

Conversations on Wealth Management:

Trends and Dynamics Shaping the Lives and Legacies of Affluent and High Net-worth Individuals (HNIs)



The third edition of our webinar series, with the theme: Conversations on Wealth Management: Trends and Dynamics Shaping the Lives and Legacies of Affluent and High Net Worth Individuals (HNIs), was held on 25th January 2024.

The conversations centered on understanding the trends and dynamics concerning Insurance in Wealth Planning, The Family Office Advantage, Purposeful Legacies, The Affluent and Wealthy Matriarch, and Estate Planning in a VUCA (volatile, uncertain, complex and ambiguous) World where we explored issues on Modern Family, Spendthrift, Addiction etc.) We have provided this report as a synthesis of insights and learnings from our panel experts.

Speakers



Rita Tong

Grandtag Financial
Consultancy and
Insurance Brokers Ltd



Sabila Din

Global Innovation, Growth,
and Gender Specialist



Asher Noor,

TEP, FCA, FCMA, and MBA
Founder and CEO, Odyssey
SFO



Abayomi Ogunjobi

Co-Founder & Director
PennyTree



Bilal Zein,
CFBA, CFW

COO, Quanon Capital Ltd



Anbern R. Guarrine

Facilitator, Family Play

Setting the Scene

The background for the conversation was on some recent and not-so-recent notable events in the wealth management space. In December 2023, significant events unfolded in the world of wealth management, marking trends that will shape the landscape for years to come. Francoise Bettencourt Meyers, heir to the L’Oreal fortune, broke into the \$1 billion club, securing the 12th spot on the Bloomberg Billionaires Index with a remarkable fortune of \$100 billion. This milestone underscores the increasing presence of women in wealth management and their impact on the global economic landscape.

The Murdoch and Arnault families executed notable estate planning strategies, transferring control to the next generation. These transitions highlight the ongoing phenomenon of great wealth transfer, emphasizing the importance of strategic planning for multi-generational wealth preservation.

The United States implemented the Transparency Act, aligning with global efforts to enhance transparency in wealth management. This legislation reflects a broader trend towards increased accountability and visibility within the high-net-worth community, promoting trust and integrity in financial practices.

The UBS Billionaires Ambitions report revealed a significant shift, with inherited wealth now surpassing entrepreneurial wealth for the first time. This trend underscores the magnitude of the ongoing wealth transfer and its implications for wealth distribution and economic dynamics.

The family office sector experienced a surge in popularity, driven by increased wealth concentration and generational changes. Families are increasingly seeking direct investment opportunities and customized wealth management solutions, reflecting a shift towards more hands-on approaches to wealth preservation and growth.

Singapore emerged as a top destination for global mobility, surpassing Japan in passport rankings. Several EU member states also offer visa-free travel, underscoring the importance of mobility for individuals and families seeking leisure, education, and healthcare opportunities worldwide.

Projections suggest the world may witness its first trillionaire within a decade, with the fortunes of the top five wealthiest individuals expected to double by the end of the decade. This milestone highlights the unprecedented accumulation of wealth and its implications for global economic dynamics and wealth distribution.

Speaking on the trends and dynamics impacting the lives of affluent and High-Networth individuals, Asher Noor noted that over the past five years, including the challenging times of COVID-19, certain trends have emerged. Notably, the family office mindset and wealth management practitioners, both matriarchs and patriarchs, are directing their focus towards these trends. At the forefront is impact investing, which has transitioned from a passing fashion to a central component of investment portfolios and decision-making within family offices and multifamily offices. Impact investing involves evaluating the impact beyond financial returns, delving deeper into the broader implications.

Another noteworthy trend is the collaboration of multiple generations within businesses, a departure from the traditional model where the older generation builds the business over decades before passing it on. Now, we witness younger generations actively participating in the business from an early age, highlighting the importance of multi-generational planning for advisors and families alike.

The inexorable trend of technology is also shaping the landscape, encompassing aspects such as cybersecurity and data integrity that have gained prominence in recent years. Technologies like blockchain and artificial intelligence are no longer mere buzzwords but integral components that cannot be disregarded.

Another trend gaining traction among affluent families is the emphasis on health and wellness. Beyond physical fitness, mental well-being, nutrition, and overall wellness have become focal points. While the direct correlation to wealth may not be immediately evident, maintaining good health, both physically and mentally, is paramount for effective wealth management.

These trends - impact investing, multi-generational planning, technological advancements, and health and wellness focus - offer valuable insights for navigating the evolving landscape of wealth management.

The Family Office Advantage



Bilal Zein noted that family offices have been in existence since medieval times. The family office is first a business! It must understand the needs of the family it is serving. The services the family office renders must be looked at in detail, reviewed regularly to ensure that they are meeting the ever-changing needs of the family they cater to. In a family office, emotional intelligence is as important as financial intelligence. There is no one size fits all.

Modern family offices extend beyond financial management, encompassing services such as asset protection, estate planning, lifestyle management, and philanthropy. To ensure effectiveness, they require meticulous planning, clear governance structures, and regular review to adapt to changing circumstances and generational shifts. The evolving role of family offices also encompasses risk management, philanthropic initiatives, and professional meritocracy in leadership appointments, moving away from traditional familial ties. Moreover, there's a growing trend towards structured philanthropic vehicles like donor-advised funds, managed professionally to achieve the family's philanthropic objectives while involving family members based on their skills and interests.

While family offices can be instrumental in preserving family legacies and facilitating transitions, some may also face challenges, particularly in navigating family splits or transitions. Adequate preparation and readiness are crucial to ensuring a smooth transition or winding down of operations when necessary. In essence, the evolving landscape of family offices reflects a balance between tradition and modernity, with a focus on tailored solutions, professional management, and adaptability to meet the evolving needs of affluent families.

Purposeful Legacies for Families of Wealth



Asher Noor defined purposeful legacies as a thoughtful approach by the patriarch or matriarch of wealthy families to leave a lasting impact beyond financial assets.

While death and taxes are inevitable, it is the lived culture and personal values communicated to the next generation that truly form a purposeful legacy. According to Asher, a purposeful legacy starts with self-reflection and should be broken down into goals. Then the goals should be articulated to family members, and everyone knows what the family legacy will be collectively.

Reflecting on the legacy we wish to leave for our families is an intentional contemplation that requires self-reflection. Whether one is ultra-high net worth, affluent, or less wealthy, self-reflection is the starting point for shaping a purposeful legacy. Setting clear goals and key performance indicators (KPIs) is essential to achieving this vision. Articulating these goals and values to family members through open communication is crucial in building a collective understanding of the family legacy.

Engaging with a skilled advisor like Fiduciary Services Limited can facilitate these family conversations by interpreting unspoken cues and fostering meaningful dialogue. Seeking professional advice from reputable firms such as Fiduciary Services Limited can provide valuable insights for structuring a purposeful legacy. Documenting these plans, even informally, helps solidify intentions and allows for adjustments as needed.

Recalibration is essential as initial ideas may evolve or present unforeseen challenges. Regularly communicating and involving beneficiaries or trustees in the process ensures alignment and understanding across generations. While not a rigid blueprint, these steps can guide the evolution and establishment of a purposeful legacy.

Managing Addiction, Spendthrift, Blended Families, and Nuptial in Families of Wealth



Bilal stated that dealing with complex family dynamics, particularly in the context of marriages and financial matters, is a key aspect of the family office's role. By maintaining objectivity and seeking clarity, the family office can play a crucial role in addressing potential issues proactively. In cases where cultural or religious considerations come into play, such as prenuptial agreements, the family office can facilitate discussions and offer solutions, even if they are not experts in the specific area.

Monitoring family members' behaviours and financial trends is essential for identifying potential challenges early on. By acting as a "radar" and flagging any changes in habits or expenses, the family office can delicately address concerns and support the family in navigating difficult conversations. In instances where there is a disconnect between family members, such as in the case of a son engaging in risky behaviour like gambling, the family office can step in to bridge the gap and facilitate open communication.

Overall, the family office's role extends beyond financial and administrative duties to include mediating family conflicts and promoting transparency. By proactively addressing issues and orchestrating resources, the family office can help families navigate complex dynamics and safeguard their long-term interests.

The family office may not be an expert in everything, but it must be prepared for difficult conversations. Understanding boundaries is crucial, as is speaking the truth tactfully and respectfully. If unsure how to address a situation, involving experts who specialize in such matters is advisable. They can act as mediators and present options to the family for resolution. By bringing in experts to meet with the family and assess the situation, they can facilitate achieving a resolution.

When families have issues concerning spendthrift, substance abuse, or divorce, the first thing an Advisor does is to keep a lid on it so that it does not become a scandal.



The Invaluable Advisor in Wealth and Family Preservation

Advisors bring the necessary subjects to the table so families can discuss and put some conditions in place. Advisors find the best way out of situations with the least possible loss. Either by foreseeing the situation and putting guards in place or by dealing with the situation when it arises.

Asher added that some advisors are good at preventing fires, while others are good at fighting fires. Hence, there are instances where advisors might have to bring in experts to handle some aspects of the family challenges, they are not proficient to deal with.



Women as Creators and Inheritors of Significant Wealth

There is a difference between women with wealth and women in wealth. For women with wealth, it is recognized in their skills and how they contribute to legacy building. But there is a need to increase their financial awareness. This is because their financial awareness gives them a voice. Then the help of the patriarch or the person controlling the family is needed to enable the women to have a voice and be part of the family council or advisory board. Women tend to adopt a more holistic approach, so when it comes to financial planning and legacy building, they instinctively think about wealth for themselves, their children, and the community. They pay attention to detail and are more collaborative, which is an important trait when dealing with multigenerational wealth planning. Women, however, need to recognize these strengths and learn how to leverage them. And this can be done with the help of advisors or by women coming together to have these discussions.

For women in wealth, there are quite a number of women entering the ultra wealthy space. There are also positive statistics about women on boards and the value they add to company performance. There is also a need to build a pipeline of female leaders to promote the next generation of women in the corporate world so they become leaders themselves. In all of these, an enabling environment is necessary; hence, financial advisors need to come up with innovative ideas to lend to women so they can be wealth creators.

Biases against Women

Sabila itemized nine (9) biases women face in wealth, which includes:

- Gender pay gap
- Investment bias by financial advisors, thereby causing a gap in wealth creation
- Longevity
- Caregiving responsibilities when they have to take time off work to be with family and that impacts wealth
- Underrepresentation in financial services, legacy and estate planning; they may face challenges in estate planning due to gender roles
- Risk aversion (women are more risk averse and may not utilize their portfolios)
- Cultural and societal norms
- Access to resources, particularly when it comes to creation of wealth
- Access to finance, networks and new markets.

It is therefore important for everyone, within the family as well as advisors, to help women navigate these challenges.

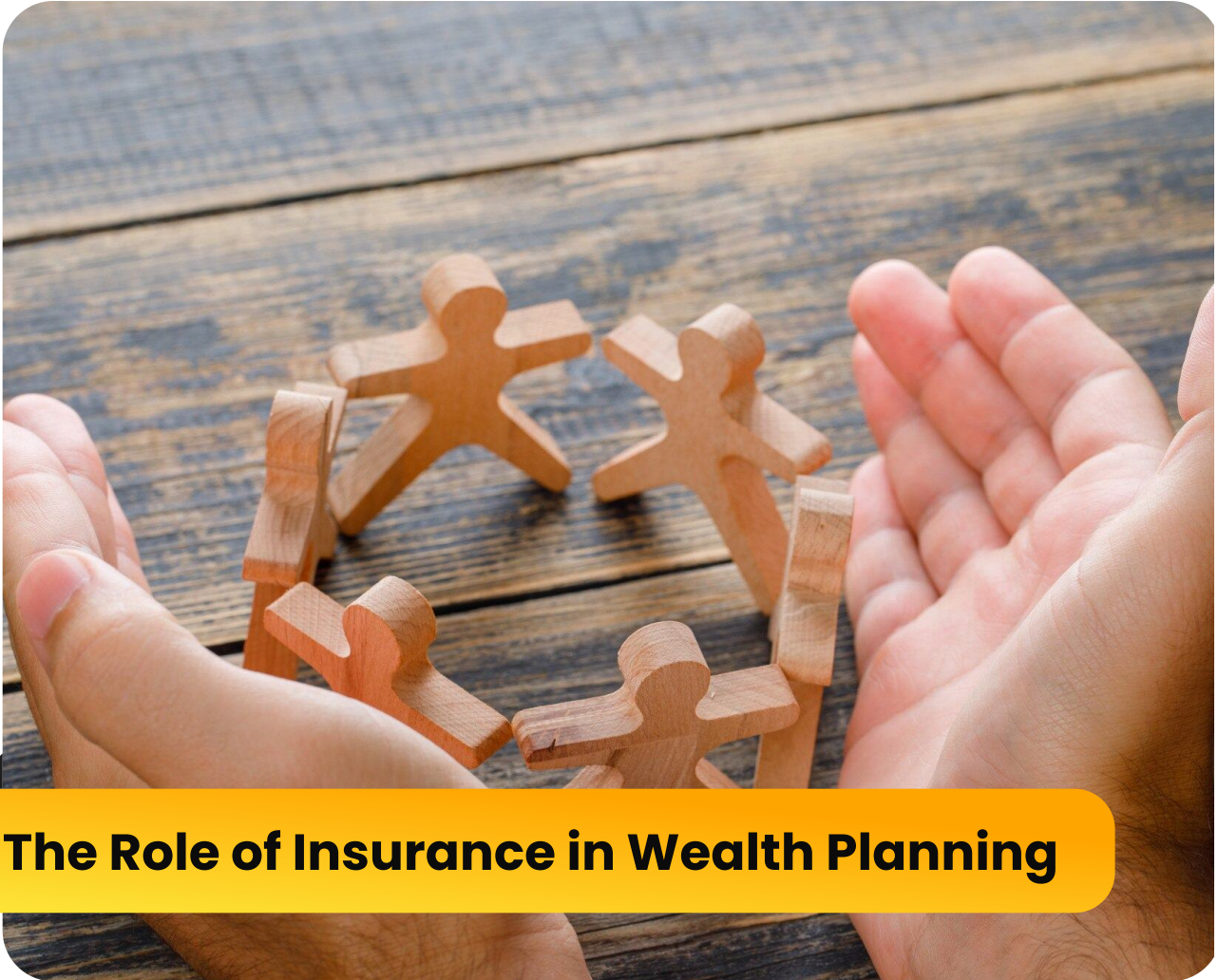


**The Subtle
Power of
Women in
Families of
Wealth**



Bilal Zein noted that historically, the women in families of wealth in some cultures have power, although it is soft and unwritten. It is up to the women to take up space if they choose or just be heard and seen without really needing to be legally mentioned in any document. He spoke about a few examples in Saudi Arabia, describing two families where they had Male leadership, but the Grand mothers had all the power and were always sought for approval and consent before any action concerning the family and its assets were undertaken. Hence to deal with family assets, they had to go and get the grandmas' blessing although the grandmas had no explicit executing Authority.

The dynamics across cultures, especially in the Middle East, may not always reveal a woman's influence upfront. Globally, diverse perspectives exist on women's roles, with contrasting views within families in the UK. Soft power has historically been significant for women in family structures, raising questions about its exercise. Empowering women to leverage their soft power is crucial for shaping wealth legacies. In Africa and regions like Central Asia and North Africa, attitudes towards women's empowerment vary. Understanding women's self-awareness, confidence, and knowledge levels is key in determining their roles in family offices. Research in Africa shows distinct groups of women in family businesses, highlighting the importance of financial education for women globally. Financial literacy empowers women to contribute meaningfully to wealth management. Transitioning to the global stage requires a nuanced understanding of cultural and business dynamics for women aspiring to expand their businesses internationally. A wealth mindset encompassing emotional, skills development, and global cultural dimensions is essential for women to excel in family offices and global business environments.



The Role of Insurance in Wealth Planning

Rita Tong outlined how life insurance benefits affluent families, providing liquidity, portfolio security, and asset equalization during wealth transfer. She emphasized its foundational role in financial planning, dispelling misconceptions about rigid policies and highlighting their flexibility. Describing Private Placement Life Insurance (PPLI), she mentioned how it streamlines asset consolidation across jurisdictions and facilitates succession planning by ensuring smooth asset transfer to beneficiaries or trusts. A globally recognized legal structure, PPLI can hold a diversified range of investment vehicles, including stocks and mutual funds, ETFs and bonds quoted on recognized Stock Exchange and cash holdings of major currencies as well. Clients can transfer their assets into the PPLI for consolidation rather than placing in multiple banks or investment accounts in various jurisdictions. PPLI facilitates succession planning as clients can use beneficiary nomination or trust to pass on their assets smoothly upon death without delay. Wealth distribution can be kept confidential as well. PPLI can also simplify the Common Reporting Standard (CRS) reporting as only a policy value is reported rather than individual holdings. All the dividends, interests, withdrawals are not required to be reported unlike in financial institutions. PPLI therefore preserves privacy and is CRS compliant at the same time. Overall, she stressed insurance's crucial role in ensuring financial security and peace of mind for families.



Insurance Protection Policies and its Investments

Kieran Brown spoke on the focus of providing detailed information and support tailored to individual needs, particularly in the realm of insurance and protection products. Some advisors are licensed to offer advice on investment products, which are distinct from insurance products, with insurance forming the core of any comprehensive investment and asset protection strategy. Health insurance, in particular, plays a crucial role in safeguarding against unforeseen medical expenses, ensuring individuals can recover without financial burden.

On the protection front, insurance serves to safeguard one's financial well-being, especially in the event of unforeseen circumstances such as the loss of a primary income earner. A life insurance plan can provide a lump sum payout to cover debts and provide financial security for loved ones. By proactively securing an insurance plan, individuals can ensure financial stability for their families without solely relying on existing wealth.

When determining the coverage needed for insurance plans, various factors come into play, emphasizing the importance of comprehensive protection to mitigate financial risks and provide peace of mind for the future.

Insurance encompasses coverage for various scenarios, not solely limited to the event of passing away. Critical illness plans offer protection in cases where individuals survive but are unable to work due to severe illnesses or injuries. These plans typically provide a lump sum payout to support individuals during such challenging times.

Income protection plans, considered a more premium option, offer coverage for situations where individuals are unable to work long-term due to accidents or illnesses. Instead of relying solely on personal wealth, these plans provide a regular income stream until recovery or, in some cases, until death, highlighting the value of insurance in ensuring financial stability during unforeseen circumstances.

While life and critical illness coverage are relatively straightforward on an international scale, income protection policies for private clients can be more challenging to secure globally. Group income protection plans may be more accessible for corporations with a minimum employee count, offering a potential solution for businesses seeking comprehensive coverage for their workforce.

It is essential to seek expert advice on protection policies tailored to individual needs, whether as a private client or part of a corporate entity. Webinars and similar resources provide valuable insights and guidance to help individuals and organizations navigate the complexities of insurance offerings and find the right solutions for their specific requirements.



Anbern Guarrine discussed conflict in families, emphasizing that conflict is inevitable whenever people come together due to differing opinions and values, and adding that behind every conflict are the values each party is trying to protect.

Anbern believes that allowing people to express why certain things are important to them and understanding each other's perspectives can often reduce conflict, while also noting that not all conflicts need to be resolved, especially in cases like political differences where understanding the other side's perspective may be sufficient. However, in certain situations, like deciding whether to have a prenuptial agreement, reaching an agreement becomes necessary for moving forward. She mentioned that emphasizing communication and the need for communication in families of wealth is required to understand patterns of conflict within families and anticipate future conflicts.

Anbern, an advocate for Fun and Play as bonding and connection tools within families, notes that it is important for the overall health and mental well-being of family members. Hence, when there is conflict, given that there is fun and play as a culture in the family, it is easier to navigate situations of conflict. You just know that you have a disconnect, and somehow you find a way to connect again.

The background of the entire page is a photograph of two women in professional attire shaking hands. The woman on the left is a Black woman with a large afro, wearing a light-colored blazer over a white collared shirt. The woman on the right is a white woman with glasses, wearing a dark blue blazer over a white polka-dot top. They are both smiling warmly. The background is a blurred office or modern building interior with warm lighting.

CONTACT US

Mercy Edukugho-Aminah TEP
Managing Director, Fiduciary Services Limited
mercyaminah@fiduciaryservicesltd.com

Fiduciary Services Limited
Plot 316, Akin Ogunlewe Street,
Off Ligali Ayorinde, Victoria
Island, Lagos, Nigeria.
contact@fiduciaryservicesltd.com
+234803726596