KERNELS OF LEARNING

Quarterly Personalized Education Newsletter Q3 2017

Family Wealth Continuity & Unity

As you may recall, the original newsletter included the "tree diagram" that shows the education plan topics. In every newsletter we try to include the roots of the tree — history, family, and legacy in order to grow the fruit — celebration, shared vision, unity, stewardship and philanthropy (bear with us through all the tree imagery). In the last newsletter we talked about communication (the trunk). With communication in mind, let's be honest, talking about money is easier for some people, some generations, and some families more than others. Wherever any family falls on the spectrum is the best place to start. The "Raising Gen 5" section of the newsletter will focus more on how to communicate with children about wealth, but for this section, we will look at family wealth continuity.

In his book *Family Wealth Continuity– Building a Foundation for the Future*, author David Lansky, Ph.D defines family wealth continuity as "success at preserving both a family's material assets (such as a family business, a family foundation or other financial assets) and good family relationships". Many wealth creators and business owners share the dream of perpetuating family relationships and family wealth for many generations to come but it's not an easy task. It is possible to create financial or legal structures that are likely to preserve financial assets over time. They can be held in trust and long term growth can be emphasized without regard for short-term benefits to the family members. This may be good for the assets but might not be for the family. On the flip side, other families can do everything necessary to ensure peace and harmony but at the cost of not discussing relevant matters openly which can also hurt the family. Dr. Lansky says in his view, the key to successful wealth continuity (i.e. preserving both family relationships and family assets) lies in ensuring that the structures created to preserve family assets are aligned with the hopes, dreams and capacities of family members.

10 Best Practices for Navigating Family Wealth with Intention

The families that succeed in sustaining wealth often take a step back from dollar amounts to ask key questions about the purpose and meaning of family wealth. Here are 10 best practices that Merrill Lynch has honed for families to define parameters to help make family unity last and the money achieve the family's intended purpose (full document attached).

1) **Clarify Values & Define Purpose–** Before you can focus on shared goals-such as sustaining family wealth across generations you must define a common purpose of wealth.

2) **Pursue Passions & Purpose–** Give the next gen financial/emotional support & freedom to pursue passions to build experience, skills and strengths, increasing the likelihood of productive and impactful family members and citizens.

3) **Define the Rationale Behind the Rule–** Flexibility is important but murky decision-making processes or unspoken expectations will result in confusion or resentment. With transparency everyone tends to understand rules & rationale.

4) **Develop Skillful Communication–** Family members need to feel comfortable asking questions and that their voices are heard to have a greater sense of ownership & responsibility of family wealth. Making sure the next gen feels included and valued.

5) **Share with Intention–** Gifts that lack context are more likely to be viewed as subsidies, and sharing without intention can short-circuit the next gen's sense of financial empowerment & search for purpose.

6) **Create Accountability–** By creating an atmosphere where failure is seen as part of the learning process, you can help gen 5 develop self-reliance and the satisfaction that comes with it.

7) **Develop Financial Self-Reliance–** Facilitating financial experiences and accountability sooner, rather than later, often pays off long-term by instilling a lifelong sense of financial empowerment in the next gen so they can step into responsibility & ownership.

8) **Define Clear Priorities Aligned with Values–** Intentionally put your values front and center of your financial life, so your most important goals don't get sidelined in favor of the next thing on your schedule.

9) **Clarify Values Through Community Impact–** Philanthropy is one way to gain perspective on value –both personal value and wealth's true worth– by connecting family members on an emotional level.

10) **Create a Collaborative Advisory Team–** When family members are emotionally ready, openly discuss wealth inclusively with family members and advisors, and work strategically as a team and not in silos.

Raising Gen 5

How to Talk to Children About Family Wealth

In a recent New York Times article, “How the Wealthy Talk to Their Children About Money,” a poll conducted by Wilmington Trust showed that two-thirds of high net wealth participants said they were apprehensive about sharing inheritance details with heirs for fear of dampening their work ethic and/or that they were too young to grasp what was coming to them as well as knowing that sharing amounts is an irrevocable conversation. Only one-tenth surveyed had given complete inheritance information to their heirs.

Every family will have their own comfort level but in most pieces on this topic, there is the common theme that whether you discuss it with children or not, they will start to try and piece information together themselves or things they hear from others which can lead to misunderstandings.

Wealth advisers said there are basic differences between families who made money in one generation and those who have been inheriting wealth generation after generation. The big one is having systems in place to govern how the money gets disbursed; another is an emphasis on the family’s shared history of a set of expectations. While these aren’t substitutes for a frank discussion, they serve as a backstop or guide.

Equipping Gen 5 With Financial Literacy Skills

In the last newsletter we introduced the Ten Basic Money Skills presented in the book *Raising Financially Fit Kids.* To build off of those skills, we found a fun system for the younger kids called Financial Peace Jr. (it’s for ages 3-12) that has tools, resources, and instructions for parents. Through fun stories and activities, your nieces, nephews, grandchildren and kids will learn the values of working, giving, saving, and spending– lessons that will build character and equip them to handle money when they are faced with a variety of financial situations as they get older. Henry, Sarah & Mary Elizabeth will see it in the mail within the month.

Since the Gen 5 age range is from 5-17 years old, there isn’t a one size fits all but the creator of the curriculum above has also created a College 101 Bundle that is perfect for high school students nearing graduation so JT will receive one.

Normally in this section we talk about philanthropy but in this issue we want to thank you for a different way your family has given back.

As you know Meredith and Taylor went to DeKalb in early June to host an employee appreciation dinner with all of the Illinois employees and their spouses. The night was filled with good conversation and personalized gifts for everyone as well as a Babson belt buckle. We have employees in all stages of life; some soon to be parents, some helping plan their kids’ wedding etc… which led to some pretty funny gifts such as a “Daddy Survival Kit”, a “Mother-of-the-Bride Entourage Kit”, and Taylor received the “Babson’s Most Traveled” award and was presented with a new United Airlines travel pillow.

The next day we held a strategic planning retreat at the newly remodeled DeKalb offices (pics below) to discuss Strengths, Weaknesses, Opportunities and Threats of all the farm companies. We had some good takeaways (summary of the SWOT analysis attached to this email).

Agronomy 101

Soil Productivity

By Eric Shearer- Babson Farms, DeKalb, IL

This year was, to put it lightly, a challenging year! The optimal planting windows were small, and the early window was followed with cold and rainy conditions, making things more difficult. The first planting window was April 22nd through the 25th, with the air temperature mostly in the 70s and the soil temperature around 56° F, ideal for planting corn. However, the forecast was predicting below normal temps and a series of heavy rains to follow. Some decided to postpone planting, hoping the weather outlook would improve enough for a more optimal planting window, but many were disappointed because that opportunity didn't come until the end of May.

Well-timed planting is important because it allows corn to take advantage of longer days and heat accumulation (GDUs-Growing Degree Units). Different hybrids require a certain number of growing degree units in order for them to mature and maximize yield. The fullest season corn we grow is 114RM (Relative Maturity). This number is used to understand how many GDUs it will have to accumulate to reach physiological maturity before a killing frost in the fall. We pick varieties based on yield potential and agronomics, but we also keep in mind the limitations of the average number of growing-degree days for Northern Illinois. When planting is pushed until later in the spring, it becomes uncertain if fuller season corn will have enough heat units in order to mature properly.

Soil conditions are equally important as air temperature, especially in the first 24-48 hours when the seed must **imbibe** water to start the germination process. If the soil is too cold or if a cold rain occurs within that 24-48 hours, the seed can undergo imbibitional chilling and die. Other concerns for cold, wet conditions are disease and uneven emergence. Most seed is treated with a fungicide, which has proven effective over the years. However, corn still requires approximately 100-120 heat units to emerge, usually during a four to five day period. This year, corn that was planted on April 22nd took almost 3 weeks to emerge. Some took longer depending on soil type and conditions. Because the seed was in the ground for an extended period of time, emergence and stand establishment was affected. With the uneven emergence concerns, rigorous scouting was necessary to determine final stand counts and the uniformity of the stand. As a result, we only had to replant around 80 acres.

Corn growing degree-days at **DeKalb**. From 04/22/2017 through 6/15/2017.

Actual total GDUs: **745**

Can you determine the growth stage based on the growing degree days accumulated to date?

Use the link to find the answer!

Imbibe – *absorb, soak up, take in, assimilate*

From the Farms

"Agronomists usually refer to "maturity" as that point in time at the end of the grain filling period when maximum weight per kernel has occurred. The usual term for this is "**physiological maturity**" and is often associated with the development of the black layer at the tip of the mature kernel." -Purdue University

"Growing Degree Days and GDUs refer to the same calculation based on air temperature. In the case of corn, the equation is:

GDD or GDU = (Daily Maximum Air Temperature + Daily Minimum Temperature)/2 – 50.

When the maximum air temperature is greater than 86°F, we set the value at 86° in the equation as the growth rate of corn does not increase beyond 86° F. Likewise, when minimum air temperature is less than 50 degrees, we set the value equal to 50 in the equation." -University of Nebraska-Lincoln

Family Spotlight

Sarah got 1st place for the lower school Lovett 5k; congratulations! She is staying busy this summer with swim team and competitive cheer and gymnastics.

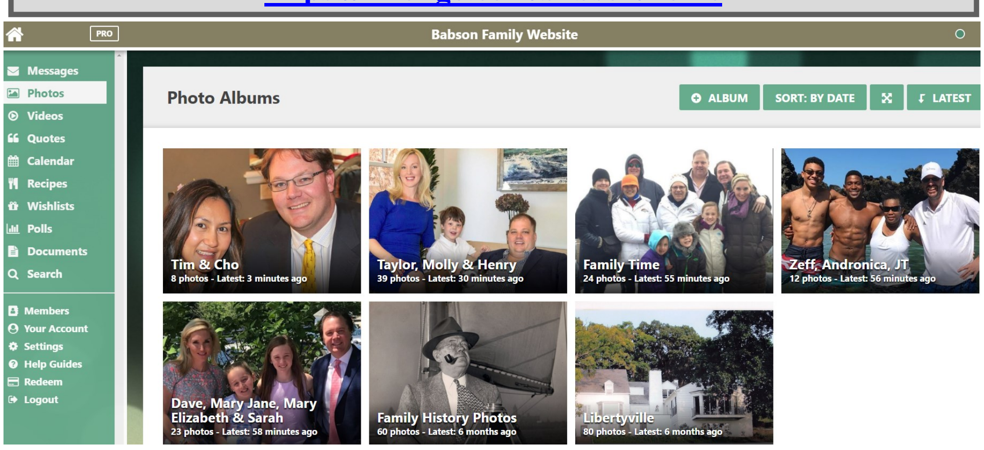
Henry enjoyed coloring Easter eggs with Libby and is enjoying riding his bike, playing lacrosse and swimming.

Mary Elizabeth ran the Susan G Komen race with Dave. Congrats to her on making the Principal's List for all grades over 90%. She is busy this summer with acting camp and creative writing camp.

Wheelocks fun in the sun!

Check It Out: The Babson Family Website

https://zalongo.com/babson/home



Questions?

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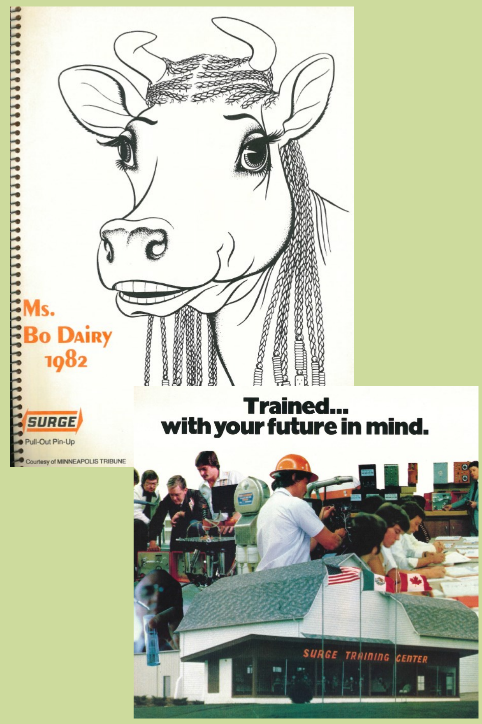
History Minute

1982 Surge Dealer Calendar

Another fun find. These were pages in a customer calendar. The bottom picture tells of the specialized training Surge dealers and personnel received at a training facility in St. Charles, IL.



Celebration Corner!

- Henry's 6th Birthday July 28th
- Zeff & Andronica's Anniversary August 12th
- Tim's Birthday September 14th
- Dave's Birthday September 15th

Quote of the Quarter

"We carry our homes within us, which enables us to fly." - John Cage