

The Dispatch

September 2020: Making Tough – and Better – Decisions

Our life consists, among other things, in making many decisions. We make so many that we often don't sit down and ask ourselves whether there is a method or framework we ought to use to help assure us that we are making good, rather than bad, decisions. Here we take on that issue. Lance starts by talking about a practical decision many business owners face today. Davon discusses a decision-making framework that has been helpful for her personally and professionally. Finally, Bill looks at a Scriptural passage and discusses the nature of a bad decision. Let us know if you have any feedback!

To Give or Not to Give: *When* is the Decision

By Lance Woodbury

Eight years ago, major estate tax law changes were on the horizon, and I witnessed what I call [Post Traumatic Gift Disorder](#). It reflects the fear, uncertainty, and occasional regret experienced by some senior generation family members who give millions of dollars to children, probably earlier than they anticipated, for tax reasons.

We face a similar dilemma today: If you own much farm or ranch land, or if you have other assets that will appreciate, you may have an impending decision about gifting. If the current law stays unchanged, you have a few more years to plan and decide — the end of 2025 is when the law sunsets and the amount you can give to your children tax-free is greatly reduced. But because of today's political and economic environment, the law could change as soon as next year. And such a change could mean [major estate tax consequences](#) for many family businesses.

To help evaluate this kind of financial decision, consider three criteria – what I call the “3 C’s”:

1. *Consequences* of your Current Path: If you don't make a change to how your assets, including your business, are structured, what is the likely outcome? By “structured,” I mean: Who owns it today? Who will own it tomorrow? And how will that ownership transition occur, if you leave it “as is?” Answer those questions as if you don't intend to change, and use the outcome as a potential motivator.
2. *Complexity*: Every tax planning decision has an element of complexity. Generally, the more tax you are trying to save, the more sophisticated the approach. Use your comfort level with the trade-off between complexity and tax savings as a guide.
3. *Conflict*: When giving assets to multiple children, especially when there is a family business involved, the potential for conflict goes up. What kind of conflict might emerge if you make a gift now? And how will you manage that conflict? Of course, not making a gift now doesn't avoid the conflict - it just postpones it! So it really becomes a question of how and when you will communicate your intent, and the resulting impact of your plans on your family members.

Financial decisions of this magnitude are not easy. The three C's, coupled with insights from Davon and Bill below, offer useful insight.

Tough Decision? The “Living It Gut Check”

By Davon Cook

Some decisions lend themselves to information-gathering and analysis of the pros and cons. You simply collect

enough information to make an informed choice and then feel good about it. But some decisions are more difficult, maybe even wrenching. Perhaps the choices are all good but you want “the best.” I’m thinking, for example, of watching my son decide among several good choices for college. Perhaps the stakes are very high: Should I let this person go? Should I stay or leave? Do I want to make this risky investment? Perhaps there are so many unknowns, you will never have the desired information. That’s certainly a theme in our current world. I struggle with these difficult choices.

I use a method I call the “Living It Gut Check” to help me make difficult decisions. This method was passed down from a precious mentor to my brother, then to me, and finally to my son and a few friends. It has proven helpful with the tough ones.

1. Do whatever analysis is possible: information, pros/cons, worst case/best case, discuss, debate, ponder.
2. When the analysis will take you no further, *make a definitive choice in your mind*.
3. Tell a “safe” person, *as if the decision is complete*. Pick someone that you trust, perhaps removed from the situation. At this point, the decision isn’t irreversible. Talk about your next steps to make it happen. Write drafts of the email sharing your decision. Mentally put the decision into *action phase*.
4. Live with this “almost but not yet” reality 2-3 days. Your gut will often tell you the answer. If your mind has moved on to other things, it means you are good with the decision. It’s time to tell the world! If you’re tossing and turning, listen to your gut and reevaluate.

This method may sound simplistic, but it moves beyond paralysis mode to “living in the decision.” It has provided clarity for me when tough decisions loomed.

Faith and Family Business: A Biblical Bad Decision (II Samuel 11:1)

By Dr Bill Long

Sometimes a person’s bad decision can teach us as much or more about what a good decision is, than had the person made a good decision in the first place. A case in point is the moving story of King David in II Samuel 11. In the previous chapter, his troops had won some decisive victories against neighboring peoples. When winter set in, everyone returned to Jerusalem to celebrate victories and rest up for the next year’s campaigns.

The custom was for kings to go out with their troops to battle in the spring. This show of force and commitment “from the top” was supposed to inspire troops to greater effort. Thus, the *expected* decision of King David in II Samuel 11:1 is to go out with his troops in the spring. But listen to verse 1:

“In the spring of the year, the time when kings go out to battle, David sent Joab...but David remained in Jerusalem.” No big deal, we think. Maybe the king just had work to do at home. But the break in the routine through this decision was the first of many factors that led to enormous pain in David’s family and for the entire nation.

One night, while home alone in Jerusalem, he decided to take a walk on his roof—the highest roof in town of course. Not far off he saw a beautiful maiden bathing. *Hmm...got to get to know her*, he thought. One thing led to another, and David soon impregnated the woman, Bathsheba, and made arrangements for Bathsheba’s husband to be killed in battle as a way of trying to cover up his affair. Enormous pain followed in the wake of David’s bad decision.

The “good decision” for King David would have been to do what kings do—go to battle, be with the men, involve yourself in the affairs of your people. But David didn’t do this—and he ended up pursuing another kind of affair.

Often, the good decision is to do the expected thing. It might not be dramatic, but it is a good decision.
