

How Do Heirs Inherit Values Along with the Valuables?



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A will and estate plan specifies the distribution of assets; more complex succession planning may include trusts and other structures to be passed to subsequent generations. But what about memories, ideas about mistakes to be avoided after decades of trial and error, personal values, as well as general wisdom earned over a lifetime? The writer of the ethical will has an opportunity to express what often goes unsaid—this also provides families the chance to know their loved ones in a unique way, and, it may offer meaning and a lasting legacy.

An ethical will may serve to unite a family during trying times, or, bring clarity when there are differences of opinion. It can encourage reflection about how we are living our lives, as well as provide support and guidance while connecting multiple generations. This tradition can be traced to 13th century religious practices where fathers passed on "ethical teachings" offering guidance and passing on values to their sons. This document can be a vital component of any 21st century estate plan because it provides a means to bridge legal and financial documents with an expression that is highly personal and unique and may reflect concerns and hopes for the next generation. Today's ethical wills may be comprised of audio, video, photographs and other components easily shareable through technology and their authors are not just male heads of household—they include mothers, family matriarchs and female heirs.

The ethical will's purpose isn't to act as a legal document, offer information about a family's asset distribution, who owns what, or who gets what. Those details typically are found in a Last Will & Testament. The ethical will's aim is to bequeath the intangibles -- lessons learned by the grantor over a lifetime, the grantor's goals for the ethical or moral uses of assets, personal history, and wishes for the family's future, as well as any specific personal requests for heirs. While you can't take it with you, it is possible to let the next generations know what is meaningful. Those who are able to tap into the experiences and results over time of their collective history as intellectual capital may have a decided advantage over those who do not have access to these stories. And the fruits of success are all the sweeter when shared— especially when the lessons from others' mistakes can offer insight (and perhaps save time, money or even heartache).

Heads of families might consider asking the following when adding an ethical will to the succession planning strategy:

1. What are your greatest life lessons? How have they influenced you?
2. How would you recommend your heirs avoid the mistakes you may have made?
3. What values or beliefs are of special significance to you? Why?
4. What challenges confront your family today? If you have any helpful insights or suggested ways to handle these challenges, discuss them here.
5. Do you have any experiences you would recommend to your heirs as "musts" for their lives?
6. What are the accomplishments you are most proud of within your family and why?
7. Do you have any regrets?

You may also include your hopes for specific future initiatives.

1. Do your heirs know how you define success? Describe it—as well as what qualities you think are essential to achieve it.
2. Do you have business relationships the family may not know about that you want to see continued? Who should take the reins of responsibility?
3. Describe your hopes for family unity; how often should the family meet? Talk? Get together to settle business and personal matters?
4. What do you wish your family name to be known for and what type of ethical conduct do you wish your family to abide by in the future?
5. Are there specific charities you would like supported? Why?

These queries can create the foundation to reflect upon life's priorities and accomplishments. The Rockefellers' tradition of charitable giving is ingrained in their family legacy and is known throughout the world. But being a titan of industry is not a prerequisite to conserving a shared history, passing down a family legacy to younger generations or fostering a culture of integrity and education. When heirs know their shared history, they may feel inclined toward a sense of duty, stewardship and tradition in preserving vital components of the family legacy.

Today, many of us look toward the future, the next innovation, the next technological advance and focus on what is next to be accomplished in our own lives. It is less common to review the past, but, this is often where vital information is sourced. What constitutes a sense of history for the family's younger members? Who knows what brought meaning to the lives of their grandparents and great-grandparents? Do they know

how the family business began and what created success? Early on, were collective, fundamental values at work to forge the successes of today? What were they? Many families cannot answer these questions.

Storytelling can serve not only to preserve history, but to reinforce the core values and beliefs of past generations. It opens communication, piques curiosity and supports inter-generational communication -- as well as a dialogue between heirs. The collective family history serves as a common bond; a shared past may serve as a strong basis when planning for an uncertain future. This kind of communication not only creates a bond between family members, but brings to light an often undervalued asset -- human capital. Every family member has the potential to make a lasting contribution to the family legacy. Grandma may have grown a successful dental practice at a time when very few women pursued an education, thus breaking ground. Her children, and their children, could have a high emotional stake in the affluence they inherit -- wealth and success will not be taken for granted if the significance of the road to earning them is communicated clearly.

It is important to note that the content contained in an ethical will is not enforceable. As we indicated earlier, no matter how clear and well-written it is, no ethical will is a legal document, nor is it intended to act as one. Assets and property are typically allocated to heirs through formal legal structures such as: trusts and non-profits, or, a will specifying to whom property will be given, how, and when. So, while it may be a grantor's hope that his or her heirs will designate a portion of their inheritance to a specific institution and support a cause with both their hearts and wallets, the only way to guarantee this support is through a legal structure set up for that purpose.

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