"WHO IS RICH?

D. Weiss

…. *He who rejoices in his lot"!* At least that is what we learn from Pirkei Avos (4:1). But unfortunately, many families of wealth have no joy from their wealth; more and more the blessing becomes a curse. Jealousy and entitlement take over and the family finds itself embroiled in fights and mistrust. Families that succeed in preserving both the money and the harmony are rare; most families' wealth falls apart by the third generation. As the saying goes: *"The first generation makes it, the second generation spends it, and the third generation blows it."*

Many times, when it comes to distributing the wealth amongst the next generation, happiness is shattered and infighting and mistrust reign. Unfortunately, statistics show a troubling fact; in 70% of families, the transition causes fights that end with lawsuits and the destruction of the family's fabric.

When you ask a patriarch or matriarch of a large family what keeps them up at night, the answer is hardly ever the performance of the Investment Portfolio, but rather, the wellbeing and success of the individuals in the family. **The family is their greatest asset.**

We spoke with Philippe J. Weil, author of the book ***Woes of the Rich – Seeing beyond the money*** who has made it his calling to help families of wealth to overcome this curse and make the best out of the blessing of having succeeded in building a fortune, despite all odds. The passionate multi-family office executive, with over 35 years of experience working with private family wealth behind him, has collected a lot of stories on families he encountered in his work. Through these stories Philippe J. Weil illustrates very clearly what the common pitfalls and mistakes are and shows how to best deal with those issues. Weil delineates the most common problems of the wealthy and offers solutions, and he talks a lot about the emotional, spiritual, and psychological impact a surplus of money has on a family.

Philippe J. Weil, and his multi-disciplined team are here to prevent a disaster. Philippe says: "With the proper intervention, a family can flourish for generations."

When asked, what is it you do differently than any other Asset Manager, Philippe responds: "The traditional wealth management deals mainly with the family's Financial Capital, I deal with all the capitals of the family: Human Capital, Intellectual Capital, Social Capital, and Spiritual Capital. Only when families address all five capitals, do the happiness, prosperity and family harmony have a chance to last for future generations. A lot comes down to planning and conversations. The family needs to address the taboo, the elephant in the room, in a facilitated inviting environment, where each family member can express his/her concerns, dreams and expectations.

Each family needs a tailor-made solution on how to pass on the wealth to the next generation and preserve the uniqueness of the family. The succession plan of a business-owning family will mainly deal with the business and its management, as well as the owning structure of such a shared business, whereas for families with wealth in the finance sector, the succession will need a different approach. Philippe approaches each family with a beginner's mind. Each family is a world unto itself, and one must learn its particularities. To quote Tolstoy, ***"All happy families are alike; each unhappy family is unhappy in its own way"***.

In the new economy of bitcoins and high-tech, where young people become rich overnight, the newly wealthy have no clue how to handle such wealth. They feel like total strangers in paradise. Usually, they also do not see a reason to worry about the future. But soon they learn that ***"wealth makes many friends"*** (*Mishlei* 19:4) and that they must be prudent with the money, otherwise the newly acquired wealth vanishes the same way it came; very suddenly.

One of the key questions Philippe J. Weil asks his clients is whether they are Owners or Stewards of their wealth. There is no right or wrong answer, but the strategy is completely different. When the client chooses the **owner route**, every decision is in the "here and now". The client might decide to give away his money to charity or spend it on extravagant vacations and homes. He or she has the liberty to do with the money what s/he likes – but it is very different than stewardship.

The distinction lies in the way the assets are preserved and managed. A traditional family, which cherishes the legacy of the patriarch and wants to continue his family's tradition, will choose the **stewardship route**. This means the family wealth does not belong to any individual in the family but rather serves the entire family for generations. The current 'owners' don't actually own the wealth but preserve it, like the famous advertising slogan of a Swiss watch company: "You never actually own a Patek Phillipe. You merely look after it for the next generation." Stewardship is taking care of the tree that was planted by previous generations, nourishing and pruning it and keeping it healthy, so that future generations can also enjoy its fruits.

Philippe J. Weil and his team want their clients to take the blessing of wealth and make the best out of it ***"…..the only worthwhile thing there is for them is to enjoy themselves and do what is good in their lifetime"*** (*Koheles* 3:12). Many times philanthropy is a good tool with which to educate the next generation in valuing their wealth and to make them understand the positive impact such wealth can have. Values and Legacy are important. Winston Churchill said: ***"We make a living by what we get, but we make a life by what we give"***.

Philippe concluded our conversation by telling us that not only does he service clients, but he also serves as the family office for his own family. The transition from his parents to the current generation of siblings was planned ahead of time in harmony between the siblings and their father. All family members agreed on the way the family manages the assets/business in stewardship for the generations to come.

There is no off the shelf product to practice wealth & family preservation – it is a process that demands the involvement of each and every family member. **This process is the key to success.**