Money Lessons From 'Downton Abbey'

The hit television series, set in early 20th century Britain, is packed with financial advice – and cautionary tales – for modern families.

BY KELLY GREENE

If you need your wife's dowry to prop up your sprawling manse and a small army of domestic staff, don't bet it all on a railroad thousands of miles away.

That is one of the lessons gleaned from the television show "Downton Abbey," the British drama set in the early decades of the 20th century that just wrapped up its third season on PBS's "Masterpiece."

The program, which drew an average 8.2 million viewers in the U.S. for its Feb. 17 season finale, resonates with Americans today in part because the family dynamics it portrays are timeless.

In between all the plotting and back-stabbing, the characters blunder into a broad array of financial- and estate-planning disasters, from bad investments and messy trusts to poor business-succession plans and power struggles following health crises.

"It's like a law-school exam in what not to do," says Jonathan Forster, national wealth-management chairman at law firm **Greenberg Traurig** in McLean, Va.

The show has become something of a sensation among financial planners and lawyers, who see parallels in their clients' lives. "We're always very interested in wealthy people and how they han-

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The show centers on Robert Crawley, the Earl of Grantham (center, played by Hugh Bonneville) and his family.

Castle: Rex Features/Associated Press; Characters: Carnival Films & Television/Masterpiece/Associated Press (4); Carnival Films & Television/Masterpiece/Everett Collection (4); Carnival Films & Television/Masterpiece (1)

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dle and manage their problems," says Carol Harrington, head of the private-client group at law firm McDermott Will & Emery in Chicago. Ms Harrington even got tickets to tour England's Highclere Castle, the real-life setting for the show, in July as a birthday present from her husband.

"Downton Abbey" centers on a British aristocrat, Robert Crawley, the Earl of Grantham, who has three daughters but no sons to whom he can leave his estate, as required under British property rules at the time.

FAMILY VALUE

The earl's male cousin and the cousin's son both die on the Titanic. That leaves as the next possible heir a distant relative who—gasp!—works for a living, albeit as a lawyer.

"The whole plot is really about an enormous estate-planning problem," says Kenneth Brier, a lawyer in Needham, Mass.

The most obvious take-away from "Downton Abbey" is to diversify investments, a lesson the earl learns after squandering much of his American wife's fortune on an investment in a Canadian railway filing for bankruptcy. Left with almost nothing, the family quietly makes plans to sell the ancestral home, lay off staff and move to a smaller property—until they are saved at the last minute by yet another inheritance.

Even if you aren't an earl, you can learn a lot about family finance from the program.

"If there is anyone out there who has not made proper provision for their family, and 'Downton' is a nudge for them to do so, then hurrah," says Julian Fellowes, the series' creator and executive producer.

Here are some of the biggest lessons.

◆ **Sell the house.** In the program, the ancestral home is central to the Crawley family's lives and status—their residence, social life and business rolled into one.

But in modern times, inheriting an old house often is more trouble than it's worth.

Many parents overestimate a property's emotional importance to their heirs. And the heirs sometimes feel a sense of duty to keep the house, even if it isn't worth the expense, says François Sicart, chairman of **Tocqueville Asset Management** in New York.

Even leaving a home with a trust stuffed with cash to maintain it can backfire, because the children "will resent that the cash went to the house and not to them," he says.

Instead, Mr. Sicart advises that parents sell their property outright rather than forcing that decision on their children. He suggests using the cash to start a family foundation instead.

One of Mr. Sicart's clients, the sole heir to his family's castle in France, feels obligated to finish an expensive restoration even though his father urged him to sell it right away. Mr. Sicart says he knows a "fair number" of heirs to castles in Europe, and all of the properties are "money pits."

In another family Mr. Sicart advises, he says that three daughters inherited a house together almost two years ago, and he already is starting to see tension brewing: "One of the husbands smokes, and it drives the others crazy. Somebody wants to do some architectural change and the others don't agree with the price. Suddenly, you hear, 'She's getting bossy.'"

When the property is a "compound" consisting of one big home and a few smaller ones, siblings often set aside the larger property for family gatherings. But sometimes one branch of the family will start asking to use it more often without offering to shoulder a larger share of expenses, says Mr. Forster of Greenberg Traurig. And siblings who live far away often want to get bought out—even though traditional estate plans seldom allow it, he says.

The bottom line: Homes can't force family togetherness, no matter how picturesque the setting. "The more remote the location, the more I scratch my head and say, 'They are never coming back,'" Mr. Forster says.

◆ **Spell out control and ownership when passing the baton.** The Earl of Grantham presides over Downton Abbey with his family, but the blown investment has left them broke. Matthew Crawley, the earl's third cousin once removed and the closest remaining male heir, winds up falling in love with and marrying the earl's oldest daughter, Mary.

After Matthew inherits a pile of money from his former fiancée's family and invests it in Downton Abbey, the earl invites Matthew to join the family business. But when Matthew starts digging into the books, he finds big financial problems, and the estate's longtime overseer resigns suddenly.

Near the end of the show's most recent season, Robert Crawley is bristling at his sons-in-law's efforts to modernize the estate's operations—even though the work could well keep the enterprise solvent.

Misgivings and resentment are normal during the changing of the guard in a family business, Mr. Forster says, especially when other family members also offer up their opinions. (In this case, the earl's daughter Mary and his mother, the dowager countess, often meddle behind closed doors.)

There are ways to ease such problems when bringing the next generation into the family business. The first step: Make sure everyone involved is clear on who has voting rights, veto rights and the power to fire, along with the size of each person's equity stake in the business, Mr. Forster advises.

"It's hard. It means that the family has to work well together, and somebody's going to have to emerge and be leader," he says.

As with most family matters, the responsibility starts with the parents. Years before any transition is expected, parents should tell their kids what they want, and why, Mr. Forster says. Martin Shenkman, an estate-planning lawyer in Paramus, N.J., recommends that parents bring in a management consultant to determine which members of the next generation are qualified to run the business.

◆ **Use trusts to protect the family fortune.** Families typically use so-called dynasty trusts to protect against bad management, creditors, spendthrift family members and divorce settlements, says Christine Finn, a lawyer at **Marcum**, a New York accounting and advisory firm.

Carnival Films & Television/Masterpiece/Associated Press (2); Carnival Films & Television/Masterpiece/Everett Collection (6)

Maintaining a castle requires a staff of dozens, another reason many estate planners recommend not passing along homes to their heirs.

One "Downton Abbey" character uses a trust effectively, Ms. Harrington says. When the Crawleys appeal to the earl's American mother-in-law to bail them out, she says she can't help because the assets are tied up in a trust.

"To a trust attorney, that's a delightful answer," Ms. Harrington says. "She's saying, 'I already gave Cora her money, and there's nothing I can do with the rest, so you're on your own.'"

While such trusts are bound by investing rules, they also prevent one person from blowing the fortune, Mr. Forster says. A professional trustee working in tandem with the earl probably would have stopped him from concentrating so much capital in a Canadian railway, Mr. Forster says.

A corporate trustee is a professional, with obligations about how investments should be diversified. "It's not just one Robert Crawley at the helm saying, 'I think this is a good idea,' and that's it for every generation to come," Ms. Finn says.

One big planning error cropped up during the program's third-season finale. The episode ends with Matthew Crawley, the son-in-law, getting killed in a car crash the same day his wife gives birth to their first child, a son. Rather than giving his inheritance to his father-in-law to prop up the estate, he should have put the money in a trust to protect it, Mr. Shenkman says. Such trusts were already in use before World War I, and some of his own clients are beneficiaries of trusts established back then.

In 1907, for example, Henry Phipps formed **Bessemer Trust** as his family office to manage the trusts holding the proceeds from the sale of Carnegie Steel, which he had founded with Andrew Carnegie. Bessemer Trust has served six generations of the Phipps family, and manages investments for more than 2,100 other families with $78 billion in assets.

◆ **Make a will before giving birth.** Matthew Crawley's death points to other financial-planning issues affecting families.

Matthew should have had a business agreement in place spelling out what would happen to his wife and any children if he died, along with an updated will, says Mary Schmidt, an estate-planning attorney in Boston. Instead, he essentially made a gift to the earl—not the wisest move for a character who also is a lawyer by training, she says.

Most expectant couples should have a series of documents in place, Ms. Schmidt says. Among them: wills, trusts for their spouses and children, and a power of attorney allowing their spouse to handle their business affairs if they become incapacitated, she says.

Particularly in states with low state estate-tax exemptions, such as Massachusetts and New York, where any amount exceeding $1 million is subject to tax, financial planners should try to put equal amounts of money into both estates so the child can inherit from both parents separately and use both exemptions, Ms. Schmidt says.

◆ **Set up a medical directive.** A few episodes before Matthew Crawley's death, Sybil, the beloved youngest daughter, dies from childbirth complications. As she falls ill, the family struggles to guess what her wishes would be: to be moved to the hospital to seek treatment that might save her but risk the child? To baptize the baby girl as a Catholic, like her father, or an Anglican, like her mother?

Ms. Finn, of Marcum, recommends spelling out such wishes through a will and an "advance medical directive"—a set of written instructions that specify what actions should be taken if you no longer are able to make medical decisions, along with a health-care proxy appointing someone to make those decisions on your behalf. Doing so "saves the family having to wonder, and it saves a lot of tension," she says.

One other piece of advice: Never undergo surgery or do anything else that could affect your family's future without telling your spouse, Ms. Schmidt says. That is what Mary Crawley did when she secretly underwent a procedure to fix a fertility issue.

Full disclosure is crucial in family money matters, Ms. Schmidt says. In "Downton Abbey," Ms. Schmidt says, "there are an awful lot of secrets, and secrets are detrimental to proper planning."

Email: familyvalue@wsj.com