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What Are the Top Wealth Management Secrets? Start with Common Sense

By: Steven Abernathy

Families who maintain and grow their wealth generation after generation take a multi-disciplinary approach to wealth management. While there is no "one size fits all" rule, these fundamentals are worth noting:

The first area, growing, preserving and transferring wealth, is generally well known. Affluent families employ the best possible teams they can to manage their wealth. Asset protection, asset allocation and capital appreciation require attention. There's no substitute for a financial strategist, with an audited track record of personal investment history, supporting you with ideas you wouldn't have found otherwise, to act as an objective facilitator. S/he also acts as an intelligent sounding board (at times playing devil's advocate) as investment strategies and ideas are reviewed.

Second, every family needs a great tax advisor to legally protect every dollar possible from unnecessary taxes. Competent tax advisors on average pay for themselves in less than a year. Legal expertise, in the form of asset protection and estate planning, is essential for every family with more than $12 million in assets. (It's also a wise idea for family with less than $12 million.)

Third, education, values and passing the family's legacy to the next generation are the bellwether of maintaining multi-generational wealth.
It sometimes goes unsaid; however, in order to maintain it, wealth requires a high level of accountability. This means being responsible for the choices you make and the lessons you teach to heirs. Often the most powerful lessons are non-verbal. Children model what they see. When heirs learn to see wealth as a launch pad for possibilities, it's treated as such. However, when they see generations idling by, not living purposefully, this can lead to problems. Planning heirs' education beginning when they are small with a multi-pronged, hands-on approach, offers the basis for success as they grow up. The older they get, the more responsibility they can handle. Heirs can also learn how to gauge and set achievable goals that can lead to more responsibility within a family business, purchasing property, starting their own venture or other autonomous ventures.

Fourth, scorecards matter.
What's the "best" way to gauge financial success? Many people focus on *net income*; however, this indicates nothing about expenses or longevity. Margin, which accounts for expenses versus revenues, is a decidedly more useful metric as it lets you know whether or not you're overspending. And this isn't something families generally see by themselves.

Mindful wealth management is akin to every area of life requiring oversight and care. Maintaining great health requires regular visits to a medical doctor. Maintaining, as well as growing one's wealth requires regularly scheduled contact with your attorney, financial strategist and tax advisor. No successful, busy decision maker is doing everything on their own! Successful investors plan their time strategically and enjoy time with their families, pursuing their interests or involved in their own business ventures. They create teams by design, not by default, to manage areas outside of their circle of competence. It's a time-tested strategy that's employed by the ultra-wealthy, mass affluent as well as those who aspire toward greater riches.

Steven Abernathy counsels affluent families on multi-generational wealth management strategies. This includes: asset protection, wealth management, estate and tax planning, and Heritage Planning. He contributes articles and commentary to Forbes.com, Barron's, The Wall Street Journal, Private Air, The Huffington Post, Family Office Elite and others. For more information, contact him at: sabernathy@abbygroup.com or visit www.abernathygroupfamilyoffice.com