

Can a Customized Education Program Prepare Our Family to be Good Stewards of Our Wealth?

DIVERSIFIED TRUST CASE STUDY - FAMILY EDUCATION | MAY 2017

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COMPREHENSIVE WEALTH MANAGEMENT

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SCENARIO Financial education can be invaluable for most families, especially those with substantial wealth and multiple generations who share ownership of assets. Such was the case with the Tyler family, which is headed by three siblings — Jack, Susan and Tom — and includes their children and grandchildren.

With combined assets exceeding \$100 million, the family members have achieved significant success in their professional careers. None of them, however, works in finance, so they saw the need to gain a better understanding of the mechanics of their shared wealth, including investment management, working with advisors and more. Because the family is spread across the country, they also wanted to create an opportunity to bring everyone together to raise questions, share concerns and build a common understanding of wealth management.

A significant portion of the Tyler family's shared wealth is through an LLC that is owned proportionately by each branch of the family. Financial education would help them optimize and leverage this structure by gaining a better understanding of sophisticated investments, tax planning and other opportunities.

They called on Diversified Trust to develop an ongoing process for education to improve their financial knowledge and prepare future generations for the responsibilities of wealth.

OUR APPROACH We began by assisting Jack, Susan and Tom in establishing the overarching goals they hoped to achieve and the lessons and the legacy that they wished to share. We then asked their children what results they hoped to attain from the education program. Other family advisors were also involved in the planning process, including those who have been instrumental in creating the existing family trusts and overall financial structure. The input from all parties was used to prepare the curriculum, which was personalized to include family history, explanations of prior wealth transfers and significant financial events and education on how each individual fits into the larger family financial structure.

Topics for the curriculum included investments, taxes, trusts, estates and wealth transfer, how to work with advisors, philanthropy, family dynamics and what it means to be a beneficiary. In addition to developing curriculum to address these topics, we engaged each family unit in lifestyle planning which provided a greater understanding of their individual financial situation and how the larger family structure impacts each individual. This planning also provided the basis for developing a global spending policy for shared family trusts which would support the needs of each individual while sustaining the trusts for future generations.

Ongoing education was delivered during the semi-annual LLC meetings where all family members were in attendance, at smaller family gatherings and one-on-one sessions. The Tylers also attended a series of wealth management seminars that Diversified Trust presented in conjunction with a local university, where they had the opportunity to interact with and learn from other families facing similar issues.

RESULTS The education program met several key goals identified by the family. It not only provided education to give the Tylers more confidence in making financial decisions and working with advisors, it also paid tribute to the legacy of prior generations, celebrated family values and improved family harmony. Through lifestyle planning and development of a global spending policy, a greater understanding was gained of how the family wealth can provide financial freedom for each individual to pursue their passions and attain their unique goals. Overall it provided peace of mind — the Tylers are now better prepared to manage their family wealth and continue the family legacy.



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