

The destructive power of family wealth

F. Scott Fitzgerald, it is claimed, once remarked, “The rich are different than you and me.” Ernest Hemingway responded, “Yes, they have more money.” The exchange never actually occurred. But these are difficult times to be rich. At the same time as financial markets have been artificially inflated by trillions of dollars created *ex nihilo* by unelected monetary technocrats at our central banks, and even as deposit rates offer no real hiding place but the growing risk of seizure by increasingly desperate governments, even extreme wealth has started to feel more than usually transient. The rich are under assault from manipulated financial markets, from the rising risk of inflation and monetary instability, from venal advisors and consultants, and from global tax authorities newly possessed by an almost religious sense of redistributive zeal against the wealthy. Populist politics has a tendency to treat all wealth as unearned. And that’s *before* the interpersonal dynamics of families themselves come into play.

The answer, as Philip Marcovici suggests in ‘The Destructive Power of Family Wealth’ (Wiley 2016) is a sobering one. Trust no-one, and plan ahead. Understand that no specialist can be an expert in everything. Globalisation may have compressed geographic barriers, but when it comes to succession planning, asset protection or taxation, the world is also becoming a scarier place in which to operate. Given the various threats facing wealthy families, good advice is beyond price.

This book contains plenty of it. Conflicts of interest suffuse the asset management, private banking and consultancy industries. Forewarned is forearmed. ‘The Destructive Power of Family Wealth’ is a comprehensive and pragmatic guide to asset protection and succession planning in all their various forms. The dual forces of taxation and regulation are in the ascendancy. Wealthy families could do worse in preparing to deal with them than by buying this book, and carefully digesting its sound guidance.

Tim Price is Manager of the VT Price Value Portfolio and author of ‘Investing Through the Looking Glass: a rational guide to irrational financial markets’.