



## Wealth Planning Report

# Three Big Fears of the Ultra Wealthy—and How They Deal With Them

Significant wealth can reduce many troubles in life—but trouble can't be eliminated. Even the richest have things they fear.

More to the point: many of those fears, worries and concerns are the same as the rest of us.

But there is one difference. In our experience working with the Ultra Wealthy—people with a net worth of at least \$500 million—frequently take highly effective steps to address those worries and, quite often, overcome them. So here's a look at three fears these people tell us they struggle with—and some ways they combat those concerns.

If you share one or more of these fears, consider taking a page from the Ultra Wealthy playbook to tackle it.

### Health, family and wealth

The Ultra Wealthy tell us that they struggle with three main fears about their lives and the lives of their families:

- Severe health problems for themselves or loved ones
- Dysfunctional family members doing substantial damage
- Losing their wealth

### Fear #1: Severe health problems

Severe health concerns for you or those you care most about can easily distract you and drain you—emotionally, physically and financially. Dealing with them is a top priority for the Ultra Wealthy, as it is for most everyone else.

Of course, the Ultra Wealthy are in a stronger position than most to potentially mitigate the possibility of severe health problems—as well as very effectively deal with them when they arise. But the fact is, anyone can have heart disease or get cancer or contract a debilitating illness. Genetics can be a strong counterweight to personal wealth.

To address health-related concerns, consider these Ultra Wealthy practices:

1. **Engage a concierge medical practice.** Concierge medicine is a membership model: For a fee, you get access to “boutique” medical practices with relatively small ratios of patients to physicians—enabling faster appointments,

longer visits and significantly more personalized care given (in many cases) by physicians with far greater expertise than the typical care providers. Concierge practices might also offer tech-enabled care such as telemedicine through smart-phones. Underlying medical insurance offsets part of the cost.

2. **Take actions to pursue a longer life.** Concerns over possible future health problems are prompting more people to work on ways to extend their longevity. One example is personal genome sequencing—a process that can reveal a person's specific future health risks so they can be addressed early on. Longevity-focused care providers are increasingly in demand, and common, as well. Higher-end arrangements for specialized exercise and coaching is easily affordable for the less wealthy and can have a major impact of the quality of longevity.

## FAMILY AND WEALTH

### Fear #2: Dysfunctional family members

Most families have some conflicts across the entire financial spectrum. But family-related issues can get especially challenging and complicated when there's a lot of wealth involved and a lack of family harmony.

Consider “bad seed” family members who exploit their families (and sometimes family businesses) for personal gain, to the detriment of other family members and as well as the company. Bad seed family members can destroy family harmony as well as family wealth and the prospects of that wealth continuing into future generations.

Another less severe but common problem of privileged children from wealthy families is “affluenza.” Some especially hedonistic kids get themselves into embarrassing legal jams or are at the center of costly lawsuits due to extreme behaviors due to drugs, for example, or simply fiscal improvidence.

The most forwarding-thinking Ultra Wealthy parents tend to combat these and less egregious dysfunctional problems in two ways:

1. **Financial solutions.** Trusts with built-in oversight of an overprivileged child's inheritance can be an effective way to protect the child and other people connected with the child, such as their children. Properly arranged trusts may protect assets from creditors and predators. Of course, the ideal trust design depends on their particular situation and family goals.

**2. Personal solutions.** Crisis management and behavioral professionals are tapped to address any damages, provide counseling and rehabilitation, and help families take constructive steps for more responsible behavioral patterns.

### Fear #3: Losing their wealth

Despite their wealth—or perhaps because of it—the Ultra Wealthy worry about the emotional and financial pain of losing their affluence and all its benefits. That’s especially true among the Ultra Wealthy impacted by worries previously noted. After all, severe health problems and continuing family dysfunction can certainly contribute to losing much wealth or at least causing a severe strain impairing wealth goals.

That said, the Ultra Wealthy also worry about those who might maliciously try to take their wealth. Their very affluence makes them targets of actual criminals—as well as targets of lawsuits, creditors, former spouses and predators such as unscrupulous financial advisors.

Solutions that can help prevent the loss of wealth are many, including:

- 1. Working with trusted financial professionals.** Advisors with proven integrity and full operational transparency are crucial. Typically, such high-caliber advisors are found through referrals from trusted peers and other professionals.
- 2. Implementing asset protection strategies.** Various forms of insurance (such as an umbrella policy with high limits) and

specialized trusts in certain jurisdictions can protect from loss or discourage others from attempting to take your wealth via unfounded lawsuits and similar attacks. Placing some assets in the name of others you can trust, such as a spouse, or maintaining assets in qualified plans may be one of several options in building a moat around wealth.

- 3. Shoring up physical and cyber protections.** The Ultra Wealthy often make use of advanced security and monitoring systems that employ technology such as infrared cameras and sensors. Advanced security for personal computers and in the cloud is critical as well. But even a realistic-looking fake security system can deter many thieves and is affordable for the less wealthy. Keeping a lower lifestyle profile can substantially help.

### Implications for planning

To varying degrees, families who are not Ultra Wealthy can use many of the same approaches in dealing with these fears and challenges.

For example, concierge medicine is becoming increasingly cost-effective and available to a broader array of people. Likewise, there are high-caliber wealth planning professionals serving the “merely affluent” middle-class millionaire.

Becoming aware of approaches used by the very wealthy that may be applied to your specific worries and concerns can help you overcome many fears and give a greater sense of security—enabling you to enjoy a better lifestyle throughout retirement, and more securely pass a bigger legacy to your family.

This is an executive summary of our report.  
For a complimentary copy of the report, call or email us.



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Paul founded Professional Financial Strategies, Inc. in 1993 as one of the first independent financial and wealth planning advisory firms for affluent and aspiring families. Paul and his firm act as a personal chief financial officer for clients, bringing together a distinctive wealth management process and a network of experts that help families make smart decisions about money for investing wealth, mitigating excessive taxes, protecting assets from unjust loss, and passing securely a legacy to people they love and causes they care deeply about to make a difference in their community and in their world.

Paul earned pioneering designations as a Certified Financial Planner (CFP®), and ChFC® (Chartered Financial Consultant). A graduate with distinction from the University of Rochester, Paul earned an MBA in Finance from the Simon Business School. His professional education includes MFP (Master of Science in Financial Planning) and MSFS (Master of Science in Financial Services). Finally, *Who’s Who* first presented Paul in 2018 with the Albert Nelson Marquis Lifetime Achievement Award, as seen in *The Wall Street Journal*.

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