



Your Family & Its Shared Assets

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If you have a family cottage, a family business or a family trust, you have shared assets to think about.

Any individual who has an economic or personal-use interest in an asset is considered one of the stakeholders when determining how to manage the asset going forward. It's easy when just mom and dad own the asset and the children are simply using it for enjoyment, with no ownership. However, things can drastically change and create tension if future ownership and management is not discussed ahead of time. The most dangerous assumption is assuming the future stakeholders will know how to manage the asset without conflict when you are not around.

There is a famous saying by Benjamin Franklin that applies without a doubt to shared asset management: "Failing to plan is planning to fail."

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Depending on the asset, there are many common challenges around planning such as who has the right to it, how maintenance and costs should be attributed, how the value of the asset

is determined, how income gets distributed, whether another owner can buy in if a current owner sells his/her share, etc.

What's needed is an 'ownership plan,' and you do not need a lawyer to get started. All you need is a family meeting and, potentially, a facilitator to get the conversation going.

An ownership plan focuses on the future by identifying each party's expectations around who is involved and what each stakeholder's needs or desires are. It's also meant to develop a collective vision and assign responsibilities and accountabilities. Elements such as ownership, governance, management, compensation, profit allocation, communications and entry/exit strategies should all be thoroughly addressed.

Lee Hauser & Douglas Freeman, in their book *The Family Legacy*, address the details of creating an ownership plan. This book is a great reference if you are starting to think about planning the management of your family shared assets.

For more information or to start a conversation about Family Wealth Planning, please do not hesitate to reach out to us at Perron & Partners for guidance.