

Why We Need Effective Wealth Inheritors

Charles Lowenhaupt

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*Charles Lowenhaupt, founder, chief executive and chairman of his eponymous business, Lowenhaupt Global Advisors, is a regular commentator in these pages. Charles is also a member of **Family Wealth Report's** editorial advisory board and will be a speaker at the [November 1 conference](#) that this news service is holding in New York. He has recently published "The Wise Inheritor's Guide To Freedom From Wealth" and is not afraid to wade into [controversial topics](#) about the issues that arise.*

In this article, Charles writes about some of the disciplines inheritors need to exercise, and why smart inheritors benefit not only themselves but also help the wider community. We hope that readers finds these comments interesting. As ever, the editors of this news service do not necessarily endorse all views of guest contributors, but invite readers to respond. Email tom.burroughes@wealthbriefing.com

A friendly skeptic, commenting on my new book about wealth inheritors, said he was delighted to receive a copy, but was wondering why the world needed a book about helping the truly wealthy.

With so many problems in the world today – and the ability of the rich to apply money to solve most of them – wasn't his and my time better spent on something else?

It's a fair question. However, the foibles of wealth inheritors really do matter. In many instances, what they do or fail to do has a disproportionate impact on society.

That's because a single, self-actualized wealth inheritor controlling vast amounts of wealth can be a dramatic force for good – far in excess of others without that kind of capital. Call it unfair, but that's reality.

I've seen this happen time and again in my family's more than 100 years of advising individuals and families with significant wealth. Someone with wealth who puts it to good use – investing wealth and energy into the community is always the best use for it – can mobilize others and promote positive social change.

Consider names like Kennedy, Rockefeller, and Pritzker who devote their lives to public service. Consider some of the patrons of the arts and some of the artists whose wealth allows them to promote beauty in many forms. Consider organizations like Nexus, where wealth inheritors look to provide social services to the world. How fortunate for society that these children and grandchildren of wealth are functional!

We've also seen it go the other way all too often.

Wealth inheritors ill-prepared to inherit great wealth can spin out of control. They not only squander the opportunity to do good with their wealth, they frequently do harm to themselves, their families, friends, and neighbors. They find that luxuries alone don't provide happiness. No matter how much they buy or spend on themselves, they are unhappy. As they look to replicate their ancestors' wealth and legacy, the burden and challenge can turn them to drugs, reckless living and to be a danger to their families. Historically we have seen Leopold and Loeb, Patty Hearst and others.

Disproportionate impact – positive and negative

Why are so many wealth inheritors unhappy, suicidal, aimless or addicted to drugs?

The root of the problem is that many wealth inheritors never self-actualize. That's why I wrote this book.

Each of those "spoiled rich brats," as the unsympathetic may refer to them, actually has a potential for doing something great with his or her life and to enrich the world by self-actualizing.

What to do

We need to look for ways to help wealth inheritors move beyond the trappings and burdens of wealth.

We need to lift him or her above the minutiae of alpha and beta, hedge funds and asset allocation, wealth stewardship, and spending money on personal luxuries. They need the clarity of mind to avoid the excesses and distraction of great wealth. And, they need the inner strength to become leaders, whether it is finding a cure for cancer, heading up a social service initiative, or launching a new business or businesses that reshape or preserve the world.

Importantly, we cannot leave the process of teaching self-actualization to parents.

Many well-meaning, wealth-creating or wealth-preserving parents often contribute inadvertently to the misery of their wealth inheriting children. Misguided parents will say something like, “Look at what I have done. Prove yourself by doing better.” Or, “This money is for future generations. Your job is to preserve it.”

Preaching social service, threatening children to find a passion or else, forcing deprivation on them – none of this results in healthy self-actualization. This is the wrong approach and leads to the self-destructive behavior we later read about in newspapers.

To self-actualize, wealth inheritors need to take control of their lives.

First, they need to learn how to put money in its place, define its most beneficial purposes and understand who to trust to help them manage it. Second, they need to set their sights on the long view to determine how they can have a unique impact on the world. Third, once they have a clear vision, they need to execute and realize their own version of the American Dream.

It's difficult to overstate the importance of wealth inheritors successfully pursuing their version of the American Dream, just as anyone else would. Parents, schools, friends and wealth advisors need to nurture their journey.

All of us should look at those who inherit great wealth and who have not “worked” for their money, as seeds that can grow into giant oaks. We cannot afford to lose any of them. Indeed, we need to do all we can to nurture those oaks.

I have written my newest book to share my experiences with those wealth inheritors, their parents and their communities. I want to help them so they can strengthen our world.