



Dealing Effectively with Your Family's Wealth

An Interview with Charles W. Collier

As Harvard's Senior Philanthropic Adviser, Charles W. Collier has had many opportunities to observe the social and psychological dimensions of financial wealth as it relates to the development and functioning of families. His book, *Wealth in Families*, recently revised and republished, discusses a number of his observations. In this interview, we asked him to expand on some of the ideas in his book.

Why did you decide to write *Wealth in Families*?

Over the last few years, my presentations to alumni around the country have focused on the deeper questions surrounding financial wealth, family relationships and money, and the positive impact philanthropy can have on children and grandchildren. As a result, a number of alumni suggested I write a book. Harvard agreed that it was a good idea and would provide an important service to the University community and beyond.

How would you define "wealth"?

One of the main points of the book is that family wealth has four dimensions: human, intellectual, social, and financial. I hope that readers will realize the importance of the three dimensions beyond financial wealth and begin to think seriously about nurturing and developing the human, intellectual, and social capital of each family member.

What are some of the challenges for wealthy families?

First, there is the issue of transparency. Most parents are not accustomed to talking with their children about money, its meaning, or its uses for them and



Charles W. Collier, Senior Philanthropic Adviser, Harvard University

succeeding generations. The second challenge is that, as families expand and new in-laws marry the next generation, there is often great diversity within the family culture. Thus, it may be hard for families to agree on where they want to go, much less even to meet once or twice a year. I am convinced that all families ought to consider using regular family meetings as a way of guiding the development of each family member. (See the new chapter on this topic in the second edition of the book.)

Can financial wealth be detrimental to children?

Raising children in the context of substantial financial resources can create additional challenges in helping to develop competent, responsible citizens. Significant financial wealth (and the messages and modeling around that wealth) has the potential to curb motivation and isolate children from the real world. I believe that families with high net worth need to think seriously about sending positive messages concerning money to their children, modeling

responsible uses of wealth, and undertaking a program of financial education tailored to each family member.

What are the benefits of family philanthropy?

Family philanthropy has the potential to provide a safe environment in which children and grandchildren can learn the skills and competencies necessary to lead fulfilling lives and steward inherited wealth responsibly. Moreover, family philanthropy sends a message to children and grandchildren about the importance of the values of personal and financial generosity—that "we as a family believe there is something important to do beyond ourselves."

In your book, you avoid any discussion of specific estate planning or philanthropic techniques, in which you also specialize. Why is that?

This book focuses on broader questions: What do you hope your financial wealth will promote in your family? What is your family's vision for the future? What do you hope to accomplish with your financial wealth and why? I have not focused on the financial vehicles. There are many capable advisers and much good written material (including the University's own *Harvard Manual on Tax Aspects of Charitable Giving*) on the "how to." What is often lacking, I believe, is serious thinking and wise counseling on the more important issues concerning families and financial wealth. What kind of family do you want to be? What are you teaching your children about money? What do you really want to do with your financial wealth? These are the deeper questions that I address in *Wealth in Families*. *continued*

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You talk about the importance of family meetings in your book. Why are they beneficial to families?

Formal family meetings build stronger families. Meetings can be useful in articulating your family's values and traditions, preserving family history, exploring financial and estate planning initiatives, or undertaking family educational and philanthropic projects. Family meetings serve to strengthen the "relationship currency" of your family.

What constitutes a typical agenda for a family meeting?

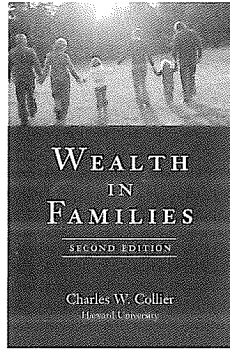
The agenda will, of course, depend on the age of your children, among other variables. Families with young children will often conduct brief meetings once a week that include the following topics: compliments, allowances, chores, new business, and concluding with a fun activity.

Family meetings involving adults are often held once a year and can last for a few hours or a full weekend retreat. One family agenda may include: (1) family vision and goals for the future; (2) new estate planning information; (3) financial education; (4) family philanthropy; (5) preserving family history; and (6) vacation planning.

Is this book relevant to families of modest means? If so, how?

Absolutely. This book explores family wealth in all its dimensions, not just financial. Financial wealth is not the key variable in achieving true personal and family happiness. However, it can serve as a useful tool to enhance the growth and development of each family member over time. Indeed, my principal goal with *Wealth in Families* is to help readers articulate and interpret, for themselves, the big questions surrounding how to live their lives. ■

Wealth in Families 2nd Edition Now Available



“Charlie tackles a key question: How do I leave my children enough money to support them on their chosen life path without thwarting their ambition to succeed on their own?”

**James R. Houghton AB '58, MBA '62,
Chairman of Corning Inc. and Senior Fellow
of the Harvard Corporation**

Wealth in Families takes a fresh look at family issues and philanthropic opportunities that affect almost everyone. “The real wealth of your family is not financial,” says author Charles W. Collier. Building on this basic premise, he emphasizes that there are in fact four dimensions of family wealth (human, intellectual, social, and financial), and he describes what families need to know and do to enhance the individual life journeys of each family member. The second edition of *Wealth in Families*, a classic on wealth management and philanthropy, has two new chapters—“Family Anchors” and “Family Meetings”—as well as other updates. This short, highly readable volume, published by Harvard University, includes interviews with alumni and experts on family wealth. Collier helps readers think broadly while offering both a practical guide and a philosophical look at the meaning and purpose of family wealth.

To obtain copies of *Wealth in Families*, please contact Harvard at (617) 495-1636 or visit Amazon.com.

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