

Best Practices and Policies in International Wealth Management

Posted on Mar. 18, 2026

By Bruce Zagaris

Bruce Zagaris is a partner with Berliner Corcoran & Rowe LLP, an adjunct professor in Texas A&M School of Law's master's program on wealth management and risk management, and a board member of the Society of Trust and Estate Practitioners' Policy Planning Committee.

In this book review, Zagaris examines *The Transformative Power of Family Wealth: Helping Families and Their Communities Capture Its Regenerative Potential* by Philip Marcovici. Published by Wiley. Hardcover, 432 pages. Price: \$45.



BRUCE ZAGARIS

The Transformative Power of Family Wealth: Helping Families and Their Communities Capture Its Regenerative Potential by Philip Marcovici (Wiley 2025) is a very worthwhile read about wealth, business-owning families, their advisers, and the challenges they face in planning to achieve family goals and navigate their estates. It depicts how individual family issues can be determined within the dynamic world of tax policy, asset management, structured investment opportunities, and long-term planning for intergenerational wealth stewardship.

Nine years ago, the author wrote *The Destructive Power of Family Wealth: A Guide to Succession Planning, Asset Protection and Wealth Management*.¹ His earlier book shared his experience in working with wealth owners and their advisers, and explored how the destructive power of family wealth can be avoided. The new book shows how family wealth and business ownership can be constructive not only for the families involved but also for their business and wealth interests, their communities, and the world.

Chapter 1 introduces the "Theory of Change" as a method for addressing the destructive power of family wealth. The Theory of Change is a methodology developed in the 1990s by Carol Weiss and the Aspen Institute's Roundtable on Community Change. The theory is applied at the Cambridge Institute for Sustainability Leadership in England, with which Marcovici is associated, and is intended to help families understand the importance of social, environmental, and economic factors to their family businesses and investment interests. The goal of the theory of change is to develop a clear vision of

the future for families and then work backward to identify the steps required to ensure the desired outcome is achieved.

According to Marcovici, the Theory of Change can also serve as a method for governments to achieve the proper balance among society, wealth, and business owners.

In Chapter 2, the author considers how circular economy principles can apply to family businesses and wealth, enabling value to be derived from resources that might otherwise go unused. A family focuses on its own sustainability before considering how it can best contribute to society and wider community sustainability goals. Circularity encourages inclusion and optimal use of all family members and facilitates effective family governance.

Chapter 3 discusses taxation and the realities of tax transparency, so that advisers can understand how tax systems affect them and how they normally evolve. The chapter discusses how, for many years, the wealth management industry and various financial centers around the world supported the misuse of bank secrecy, to the detriment of both interested governments and families. The use of tax havens and offshore companies continues, and for many legitimate purposes. However, the emphasis now is on substance and on jurisdictions that can provide real infrastructure to support it, favorable tax rates, a wide network of tax treaties, and more. Increasingly, these jurisdictions are not found in the offshore world of the Caribbean but instead in the “midshore” world of jurisdictions like Singapore and others that offer infrastructure, treaties, and moderate taxation. The chapter also covers mobility and premigration tax planning.

In Chapter 4, the author discusses the possibility of adopting better ways to tax wealth and business owners in the context of growing inequality worldwide and the need for responsible wealth and business stewardship. The chapter offers suggestions for both high-net-wealth individuals and governments seeking better ways to address their policy and revenue needs. The author observes that taxes can sometimes be a distraction in the succession planning process. An overfocus on tax minimization may lead to the neglect of potentially more important issues for the family. The chapter also argues that wealthy families have moral responsibilities they must align their actions and values with, and the chance to be part of a paradigm shift in how wealth is managed and taxed.

Chapter 5 considers the psychology of wealth and the mental health issues that can arise among wealthy and business-owning families. The chapter covers when the older generation should discuss succession with the younger generation. Marcovici observes that, as wealth owners age, there is a risk that they will become paranoid about staff and family members stealing. Failing memories may also put assets at risk.

Chapter 6 discusses the derailers families must consider if long-term family sustainability is among their goals. Events that can derail a family's plans range from protecting assets from political risk to dealing with second (and subsequent) marriages and divorces, the needs of a disabled family member requiring special care, tax issues, and other challenges to wealth and family coherence. The author notes that a major failing of many wealth managers is their inability to provide a real tax-advantaged investment service or to understand the three levels of tax normally required (the home

country, the country in which an investment vehicle is situated, and the country of investment). In addition, they cannot manage the compliance involved, including tax reporting and applying for relevant withholding and other tax refunds.

Another potential *derailer* is that some countries, such as the United States, have unilateral sanctions that can include freezing or vesting orders that can either tie up the assets of an “enemy” or permit the U.S. government to seize them. Sanctions may affect a wealth owner’s access to assets. Among the potential means to protect against such risks are political risk insurance and investment protection agreements. Another growing risk Chapter 6 covers is the current focus on income and wealth inequality, increasing political populism, and the challenging financial position of many countries.

In Chapter 7, the author discusses “bridges and tunnels” that can help mitigate and prevent such events. The book highlights the mechanisms of wealth planning (trusts, foundations, partnerships, insurance strategies, and more) that help address *derailers*. Communication among all extended family members and their professional advisers, as well as careful estate planning, is especially important. This chapter discusses the various ways that mechanisms of wealth planning can be used, as well as how they are all too often misused. In particular, the author discusses wills, trusts, foundations, partnerships, companies, the family bank, and insurance products as planning vehicles.

The author also reviews the use of companies in offshore, onshore, and midshore locations. Increased tax transparency and increased emphasis by countries on maximizing their fair share of tax revenues exert pressure on traditional offshore companies, which are situated in jurisdictions where minimal substance exists in terms of employees, business activities, or otherwise. Some organizations, such as the OECD and European Union, are attacking the use of offshore companies, including ignoring the existence of the company if it lacks substance or treating it as resident in the home country or elsewhere if the company is actually managed and controlled from the home or another country. As a result of these attacks on the traditional offshore center, the author states that a good part of tax planning is moving the family to both onshore and midshore. According to Marcovici, reporting and taxpaying are often simpler when the wealth owner uses onshore planning.

The author observes that midshore locations are becoming attractive. These locations have substantial financial centers whose tax and other laws offer incentives to establish structures there and enable the coordination of business and investment activities. Examples include Hong Kong and Singapore, where territorial tax systems and low tax rates combine with robust treaty networks and sophisticated infrastructure to support the needs of investors and businesses. The United States and Switzerland also fall into that category since they offer various attractions to foreign investors.

The “family bank” is another wealth-planning tool that focuses on how to account for financial support for family members and their activities, rather than on establishing an actual bank. The goal is to ensure a sense of fairness regarding the activities of the younger generation that the family assets support.

Chapter 8 focuses on the business of wealth management, namely, private banks, insurance companies, trust companies, lawyers, accountants, family governance advisers, asset managers, and others who participate in the process. The author underscores that the key is to understand the conflicts of interest that inevitably exist and how families should best manage the persons advising them. The author discusses how to choose and work with advisers and how advisers can prepare themselves for the future and the needs of responsible wealth and business owners. The author cautions that allowing an adviser to “kidnap” the succession process is very dangerous and all too common in a complex world where wealth owners leave it to experts. Many circumstances arise in which advisers become the gatekeepers of the family’s wealth, using wealth that is not their own to benefit themselves in various ways.

In developing the right succession plan, the family should not place too much trust in anyone, as such trust may be abused. Instead, appropriate family members, such as the wealth owner’s spouse and children, must be prepared to take on an oversight role in relation to advisers and help manage the transition, which can otherwise risk the advisers being in control. A good adviser will proactively assist their client in understanding the need to have proper oversight.

By understanding their own real needs and the roles of advisers, the wealth owner will be able to put the right controls in place. By asking the right questions and admitting they do not understand elements of the structures in place regarding their family’s wealth ownership and succession plans, the wealth owner will be able to meet their responsibilities to their family. A key element of serving as a trusted adviser is transparency on fees. The financial services industry needs more education to develop a sense of ethics and high standards that prioritize long-term relationships over short-term revenue.

A common failing is the overemphasis on U.S. taxation by international families, partly due to fear of draconian enforcement of U.S. tax laws and the approach of some U.S. advisers who do not consider the importance of tax and related laws of other countries.

Another common pitfall has been advisers misleading families into thinking that “hiding” their assets and income will be useful. As a result, wealth owners put all or part of their wealth into assets outside the banking system or into structures or assets that make it more difficult for heirs to access them.

The failings of private banks have resulted in the establishment of independent asset managers, multi- and single-family offices, and variations on this theme. Wealth owners have turned to independent asset managers and family officers due to pricing abuse, high turnover of relationship managers, and poor service. The family office, or part of it, can be handled by one or more family members. Often, the family office is a disorganized collection of activities, partially managed within the family and partially by a staff of lawyers, accountants, trustees, and private banks. Without overall coordination and supervision, this results in a more expensive and less effective structure than what the family could put in place.

In terms of formal family offices, there is no one model that families should adopt, or one that is the “right” one.

In the end, the wealth owner and their family must understand how advisers work. The wealth owner must manage them and prepare the family for the work they must do to keep their eyes open, ensure that they obtain what they pay for, know what they are paying for, and why. In addition, as tax transparency grows, the wealth owner and their family must know who will receive what information and ensure that intermediaries comply effectively.

Chapter 9 discusses how to achieve the succession planning goals for countries, families, advisers, and others. In complex circumstances, such as second and subsequent marriages, avoiding surprises is an essential element of effective planning. The destruction of relationships, litigation that follows the death or disability of the wealth owner, or surprises regarding the distribution of the estate are more likely to occur when the wealth owner is no longer around.

An important element of succession planning is to stress-test the original plan, update an inventory of assets, and inform family members or others who are to benefit, ensuring they know where to find information about what to do if something happens to the wealth owner.

One problem is that wills and trust documents contain only basic information. One way to communicate the succession plan more effectively is to accompany wills and trust documents with a video or recording that explains how the wealth owners would like matters to unfold with their assets, including their businesses, and how they would like to see the next generation conduct affairs.

It is also important that the adviser meet and discuss matters not only with the older generation but also with each member of the younger generation — individually and in private — to learn about concerns and mistrust among siblings and various unspoken issues in the family.

Chapter 10 employs the Theory of Change, working backward from the developed goal to achieve family, business, investment, philanthropic, and societal objectives. The conclusion summarizes how the Theory of Change can help families and governments align their interests to support families, employees, communities, and the planet.

The chapter offers an approach for the mythical country of Dagland, which seeks to establish itself as a model for responsible wealth and business. In this regard, Dagland can address income and wealth inequality and simultaneously develop a regenerative tax system. Dagland should furnish an attractive long-term home to global wealth and business owners so that they want to raise their families and grow and operate their businesses in the country.

The approach is to develop options for simplified, fairer tactics to attract wealth and business owners to Dagland. In place of headline rates for income and inheritance tax that are misleadingly high and can be legally avoided, it would reduce the headline rate while raising more revenue. Dagland would understand the benefits that wealth and business owners could bring and communicate this well.

Residence rules affect the taxation of wealth and business owners. Opportunities exist to expand the tax base in strategic ways, grounded in how international wealth and business owners live and operate. Hence, by fashioning rules that make high-net-worth individuals tax residents, they will hopefully pay tax to Dagland in lieu of where they were resident before. Dagland can furnish advance rulings to wealth and business owners as part of a program to develop Dagland as the center for responsible business and wealth owners, offering predictability in the operation of its tax system. One limitation of offshore jurisdictions is the lack of certainty regarding the application and/or interpretation of tax laws. An advance ruling program enables high-net-worth individuals to obtain greater certainty about the application of tax laws and regulations.

A consideration for Dagland might be wealth taxation. Some countries, such as Switzerland, have imposed wealth taxes successfully at relatively low levels of wealth. Taxing someone based on the country in which they live is only fair to individuals who are taxed on their work-related earnings.

An additional issue Dagland may want to consider is the role it can play as a global center of philanthropy. It should play a leadership role in aligning private wealth with international development and sustainability priorities. Some jurisdictions want to attract transnational philanthropy as a development goal, since such organizations bring sophisticated employment and contribute multiplier effects to the economy.²

Dagland should have a tax transparency program and encourage the use of its trusts, partnerships, and other ownership vehicles.

The citizenship laws could be improved to ensure the safety and security of wealthy and business owners worldwide. To enhance services and value for its citizens, Dagland could consider improving the coverage of investment protection agreements where appropriate. In other words, Dagland can initiate an investment and tax treaty program to enable its high-net-worth individuals and their businesses opportunities worldwide.

To broaden its tax base, Dagland could consider increasing consumption taxes on luxury expenditures.

Dagland's tax policies would aim to achieve a balance between ensuring taxation that is fair to the overall population, addressing current and real income and wealth inequality, and making the country a destination of choice for well-advised wealth and business owners. By ensuring fair taxation, Dagland would also create social and political stability.

Dagland should have a simple tax system that offers all residents the same transparent, straightforward approach: a top tax rate of 15 percent on all realized income, whether from capital or earned income. In addition, Dagland could impose a top transfer tax rate (e.g., on gifts and transfers on death) of 7.5 percent. To broaden the tax base, Dagland could implement a wealth tax based on the value of assets at a rate that reflects its desire to attract and retain wealth owners for the long term.

As part of its impact goal, Dagland could focus on the regenerative aspects of taxation it wants to incentivize. It might designate elements of taxation and a portion of revenues to priority areas, such as education, housing, and healthcare. In other words, the tax policy would aim to provide important social goods that contribute to a high standard of living for the entire population.

The country would use investment protection and tax treaties, along with other related policies, to safeguard the interests of taxpayers using Dagland investment vehicles. Its simple tax system and transparency would encourage investment in Dagland.

At the end of the book is a short glossary to help readers understand some of the terms used in succession and planning approaches.

Clearly, the book offers abundant creative discussion from a veteran wealth management consultant and tax expert on the challenges confronting succession planning and the practical steps that wealth- and business-owning families can take to avoid common pitfalls. The book offers practical advice on how family wealth and business owners can serve as a positive force for families, economies, communities, and the planet.

The book will be useful not only to wealth and business-owning families but also to their advisers, private banks, trust companies, lawyers, accountants, and asset managers. Just as importantly, regulators, legislators, policy analysts, academics, and journalists seeking to deepen their understanding of the field will find the book invaluable. Part of the book's utility is its integration of international and comparative law concerning estate planning with practical advice on succession planning as well as the development of sustainable policy by which governments can attract high-net-worth individuals.

FOOTNOTES

¹ Phillip Marcovici, *The Destructive Power of Family Wealth: A Guide to Succession Planning, Asset Protection and Wealth Management* (2016).

² For a discussion of the potential role of transnational philanthropy in Caribbean jurisdictions, see Bruce Zagaris, "Some New Paths for Caribbean Jurisdictions Facing the Global Minimum Tax," [Tax Notes Int'l, Dec. 13, 2021, p. 1245](#).

END FOOTNOTES