

Private Client and Family Office

Should You Have a Family Constitution?

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Wouldn't it be great if your family agreed on what it stands for and where it is going?

Wouldn't it be even better if you had a document that identified your family's shared values and goals, and how the family will work together effectively and respectfully to achieve its goals?

Many successful families with shared wealth or enterprises (whether for profit or philanthropy) believe they have shared core values and goals. But do they? How do they know? The most successful families have put their shared values and goals in writing, often called a family mission statement or constitution.

Identifying and documenting the meaning and purpose, to your family, of financial wealth or the family business is essential to successfully attaining family goals.

The Value of Creating a Family Constitution

The value of a family constitution is as much the creation process as the end product. Meeting as a family to discuss, clarify and agree upon shared values and goals requires time, commitment and input from multiple generations. Open communication is one of the traits identified in families that successfully transfer wealth and values through many generations.

In addition to inviting open communication, a family constitution can help build family unity

and harmony over generations. In his book "The 7 Habits of Highly Effective People," Stephen Covey discusses how such a document allows families to build principles "into the very structure and culture of the family," which creates a foundation to help keep the family together and working toward the same goal.

Coming to consensus on shared values and goals of the family does not mean that individual values and goals must match in all respects to the shared values and goals, but it does create an overarching umbrella within which individual family members will operate.

The Work of Creating a Family Constitution

To be clear, a good family constitution will take some time. You will need multiple meetings for everyone to identify and share their personal values and goals, and come to consensus on the shared values and goals of the family. This requires engagement and honesty from the participants and may involve uncomfortable conversations.

Asking for honest input can stir up emotions if there are divergent values or goals. Being able to discuss these differences of opinion calmly and logically is not easy. Utilizing a professional to facilitate these conversations can provide a stabilizing and calming presence, help you to stay focused on the end goal and obtain consensus.



The good news? Once these issues have been aired and worked out, the family will have guidelines that help it make decisions, navigate conflict and find consensus. This will assist the family to work together over the years in an effective and respectful manner to achieve shared goals and onboard the next generations into a stable family.

Topics to Address in a Family Constitution

Some ideas to address in your constitution:

- Why have we decided to work together as a family?
- What do we want our family to look like/be in [10/20/30] years?
- What are we passionate about?
- What do we want to accomplish as a family?
- What do we want our family legacy to be?
- What is our family philosophy for joint pursuits?
- What are the core values our family shares?
- How will the family members be heard, decisions be made and family members be promoted into family leadership (if you have a family council or committees)?
- What are our responsibilities to each other, our enterprises and the community?
- How will we foster the education and development of our social, cultural and human capital?
- How often will we want to revisit our family constitution?
- How and at what age will our new family members be onboarded?
- What if a family member does not wish to participate?

You also will want to think about the format and content of your constitution document:

- Do we want a "We the People" formal style with information grouped into articles?
- Do we want to include a family history, rules for meetings or other components?

Is Your Family Ready To Create a Constitution?

There is no test for determining whether your family is ready to undertake creating a family constitution, nor a right time to do so. The most important factors are the willingness of family members to do the work and the availability of a champion for the project.

Susan Gell Meyers counsels high net worth individuals and families, and their businesses, family offices and other entities, on wealth preservation, trust and estate planning and administration, tax planning and multi-generational planning.

Susie designs creative and comprehensive plans for the succession of family businesses and legacy assets, helping families minimize taxes, maximize successful governance and avoid unnecessary complication.

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