

# The FIVE Capitals of Family Wealth

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For many years I've spoken about the concept of The Four Capitals of Family Wealth, which I learned from my friend Jay Hughes. Over the last 3 to 4 years the idea has expanded to The Five Capitals, again after being in conversation with Jay Hughes. These five look like this:

**Human Capital** - This is all the people who make up our family group. Maintenance of Human Capital is centered being healthy physically, mentally and emotionally. You can't have a well-functioning family if you don't have healthy human beings in good relationships with each other.

**Intellectual Capital** - This is the unique knowledge every family member has. Not just school based but experiential knowledge that can benefit other family members. This includes both positive experiences like tips on traveling to Europe and difficult ones like surviving a divorce or a period of addiction. Archiving these in some fashion will create a rich treasure trove of insights and resources for both current and future family members. Healthy Intellectual Capital is based on seeing and respecting the uniqueness of each individual family member.

**Social Capital** - This capital is about how the family connects to the larger world. When the family name comes up what do members of the community say? When the name of a family business is spoken what are the responses? Many times Social Capital is built around philanthropy and support for important causes but it doesn't have to be. It can be as simple as generously hosting gatherings at the family home for the neighbors every fourth of July.

**Spiritual Capital** - This capital defines what it means to be a member of the family. It addresses what does the family stand for. It can be based on a religious tradition or on a set of timeless virtues. These include compassion, love, connection, personal growth and respect to name a few. A family can create a statement about how they will be with each other, their extended family, their friends and their community as a way of defining their Spiritual Capital.

**Financial Capital** - Intentionally listed last, the Financial Capital or resources of a family should be preserved and deployed in support of the other four capitals. If the family is healthy in each of them, they will be (and have a plan to develop future) great owners of financial wealth. Skills like how to hire an advisor, how to be strategic in wealth planning, how to talk about financial assets and how to avoid entitlement will be part of the family intellectual capital and culture.

A final note. The best family meetings I've attended in the last 3 or 4 years build their agendas around The Five Capitals. The amount of time given to each varies but they are all at least touched upon.