

## Introduction

**On June 3, 1962**, a chartered Air France jet cleared for takeoff began accelerating down Runway 8 at Orly Airport in Paris. When the plane reached maximum ground speed, the nose started to rise off the tarmac. But a failed motor in a wing kept the body on the ground. The pilot instantly realized the seriousness of the problem and tried to abort the takeoff by breaking hard. But too little runway remained. Unable to stop in time, the plane skidded across an access road, clipped a set of landing lights and rammed into a stone cottage, exploding in flames. A total of 130 passengers and crew died that day. Only two stewardesses sitting in the plane's rear survived, when the tail broke off just before impact. It was the second-worst passenger-jet crash in aviation history at the time.

When news of the Air France crash reached Atlanta, the city went into shock. On board were 106 members of the Atlanta Art Association returning from a month-long trip to Europe. The group had visited all the great museums and had purchased artwork, antiques and artifacts for private collections and generous gifts to Atlanta institutions. In an instant, most of Atlanta's wealthiest art patrons and spouses had perished, leaving behind 33 children and young adults orphaned by the disaster.

Writing about this event today brings back heartbreaking memories for me. In June 1962, I had just graduated from the University of Georgia Law School, and within hours of the air disaster I was recruited by an Atlanta bank to work with the settlement of the estates actuated by the disaster. Many of the wealthy people who had died that day had named a spouse as executor of their will, but in most cases both spouses had been killed. Many of the couples had named a bank trust department to be contingent trustee as a fallback. The problem was that many couples had not updated their wills in prior years and their estates had become much larger since then. They also had not accounted for all tax-saving opportunities, or prepared their plans so descendants could manage the taxes that would be owed.

Over the next five years the bank and I worked closely with about 20 children of the crash victims and their next of kin, helping them gain control of family assets and

settle tax obligations. We also helped them manage their assets and the sizable sums from the suit settlements that followed. To this day I still recall the profound grief those children and their relatives felt. The experience for me was deeply moving and eye-opening: I learned firsthand that no matter how wealthy and careful you are, unpredictable events can change everything for your family in a flash. I also realized that without sound wealth-management plans in place, the fortune you amass over a lifetime can be squandered if the wealth winds up in inexperienced hands.

A few years ago I ran into some of the children I helped back in the early 1960s. They're adults now, of course, but talking to them reminded me that the single biggest financial challenge facing wealthy people today is preserving family fortunes for future generations. Most wealthy families know this only too well: In a recent study, the top 1% of wealthy Americans said that avoiding financial obstacles for the next generation was their No. 1 concern—ahead of all other issues including terrorism, which was No. 2.

Yet only a few wealthy families take steps necessary to ensure that their fortunes will thrive and survive future generations. We know that a family business often is the primary source of family wealth. Yet only 5% of the wealth created by family businesses lasts beyond the third generation, according to another recent study. That means chances are slim that your lifetime of hard work will do your grandkids or great grandkids a lick of good.

And that's a shame. Wealth erosion is not genetic or inevitable. In my experience, wealth disappears over time because wealth creators don't plan properly for generational wealth succession. Wealth creators are especially good at capitalizing on business opportunities and parlaying risks into fortunes. But the drive required to build a business often comes with hubris and control issues that can fuel family conflicts and lead to errors in financial judgment. It's not surprising that many wealth creators become estranged from some or all of their children. Or that some fail to engage heirs and train them early in financial matters or the family business. Or that others believe that financial risk is best reduced by spreading assets and advisory tasks among different financial institutions and brokers.

Making peace with children to sustain family fortunes over generations is far more productive than treating them with contempt or pointing out their shortcomings.

Educating heirs about the family business and finances is far more enduring than just setting up trusts. And concentrating all of your finances with a single wealth manager or team can do more to grow and preserve wealth than dividing assets and responsibilities among many different professionals who don't communicate with each other or know your complete financial picture.

I've never met a wealth creator who said that he or she wanted future family members to live in poverty. Plenty have said they wished heirs would work harder, become focused or stop abusing drugs and alcohol. But in my 40 years working as an advisor to high-net-worth families, I've never met a single wealth creator who didn't think daily about the best way to leave a positive mark on society while alive, make heirs happy and sustain fortunes for years after they're gone.

That's why I wrote this book. I have found that wealthy families, like all families today, are time-squeezed and often unsure how best to achieve financial goals. For example, estate planning alone is not a wealth-succession plan and won't do much to prevent a "shirt sleeves to shirt sleeves" scenario from unfolding. That's where the working stiff in shirt sleeves who made the fortune hands off wealth to irresponsible heirs who mismanage their inheritance and wind up in shirtsleeves, just like the wealth creator on his way up.

Keeping wealth in the family is not nearly as difficult as many advisors would lead you to believe. I have compressed the issues that families like you face to as few a number as I can, and I've arrived at 13 wealth management issues that can help you sustain wealth for 100 years or longer. Why 13? I simply couldn't get the number any lower, and 12 weren't enough. These 13 principles cover wealth expansion, wealth protection and wealth preservation. I also will show you why it's essential to hire a wealth manager who oversees your entire financial universe and how best to choose one.

All 13 principles are important because over time, the threats to your family's fortune will certainly rise. I don't know about you, but I can't name too many wealthy decedents of 19<sup>th</sup> century railroad magnates or early 20<sup>th</sup> century robber barons. That's because over generations, families expand. Children have children and their children have children, and the sad truth is most will have little interest in the family business or

finance. Many will prefer to go their own way. Others will prefer to spend rather than save. Over time, wealth can become so diluted among so many disinterested heirs that less and less remains for future generations.

But what if you could take steps now to reduce the odds of that happening? What if you could enjoy your wealth within reason, allow your children to enjoy your wealth, and ensure that future generations would expand, protect and preserve what's left so that they could not only enjoy it but also take steps to preserve it?

Back in 1962, I had no idea I would be spending so many years of my life helping wealthy families plan not only for the future of their families but also the future of future family members they will never meet. But life's random events leave deep impressions and often give us purpose. I've acted on all 13 principles for my family and future generations, so I know they'll work for you.

If you cherish your family, as I know you do, implementing these principles will ensure that your life's work will be appreciated for a long time to come.