

When family disruptions occur – what to consider

Even the best laid plans can be at risk of disruption, particularly when family or personal matters are involved. Disruptions might occur when a family encounters internal challenges, such as the loss of a loved one or a divorce, or external events such as a global financial crisis or pandemic.

Such experiences can challenge the unity and harmony of even the most close-knit families. However, when managed well, they can bring a family closer together, strengthening bonds through the shared experience of collectively navigating through unknown territory.

We've shared below some important considerations, based on our experience in helping families overcome significant disruptions. Our publication, [Why the Modern Family Office Matters](#), outlines further detail on the important role Family Unity & Harmony plays in helping families to achieve what matters most.

Communication is critical

Keeping family members informed is critical during times of change. There is great value in establishing regular family meetings to openly discuss any concerns family members may have, check-in on their well-being and share relevant updates, such as changes required to family spending. This also provides a great opportunity to collectively establish new processes for the family to follow and a communication plan to share ongoing updates and minimise the risk of confusion or uncertainty.

Depending on the nature of the disruption and the family's unique circumstances, the appropriate frequency, platform and agenda of family meetings will vary. This is something that can be discussed and agreed upon in the first family meeting, ensuring a suitable approach is implemented.

Minimise risk by keeping current, accessible copies of important documentation

Throughout their lives, families collect a range of documentation that needs to be stored over the long-term, such as Trust Deeds, Land Titles, Insurances, Advisors, Wills, etc. Disruptions will often require a family to locate certain documentation at short notice, often during a time of stress.

Having a secure, central file (soft and hard copy) containing important documentation reduces that stress, ensuring up-to-date, critical information is readily available to support families as needed.

“A significant disruption can really make or break a family’s journey towards achieving what matters most. However, a little bit of upfront planning and effort now can be enough to help a family navigate through an unexpected event, coming out the other side even stronger than before.”

Eliza Newson

Partner, Family Succession & Trustee Services

Actively monitor and evaluate the impact of the disruption on financial wealth

Depending on the nature of the disruption, it’s vital to monitor any industry changes which may impact existing investments or transactions currently in place.

If relevant, we also recommend contacting Advisors (such as Investment Advisors, Accountants and Tax Agents) to understand their crisis management strategies and banking providers to ascertain any impact which might occur to their services.

This is also a good time for families to update their cash and liquidity scenarios. Mutual Trust helps families undertake modelling so that they can identify and estimate the impact on future earnings and cashflow. If family spending must be modified, this should be communicated clearly to each family member to avoid any uncertainty.

For family businesses, cashflow modelling will provide clarity on next steps

For families with businesses impacted by a disruption, it’s important to actively assess the extent of the impact and formulate a plan to manage it effectively.

Can the business sustain current debt levels? Are there any government or financial institution stimulus measures available to help during this period, such as grace periods for loan repayments? Undertaking a cashflow modelling exercise will help to determine whether greater levels of liquidity are required.

Being equipped with an informed perspective enables families to then communicate with their internal and external stakeholders (i.e. family members, regulators, customers, investors, suppliers and partners) about what measures have been taken and what can be expected going forward.

If not already documented, we also recommend formalising family management roles within the business, along with all relevant processes and protocols to support efficient operations and maintain clearly aligned expectations.

When disruptions impact communities, are you in a position to provide support?

When external disruptions occur, families might be able to use their resources to make a positive impact. For example, there may be opportunities to bring forward any committed grants to immediately assist charities. Alternatively, there may be ways a family can use their connections or skills to deliver non-financial support. This is a great topic to add to the family meeting agenda and collectively determine an approach that will deliver the most impact for those in need.

For a conversation on how Mutual Trust can help your family successfully manage a significant disruption, please contact your Relationship Manager.

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