

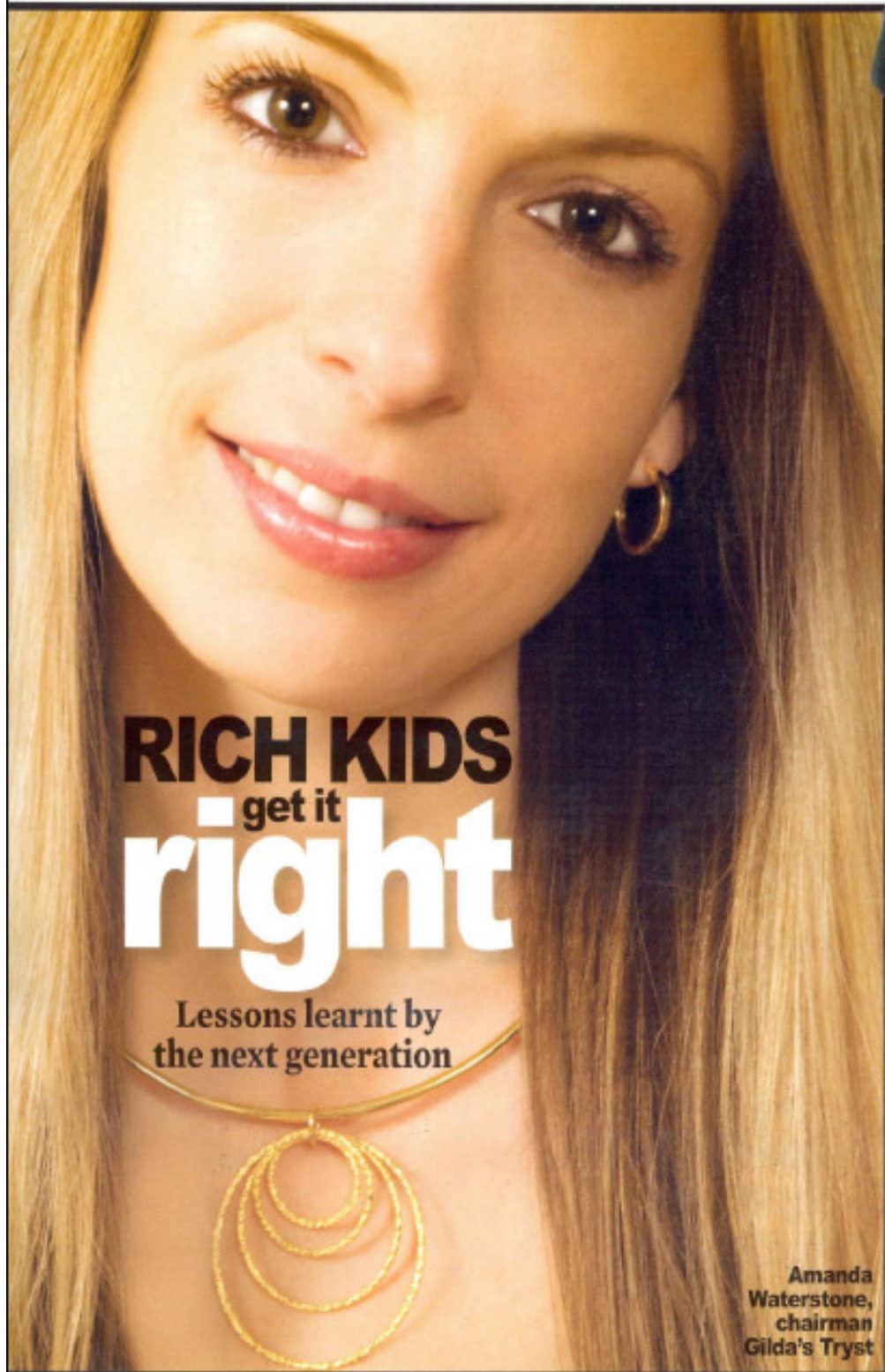
BULLETIN Wealth

DOW JONES

**DISTRESSED
CELLARS
A FINE
TIME TO
BUY WINE**

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JANUARY 2009



RICH KIDS get it **right**

Lessons learnt by
the next generation

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Waterstone,
chairman
Gilda's Tryst

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responsible
wealth crusader

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Middle East
meltdown

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magic number

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hedge fund bet

Educate
to accumulate

Agenda

FEBRUARY 2009

FROM THE EDITOR

The Paris problem

We'll always have Paris Hilton. The heiress to the hotel family fortune may have many admirable qualities – unswerving confidence, a talent for self-promotion and entrepreneurial zeal among them – but she is unlikely to be held up as a role model by many parents for their children.

We all hope the next generation will be an improvement on our own, inheriting our best qualities while avoiding our character flaws. Money should help smooth the parenting process. Yet it can often seem more of a complication.

Sensible estate planning can ease the way but unfortunately there is no simple formula for working out how to best pass on wealth and wisdom to your children. For our cover story, we asked five heirs aged between 16 and 39 what they regarded as the most valuable lessons learnt from their parents. There are some common themes including respect for money, hard work and the freedom to be themselves. Ms Hilton might even agree. As she once said: "I don't want to be known as the granddaughter of the Hiltons. I want to be known as Paris."

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FINANCIAL NEWS

STRATEGY

FIND YOUR magic number

By Mike Foster

UK adviser Stefan Wissenbach, believes everyone has their magic number: the amount of wealth an individual needs to never have to work again.

Such a calculation is a common part of wealth planning, involving a forecast of assets, liabilities and lifestyle expectations. Wissenbach's innovation is to include an assessment of the emotions that drive individuals.

He says: "One of the questions we ask is how individuals would like to be remembered at their funeral. Answers to that kind of question illustrate just what motivates people."

Emotions matter because they drive both spending and wage-earning capabilities. Sometimes they inspire people to seek out money-making opportunities, thus making it easier for them to achieve their magic number. In other cases, Wissenbach needs to take account of a tendency to spend serious amounts.

He says clients are often surprised when he tells them they are far closer than they think to achieving their magic number. "Often, they don't need to save," he says. "They should devote more time to enjoying life."

Alternatively, they can choose to keep working. Allan Cook, chief executive of defence group Cobham and a client of Wissenbach's, says: "He showed my wife and I that I could afford to retire. I now know I am working because I want

to work and I feel I am adding value."

Wissenbach, whose company is part of UK adviser network St James's Place, says his approach can help entrepreneurs when they come to sell a business: if they know the valuation exceeds the magic number, stress will be

magic numbers can help avoid acrimonious divorces, such as that between Paul McCartney and Heather Mills.

"We set out to calculate the magic number for participants with the idea that when they discover they own enough not to need to work any more, they realise they don't need to fight so hard for every last penny."

He argues individuals should deal with the inheritance issue on a more straightforward basis, setting aside a legacy fund separate from the rest of their investments. "You need to bequeath the right attitude

"WHEN DIVORCING COUPLES REALISE THEY OWN ENOUGH NOT TO NEED TO WORK THEY DON'T HAVE TO FIGHT FOR EVERY PENNY"



removed from the negotiation. "This means they generally opt to sell to the most appropriate bidder, as opposed to the most generous one."

Wissenbach has started a joint venture with legal firm Mills & Reeve to advise husbands and wives who have decided to split up. He suggests

to your children, if you can, as well as leaving them your money."

And despite the scale of wealth destruction in the past year, Wissenbach says his clients, who tend not to be overly leveraged or work in finance, are not much further away from hitting their magic numbers. **WB**

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