

BARRON'S Online

Monday, January 10, 2005

Money Trouble

Greater wealth breeds anxiety, survey finds; Fears of producing another Paris Hilton

By SUZANNE MCGEE

BILL ARTHUR IS A RARE BREED: a happy millionaire. The New Hampshire resident, a World War II veteran, founded and built an industrial-brush company, which he later sold to Dresser Industries for a "goodly sum." On top of that, Arthur inherited a trust fund established by his father, although the 83-year-old retiree has never touched the principal. He doesn't like talking about how much money he has, and would rather reminisce about his wartime experiences or the lessons he learned about thrift. To this day, for instance, he won't buy a new car unless he can pay cash. "I don't need a Mercedes or a home in the Caribbean," says Arthur. "I know money doesn't buy happiness, and, anyway, I'm pretty happy with what I have."

Arthur, it seems, is an unusual millionaire. Some other wealthy Americans report that the richer they grow, the more anxious they become, and the less prepared they are to plan for the future, right down to writing a will. In a survey by Pittsburgh-based PNC Advisors of 792 of its wealthy private-banking clients, scheduled to be released this week, virtually all respondents said they believe they need to double their wealth to be financially secure. "It seems to be everyone's secret worry, that 'I don't have enough money'," says Joan Gulley, PNC Advisors' chief executive.

Even among those who succeeded in boosting their fortunes, achieving that goal wasn't a panacea. Indeed, only 46% said their extra wealth had made them happier, while an astonishing 29% of those with more than \$10 million to invest said that having more money only generates more problems than it solves.



That may be because it's getting easier to find someone else who's doing better, whether at the country club or in the pages of Fortune. Many successful, affluent people focus on what they still lack, rather than what they've achieved -- including riches they would have found unimaginable just a decade earlier.

"At a certain point, people should be able to say, 'I have enough money to do what I want in my life.' Yet, that rarely seems to happen," says Dennis Jaffe, a San Francisco psychologist and management consultant. "Instead, people create an image of the life they should be living. They tell themselves that because so-and-so has a Gulfstream, they

should, too."

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Maybe that's why a third of PNC's wealthiest clients said having "enough" money is still a constant

worry. Joseph Spada, co-founder of the Institute for Family Wealth, a Parsippany, N.J., advisory firm, says that one of his clients has \$25 million in assets -- but spends \$1 million a year maintaining the lifestyle he believes he should have. "The message we get everywhere is that you can never have enough," Spada says.

Even if they're ready to call a halt to the pursuit of wealth and shift their focus to its preservation, it's hard for many people to know when they've reached the tipping point. Gulley says that's because so few of America's wealthy have tackled the basic tasks that should accompany middle age. "A new client with \$20 million or \$30 million in assets walks in the door without an estate plan, or even a will," she says. "We see it every day, although, until we saw the survey results, we didn't realize the magnitude of the problem."

In fact, two-thirds of respondents hadn't prepared a proper estate plan addressing trust, inheritance or tax issues -- despite the pleas of their private bankers. And the wealthier these folks are, the more they've dragged their heels: 43% of those with \$10 million or more didn't have a will, while 47% of that group hadn't set up a trust, even though trusts are considered one of the easiest and most cost-efficient ways to transfer wealth intact to children and grandchildren.

The lack of advance planning can cost one's heirs greatly, as big chunks of an estate fall victim to taxes, or beneficiaries battle over an inheritance, in the process ringing up substantial legal fees.

There's Always Tomorrow, Right?

The universal human inclination to procrastinate is partly to blame, says Gulley, 57, who admits she just completed her estate plan last year. "The cost of inaction doesn't show up until after you die," she observes.

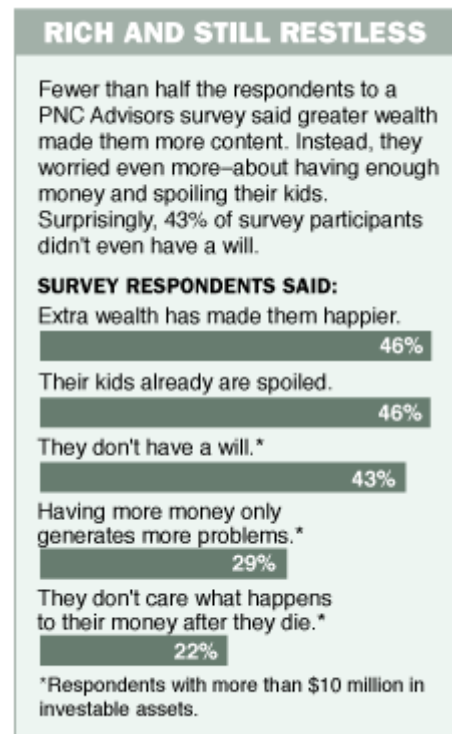
Denial, too, plays a role. "Some people don't think they'll ever die," says Sara Hamilton, chief executive of the Family Office Exchange, a Chicago organization that offers advice to wealthy families. "In many cases, that wealth took them 30 years to make and they're not ready to talk about passing it on."

Of course, there are other causes of indifference on this issue, too. Some 22% of survey respondents with more than \$10 million say they don't care what happens to their money after they die.

In some ways, the rich are no different from the rest of America: Their greatest source of stress is attempting to raise their kids as responsible citizens who value hard work and thrift. This is especially challenging when children mature in the privileged cocoon that great wealth usually produces. Wealthy parents see figures like Paris Hilton -- viewed as a spoiled, rich girl who lives to shop and party -- as a warning of what might happen to their own offspring, without a responsible attitude toward money.

That's something that worries even happy millionaires like Bill Arthur, since tax laws mean his five grandchildren, now aged four to 26, eventually will inherit the bulk of his estate. "We are helping the older ones understand, but we don't know how the younger ones will turn out yet," he says.

More than half the PNC clients surveyed worry about their children growing up with a sense of entitlement, and 46% say their kids already are spoiled. But talking about money with children can be even more difficult than explaining the facts of life. According to the survey, 58% of respondents have never discussed an estate plan with their families.



For many hugely wealthy parents and their children, it is difficult to find people to trust. Even other family members, who might be grateful for financial help, simultaneously may resent their dependency. Finding friends who value them as people, not as conduits to vacations at Italian villas or free dinners at top restaurants, also can be tough. The problem is especially acute for children who grow up with little knowledge of the struggles of most of their countrymen.

The bottom line, says Spada, of the Institute for Family Wealth, is that wealthy folks are likely to be happier if they replace financial milestones with emotional goals such as job satisfaction, philanthropic activities or spiritual undertakings. "The people who learn the difference between net worth and self-worth are those who will be the real winners," he says.

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