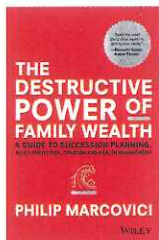


The Destructive Power of Family Wealth

BY PHILIP MARCOVICI TEP
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PUBLISHER
WILEY
ISBN-13
978-1119327523
PRICE
GBP29.99
STEP MEMBER
PRICE UNTIL
31 MARCH 2017:
GBP20.99
(TO OBTAIN
YOUR DISCOUNT
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'THE VERY RICH are different from you and me,' wrote F Scott Fitzgerald in his 1926 short story 'The Rich Boy'. And it's not just because, as Ernest Hemingway famously put it in 'The Snows of Kilimanjaro' (1936), 'they have more money'. After you read *The Destructive Power of Family Wealth*, you will likely conclude that Fitzgerald had a better understanding of the wealthy.

Hemingway was superficially correct, but the point he missed is that wealth creates a unique set of problems for its owners. In this book, Philip Marcovici identifies these problems. He explains how wealth creates conflict within families, how these tensions can explode and destroy family relationships, and, most importantly, why these issues tend to be ignored by wealth owners, whether for cultural reasons or because attempts to deal with them create more immediate tensions.

Sadly, the wealthy typically fail to address these issues and don't witness the after-effects when they die. Family members are disappointed, disputes arise and jealousies surface. Because of a lack of planning, assets are not distributed in the way that the wealth owner had intended. These consequences inevitably threaten family relationships, sometimes irretrievably, and ultimately diminish the wealth owner's legacy.

Having made his case, Marcovici sets out a bible for understanding these risks and taking steps to nip issues in the bud. This involves identifying and acknowledging risks, discussing them with family members, putting in place appropriate mechanisms, and, at an early stage, ensuring that family members understand what they can expect to receive from their parents. Perhaps this all sounds obvious, but, like many things, it is only obvious after somebody has articulated

it and focused our attention on it. That is what this book does. Some of the author's conclusions are contentious, but he makes a spirited case for his arguments. Though its subject matter could have made a dull topic, this book turns out to be a compelling page-turner.

Marcovici started his career as a tax lawyer, so it is unsurprising that this book deals with tax issues faced by a typical multi-jurisdictional family. For a tax lawyer, however, he is critical of complex structures that focus too much on tax planning at the expense of other, softer issues. The book goes on to deal with additional threats clients face, such as family succession issues, family conflicts, mistresses and toy boys, divorce, second families, illegitimate children and even friends.

This book appears to be aimed at wealth owners, with chapters dealing with the psychology of wealth, the needs of wealth-owning families and the need to control advisors. It will also benefit readers who service wealthy clients. Private bankers, asset managers, lawyers and accountants who read this book and take Marcovici's lessons to heart will be better positioned to understand the real needs of their clients and service them better.

The Destructive Power of Family Wealth is a unique work: there is nothing else like it on the market. It is not an academic treatise, nor even a technical manual. Rather, Marcovici distils the lessons he has learned from many years of practical experience in dealing with wealthy clients. The book performs an essential function in airing what are often regarded as taboo issues in many wealthy families. It is essential reading for anyone who wants to better understand the needs of their wealthy clients and develop trusted advisor status with them.



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