Family Peacemakers Aim to Avert Feuding Over Money in Estates

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In a new dramatic play, a couple struggles to figure out how to best leave an inheritance to their children, all of whom have different careers and financial situations. After it ends, audience members discuss the storyline with the characters.

It's no ordinary play. "The Big PayDay" is a production of a New York group called Shaking the Tree, which subcontracts with wealth-management firms to teach families how to avoid nasty fights over their gobs of money.

The play is part of a new wave of offerings from financial-services firms, estate lawyers and even psychologists aimed at helping super-rich families keep the peace at a time when trillions of dollars are expected to pass from one generation to another over the next few decades.

Financial-services firms, including units of Wachovia Corp. and Merrill Lynch & Co., have launched services designed to help their most well-heeled clients talk more openly about their money issues. Next spring, U.S. Trust, a unit of Charles Schwab Corp., is planning to offer a new three-day retreat for families featuring Shaking the Tree. And Mellon Financial Corp.'s Private Wealth Management group recently started a new program called "Five Steps to Healthy Family Governance" which includes a screening of clips from "Born Rich," a documentary film that examines how young heirs deal with wealth. About 25 families have gone through the Mellon program already.

The goal of all this: to teach families to better communicate about their finances to prevent future problems and to mediate family disputes before they become expensive and public court battles.

Family-consulting firms that facilitate these types of meetings say business is booming. The American Bar Association's committee on "Emotional and Psychological Issues in Estate Planning" now has 59 members, up from five members five years ago. Thayer Willis, an heir to the Georgia-Pacific Corp. fortune who now helps other families work through tensions about wealth, says she now works with 10 families, compared with one family three years ago.

"I'm busier right now than I've been in the last 20 years," says Gerald Le Van, a Black Mountain, N.C., estate lawyer who mediates family disputes about money.

Some advisers feature exercises to help spark conversation, such as "role plays" in which family members reverse roles. Others employ short psychological tests to profile family members' communication and decision-making styles. Some psychologists are also helping families get to the root of their problems -- conflicts that may stem back years from neglectful parenting or long-held sibling rivalries.

Defusing Family Feuds

There are many steps a family can take to reduce the likelihood of a fight over money. Some tips:

- **Be open** about an inheritance plan so every family member truly understands it, minimizing the chances for suspicions to arise.
- **Try to ensure** a plan won't be misinterpreted. After discussing your intentions, create a video or write a letter explaining the reasoning.
- **Be careful** about videotaping actual will or trust signings. Sometimes a quiver or a dropped name could be interpreted as a sign of incapacity.
- **Build safeguards** into your estate plans to help minimize conflict, such as a clause recommending mediation, rather than litigation, to resolve disputes. Or a "no-contest" clause to disinherit heirs who challenge provisions. (But laws vary, so ask your lawyer.)
- **Consider naming** an adviser or bank as estate executor or trustee, to avoid placing family members in the awkward position of disbursing money to other relatives.
- **Set up a** round-robin process to divide property. Have children take turns picking out items they would like to have. On each round, a different child goes first. Those who take items of less worth may get compensated with cash.
- **When two family members** want the same asset, hold a silent auction. Family members bid on assets they want, and the highest bid price is deducted from the bidder's inheritance.

Sources: John Scroggin, Roswell, Ga.; Martin Shenkman, Teaneck, N.J.; WSJ research

"It's really sitting down and asking, 'What was it like with your allowance when you were five?' " says Edward Monte, a psychotherapist and principal at Family Solutions Group, a Philadelphia consulting firm. During the three-day meetings his firm organizes, families are forbidden from talking about the current dispute at hand until the end of the weekend, after family members have discussed at length the family's dynamics and the roots of their tensions.

Independent family-wealth consultants can charge roughly $3,000 to $8,000 for a one-day retreat. At financial-services companies, programs like these are generally designed for only the wealthiest private-banking or family-office clients, and thus are typically offered free to them. (Private-banking minimums vary from $1 million to more than $25 million.)

Despite offering the services free, banks may still receive an economic benefit: market research. The deeper they delve into the dynamics of the families they serve, the more information they have about their clients, which can help them tailor future products and services.

There are several reasons for the growth in the family-consulting business. For one, the huge wealth creation in recent decades means that more money is at stake for a lot of families -- which can exacerbate preexisting tensions. Families have grown increasingly fractured, with divorce and second marriages leading to conflicts among children and stepfamilies over inheritances.

Furthermore, messy public family battles -- such as the recent guardianship litigation involving Brooke Astor's son and grandson -- have led "more and more people to realize that they need to do some of this work preemptively," says Judith Stern Peck, a psychologist and director of the Money, Values and Family Life Project at the Ackerman Institute for the Family in New York.

There may also be a generational shift, with younger families more willing to talk openly about family finances than their more tight-lipped ancestors. "Members of older generations were more reluctant to discuss these issues," says R. Hugh Magill, senior vice president and group head of personal fiduciary services at Northern Trust Corp. in Chicago. "The thought was, you don't talk about money."

Twice a year over the past two years, Steve Lytle, of Medford, Ore., has attended three-day family meetings with his cousins, parents, uncle and aunt. The meetings are facilitated by IFF Advisors LLC, an Irvine, Calif., consulting firm run by an estate lawyer and a psychologist that works with families on communication and governance.

Mr. Lytle, 38, is in the fourth generation of a family business that operates beverage-distribution companies, forest-products businesses and other concerns. His generation is starting to get more involved in the business, and the family wanted to make sure it carefully communicated its business-succession and estate plans early on, to pre-empt future conflicts.

"It's to ensure that our family will continue as a family," says Mr. Lytle.

At the meetings, family members give presentations about their businesses, so all attendees are up-to-speed about the companies. The family has also developed a family "mission and value statement" and is working on a "family constitution" that will outline how the business should be governed.

One issue at stake: Should the next generation first have to work outside of the family business before taking on roles in the company? "We definitely have energetic and exciting conversations about these types of things," says Mr. Lytle.

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