



FLASH REPORT



Four Ways the Super Rich Manage Their Wealth

The self-made Super Rich—people with a net worth of at least \$500 million that they built through their own hard work—often possess a treasure trove of knowledge, insights and actionable strategies that the rest of us can adopt in our own lives to enhance our success.

Here are four ways the Super Rich manage their wealth.

#1: Work with top-of-the-line experts*

No one we know has ever said, “I want to work with an inferior advisor!” The Super Rich strive to work only with professionals who are recognized as experts by other professionals as well as by other wealthy, successful individuals and families.

These prominent authorities are not famous because they say they are. They are renowned among their select wealthy cohorts and other high-quality professionals because they share meaningful insights, evidence-based methodologies and potent solutions with others. For these elite professionals, it's all about raising the bar for everyone.

The upshot: Being methodical and thoughtful can help you find the top-of-the-line experts who can deliver the greatest value. Concentrate your search on experts who are prominent thought leaders in their fields. Very important, talk to other professionals and peers you trust. These actions can dramatically increase the probability of working with extremely talented, trustworthy professionals.

#2: Make sure your experts are focused on the human element

Attentiveness to the human element—the personal and emotional components of financial and wealth planning—is essential. That's because most, if not all, legal strategies and financial products have become commoditized. Focusing on the human element is what truly produces optimal results today. Therefore, you need to work with outstanding professionals who are intensely focused on you and your world—not simply on financial tools.

This means the professionals you work with should be taking five key action steps in their dealings with you:

- Ask you what you want to accomplish.
- Learn about you as an individual, as a member of a family—as everything you are in life.
- Build bridges by becoming increasingly attuned to how you view the world.
- Learn what really matters to you deep down—and what concerns wake you up at night.
- Do what's in their power to help you achieve your most important goals.

*Always remember: There's no guarantee that simply working with a well-known expert will ensure that you achieve your financial goals. Keep in mind these other ways the Super Rich vet their experts and the wealth management solutions they propose.

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MORE SMART WAYS TO MANAGE WEALTH

#3: Make sure you understand what you're agreeing to

The Super Rich make sure they have a good grasp of what they agree to when it comes to their financial and legal decisions. You should, too, of course!

This doesn't mean being cognizant of every little technical aspect of your financial plan. Rather, it's about understanding the benefits, limitations and implications of the solutions you are using (or considering).

Example: When people use irrevocable trusts, it means they cannot completely change their minds. For instance, when a person sets up a charitable trust, there are tax benefits. But he or she cannot, some years later, decide to just cancel the trust and take back the money.

Too often, individuals and families with significant wealth don't really understand what they're signing up for when they agree to implement a particular financial solution, tool or strategy. It can be extremely problematic, of course, to not understand the assured, likely or even long-shot consequences of actions taken with your wealth.

Pro tip: Be ready to be assertive. If you don't understand the big picture of a strategy or solution—such as why it's being proposed or how it might behave in a variety of possible scenarios—get the answers. It's perfectly fine to say that you can't move forward until you are comfortable that you understand the implications of a proposed strategy. The Super Rich have no problem being assertive in this way with their professionals.

#4: Trust but verify

The Super Rich are big proponents of Ronald Reagan's dictum "Trust but verify." If you're unsure or uncomfortable about a proposed wealth management solution, you should look for verification. This is especially true if the proposed solution comes from someone other than a trusted advisor you already work with. In such cases, it's often smart to get a second opinion from your trusted advisor.

Along the same lines, it's generally a good idea to (when appropriate) stress test your wealth plan to determine whether it's still likely to deliver the results you want in the way you want. Stress testing can uncover issues before they become costly.

Build and maintain great relationships

Ultimately, the key is to adopt the best practices of the Super Rich if you seek to join their ranks—or even to just become significantly wealthier than you are today.

Best practices are ways of thinking and approaching situations, including strategic and tactical activities, that produce superior results. The ways the Super Rich find and work with professionals, for example, are best practices. They get enormous value from their relationships with their professionals not just because they hire talented experts, but because of how they structure and manage those relationships to achieve their agendas.

The message is clear: To enjoy the same results the Super Rich enjoy, you have to think and act like the Super Rich. Applying these four lessons as you work with your financial and legal professionals can potentially help you maximize the probability of achieving all that is most important to you.