# Family & Money with Family Legacy Guide Steve Legler

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**Keith:** Welcome to The Empowered Investor. My name is Keith Matthews and I'm joined by my co-host Ruben Antoine. Ruben, how are you today?

**Ruben:** I'm very good. What about you, Keith?

**Keith:** Fantastic. And very excited about today's show. We have Steve Legler as a guest. Ruben, tell us about Steve.

**Ruben:** Yes, definitely. Steve Legler is a family coach and advisor. So when you think about an advisor, you will think of someone that you hire to work with your financial assets, your portfolio, or to advise on the business or in tax savings. Steve doesn't do that, although he has some technical background to navigate around these matters. His focus is mostly on the family side of things. Steve will help families with some level of wealth work around solving conflict, working on the human side of things, the relationships, and all this to ensure that the wealth transition goes smoothly and the legacy continues.

**Keith:** You're absolutely right. Steve works on the soft side. He works on family relationships and historically he's worked with families that have owned businesses, large successful businesses, and are looking to transition to the next generation. And what he's picked up in that area is this ability to understand how families think, how families work, the dynamics around that. And so what we asked him to do today was to really focus on a couple of key sections that we thought our listeners would really like. And so two key components, Ruben, that we got him to talk about and I loved were how to talk to your kids about money and when to start talking about money. That was a great area. And then the other part was when to start talking about transitioning your wealth regardless of whether you are a business owner or a professional and executive hardworking Canadian that saved money. When do you start talking about transition? So I thought those two areas were really very human, very warm, and very apropos for our listeners.

**Ruben:** And that's what I found very interesting as well. With this conversation, anyone could relate because any parent, no matter the level of wealth, will be asking themselves how to give the right values generally speaking around life, but also around money, to their kids. How do they ensure that they raise kids who will become responsible and hardworking individuals and will be able to create their own future and wealth? So the conversation is applicable to any families and all families.

**Keith:** You're so right, Ruben. Steve is also an expert and an author of two books. The first book that he wrote was called *Shift Your Family Business*, and the second book that he's written is *Interdependent Wealth*. So clearly he's passionate about this field and we're thrilled to have him as a guest.

**Ruben:** Exactly. I read both books and they are really good. If anyone is interested, they can easily be found on Amazon. And about Steve himself, if the listeners are looking to know more about him, he can easily be found by Googling his name, Steve Legler. He also has a blog at stevelegler.com. And of course, he can be found on LinkedIn and also on Twitter.

**Keith:** Excellent, Ruben. I'm looking forward to our discussion. Folks, please enjoy today's show on family and wealth.

**Ruben:** Enjoy.

**Keith:** Welcome to The Empowered Investor, Steve.

**Steve:** Thanks for having me, Keith, and nice to see you again, Ruben as well.

**Ruben:** Nice to have you.

**Keith:** It's amazing, Steve. You and I know each other going back 30 years when we did our MBA school together at Western. Who would have thought way back then that in 2021 we'd be doing a podcast together?

**Steve:** We didn't know what a podcast was because it didn't exist, but I recall having a lot of laughs at your apartment that you shared with a friend of ours who was in the same study group as me. And so that's why we spent a lot of time together even though we weren't in the same class. And that's when I got to know you even though I knew you before, I think from like John Abbott, maybe when you were working in a corner store and selling beer to people like me who weren't maybe quite old enough to buy it, but that's more than 35 years ago. So we'll let bygones be bygones.

**Keith:** That's quite a memory. That convenience store was called Apollo.

**Steve:** Yeah. Apollo shopping right next to the Royal Bank.

**Keith:** Yep. Yeah. Great memory. So listen, Steve, we have a wonderful show today. Why don't we start by asking and you sharing with our audience exactly what you do?

**Steve:** Okay, no problem. My answer to that is not as simple as what most people would answer because I work in a niche of a niche. So I work with business families, family businesses, and wealthy families. And I've varied my title over the years from family business consultant to family legacy coach. And now I call myself a family legacy guide because I like to work with families and the members of the families. Sometimes it's only with one and sometimes it's with the whole family, but in the transition of their wealth and/or their business from one generation to the next. So what's involved in that is a lot of facilitation, a lot of coaching, a lot of helping them organize meetings, and figuring out their what we call family governance, which is a really scary term for a lot of families, but we'll get into why it's not really that scary a bit later.

**Ruben:** Steve, why do you do that? Can you tell us a bit about your personal journey that brought you to become a family advisor or a family guide?

**Steve:** Yes, look, if you would have asked me 10 years ago if I would be doing this, I wouldn't have known that it existed. I grew up in a family business and my father had started a company before I was born. I have two older sisters, and so because I was a boy and it was in the 1960s and the business was in the steel fabrication industry, I was deemed to be the proper successor. And from my earliest days, that was the message that I received, that my duty was to succeed my father in the business he had started. And so everything I did during my years growing up was preparing me for that. And I did start working for the family business. It was called TriSteel in Montreal here. And I got my BCom at McGill because of course, when you're going to go into business, you have to study business. I went straight into the business, which is not something I recommend now as a consultant to family businesses. You're not supposed to hire your kids right out of school; make them go get a job somewhere else. But that was deemed to be not the best thing for us. My dad knew that people said that but said we're not going to do that. So I went to work straight in the business and then went to do my MBA after three years where I met Keith and spent some time with him. I came back to eventually get ready to take over this business when I was 26. And on my first day back, my dad called me into his office and said, you've been gone a couple of years, things have been going south. We're going to have to do something. We're going to have to merge, close, sell, whatever. Long story short, six months later, we'd gone from 250 employees to four.

**Ruben:** Wow.

**Steve:** Two of us were named Steve Legler, and I had a junior after my name. My dad had a farm he had bought for fun. He went to spend his time there, and I was left, this was 1991 now, managing a very small family office. But it was 1991; nobody knew what a family office was then. Most people still don't know what it is now, but I was managing the assets of our family.

**Keith:** So tell me a little bit, what does that mean? Family office, Steve, what's your definition of that? And what did that entail exactly?

**Steve:** It essentially means I'm now in charge of a bunch of assets that the family owns. And so I'm stewarding and managing the assets. So we had some money from the sale of our operations. We had some real estate that we were to rent out and try to sell. We had some patented products that we were licensing to other people to produce products. So I was managing those different things. These are the assets owned by the family, and I managed them out of that office. What family office means to other businesses is if a big company sells for $50 million and now the family no longer has an operating business, they will typically realize that what they have is still something that is worth managing in an organized way as a new kind of company that manages mostly investments but also will manage things for the family members. Maybe take care of paying their income taxes, take care of managing their household staff, take care of all different things. And every family office is different. And it's a catchy term that everyone is starting to say, "Oh yeah, that's cool. We're going to be a family office." And most of the people who like to attach that moniker to their name are in financial asset management and they think it'll help them attract families that have a lot of wealth. And where I come in is, yes, you manage the financial wealth as the financial asset managers, but the family has a lot of other wealth, some human capital, intellectual capital, and all the family relationships, and how to steward that transition of that wealth from one generation to the next. And that's where my specialty lies.

**Ruben:** So that's the niche inside a niche that you mentioned before.

**Steve:** Exactly. And I actually heard somebody mention it a couple of weeks ago on a webinar, and somebody who actually runs a large multifamily office out of Toronto said, "I love the analogy. There are a lot of bricks; the money, the wealth, is all the bricks, but you need the mortar to hold all the bricks together to make a strong wall." And so I'm a specialist in figuring out the mortar and helping the family be the ones who are actually building the wall together.

**Ruben:** Very good analogy. So now you work as a guide, an advisor, a mediator, a facilitator for families with wealth, families who own businesses. So can you tell us a bit more about how you help families with wealth transition and regarding the non-financial side of all they need to care about?

**Steve:** I'll give you a couple of examples from different extremes. I worked with a family from near Quebec City for about four years, where the parents hired me essentially to coach their four offspring. I won't call them children because I use the word offspring; if you call people children when they're in their twenties, then you keep calling them children when they're in their fifties, it doesn't really fit. So they had four offspring, two boys and two girls, and they wanted me to work with those four people. It was very loose in terms of what they wanted me to do, but I instinctively figured out what they were trying to do was make sure these four siblings knew how to work together because eventually, some years down the road, these four siblings would be inheriting a whole chunk of wealth that was mostly a company plus some other stuff. They wanted to make sure these kids would learn how on their own. I said kids, I caught myself. Those offspring would be able to work together and make decisions together and not end up having the wealth that the family owned cause problems in the family. So we started just having meetings and organizing events where I helped the four siblings figure out what they wanted to do as a family. We started working on defining their values. They started having family retreats with their spouses and their kids, to which they invited their parents. Eventually, we started a more formal Family Council where the four of them and their parents would get together and have quarterly meetings to plan things coming up in the transition. The parents were very happy to see that here were their four offspring all working together as a team and learning to get along together, share responsibility, and have some democratic decision-making, which is the hardest thing because normally a family will have, let's say, one patriarch who makes all the decisions, and then it goes to another generation where there's a sibling group. So now you're going from autocratic to democratic, and that is not always an obvious transition and it needs to be worked on.

**Ruben:** Hey Steve, this made me think of a TV show that you may have heard of. A very good TV show called Succession. Do you know about that TV show?

**Steve:** When that show came out, I knew what it was about from hearing it, and I thought I don't want to watch this because it's going to be a really bad portrayal and it's going to give people the wrong idea. Just like my sister who is a doctor said she could not watch *ER* because it was like there's so many things that you see there, you go that's not realistic. But then I started watching it and it is fantastic and it is entertaining and I can't wait for season three. But when I tell people they should watch it, I always add the disclaimer. Please don't watch this as this is how you should do it. In fact, it is the exact opposite of that.

**Ruben:** Just for your benefit, Keith, it's a TV show about a family where the patriarch who is the founder of a company. It's a big conglomerate media company, and the patriarch became ill with health issues. And now you can see the whole sibling rivalry and who is going to take on the management of the company. And then the patriarch is still in the picture. So there is some love, but there's a lot of fighting between the offspring.

**Steve:** And the father is committing every mistake that you could make in terms of promising the same thing to all the different children in different ways so that they all think that they're the favorite and that he wants them to take over. So if ever he gets hit by the proverbial beer truck, they're all going to say dad wanted me to take over, and you can guess what might happen after that.

**Keith:** Sounds like you've got a great reference point, Steve, to talk to your clients and say here's a show that you might want to be able to watch. And there are some do's and don'ts in there.

**Steve:** You know what? And that leads me to, so I teed up that I was going to give two examples on different extremes. So that was working with a rising generation family group to help them and groom them and prepare them to eventually take over this family company. On the other extreme, I'm in the middle of a mediation with four siblings from a province west of here, and they are winding down a business that their father started and there's all kinds of hairy things involved and all kinds of infighting and finger-pointing, and he should have done this and he didn't tell us that. And I'm trying to mediate them because I know that if I can't help them get to something that they can settle on, at least one of them is going to call in a lawyer and that's going to light a fuse that's going to explode everything, make everything take much longer to settle, the lawyers are going to make money, and whatever family relationships still remain are just going to get worse. So they believe I'm the one who can help resolve this for them and we're getting to a deadline, and it's way different than working with a rising generation group.

**Keith:** Yeah, absolutely. And you've got a very unique skill set, Steve, to be able to have these pretty tough conversations sometimes with individuals. Can you walk us through a little bit of your training and your background? But I want to start because you're mostly working on the soft side of families and the soft side of the businesses and the teamwork and the cohesion, but that's not how you first started. Because you first started with a bit of a technical background, undergrad in commerce and MBA. And then what did you do after that?

**Steve:** Okay. So after that, while I was managing what was a family office, I actually did my CFA, Chartered Financial Analyst. People thought I was crazy doing that just to manage really what was my own family money. I had married into a different business family, a woman I met at business school when you were there. And their family also had a liquidity event, as did mine. And I guess I thought maybe I would get to manage some of that wealth, but they had their liquidity event 20 years ago and I haven't been asked to manage any of that yet. So I guess that didn't work out. But part of why I did my CFA was because I say I did it for defensive purposes. When you're managing wealth, everyone is looking for you. They want to pitch themselves as, "Hey, you should give me your money. I'll manage it for you." And I knew that people might be coming to me and showing me their business card with CFA on it and say, "Here, look, I'm a smart guy, I'm a CFA, you should trust me with your money." And I wanted to be able to say, "Here's my business card. I'm also a CFA, so I don't have to listen to your BS."

**Ruben:** Careful, Steve, careful.

**Steve:** I know, I know. And so I managed wealth for a while. And then I stumbled into a program called Family Enterprise Advisor. It was 2012. I was on LinkedIn and I saw an ad, and it said become a Family Enterprise Advisor. So I clicked on it and I said, I wonder what the heck this is. And a couple of months later, there I was in Toronto in this group of people, most of whom were professionals who worked with business families in one way or another. So there were a lot of people from the banks. There were people from accounting firms. There were people who manage money. There were people who sell life insurance. And these people all have a lot of family business clients. And they were there to learn what makes family businesses tick. And I was there, and I realized, you know what, I have nothing in common with any of these people in this room, but I come from a business family. So I was actually giving a lot of examples about what happens in families. And after, I was thinking we were in the third module of this. So this was a program that lasts like almost a year and there's seven modules of two or three days. Somewhere in the third module, I said, okay. Wait a sec, I have nothing in common with these people, but those people at the front of the room who are talking about things they do with families, the work they do with families, helping prepare the rising generation, helping work on the intergenerational transitions, helping with the continuity plans, helping them plan retreats and figuring out their values and their vision. I was like, wait a sec, that's a thing? People do that? Oh my God, I didn't know that was like a craft or a profession or a job. And that's when the light came on and I said, oh my God, I think I finally figured out what I want to be when I grow up. Now, I was 48 at the time, but better late than never. Keith, you asked me what kind of training I did. I have met other people who have worked in family businesses and then decided one day, I'm going to become a family business consultant. And my first question is usually, okay, so what did you do to make that transition? Because I took this FEA program, and on the first day, somebody told me, you know what, if you really want to do this, you've got to learn coaching skills. So I started doing coaching training and coaching certification. I did facilitation. I did alternative dispute resolution. I started training myself in all these other things. And then I even did some Bowen Family Systems Theory studies, where I learned about family systems theory, because what you see in one family, you'll see in other families as well. And there are things that are going on that most people don't see when you look at the family as a system, especially as it relates from one generation to the next and sibling rivalries and things like that. So I really tried to round out my skill set. And at the same time, I realized that if I hadn't been born into a business family and somebody would have met me in my teens and given me some aptitude test, I never would have studied business. I would have gone into something else more like what I'm doing now. And in fact, my maternal grandmother lived with us when I was a kid up till I was about 15. She used to say to me, you should become a priest. I would laugh at her and say, yeah, sure. And then here I was a few years ago, and I'm at Georgetown University in Washington at the Bowen Center, where the Bowen Family Systems Theory was founded by Dr. Murray Bowen. And I'm there studying Bowen Family Systems Theory, and half the people in the room with me were clergy. They were rabbis and ministers. And I was like, oh my God, my grandmother had me better pegged for what I was naturally good at than my father. But my father needed me to take over his business. My grandmother was just trying to look out for what I would be good at.

**Keith:** Yeah. And I assume that listening to you, Steve, there's so much psychology behind what you do, which strikes me that would be a huge underpinning in terms of trying to help people and help families.

**Steve:** Some of the people you would put in a group of my competitors, they are Dr. So-and-so, PhD, and they're psychologists and they're different than me, but also they do a lot of the same things. And I know that if at the time when my dad was running his business and he started to think about, oh, I need to hire someone to help out with our family stuff, if he would have said, here, you should talk to this guy, Dr. So-and-so, PhD, my dad would have said, hey, we're not crazy. I don't need a shrink. We're not crazy. So in some ways, the people who are psychologists are maybe a step above me, but in other ways, they might be perceived as there's a lot of psychologists who don't understand enough about business. And I remember going to a conference a few years ago and somebody said, geez, I wish all the psychologists would be financially literate. And then I realized, okay, so imagine you're going to work with this very rich family, but you're a psychologist and you have no business understanding at all. And you don't know the difference between a million dollars and a billion dollars. How long are you going to last with that family before someone says this person doesn't get us? Because the problems that a family worth a million dollars has versus the ones that a family worth a billion dollars has are very different.

**Ruben:** Absolutely. And that's what makes your background so interesting because you got the technical background. You grew up in a family, owned a business, and experienced a liquidity event, but at the same time, you're interested in knowing more about the human aspect of it with all the training you are getting. So the combination between the technical and all the human, I think you are well-equipped to help families going through the same situations.

**Keith:** You're so right, Ruben. You're so right. So Steve, let's transition into the money side. A lot of the discussion has been around helping families who own businesses transition their businesses. For the next part of this discussion, we'd like to focus on money and family just in general. We have a lot of listeners who may not be business owners but maybe hardworking, maybe professionals, maybe executives, maybe students, different family environments. What lessons have you learned from your scenarios that you can relate when it comes to helping individuals teach the next generation down about money? So let's even start with what can parents do to teach their teenage kids or even their younger kids about money?

**Steve:** The first thing I always tell people when they ask me this question is you want to have many short conversations about money rather than having one very long one. Many families will not talk about money until all of a sudden they have to, and they want to share with their family that they're actually much wealthier than the kids realize. Usually, it's not that much of a surprise to the kids because they know how to Google things, and they can see all the fancy cars in the driveway and know that they're flying places on private jets and their friends are sitting in coach. So they know anyway. But just getting back to normalizing talking about money at every opportunity, especially when the kids are young. So if you're going to McDonald's and you're buying the Happy Meal, and you can sit there after. When you're sitting in McDonald's, which you'll be able to do again soon, you can look at the prices of individual items and look at the price of the Happy Meal and try and figure out how do they make money on this? And are they trying to sucker us into buying this? Or does that free gift that you get really get you something? You see a billboard when you're driving. One thing that I always say is watch Dragon's Den or Shark Tank together. And then I would sit there with the remote, and someone would say, we're looking for $100,000 for 10% of our business. And I'd hit pause when my kids were like nine years old and say, so what's the valuation of the business? And they would say, they think their business is worth a million dollars. Wow. Must be a pretty good business. Let's press play and see if we really think their business is worth a million. Just find ways to talk about money that aren't about how much money I have or how much money I want to give you for your allowance. Just talking about money in general to make it an acceptable conversation. And the analogy I sometimes use is the talk about sex, the birds and the bees between the parents and the kids. For families where the kids grow up on a farm, it's a much quicker discussion because they've seen the bulls and the cows together. And so it's a lot easier to just say with people, it's pretty much the same because they've seen it before. So don't shy away from talking about money. And it's easier to talk about money when it's not talking about my money and your money, but just how money is made and how people spend money.

**Ruben:** Very interesting.

**Keith:** Yeah, that's great.

**Ruben:** Many parents from families with money are worried about raising kids that are humble or that stay motivated. Do you have any thoughts on how to keep kids or the next generation, especially in wealthy families, motivated, hungry, and hardworking? Because if they are born in this situation, sometimes that can be a challenge.

**Steve:** Yeah, and often the parents will do some things for reasons, let's say a parent is absent a lot because they are working so hard and that's what's allowing them to make money. And then they feel like to make up for that, they give their kids or buy their kids a lot of things, and they're sending a wrong message. So the first thing I'd say is the most important thing to remember is kids learn by what they see and what they see their parents doing. So if you want to try and instill in your kids that they should save money and they should treat money with respect, but then you go and blow a lot of money in stupid ways, they're seeing the behavior much louder than they're hearing what you're saying. So you need to try to be consistent with that. If you're sending mixed messages about how you treat money and how you're telling them they should treat money, it's probably not going to work out so well. So there's the modeling aspect of how you behave, but there's also encouraging them to go and make their own money. I had a paper route when I was 13, and I'm not sure why, but my dad told me I should get a paper route, and I did. And I know paper routes are probably not a thing anymore because nobody reads the paper, or they're delivered by people in cars as opposed to a teenage kid with the bag over his shoulder like in my day. But encouraging the kids to go and have their own money that they make, which you don't put any strings on. "Hey, you make this money. You can do what you want with it," as opposed to the allowance where you might say, here's an allowance, but I really want you to save half of it. Different people have different ways that they try to train their kids. Try to do it in a way that's open and shows respect, that you are letting the kids have some freedom but also giving them some direction. I don't know if these apps and things are available yet in Canada, but I've seen commercials for some different kinds of spending cards that are in the U.S. where you put the allowance on a card, and then you get a report of what they're spending it on and things like that. There's some really interesting technology that's coming along that I think is going to help families to manage and train kids and keep their finger on this whole topic we're talking about.

**Keith:** Wow. Fascinating response. And I think that's something we hear all the time when we speak to our clients. All of our clients are hardworking and they've done well, but they are very hardworking and they worry about their kids and the next generation. How do they instill that respect for money? And it is tough. You've got to work hard to move forward, and the price of things like real estate is astronomical right now. So parents worry about how the kids will move forward, save enough money, and build enough wealth so that they can have a prosperous future as well.

**Steve:** Without the parents having to give them everything. I just want to segue into a beautiful way that I heard this expressed by someone at a conference a few years ago. The parents want to leave the kids as much money as they think the kids can handle. In other words, you want to raise your kids so that if you ended up leaving them a really whole big pile of money, you wouldn't worry that it would screw them up. And at the same time, you would like to raise your kids so that even if you blew all your money, your kids would still be fine. So they can handle all of it, and they could also handle none of it because they're raised properly, and you know that they can make their own money. And if they inherited yours, they would be good stewards of that money. It's a tricky balance to find, but it's doable, and families do it, but it's more about parenting than about business or anything else.

**Keith:** You're right. That is a very tricky balance, but I can see why a lot of people would like to see that as a concept.

**Steve:** The other way that some people put that is, you make a lot of money, and then you don't want your kids to screw up the job you did with the money, but then you don't want the money to screw up your kids. Either one can screw up the other one. So it's a balance, and it's parenting, and it's modeling, and it's open communication around it, and it's respecting each other and not necessarily controlling your kids with money. That is something that some parents do at their peril. "Oh, if you do this, I'll give you this. If you do that," having too many strings attached to things like that can backfire more quickly than many parents realize.

**Ruben:** And sometimes parents do that. They control their kids with money even after they are gone, right? Through their wills and their trust.

**Steve:** Yes. There's a lot of what is called ruling from the grave that still goes on, and it's a tough one. But there's a related version of that as well of families where, let's say, the leading generation has a lot of wealth. And now their offspring are getting into their forties and fifties and sixties, and they've known all their lives that they're eventually going to inherit some money, but they haven't really tasted much of it. They know that as soon as dad passes away or mom passes away, all of a sudden I'm getting a big windfall. But in the meantime, they're waiting for it. There's very little transfer of any wealth in the interim that creates a whole generation of what I like to call waiters. I say they're waiters, but they don't work at a restaurant. They're just waiting to inherit money. And when you see that in a family, I've told my kids, I said, I don't know if this ever happens with me, I'm going to make damn sure that I'm not going to leave you in a situation where I'm getting old and you're actually secretly cheering for me to hurry up and die so you can have some money. Because there are people who do that without realizing it. And sometimes it's because they've had advisors who have told them, you should set things up like this because you shouldn't give your kids any money because it will screw them up. And then the person says, this advisor seems pretty smart, and he's dealt with a lot of people. So if he's saying this, I should just listen to him. That's where we're talking about financial wealth, and there's all the other kinds of wealth. And that's why just listening to the financial experts will often give you suboptimal results for what you want.

**Keith:** Well, Steve, you've just gone into exactly where we want to go into right now, which is we spoke about money discussions with younger kids. Let's move into how and when should parents start discussing wealth transition regardless of whether they're a business owner or, let's say, two professionals, two high-income earning professionals who have accumulated wealth by the time they're 50-55. How should parents start discussing significant wealth with their kids?

**Steve:** Let's start with the when. I think that when the youngest one is in their early teens and they're reasonably mature and ready to hear about it, start to introduce the idea that there are going to be some topics we're going to be talking about for the next few years as we prepare because we know we're not going to live forever, and we have some wealth, and we want to make sure we transition it to you properly. So not to hurry up and say we're going to have a meeting. We're going to share everything and download everything in one day. The best analogy for this is the light switch. Keeping the kids in the dark and then all of a sudden flipping on the floodlights and blinding them is not what you want to do. You have a dimmer switch. So you want to turn it up one little notch and start talking about the fact that, hey, we have a lot of wealth and we're going to start to figure out how we're going to meet occasionally once in a while and talk about how we're going to transition it. Maybe we'll have one meeting a year for the next few years. And we're going to just start to talk about, without talking about the dollar signs, but just what we expect from you, what you can expect from us, and defining how you're planning to do that and to do it over a number of years. There's a book written by a guy named Tom Deans called *Willing Wisdom*. Thomas Deans, he's actually Canadian, and he's a speaker that talks about wealth and wealth transitions. He talks about having an annual meeting every year on your birthday or some certain date and convening all your kids and talking about what's in your will and why you've set it up that way. There's a list of questions that you should ask to know if you need to change things. So if you want a model for that, I recommend that book, knowing full well that most people won't read it and do what he says, but it's still worth reading.

**Ruben:** On that, we're talking about the how and when, but you mentioned wills. Do you have any guidance specifically on when you think it's best based on your own views when a parent should be talking about the actual will and what's in it with their kids?

**Steve:** I would say probably I would suggest doing it much earlier than what most people think. I might be the shoemaker with the bad shoes or whatever that expression is. I don't know that I've talked to my kids enough about this, but as soon as the kids are adults so they can actually inherit things in their own name, I think you want them to have an idea of how you've set things up. But more importantly, too many people make a will and leave it there for decades without readjusting it. I think every five years or so, if you haven't updated your will, you should look at it because I'm willing to bet that there's something that has changed that will make you want to make some changes to your will. Your kids have gotten older, somebody got married, somebody died and you inherited something else, whatever. Things happen in your life that make you need to continually revisit that. I don't think I've ever met anyone who said, oh, I went to update my will and what a waste of time because everything was the same and I didn't need to do it. I don't think that ever happens.

**Ruben:** I'm going to ask you a tricky question about wills again.

**Steve:** No problem.

**Ruben:** Let's say a family has many kids. Should the parents treat the kids the same in the will? And by the same, there's always that debate between equal and equitable. What's your opinion on that? Should they just share everything equally, or if a kid is in a better situation financially because that kid makes good decisions, should they take this into account and give less to that kid, which can feel unfair for that kid? I would like to hear your opinion on that.

**Steve:** Oh, absolutely. That is a very tricky question. My simplest answer is that equal is sometimes an easy way out because it's a lot easier to do that and say, I just wanted to be equal. They equate equal with fair, and that's the fairest way. In situations where all of your offspring are relatively the same, and they're equally well-off, and they've equally been part of your life, then that's fine. In fact, it's the easier way when things are simple. But things aren't always simple, and often a family or the elders will be tempted to do something different than equal, which is often the right thing to do. But the worst thing they can do is to do that and keep it a secret. It's sharing the information with the family members so that it's not a surprise. I saw Tom Deans, who I mentioned a minute ago, speak one time, and he said there's this sound that a lot of lawyers mentioned to him that happens occasionally when there's a will reading. You know that old thing on TV shows and movies where somebody dies and everyone gets called into the lawyer's office, and now the lawyer is going to divulge what's in the will. Dean says the sound is, and this is a good thing it's a podcast because I tried to write this in a blog and you can't do the sound as well in a blog, but the sound is "gasp." That's somebody goes, and it's not always what you think. Sometimes it's, oh my God, I'm going to inherit way more than I ever expected, and I don't know what to do because this is sudden money syndrome. Or it's, I assumed I was getting a whole crap load of money, and I'm realizing I'm only getting dad's car. Either way can elicit that same sound. My point is, surprises are not usually good. I think you should go for the most uneventful will reading that you can have, which means everyone already knows what's in it. They can actually spend the time after you die grieving your death as opposed to wondering what's in the will, what they're going to get, and preparing to fight their siblings over what you're accusing. "Oh, you went and got dad to change the will so you could get more because blah, blah, blah, and he always loved you more," all that crap. I try to encourage people to do whatever they can to avoid those scenarios.

**Keith:** Those are great points, Steve. Let's talk about family meetings. I know that you alluded to having them on the sooner side when the individuals are young adults, but let's get really specific. What should a family meeting maybe look like? I'll give you a scenario. Let's say we have two 60-year-olds and they've got 40-year-old kids. What should that meeting look like? Or pick any age category that you want.

**Steve:** That's as good an age to start at as any other. The first thing I would say is don't expect all the meetings to be the same. In fact, your first meeting should be more about setting the stage for future meetings, not to go in there with a plan to have the parents download everything today to all their kids and have everything as a fait accompli. I would say the first meeting is, hey, we want to start to have a series of meetings, maybe once a year, maybe every two years, maybe more frequently, where we talk about things like our wills and what you're going to inherit and whatever assets we own. So that when eventually we're not going to be around here anymore, you're prepared, and you've had a say, and we've talked about it. Who's going to do what and wants to do what, and who's qualified to do what, and how we're going to manage things going forward. If you can, put someone in charge of organizing the next meeting and don't leave the first meeting until you have the date set for the next meeting. These are just little tricks. The reason I always go to the dentist when I'm supposed to is because before I leave, they make me make an appointment again. Because if they left it to me to say I'm going to call and make an appointment, guess what? I wouldn't go. So it's the same thing with setting up a family meeting. You go and you say, okay, we're going to do this again in six months. Everyone get your calendars out and let's put it on our calendars now. What is the agenda? What can we talk about at this meeting? So whatever it is, it should not be dad who says, here is the whole agenda, and everyone will follow my agenda, and I will do 90% of the talking and you're going to listen. Those are the worst kind of family meetings. I lived through one of those. My dad called a family meeting in 1985, and it was very much that. We went on a retreat. We went up to Mont Tremblant, and it was dad downloading all this. He had been told, you should have family meetings. What they didn't tell him was, you got to have another one a year later or whatever. The next family meeting my dad called was in 2006. So there was more than 20 years in between, and he only called that one because he got diagnosed with cancer. Then he realized, oh, yeah, better start talking about this. I don't recommend waiting 20 years. I would do it at least every two years, preferably every year, and start talking not like you know everything, but like you want to have democratic discussions where everyone can have a voice, not necessarily a vote. The big thing is people hesitate to initiate these because they say, if it's mom and dad, but we have four kids, if we start saying how are we going to do this and they vote, they're going to outvote us. It's no, I'm sorry. You can still maintain certain prerogatives of power by being the wealth owner and in the leading generation.

**Keith:** That's a great idea, Steve. So give us an example. What kind of feedback should generation one look for from generation two in that kind of a meeting?

**Steve:** I always talk about the two things you are looking for when you're trying to initiate discussions around the intergenerational transition, and they are alignment and engagement. You want people to understand or try to figure out together where everyone wants to go. So you're all going in the same direction. You might have an idea of what you think as the parent, and it's fine to set that as the course, but it helps if you're open to alternatives of people saying, what if we did this instead? The other one is the engagement. If they're all busy with their lives and raising kids and they're saying, yeah, mom and dad, do whatever you want. We don't really care, and they're not engaged at certain ages and certain places where those offspring are in their arc of life, they may not be interested in engaging in these discussions. If that's the case, maybe you started too young. Maybe one of them has enough money on their own and doesn't want to deal with their siblings who they see as waiting for mom and dad so they can inherit. Not everybody will always be ready to engage fully, and you have to be prepared for different offspring to react in different ways. That actually brings me to another rule that I have is all these meetings, everyone is invited, and nobody is obliged to come. If there is one black sheep of the family who says, I'm not coming to that meeting, it's, I wish you would come, please come, but we're going to have the meeting anyway. Next year when you have the meeting and you invite that person again, hopefully one or some other siblings has told them, yeah, actually, the meeting was pretty good. It wasn't just dad telling us what to do. We were actually talking about things, and maybe that person will start to come to the meetings. So you have to invite everyone all the time. If you force people to be somewhere where they don't want to be, there might be some unexpected consequences that you don't like from that person being there. So if they really insist on not wanting to be there, don't force them.

**Keith:** That's a great idea. What do you think about parents who say, if I've got two kids or three kids, I need to put them all as liquidators? What would you provide as feedback there? I know you're not a lawyer or a notary, Steve, but you definitely have a lot of experience in terms of counseling family in terms of how they should work together. What are your thoughts here?

**Steve:** Again, the most important thing is to not make it a surprise and not impose your will. If you can say, look, I have to appoint some liquidators. Some people say I should appoint all of you. That can get kind of hairy. One of them might say, oh no, I don't, please. I don't want to do it. I'll let Bob do it. Bob is obviously the best choice because he's the oldest and he does this job. He would be great, and we trust him. At least you've had the discussion. I think sometimes people make things more complicated than they need to. If you can have that discussion, that's a good thing already. Just knowing that you could actually sit there with all your children and say, hey, we're redoing our wills. Now the notary or the lawyer is saying, who are your administrators or liquidators or executors, whatever the word is, and say, you know what, we figured this was important for us to discuss as a family. What do you guys think? My God, chances are you're going to get some kind of a clear answer. If you treat them with respect, maybe you'll decide it's you and this brother and this sister and maybe not that one and for whatever reason. But if they have had a say in how that decision was made, the chances of things going well have just quadrupled. Whereas if they are appointed for whatever reasons and one of them doesn't want to be there or you're putting two people who don't really trust each other or whatever, and now they're forced to work together on something, then things often don't go the way you hoped. So have the discussion before. It's not always an easy discussion, and people don't like to talk about wills because they think, oh, I made my will. I know a guy who made his will, and a week later he died. Give me a break. This is not a cause and effect thing.

**Keith:** One of the things that's obviously coming through your entire dialogue and your entire consulting practice is this sort of strive to improve communication amongst family members.

**Steve:** Actually, I touched on the word family governance before. Really, the key to what family governance is, is regular communication, regular, clear, open, honest, transparent communication is what makes family governance work. What really it is, it's answering the question, how are you going to make decisions together? How are you going to communicate? How are you going to solve problems together? Now, solving problems and making decisions, one is just really a subset of the other. So it's really how are you going to decide things? And how are you going to communicate? Because one of the most important things in deciding things together is knowing how to communicate. So really, everything comes down to communication. More frequent communication is better than less frequent. More people involved in the communication is better than fewer people involved in the communication. More transparent and clear communication is better than less transparent and less clear communication.

**Ruben:** That's a good point. I have a question because we spoke about if we start from the beginning when the wealth is being created, teaching kids about money and raising them with good values around the money, and then now we touch on eventually now they are older, when the transition is happening, how to be sure that things are transparent and there's good communication. How do the family then ensure that there is a legacy? Because there's this thing in the industry where they say the first generation creates and the second or the third destroys. So now how do a family ensure that legacy continues? Is it just about the values and the way they grow up, or are there other ways or other things to be thinking about to ensure it continues instead of just setting a trust and controlling everything?

**Steve:** This touches on actually what we were just talking about, the word engagement. In order to actually leave a legacy, many people think that the secret is to make as much money as possible because with more wealth, it's more likely to last longer and that will therefore be my legacy. I always say, no, it's not just about making the pie bigger. It's about figuring out how you're going to share the pie, who's going to take care of the pie, how are the family members going to share that pie and steward that pie and make it bigger themselves. I remember hearing a number of years ago a presentation where somebody put this in the form of an equation. It's really a simple equation, but it's people plus assets equals legacy. The point being, without the people, there's no legacy. You need to treat your offspring in a way that they will be interested in maintaining and stewarding your legacy. If you are not a very nice parent and you make a lot of money and you give millions of dollars to a hospital to put your name on it, chances are 20 years after you're dead, maybe that name is still on the hospital, but people have forgotten who you were and why it was important. Whereas if your family members continue to build on your legacy and grow the capital and transition it again to the next generation, then the chances are that your legacy will continue.

**Ruben:** Wow, this is great.

**Keith:** That's a great point, Steve. We're going to start wrapping up here, but this has been a fabulous discussion on money and family, money and kids, wealth transition. If you were to think of one main takeaway point for the listeners, one thing that they should grasp on to about this discussion, one recommendation, what would that be, Steve, on this particular subject matter?

**Steve:** It's all about how you treat your kids. If you treat them with respect and with confidence and believe in what they can do and encourage them to do their best and raise them as proper, responsible, productive adults, you will most likely be fine with all of these things. If, however, you choose to be very controlling and try to control them with money and not trust them and second guess them and always give them things but with strings attached and tell them what they should do because you know better than them, then you're setting yourself up for some more problems where those children of yours know that the odds are on their side that they will outlive you, and they will be secretly cheering for you to hurry up and get out of their way so they can do what they want. So if you can set things up so that they are doing things that they want, and hopefully you can be helping them do that and not just funding everything they want, but helping them build something where you can be a guide and an experienced person and a partner for them, and you're helping them to self-actualize in a way that they want as opposed to a way that you have insisted, "You need to go to this kind of a school, and then you need to do this." That doesn't often work out the way the parents plan. So trust your kids, encourage your kids, encourage them to develop, try to stay out of their way a little bit, and they will probably be very thankful for that. As someone who had my career plan drawn out for me, I speak from experience that was not really what would have been best for me. I think I've adjusted okay, and I think some of the things I learned from the way I was raised have helped me to raise my kids in ways that I think they're off to a really good start too.

**Keith:** Steve, you're doing amazing. We know you're helping lots of families and lots of people. Thank you so much for taking the time out of your busy schedule to be with us. So on behalf of Ruben, myself, and all our listeners, thank you so much, Steve Legler, for being on the show.

**Steve:** Thanks for having me. I hope that you found some of this stuff useful and hopefully entertaining at the same time.

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