

More than Money to Give

The value of introducing your clients to ethical wills

By Susan Turnbull

It's a rare person who thinks their tangible financial assets are the only thing they possess to pass on. As important to most people is their intangible wealth - the values, sensibilities, knowledge and stories that are banked in their hearts and heads and entwined with their most important relationships. While the intergenerational transfer of this kind of wealth is mostly organic and lifelong, there are risks and lost opportunities in leaving it entirely to chance. Whether for practical or personal reasons, a non-binding ethical will is an enduring vehicle for clients to document what they feel is most essential for others to know and understand. It can be a meaningful component of a comprehensive legacy plan, and you may be the best person to introduce it to your clients.

What is an ethical will?

It is a non-binding letter or recording directed to loved ones, trustees or successors for the purpose of sharing information or reflections too important to be undocumented or lost over time. It has 1,000-year roots in the Jewish tradition, when fathers were expected to write their sons letters of instruction about what it means to live a worthy or ethical life - hence the name. In contrast to medieval ethical wills, the contemporary version is not a treatise, but instead a gift of perspective and/or information intended to be helpful to its recipients and reward its creators with gratification and peace of mind. The following excerpts demonstrate the range of their application:

Sharing the intentions and values behind an estate plan

Jim and Suzanne had completed a complex update of their estate plans and their two young adult children would soon receive distributions from trusts. It was important to them that their children understood not only the mechanics of the trusts but knew what had driven their decisions. They wrote them a letter that would give both children a common background and serve to open the door to new kinds of family conversations.

The letter explained the estate plan in clear terms, but the heart of the document was the stories they shared about their views on money and success and philanthropy. Jim and Suzanne reported that the conversation that followed the letter was all that they had hoped for, but that the greatest value was in the process of putting their values and convictions into words. What they said to their children they had to articulate to themselves first, including this:

The most important thing is not how you got your money or how you are going to spend it. It is about how you are going to spend your lives and what kind of people you are going to be.

Helping a trustee stand in the shoes of grantors

Cynthia and Patrick wanted to make sure their trustees understood what they had in mind when it came to making distributions from their trust. While only HEMS standards were given in the trust document, they had ideas that might surprise a trustee. In a non-binding letter shared first with their attorney, they wrote among other things:

With our experience as entrepreneurs, we are in full support of using the capital to start a business. Provided there is a well-vetted business plan, we feel the decision to start a business should rest with the child, even if you are not wholly in support of it.

Reflecting on lessons learned along the way

Because Josh often traveled he feared a fatal scenario that would take him away from his family. He kept his estate plan up to date, but the letter he wrote to his children for an imagined future without him gave him extra peace of mind. In it he shared stories of his growing up, of the influence of his parents and grandparents, and about the building of his business. He's still alive and well and his children are older, so he has shared the letter with them, including this reflection:

It was from my 9th grade science teacher that I first learned the concept of “ebbs and flows.” He drew diagrams of cycles on the board, showing naturally occurring ups and downs. I see it in all areas of life: in biology, in business, in friendships, in marriages and in society. Everything has its ebbs and flows, and sometimes when things aren't as I'd like them to be, it is reassuring to remember this idea and not to jump in and try to force things to change.

Telling the story behind the money

Becca had never married and struggled with thinking about her legacy. She ultimately decided to give half of her estate to her nieces and nephews, and half to establish a college scholarship for students interested in studying business. She named the scholarship after her father, and in a letter to be given to every recipient, she shared her father's entrepreneurial story. Her goal was to give the students not only money, but also an appreciation of where it came from. In honoring her father and his values in this way, she also hoped her nieces and nephews would find inspiration in what she did. Her introduction began:

Congratulations on earning this scholarship. It gives me great satisfaction to be able to provide some financial assistance to you, even if I never know exactly what its impact will be in your life. I want you to know something about my father, in whose name and memory I established this scholarship, and who was responsible for inspiring and supporting my own college education and career.

Leaving an enduring message of love and gratitude

When Shawna heard about ethical wills, she loved the idea that alongside the cold legalese of her will and estate documents, her children would get a final and very personal gift from her: words of love and gratitude for all they had given her. When it came right down to it, what she most wanted them to know and remember only took half a page, part of which read:

When the time comes, the most important thing you need to know is how much my love for you created the person that you will remember as me. I made you quite literally in my womb, but you made me, too.

Why educating clients about ethical wills should be on your checklist

- Because it will strike many clients as logical and meaningful, and they will remember that you were the one who told them about the idea
- Because you know the negative consequences of poor or incomplete communication with family members or trustees
- Because you will reinforce to clients the degree to which you respect their values and priorities

- Because it provides a conversational bridge to the topic of legacy: what do you ultimately want to be giving, in both tangible and intangible terms, both during and after your life? This can trigger a conversation with practical consequences for financial and estate planning.
- Because these kinds of conversations give you new information about your clients and can deepen mutual connection, trust and loyalty
- Because the seed of the idea you are planting may flower in unexpectedly meaningful ways without requiring a large time commitment on your part

How to talk about it

- Naturally: “I want to tell you about something I encourage all my clients to consider doing because it can be so valuable for them, and their loved ones or trustees.” Ask them what they think of the idea and if they have written or received anything like it.
- If the historical term “ethical will” seems too starchy, call it a side letter or a personal legacy document or recording. The name is less important than what it does and enables.
- Make sure it’s clear that you’re suggesting they consider creating one, not that you will be doing it for them
- Point them to some resources
- Offer an educational presentation or workshop on the topic
- Follow up in later meetings: have they given it any more thought? Ask them if they’d like to be accountable to you to get a written draft or recording done by a certain date.
- Write your own, so you can talk honestly about the experience, both the rewards and the challenges

You sit at a unique place in the lives of your clients, at the intersection of what is both practical and profound. When your clients feel successful in using and passing on both their tangible and intangible assets, you are serving them at the highest possible level, and what feels good to them will feel good to you, too. The legacy you help them create becomes part of your own legacy.

About Susan Turnbull

Susan is the Founder and Principal of Personal Legacy Advisors, LLC. A former journalist, her presentations, tools and services are known for a uniquely personal and practical focus on the qualitative aspects of estate, financial and philanthropic planning. A frequent speaker to audiences of both advisors and their clients, she is the author of *The Wealth of Your Life: A Step-by-Step Guide for Creating Your Ethical Will*, co-author of *Across Generations: A Five Step Guide for Creating an Expression of Donor Intent*, and creator of *Life Legacy Cards*. Her work has been featured in many national publications including the New York Times and USA Today. She is a member of the Boston Estate Planning Council.