. Staudinger (2020), "The Positive Plasticity of Adult Development," *American Psychologist* 71, no. 4: 540–533, https://www.ursulastaudinger.com/wp-content/uploads/2020/06/americanpsychologist_UMS_42020.pdf.
16. For charts outlining 10 core activities for each specific life stage see Tom McCullough and Keith Whitaker, *Wealth of Wisdom, Top Practices for Wealthy Families and Their Advisors*, Wiley, 2022, Chapter 13: "Advancing Flourishing: A 10x10 Learning Roadmap," Allred, DiFuria, Goldbart, pages 81–95.
17. See endnote 1.



INVESTMENTS & WEALTH INSTITUTE®

5619 DTC Parkway, Suite 600
Greenwood Village, CO 80111
Phone: +1 303-770-3377
Fax: +1 303-770-1812
www.investmentsandwealth.org

© 2022 Investments & Wealth Institute®. Reprinted with permission. All rights reserved.

INVESTMENTS & WEALTH INSTITUTE® is a registered mark of Investment Management Consultants Association Inc. doing business as Investments & Wealth Institute. CIMA®, CERTIFIED INVESTMENT MANAGEMENT ANALYST®, CIMC®, CPWA®, CERTIFIED PRIVATE WEALTH ADVISOR®, RMA®, and RETIREMENT MANAGEMENT ADVISOR® are registered certification marks of Investment Management Consultants Association Inc. doing business as Investments & Wealth Institute.