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INVESTMENT, TAX AND LIFESTYLE PERSPECTIVES FROM RBC FAMILY OFFICE SERVICES

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A guide to family meetings

Five strategies to help make family meetings
an effective tool in wealth transfer planning

There are many different types and structures of families and households across Canada, including married and common-law couples, couples with or without children, lone-parent, adoptive, blended and multi-generational, to name a few. Beyond these more structural classifications, you and your family will have your own unique circumstances, dynamics, values and beliefs that contribute to your planning goals and needs. All combined, these aspects may also play a significant role in how you approach the topic of wealth transfer.

When it comes to communication across generations, there can be a tendency to overlook the importance of family dialogue as part of a wealth transfer plan. Some may not be comfortable sharing details of their wealth transfer plans with their intended beneficiaries while others may not be open to disclosing any information related to their plans or intentions. In situations where there's limited or no proactive communication, the risk for misunderstanding and a lack of clarity increases, which can lead to a range of potential issues for family members during a wealth transfer.

Establishing communication that's right for your family

Understandably, everyone has a different comfort level when it comes to discussing estate and Will plans with family members, but there is also a wide range of communication strategies that can be used. Whether you lean more towards keeping discussions broad or whether you prefer to disclose more details of your plans, an effective approach to consider is holding a regular family meeting.

Key benefits of family meetings

- Providing financial learning for all parties involved.
- Encouraging open and ongoing dialogue among family members.
- Providing the opportunity for those involved to gain a better awareness of your wishes and intentions, and why you've made certain choices.
- Decreasing the likelihood of conflict or uncertainty in estate administration or if a situation of incapacity were to arise.

- Helping ensure loved ones don't get left in the dark as to what you may have wanted or intended, and why.
- Keeping family members updated on any potential changes to your plans or pertinent documents.

The following are some main considerations for establishing, carrying out and maintaining productive family meetings.

1. Assess your plans and the rationale behind your goals and decisions

In preparing for an initial family meeting or before you begin wealth transfer conversations, start by working through some of the details of your current plans.

This should include your main estate and Will planning decisions and documents, healthcare and senior care wishes and considerations, any intentions for providing gifts during your lifetime or in your Will, and any charitable giving preferences.

Note: During this initial preparation, you may want to speak with your qualified estate planning professional to perhaps confirm the rationale behind various decisions and, if necessary, update your documents prior to the meeting.

Clearly identifying and documenting your intentions in advance can help in generating discussion points and developing a meeting structure. Remember that the level of disclosure is up to you. (For example, some families like to discuss wealth in general terms without disclosing dollar amounts.)

2. Consider key family elements

Next, think about your own family dynamics, circumstances and relationships.

Who in your family currently takes part in the management of family assets and planning decisions? Is there a key person(s) who will play a larger role in managing your assets, such as those named in your Power of Attorney or Will to act as attorney/mandatary or executor/liquidator? Are there specific reasons for this that should be explained to lesser involved family members?

Identify potential challenges, if any, you might face in communicating your wishes and intentions, and make a plan ahead of time to address these challenges. Are there specific dynamics, complexities or circumstances that need to be accounted for in planning the meeting? Might your family benefit from having a qualified facilitator assist in facilitating the family meetings, even if just initially?

3. Plan the meetings

In establishing an overall set-up, walk through the following considerations. This may be a great opportunity to involve family members and map out the meetings together, which may help encourage an open and inclusive forum for conversations.

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Who?

- Identify all individuals named in your Will and estate plans and anyone outside of that network who may be impacted by your plans. From there, determine who should participate. Depending on your family dynamics, this may be another reason to consider having a qualified facilitator assist with the meetings and to help in handling any potentially difficult conversations.
- Talk about whether certain family members would like to either volunteer for or take on roles in the meetings (e.g. chairperson, note-taker, person who follows up on action items). Defining roles may help in keeping everyone accountable, and having documented notes that get distributed or filed ensures information is accurately logged and lowers the chances for conflict over inconsistent memories or forgotten details.

Where?

- Are there geographical considerations for family members? Talk to those who'll be involved to get a sense of preferences and to determine if the meeting is better held in person or via video or conference call.
- Discuss in advance what setting may work best. Should it be more informal (such as your house or other family property) or formal (such as in a boardroom or meeting room)? Remember, the goal is to encourage open communication, so the environment should be comfortable and suitable for your family.

When?

- Based on your family dynamics, discuss whether the meeting should be a separate event, or would it work well scheduled with another occasion when you and your family are already together?
- How frequently should the meetings be scheduled? This aspect will be quite dependent on your particular circumstances, but a general rule of thumb may be to hold a meeting either annually or semi-annually.

What/How?

- Determine how much information you personally want to share with the group and note some main discussion points. To help in building the meeting agenda, revisit the main areas noted in step 1 (estate planning decisions/ documents, healthcare/senior care considerations, gifting during or after your lifetime, charitable giving intentions).
- Consider also making notes in advance that outline your rationale behind certain decisions. Oftentimes in families, sharing the “why” and the reasoning behind certain decisions can offer the most benefit for family members.

4. Carry out the meeting

Circulate the agenda ahead of the meeting to allow family members to get prepared, and encourage each person to add any discussion items that may be important to them. This approach will help to encourage open dialogue and inclusive conversations.

Consider opening the meeting by reflecting on your family’s values or achievements as an introduction, or by inviting each person to share their goals or hopes for the meeting to set an inclusive tone.

Regardless of whether you and your family opted for a more formal or informal setting, encourage everyone to be professional and respectful and to limit any disruptions.

In the agenda, it’s also important to make sure you allot appropriate time for the amount of information being presented. The agenda should also include time for questions or ideas and for discussing any action items. And if possible, schedule the next meeting, so it’s in the calendar.

5. Help keep the ball rolling

In subsequent meetings, add time in the agenda at the beginning to review any outstanding items from the previous meeting.

Follow up on any identified action items and incorporate any adjustments or ideas as required.

In general, try to encourage openness with questions that may arise or as events or milestones happen in your lives. Check in with family members periodically about their roles and responsibilities specific to the meetings or as part of your plans in general to continue promoting an open forum for discussion.

When introducing and establishing these meetings within your family, keep in mind that it can often be an evolving process, and getting into a flow and routine may take time. At the end of the day, beyond mapping out wishes and intentions and putting the right plans in place, it’s about focusing on the value and peace of mind these meetings can offer you and your family in tying everything together.

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Additional considerations in family business succession planning

For those who own a family business or who are part of a family business, there can be many additional questions to ask and considerations to address as part of business succession planning. Even if succession isn’t on the horizon, getting into the routine of family meetings now may be beneficial for laying the groundwork and to establish a forum for discussions and planning through the various stages of your business.

From an approach perspective, same as with families in a non-business setting, family meetings will be more effective when properly planned with agendas tailored to your family’s circumstances. As you’re building meeting agendas, you can use the following list as a guide for topics and items you may want to include.

Family business meeting agenda items**Ground rules**

- Attendance
- Chair and facilitator of the meetings
- Conduct and communication policies
- Conflict resolution policies
- Confidentiality policies

Contingency planning

- Alternate leadership (and for other key roles)
- Insurance coverage for key management and shareholders
- Business continuity policies

Business updates

- Business results and performance trends
- New business ventures and expansion opportunities
- Budgets, including major capital expenditure

Family employment policies

- Education and experience requirements
- Family compensation policies
- Work-life balance

Ownership policies

- Criteria
- Prenuptial agreements
- Exit and sale of ownership

Family business vision

- Preservation of traditions and family values
- Family Mission Statement
- Family support policies – financial and non-financial

Community responsibilities

- Charity and foundations
- Supporting local community events
- Preservation of good public image
- Social media policies

Distribution policies

- Entitlement policies
- Minimum and maximum distributions
- Responsible wealth planning

Succession

- Leadership succession
- Ownership succession
- Successor grooming

Critical family business agreements

- Drafting and updating of shareholders agreement

Tips for achieving open and trustful communications over time within your business:

- Bring family members together to consider all possible options and consequences of a particular decision.
- Always keep the door open to unpopular opinions.
- Bring an outside facilitator to initiate and lead the process. This may help in generating more efficient and objective discussions.
- Create a commonly agreed-upon code of conduct for family meetings that will help keep discussions on lower emotional grounds.



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