To our clients and friends,

Marvin Blum was interviewed by *The New York Times* while at a symposium hosted by TIGER 21 called "Successful Multigenerational Families." The discussion was centered around dealing with family wealth (small or large amounts) in such a way that would not divide families.

We have included a copy of the article in this letter, along with a checklist of considerations for you when planning and reviewing your estate plan. We hope you have a great summer!

The Blum Firm, P.C.

The New York Times

"All the News That's Fit to Print" SATURDAY, MARCH 22, 2014 Reprinted With Permission

Business Day

PERSONAL BUSINESS

WEALTH MATTERS

Looking for Ways to Keep Money From Dividing a Family

MARVIN BLUM, a lawyer from Fort Worth, flew to New York last week to visit his daughter, son-in-law and young granddaughter. Staying close to his family is crucial to him. The same goes for seeing his son, who lives in Austin.

"I'm at a point in my life where the things I want I can't buy with money," said Mr. Blum, 59. "I want relationships and memorable moments."

As hokey as this might sound, like a sentiment scribbled on a Hallmark card, Mr. Blum takes it seriously. He has worked with his son, 31, and daughter, 28, on the family's threefold mission: "We value relationships. We value productive work. We value meaning in our life, from spirituality or whatever else can offer you something in terms of meaning."

In New York, Mr. Blum, who runs a large trusts and estates law practice in four cities in Texas, attended a symposium called "Successful Multigenerational Families," hosted by Tiger 21, an investment club for people with more than $10 million to

HIROKO MASUIKE/THE NEW YORK TIMES

Marvin Blum, pictured on left, discusses issues with business leaders after a symposium called "Successful Multigenerational Families" in New York.

invest. The room was packed with dozens of very wealthy men and women, all focused on how to deal with wealth from tens of millions to hundreds of millions of dollars so it would not divide their families.

One Tiger 21 member in the closed-door session asked how to explain to his children that the family flies on a private plane for vacations while their friends fly commercial. This may seem like a high-class problem, but substitute "new Toyota" for private plane and "old Toyota" for commercial and the thrust of the question is the same: Why can we afford something my friends cannot?

(For the curious, James Grubman, a psychologist and founder of FamilyWealth Consulting, said that the question provided an opportunity to discuss how the family makes money, chooses to spend it and rationalizes why it is important, for security or convenience.)

Keeping families together is the goal of every parent, rich or not. And while most people do not have the wealth of Tiger 21 members, they face similarly complicated issues when it comes to planning and talking to their children.

RELYING ON PLANNING Putting together a will is important for someone of modest means, just as creating a detailed estate plan is essential for a wealthier family. The focus is often on the planning and by extension, the tax savings and investment choices.

James H. Lowell, 2nd, a principal at Lowell Blake & Associates, which works with 100 families with up to $25 million to $30 million in wealth, said that too many families fixate on taxes and planning, to the detriment of future generations. Mr. Lowell, who was not at the Tiger 21 event, has been an adviser to the Bancroft family, which once owned Dow Jones & Company.

"People make it more complicated," he said. "I've seen 120-page trusts that are unintelligible to me and can be challenged by anyone. There is not enough emphasis on, 'you've got to make it on your own.'"

Mr. Blum said he had seen clients wait too long to give their children anything. "I think it's important to build into a plan a way to prefund your children's inheritance so they don't have to wait until you die to inherit," he said. "I think it's wrong for a child to wait until their 60s to inherit. By that point they don't need it."

As for what is left over when the mother and father die, it should always be split 50-50, he said, even if one child is a schoolteacher and the other a hedge fund manager.

"If you were going to do something other than equal, you want to have a clear understanding up front and you want to get buy-in from your children," he said. "If you don't, you're going to tear a family apart. No matter how much a family has, if it's not equal there is resentment."

THE RISK OF PATERNALISM Dennis T. Jaffe, a consultant to large, wealthy families, said that patriarchs and matriarchs who try to control their children, perhaps by telling them what to do with their careers or bailing them out of trouble, cause family discord by not allowing the younger generation to have a say in their lives.

He said the challenge for the older generation was to allow their children and grandchildren to have a voice at family meetings, if not a vote.

Moreover, he said that the savviest families start including children as young as 15 in family meetings so they can understand how decisions are made while they're still living at home.

"If you start at 18, that's when they're gone and on their journey," he said.

DISABLING ENTITLEMENT Rich or not, no parent wants a child to grow up spoiled. Mr. Grubman said he stressed two antidotes to entitlement for every family. First, parents need to show appreciation and gratitude for what they have in life, so their children appreciate it, too. Second, parents need to show their children how they make a decision, be it to buy a second home or to fly on a private plane. They need to show their children the process.

Mr. Grubman said he was a car buff and often talked to his children about the value of buying a sports car. "Do I buy a new one?" he said. "Or do I buy a two-year-old car for half the list price? They can see you saw the value in your decision."

THE CHALLENGE OF EXAMPLES Gregory T. Rogers, whose father founded the investment consultancy RogersCasey, was chief operating officer of John A. Levin & Company, an asset manager, before founding Raylor Investments, which manages $15 billion, and RayLign Advisory, which offers consulting services for large families.

While he has been financially successful, Mr. Rogers grew up in the middle class. He and his wife have focused on the examples they set for their children. "They watch you and they see every move you make," he said. "That opens up conversations. Why have you decided to take a car into the city? Why are we taking this vacation? You have to justify the decisions you're making."

Mr. Grubman said that one of his tests to see what kind of example people are setting is to ask them if they have taught their children how to tip. "They all say, 'Yes, of course,' " he said. "I then say 'Show me how you tip someone.' There is a big difference between 'Here's your tip' and 'Thank you very much.' Kids know the difference."

REPAIRING BAD EXAMPLES Mr. Blum said he had always put an emphasis on keeping his family close from an early age and working hard to incorporate his in-laws into the family. "You have to be intentional about it," he said.

But most people who are going to become wealthy do not begin acquiring much money until their 50s, after what may have been decades of devoting themselves almost entirely to their work. Often their children have borne the brunt of this.

Coventry Edwards-Pitt, chief wealth advisory officer at Ballentine Partners, said many of the problems that could tear a family apart began manifesting themselves in children in their 20s. "This is when they leave the home, start their careers and make it on their own," said Ms. Edwards-Pitt, who was not at the Tiger 21 symposium. "The kids who are derailed, this is when they start to fail."

The longer parents go without addressing this, the more they have to be content with redirecting them into something productive or keep them from blowing through their inheritance, Ms. Edwards-Pitt said.

Mr. Grubman said that one father he worked with decided he was going to change how he talked to his children about the family's values and responsibilities. The father's goal was to change his children's view of the meaning of the money their father made and broaden their identity beyond their inheritance.

"The first reaction was skepticism," he said. "But he kept it up and they saw that it was genuine. He shared his values. He talked about turning the ship around. They were grateful for it afterwards."

THE RULES OF COMMUNICATION For the wealthiest families, the goal is to keep the family together as an economic entity for generations.

Robert Wiener, whose company owns 92 buildings in seven states, said he had always wanted the real estate company started by his grandfather and father to stay in his family. His three sons went into the business; his two daughters did not.

"I had this fear that wealth could dissolve the family and the business would disintegrate," Mr. Wiener, 68, said. So he hired coaches and consultants, had family meetings and set up a family foundation — all with the goal of keeping his family together after he died. "It's not perfect; it's an evolving process."

"I worry about everything," he said. That is something any family can identify with.