



# VALUES: THE KEY TO BETTER OUTCOMES

Each day, our values subtly influence our decisions and guide our actions. Many of us assume we know our values without taking the time to articulate or prioritize them. Yet the more mindfully you align your financial decisions with your ideals, the more fulfilling and strategic these choices become.

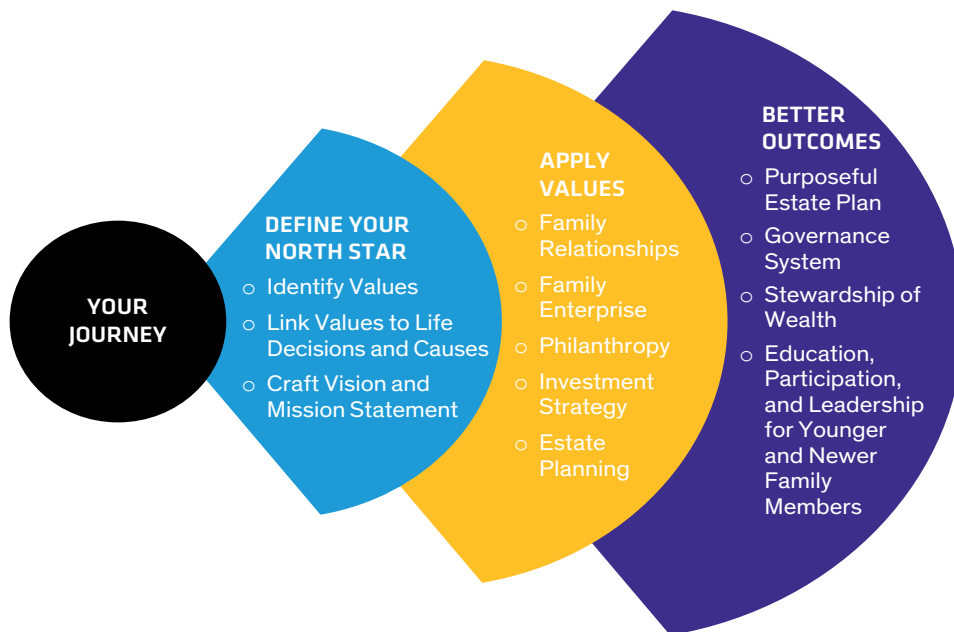
For instance, when your principles inform your charitable intent, your donations take on a deeper meaning. Your beliefs may even influence the sale of your business, and whom you hire. Cherished values aren't meant to be hidden away. Sharing what is important—while understanding what loved ones hold dear—fosters mutual support among family members. Having this deeper connection creates the opportunity to find common ground.

## IT ALL STARTS WITH VALUES

Deeply held values are the heartbeat of a family's legacy, giving meaning to everything the family does. They serve as guiding principles, aligning decisions around philanthropy, family business, and investment strategies.

Establishing a values-based governance system and purposeful estate plan enables families to use their wealth to leave an enduring mark. Building upon this foundation by educating and involving younger family members helps instill values and prepare future generations to become stewards of the family's wealth.

## CORE FAMILY VALUES SIT AT THE HEART OF OUR APPROACH



## EXPRESSING VALUES THROUGH YOUR WEALTH PLAN

Consider Mira, an entrepreneur approaching her first liquidity event who was concerned that her newly created wealth would sap her children's motivation and direction in life. Through facilitated exercises, we surfaced Mira's three most highly prized ideals—community, self-reliance, and education. Then we helped her design a plan to live out her values and convey her purpose to her children.



### Community

By establishing a donor-advised fund with a portion of the proceeds, Mira affirmed the importance of giving back to the community. She plans to involve her children in grant-making decisions to demonstrate the impact their wealth can have on others.



### Self-reliance

As a first-generation wealth creator, Mira wanted her children to make their own way, just as she had done. But she was also well positioned to give them a leg up, provided certain milestones were met. We advised her to fund a trust that would provide financial support based on each child's individual achievements, encouraging them to become productive and self-sufficient members of society.



### Education

To support future generations' quest for professional and personal success, Mira established an education strategy to fund both college and graduate school for younger family members.

Using our Wealth Forecasting System,<sup>SM</sup> we helped Mira quantify her core capital—the assets needed to support her spending for the rest of her life with a high degree of confidence. We also helped her determine the appropriate level of funding for each of these vehicles, allowing her to allocate her wealth according to her values.

With a plan tailored to her ideals, Mira hopes to empower her children to become stewards of the family's fortune. And she's not alone. Many wealth creators aim to create “positive strings” to transmit shared values and equip future generations to use their wealth to make a difference.<sup>1</sup>

## DISCOVER YOUR VALUES

Pinpointing values enables families to appreciate unifying tenets while respecting distinct differences. Often, we find shared ideals hidden beneath the surface. Because most of us rely on actions speaking louder than words, it can be difficult to express something that's such an integral part of ourselves. With guided exercises, we can help to uncover what matters the most—and the least—to the families with whom we work.

Discover Your Values cards enable you to purposefully define your priorities in a hands-on way. By reflecting on your principles, you gain insight into what's important to each family member. Similarities and differences emerge, allowing you to move past assumptions and deliberately affirm each member's core beliefs.

Communicating ideals remains vital in establishing common ground, but also in highlighting differences. Beliefs that you may hold dear may not be prized by your loved ones or business partners. But that doesn't make them less important. It's equally essential to talk through dissimilar ones, as a way to understand and validate varying viewpoints. The Family Engagement Institute works closely with you to facilitate conversations and family meetings, ensuring voices are heard, expectations are managed, and key findings are incorporated into family governance structures and wealth strategies.



<sup>1</sup> From *Entitlement to Stewardship: How a Prosperous Family Can Prepare the Next Generation*, by Dennis T. Jaffe and Fredda Herz Brown.

## FROM DISCOVERY TO ACTION

The pathway to turn aspirational values into an actionable wealth plan requires active engagement across generations. A clear and consistent strategy along with opportunities for the next generation to learn and grow are also vital. It starts with families examining what they want their wealth to do.

Consider our work with the Kim family. The matriarch, Bae, struggled to keep her family's values intact while fulfilling her late husband's estate plan through their family foundation, which had traditionally been focused on education and community. Her three adult children—Hana, Nari, and Jae—and two grandchildren had varying levels of involvement, so we facilitated a family meeting designed to promote reengagement. This gave Bae's children the chance to explore their respective ideals and reflect on roles and commitment levels.

As the middle generation, the siblings were navigating a transition between honoring their parents' beliefs and finding their own way. In addition, they wanted to support Hana's two college-aged children who were beginning to express an interest in the family's philanthropic work. Though each generation was at a different life stage, they all gravitated towards the tenets of equality and freedom, which helped the family coalesce around the intersection of social justice and education. Sharing these values with their mother fostered a sense of unity and cohesiveness that enabled everyone to rally behind a family mission statement and renewed vision for the foundation.

As a result, each member of the family found ways to start acting upon their ideals:

- Taking comfort from the family's discussion about what really matters, Bae was finally able to move forward with her and her husband's estate plan. These conversations allowed her to preserve their rich family history and desire to leave a legacy of values.
- The siblings revitalized the foundation's strategy, dedicating 70% of donations to organizations focused on social justice and education. They kept the remainder flexible to allow each family member to request grants in other areas. They now felt equipped to honor their family's past while supporting causes that are collectively important to them today. Beyond a shared vision, the values exercise helped them crystallize the unique causes they would each pursue. For instance, Nari felt passionate about sustainability and decided to fund climate change action through her donor-advised fund. Inspired by his sister's passion, Jae began to explore impact investing in his personal portfolio.
- To involve the rising generation in the process, we customized an education program for Hana's children. The curriculum was designed to equip them with the financial and decision-making toolset necessary to become future wealth stewards. The family's values featured prominently through sustainable investing modules and a facilitated Family Day of Service with a local social justice organization.

By anchoring the strategy in the family's values, the Kims fulfilled the dual missions that many families face: respecting founders' legacy while promoting the next generation's growth, development, and fulfillment.

## DO MY INVESTMENTS REFLECT MY VALUES

For many clients, linking core values to their investments is important. They turn to values-based investing, which aims to balance return and risk with a desire for positive societal outcomes—whether that means protecting the planet, promoting fair labor, or encouraging inclusion in the boardroom. It recognizes that how companies behave when it comes to the environment, social issues, and governance (commonly known as “ESG”) can impact both their stock market values as well as society more broadly.

We believe that a deep commitment to ESG research and engagement is fundamental to managing active portfolios. There are a variety of approaches to building responsible investing strategies—from using screens to limit exposure to poor ESG performers, to targeting specific responsibility characteristics in a goals-based ESG portfolio. You can also choose top-down, thematic strategies that find companies delivering wider benefits to many of the sustainability challenges facing society. Or invest for impact in strategies that deliver measurable and intentional positive environmental or social results.

Responsible investing can focus on one of these approaches, or several. In combination, these strategies can provide full diversification by asset class, geography, and market capitalization as well as by type of responsibility focus.

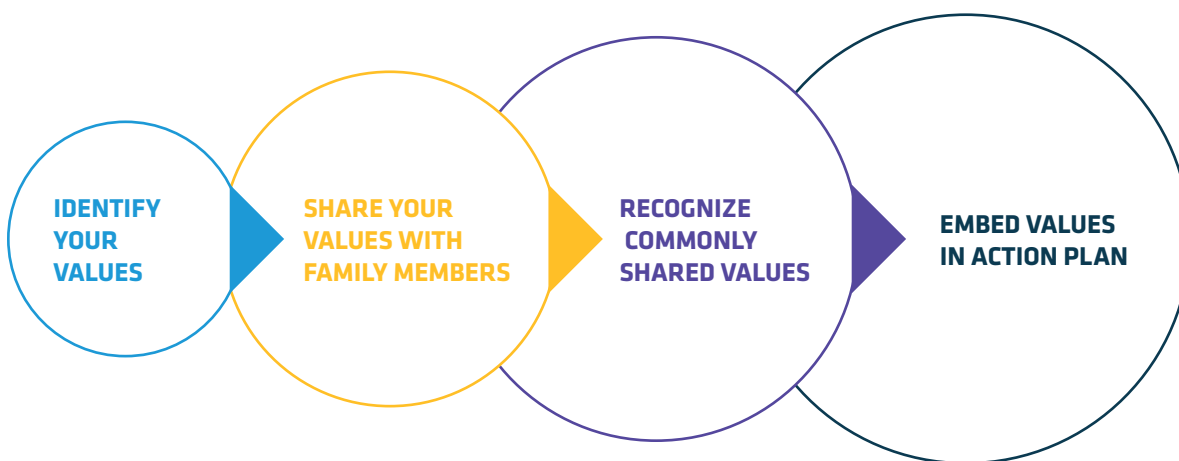
## BRINGING IT ALL TOGETHER

Throughout our 50+ years of managing wealth for successful families, we have found that building on shared values is most successful when individual values coexist alongside family ideals. Focusing on common themes and shared principles while respecting differences can help tease out generational influences, which is especially important in any multigenerational wealth plan. By centering educational, philanthropic, wealth transfer, and governance strategies in core values, we transform aspirational ideals into a comprehensive, actionable legacy plan.

In preparing for these conversations, ask yourself:

- What values from our family's history have served us well and should be maintained? What have we possibly outgrown?
- Have we effectively conveyed our beliefs? Have our children internalized them through the prism of our prosperity and philanthropy?
- How does each generation's ideals sync or differ?

Understanding which guiding principles you and your family prioritize drives our tailored advice—and your likelihood of success, however that may be defined. Your Bernstein Advisor and the Family Engagement Institute can facilitate conversations to:



Once you've crystallized your values, we can assist with any of the following steps on your journey:

- Create a family mission statement using your newly identified, commonly shared family values
- Develop a customized education curriculum for your next-gen family members
- Guide family conversations around other meaningful topics such as family history, legacy, and expectations
- Design family meetings
- Formalize your family philanthropy and tie it to your ideals
- Conduct values exercises with additional family members or people you care about
- Facilitate a deeper dive into the key tenets you've identified

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