

Herald-Journal

Noel Swain: First Generation Wealth

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A friend recently told me about this part-time job he is enjoying. He's works security at the luxury suites at

a major college where he lives. He said his job mostly involves making sure the food and beverages are delivered to the proper suites and that the suite owners are happy. He then started describing the different personalities of the people he deals with at the games. He named a few people whose names I've heard of, and told me what a delight it is to deal with them. He told me how nice they treat him and everything he does for them is met with a heartfelt "thank you."

He also told me of some of the people who can't seem to be satisfied with anything he or anyone else does for them. I asked him what he thought the difference was from one group to the other. He said he hadn't thought about it. Then I asked him if the people with the sour attitudes had generated the wealth they were now spending on those luxury skyboxes, or if they were spending the money someone else had made. After thinking about it some, he told me that even though most of the people he dealt with were very nice, not one first-generation wealthy person he could think of had a bad attitude, it was only those who were spending second-generation (or later) money.

I have thought a lot about that conversation since. It seems to me that those people who do well in life are really good at helping others get what they want, whether it be

through manufacturing a product or providing a service. One won't get very far in life if he makes a bad product or if he provides a lousy service. And what determines that more than anything else is attitude. Anyone with a dour outlook and attitude will normally not do good work.

However, if your wealth was inherited, you don't need to be nice to anyone. You can treat others any way you wish. And many of the people I have met with this attitude seem to not only to not be grateful for what they have, but feel entitled to it!

According to the Williams Group, 70 percent of wealthy families lose their wealth by the second generation, and 90% lose it by the third. It takes the average inheritor 19 days before he has a new car (depreciating asset) sitting in his driveway.

Why are wealth inheritors such lousy managers of their newfound wealth? Studies have shown that in most cases the inheritors have never learned how to manage money. Why would they? The wealth generators didn't get rich by managing money, but by making it.

That's why I believe the best gift a first-generation wealthy person can give his heirs is not only the assets, but the knowledge of how to manage them. And the best way to pass that knowledge along is by partnering with an experienced and knowledgeable financial advisor who can teach them good money management skills.