



The family fire drill: Preparing for the unexpected

Most of us are familiar with fire drills. While few people expect a fire to occur, organisations regularly test their preparedness so that everyone knows what to do in the case of an emergency.

Yet many families have never undertaken a similar exercise.

While important plans may exist on paper, a valuable question often goes untested: *‘Would our plans work if we needed them tomorrow?’*

The families that navigate change most successfully are not necessarily those that avoid challenges. More often, they are the ones that have taken the time to prepare before difficulties arise.

Introducing the family fire drill

A family fire drill is a practical exercise designed to test a family’s preparedness for unplanned events. It helps uncover gaps, improve communication and strengthen confidence across generations before those plans are needed.

In this article, we share some important considerations that can help your family prepare for the unexpected.

Fire drill #1: What happens if a key decision-maker isn’t available?

Many families rely heavily on one person to manage relationships with advisors, understand structures, oversee investments or coordinate important decisions.

While this arrangement may work well on a day-to-day basis, there is an element of risk involved if that person becomes unwilling or unable to act due to illness, injury, travel or other unforeseen circumstances.

For families in this scenario, it can be worthwhile to consider:

- Who would step in?
- Would family members know where to find important information?

- Are responsibilities and processes clearly understood?
- Does more than one person have the authority required to act?

By ensuring critical knowledge and decision-making capability is shared, not concentrated, families become more resilient when the unexpected occurs.

Fire drill #2: In an emergency, can family members find the information they need?

Imagine a family member urgently needs access to critical information following a medical emergency or unexpected absence.

Would they know where to find it? Would the information be current? And would they know who to contact for assistance?

During significant life events, access to estate plans, trust deeds, company constitutions, insurance information, medical directives and advisor contact details are often essential.

By keeping these records up-to-date and accessible, families can reduce uncertainty and support better decision-making when it matters most.

Fire drill #3: If circumstances change, how will decisions be made?

While many families implicitly understand how they make decisions, fewer maintain documented processes that can withstand periods of change or stress.

This fire drill provides an important opportunity to consider:

- Who is involved in making major decisions?
- How are differing views managed?
- What happens if consensus cannot be reached?
- Are family members aligned on long-term priorities?

A cadence of regular family meetings and the implementation of clear governance frameworks can create a strong foundation to navigate periods of uncertainty while maintaining family harmony.

Fire drill #4: Is the next generation ready?

If senior family members were unable to lead tomorrow, would the next generation feel confident stepping forward? Are they prepared to take on greater responsibility?

Resilient families intentionally create opportunities for younger family members to learn, participate and gradually assume greater decision-making responsibilities. This helps build capability over time and supports continuity of the family legacy and purpose of wealth.

Fire drill #5: Have family plans kept pace with change?

Families are constantly evolving. Children become adults, businesses transition, relationships change and priorities shift.

Plans that were appropriate five years ago may no longer reflect current circumstances.

A valuable exercise for any family is taking the time to explore whether estate planning arrangements, governance structures and objectives remain aligned with where the family is today and where it hopes to be in the future.

The best time to test a family's preparedness is before it is needed

While no family can predict the future, resilient families share a common characteristic: they invest time in building the foundations needed to adapt when circumstances change.

Just as organisations test their business continuity plans and schools practice emergency procedures, families benefit from periodically reviewing their preparedness, sharing knowledge and strengthening communication.

A family fire drill will not prevent unexpected events from occurring. However, by testing their preparedness today, families can ensure that when they do, they are better prepared to respond with confidence and clarity.

If you would like to discuss how Mutual Trust can help your family prepare for unexpected events, please speak with your Relationship Manager.

Craig Retallack

Partner, Family Office Advisory
Mutual Trust

“One thing I hadn’t considered, and now feels essential, is running a fire drill. We do it to protect our business, so why wouldn’t we do the same for our family?”

**Attendee of a Mutual Trust
Family Office Forum**

Melbourne
Level 32
360 Collins Street
Melbourne VIC 3000
T +61 3 9605 9500

Sydney
+61 2 9224 7600

Brisbane
+61 7 2115 1100

Adelaide
+61 8 7082 3900

Perth
+61 8 9230 7788

info@mutualtrust.com.au
www.mutualtrust.com.au

ABN: 71 004 285 330 AFSL: 234590
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