



BY BRIAN LUSTER AND STEVEN ABERNATHY

## What does it take to grow rich?

Three strategies to build the lifestyle you deserve.

**D**id you work your way through medical school, pay off debt, make tremendous sacrifices to end up in a successful medical practice, and believe that wealth would just “happen” once you started earning the salary you envisioned?

It seems like common sense: save more, have more. But the way most people handle their finances is broken.

Take note: If you don't plan to accumulate wealth, you may not. With the monumental changes ahead in the practice of medicine, lack of planning can saddle doctors and their families with unseen burdens.

There is a good reason why families like the Rockefellers have built and maintained wealth over several generations while, according to The Family Business Institute, 60 percent of affluent families have historically lost their wealth in the second generation, and 90 percent have lost their wealth by the third.

Today, you can protect and grow your wealth the way the Rockefellers did and today's billionaires do. How? Make savvy wealth management choices—and know what's out there.

There are three distinct strategies every high net worth individual and family must adopt to ensure their business and financial lives are being handled effectively.

### Strategy 1:

**Focus on protecting your assets from litigation and other claims, and actively work on succession planning.**

Asset protection is a vital piece of the wealth creation puzzle. Remember: If you have money, there is always someone who wants to take it from you! Through proper planning and the use of trusts, limited partnerships and various corporate structures, you can often protect the vast majority of your hard-earned assets from creditors, litigators, malpractice claims, the government (taxes, Medicaid, etc...) and even former spouses or business partners.

The better you learn to protect your assets, the more assets you'll have to ensure that you can live the lifestyle you want today and also have generational wealth to pass on to your children and grandchildren.

As crazy as it may sound, more than one in three people with a net worth of \$10 million or more do not currently have a will or a trust and have not named a trustee or administrator for their estate. According to *Beating the Midas Curse* from Rodney Zeeb and Perry L. Cochell, 37 percent of the people who have the most to lose have done little or nothing to protect their wealth for future generations.

Cornelius Vanderbilt was the world's richest man

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## Financial Fitness

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of his generation with a fortune of over \$100 million (equal to \$4.8 billion today). Wanting to keep his fortune intact, he left \$95 million to just one of his sons, William, who, when he died, divided what had become a vast fortune at the time, \$200 million, among all of his children.

The next two generations spent lavishly, very quickly squandering the entire fortune, destroying what Cornelius and William had built. It's a prime example of the old adage "Shirt sleeves to shirt sleeves in three generations."

### Strategy 2:

#### **Hire a team of independent financial experts whose goals are aligned with your own.**

Before there was any real regulation, people like the Rockefellers took steps to ensure that, when they invested their money, they did it with expert research and guidance.

Instead of just trusting the advice of a broker, banker or commissioned salesperson, they hired independent financial advisors to work directly for the family. These advisors studied and weighed the merits and risks of each investment opportunity to understand how it would fit into the bigger picture before making any decision. This is similar to how a Family Office Model operates today.

Today's multi-family office model lowers the costs of hiring an expert team, all of whom serve as fiduciaries—meaning they are legally obligated to act in your best interests. Why is this so important?

Less than 3,000 of the 1 million-plus registered securities representatives and insurance agents in the United States are fiduciaries. We recommend our clients only engage people who have audited track records and proven experience working with high net worth individuals and families.

### Strategy 3:

#### **Achieve optimal financial outcomes through teamwork.**

Expert advice must be well coordinated, and all aspects of every decision must be taken into consideration to ensure your investments work together for your benefit. If a professional does not oversee and integrate your team, chances are your business and personal investments are not optimized. Every piece of the puzzle needs to be evaluated and understood. When you make a decision, know how it will affect the other parts of your financial life.

Coordination not only saves hours, but also in many cases is far less expensive than a brokerage relationship. When the effects of each possibility are thoroughly evaluated and your representative brings results to you, this is the Family Office at work. There are specialized Family Offices with a focus on various professional arenas.

The legal and financial decisions and plans you make today should include a component that will maximize the amount of wealth to be passed along to the next generation. Enjoying your lifestyle starts with the right mindset; dedicate yourself fully to your medical practice and delegate wealth management matters. ●

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