

Money can bring you a lot of things, including a big headache.

The fact is significant wealth comes with complications. *If you thought you needed good advice on the way up, just wait until you've truly arrived, particularly when the high-net-worth threshold (\$1 million to \$3 million) is crossed, and even more so at levels beyond \$10 million.* That's when financial and personal affairs can become dizzyingly complex.

wealthy + wise



AFFLUENCE AND WORRY-FREE LIVING go hand in hand, right? Surprisingly, that's not always the case. The landmark True Wealth survey among high-net-worth individuals conducted last year by the Stenner Investment Partners of GMP Private Client L.P. (a Vancouver-based private family office that serves clientele with a minimum net worth of \$10 million) produced some startling insights.

Among the survey's findings, fully 60% of the respondents strongly disagreed when asked if managing their wealth was easy. In fact, 85% said wealth management is a burden on their time, and 75% indicated they worry about their ability to maintain their lifestyle.

In addition to fuelling anxieties, wealth can also leave people enslaved to their possessions, says life coach David Bentall of Next Step Advisors, which counsels executives and business families.

Bentall, who several years ago divested himself from his family's company – Vancouver real estate titan Dominion Construction – says with the right guidance and support, the wealthy can relieve the stresses of wealth and achieve a more rewarding life.

“A liquidity event is a pivotal time to wisely choose an adviser,” says Bentall.

Portfolio manager Loren Francis with Cumberland Private Wealth Management in Toronto says, “Managing significant wealth takes considerable skill, time and effort. Making hasty or uninformed decisions can lead to lost tax benefits or other

erosion of wealth.”

Thane Stenner, managing director of Stenner Investment Partners of GMP Private Client, adds, “Ultra-high-net-worth typically comes with complex tax, trust and corporate structures, and a corresponding need to think and plan more tax efficiently to generate cash flow to sustain both lifestyle and philanthropic endeavours.”

Plans of action

FRANCIS SAYS THE FORMULATION of an investment policy statement, which defines the investor's goals, appetite for risk and other factors that help the adviser determine how to manage the investments, is vital. “This provides a benchmark against which you can measure success.”

Stenner's office takes the concept even further by producing a “wealth map” for its ultra-rich clientele. This comprehensive view of a family's affairs spans financial and physical assets and investment goals to personal pursuits.

“Putting these details on an integrative one-page document helps our clients see the big picture, and our software allows them to drill down to the finest details,” says Stenner. “Every time we meet, we look at the wealth map to determine what may have changed even before we look at the actual investments. It helps people keep on track.”

Where to turn?

SO HOW DO YOU FIND AN ACE ADVISER who's right for you? Francis suggests beginning by speaking to your accountant or lawyer "or the wealthiest people you know. Ask them who their advisers are."

She also suggests people consider factors such as an adviser's management style, fees, commitment to service, and the turnover rates of clients and staff, among other things. "How many clients does each manager work with? Are you one of 50 clients or 400?" says Francis, adding, "It's not just about best and brightest, it's also about how well you click with that person. Are the adviser's values aligned with yours?"

For the most privileged, a Private Family Office (PFO) like Stenner's may be the answer.

A PFO, which typically manages between 10 and 70 relationships, offers independent and unbiased guidance on everything from insurance and estate planning to cash flow management, the formulation of family mission statements and more.

The PFO also serves as a personal CFO on strategic issues, says Stenner, providing risk management oversight, hiring and releasing investment managers, evaluating custom insurance and investment structures, and providing access to sophisticated portfolio managers "otherwise unavailable in the mass affluent space."

The bottom line

WHEN THE GOING GETS RICH, the value of good advice rises. "We partner with our clients to help them make the complex a lot simpler," says Stenner. "Ultimately, we help them focus on the things that they are most passionate about."

David Bentall says, "All kinds of things can be enjoyed with financial capacity, but think about life, its purpose and what the money is for. Think about the value of relationships and invest in those that are genuine and meaningful to you. And learn the fine art of giving wisely. People like Warren Buffet are showing that ultimately you can't spend it all on yourself." ■

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