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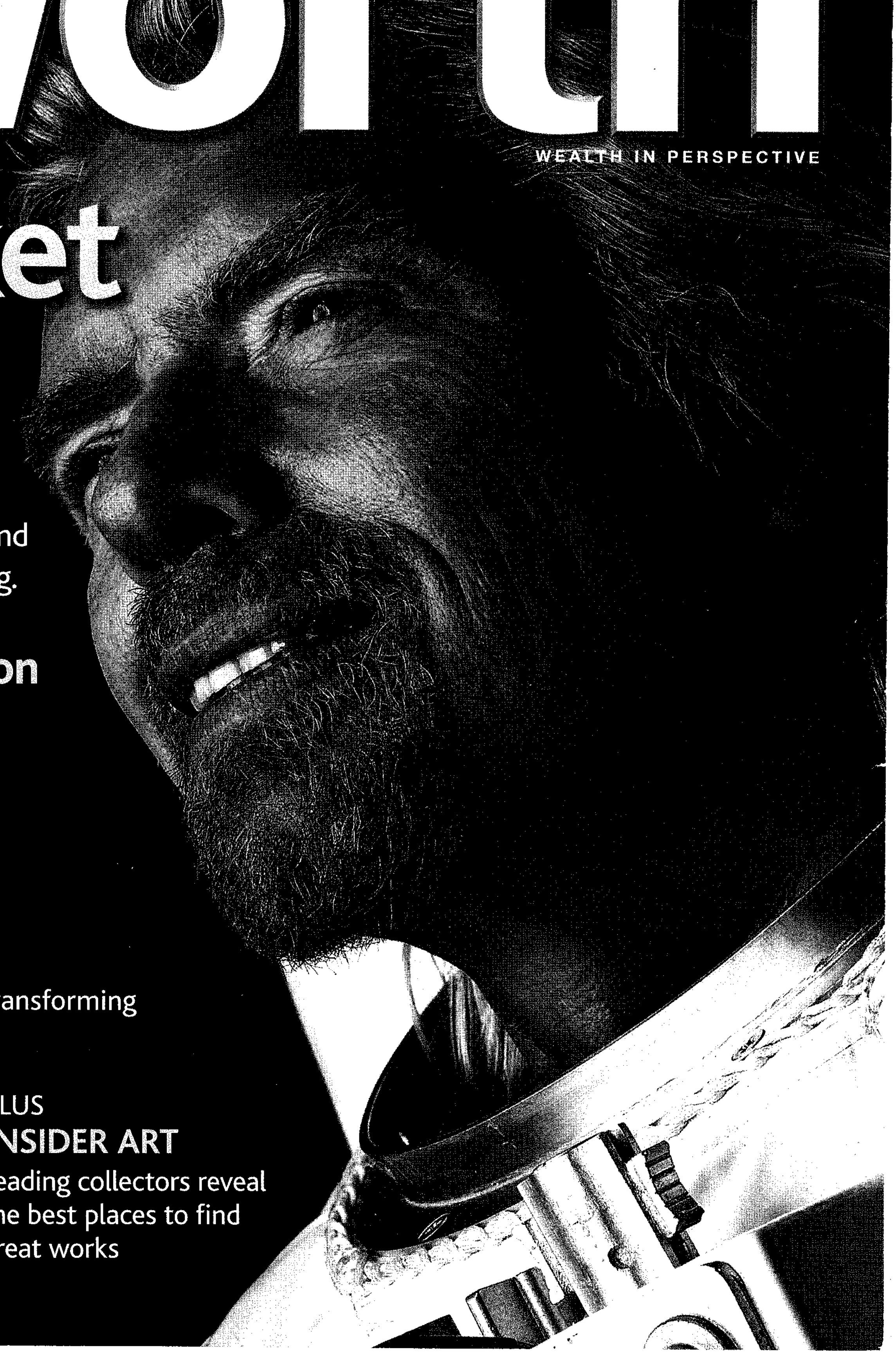

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 By Randall J. Ottinger

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Many wealth advisors are not trained to help their clients with critical nonfinancial advice.

MILLIONS OF PEOPLE are finding they have more money than they ever anticipated. After taking care of themselves, these wealthy individuals generally give their wealth to family and to philanthropic pursuits. Many want to make sure such a shift is done in a manner that yields positive results—yet few know how.

The wealth advisors these individuals employ focus on achieving superior financial returns. Yet more and more, these professionals are being asked to help create not only foundations and donor-advised funds, but philanthropic mission statements and giving plans. They also are being asked how to make sure the money left to children does not ruin their motivation. Many advisors, unfortunately, aren't properly trained to handle these specialized requests, which leaves wealthy clients to cobble together a plan as best they can.

> **PEOPLE ARE FACED WITH A CONFUSING LANDSCAPE OF OPTIONS AND ADVISORS, BUT ULTIMATELY ARE LEFT TO COBBLE TOGETHER A PLAN FOR THEMSELVES.**

This fact came to light as a result of research I conducted. I wanted to gauge the effectiveness of current estate planning efforts, both by individuals and by their advisors. Suppose you have a $50 million estate. How would you decide how much money would go to each of your children and how much to charity? How would you ensure that the money you gave to your kids would not ruin their motivation? How would you make sure that you achieved the greatest impact with your philanthropy? How would you pick the causes? To whom would you turn for advice, and does that person have training in each of these areas? These are some of the questions that intrigued me when I began my three-year study.

In my research, I spoke with hundreds of great philanthropists, family leaders and thought leaders such as Bill Gates Sr., Sandy Weill and John Whitehead. I learned that high-net-worth individuals and families today feel they have no clear guide to help them achieve their wealth-transfer goals. Instead, they face a confusing landscape of options and advisors, but must ultimately fend for themselves.

Although this reality may be hard to believe, it is a growing trend all over the U.S.—one that comes at a particularly bad time. Over the next few decades, as much as $136 trillion of baby-boomer wealth will transfer to charities and families, as well as to the government in the form of taxes. This money is coming from people who are living longer and can participate actively with the transfer of their assets.

Yet they need guidance from knowledgeable advisors, and not just on how to get the greatest returns on their investments. At times, these individuals may ask their advisors to play the role of family psychologist, ensuring that wealth does not ruin the motivation of later generations. I found that, in many cases, traditional wealth advisors were not up to the task. I also found that many affluent individuals are reluctant to pay for these services. Some financial-advisor firms and banks with private wealth divisions are responding, but they are finding it trying to provide an ever-broader range of advice for free.

As a result, wealth dissipation by the third or fourth generation is likely to continue. Historically, the first generation builds the wealth, the second generation shepherds it, and the third and fourth generations spend it. This trend has played out in a similar way for many years in many cultures. With trillions of dollars at stake, and with approximately 20 million family businesses worldwide transitioning to new family members or to new owners, this is a monumental dilemma.

To turn the first generation's sweat equity into a positive outcome, advisors and other family support structures must receive formal instruction in the intricacies of wealth transferal. It seems ironic that trust-and-estate attorneys, for instance, who draft wills and estate plans, are not trained in the field of values-based planning to assist their clients in making better decisions beyond tax-related matters.

Advisor firms that solve this predicament for their clients, presenting solutions in an integrated and holistic manner with a well-defined process, will be big winners in the race to control the minds and assets of families. This is a high-stakes game for families, advisors and society—and the playing field is wide open.

Randall J. Ottinger is the author of Beyond Success: Building a Personal, Financial and Philanthropic Legacy *and the founder of LMR Advisors.*