

COPING WITH INHERITED WEALTH

by John L. Levy

INTRODUCTION

There are many reasons people might want to build and maintain a personal fortune. But suppose their wealth seems adequate to assure a lifetime at a standard of living they have decided they want for themselves and their spouse? Then the question arises, or should arise: Why keep amassing more money, particularly if this requires a good deal of effort and interferes with their enjoyment of the fortune they've acquired?

One of the more prevalent reasons, and one which is socially sanctioned, is to provide opportunities, comfort and security for their own children and their children's children. Obviously this is a fine and a worthy thing to do. What caring parent doesn't want his or her children to be secure, comfortable and to have all of the opportunities and rewards that affluence can bring?

Of course, there's an assumption here, one which parents as well as inheritors are increasingly questioning: that inheriting wealth results in happier, more fulfilling and more productive lives. The problem is that there's a fair amount of evidence that receiving wealth doesn't always work out that way. Many people who grew up in affluence, knowing that they could expect to receive without effort all that they needed and perhaps considerably more, have found that this hasn't been an unmitigated blessing. Too often they are not very happy or fulfilled. Sometimes their behavior is unfortunate -- what we used to call "spoiled" -- and they appear to be depressed, anxious, lost, dispirited.

The noted Swiss psychiatrist, Carl Jung, in response to a question from a rich young person, had this to say: "You lose your security. You have acquired a false security, and it is this false security on which you live that causes your feeling of inferiority. One lives wrapped in cotton, protected from the cold and the heat. It is not good never to be cold or hot." He then went on to tell of a client of his: "A famous composer had a friend, a patron, who had given him a beautiful villa and

had guaranteed him an income and an opulent life. The composer composed nothing anymore. After some time he comes to see me. 'I am obsessed by a dream: I have received a mortal wound, I bleed profusely and nothing can stop the hemorrhage.' I counsel him: 'You have become too rich, give a part away.' Violent denials. Some time later the patron stops a part of his contributions. A great shock for the composer. Six months later he had composed a very good opera."

All this, however, is not to suggest that inheriting money is always an unfortunate experience and that the kindest thing that wealthy parents could do for their children would be to cut them off with little or no inheritance. The good news is that some people who receive substantial wealth from their families do very well with it and lead happy, creative and satisfying lives. It should prove both interesting and useful to look at the successful ones -- to learn what their parents have done, what other circumstances have operated and what the children have done for themselves.

With these sorts of questions in mind, I was engaged over a five year period in a study, inspired and funded by a wealthy man who was concerned about the effects of inherited wealth on his own children as well as others. While the project was aimed at the identification and understanding of some of the problems which can accompany substantial inheritance, its primary purpose was to seek ways in which these difficulties can be eliminated or ameliorated.

In the course of this study I interviewed some thirty wealthy parents and inheritors, counseled some of them, perused the available literature (which was surprisingly scant) and participated in the supervision of two doctoral dissertations on inheritance issues. In addition I interviewed and talked with a considerable number of psychotherapists about the special problems which their inheritor clients bring to them and the therapists' insights as to how these problems can best be avoided or dealt with. I also brought to this study my own background, having grown up in moderate affluence and in a community largely populated by the truly wealthy. Since completing the study I have been engaged as a consultant to wealthy individuals and families on these issues, and this monograph also represents something of what I have learned in my consulting practice.

A MODEL OF PSYCHOLOGICAL DEVELOPMENT

In looking at the difficulties which often afflict young inheritors and how these may be avoided or ameliorated, it is useful to keep in mind some sense of what is involved in the psychological development of a person, the stages of growing up to be a reasonably whole human being. Erik Erikson was a highly respected psychoanalyst and authority on the process of human development. He concluded that certain tasks need to be confronted in the course of maturation. Each is experienced as a crisis, which if resolved leads to healthy development; if not, then the person is, to some extent, psychologically damaged. Many of us, of course, are unable to deal with these challenges when they first come up, but do manage them, to an extent at least, later in life. But some don't.

In his *Growth and Crises of the Healthy Personality*, Erikson proposes the following tasks which need to be accomplished by the developing person, more or less in the order in which they ordinarily arise. For each he also describes the consequences of failure to meet the particular challenge. It should be borne in mind that these are in the nature of sensed experiences rather than conscious choices or clear alternatives. I shall mention each of these briefly in order to provide a framework for understanding what can happen in the development of the inheritor.

The first developmental task is what Erikson describes as an attitude of **Basic Trust**, defined as "...what is commonly implied in reasonable trustfulness as far as others are concerned and a simple sense of trustworthiness as far as oneself is concerned." Failure to achieve basic trust results in an attitude of mistrust.

The next challenge to be met is to achieve **Autonomy**, "...a sense of rightful dignity and lawful independence...". Failure to experience this sense of autonomy leads to shame and doubt, a feeling of being "...completely exposed and conscious of being looked at...."

The succeeding crucial task is to feel able to take **Initiative**, "...to be self-activated...in the free possession of a certain surplus of energy which permits him to forget failures quickly and to approach what seems desirable (even if it also seems dangerous) with undiminished and better aimed effort." Not achieving a sense of initiative leads to pervasive feelings of guilt.

The next life crisis unfolds around **Industry**, the ability to learn and to accomplish. This has both a solitary aspect, to be able to achieve by oneself, and a communal one, to be able to work, and to play, with others. When not experienced, the outcome is a sense of being inferior.

The last of the developmental stages, which requires having met the preceding challenges fairly well, is that of acquiring a sense of our **Identity**. Simply stated, this is knowing who we are and being reasonably comfortable with this awareness. It means not having to be the way we believe people want and expect us to be, but also not having to rebel against that and be the opposite.

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SOME PROBLEMS WHICH OFTEN ACCOMPANY INHERITANCE

What follows now are my observations and conclusions on the conditions which often accompany substantial inheritance, conditions which can interfere with meeting such developmental challenges as Erikson postulates. I will begin by describing some of the problems which often accompany inheritance, then consider some of the reasons why these problems are likely to occur, and finally offer some suggestions both to parents and to inheritors themselves, based primarily on my experience with people who have been successful in living with inherited wealth.

Self-esteem is often inadequate.

Children of wealth are often unable to value or to admire themselves, and this results in considerable suffering and deprivation. This really isn't surprising, since the experience and the prospect of wealth so often interfere with mastering Erikson's developmental tasks, and meeting these challenges is essential for true self-esteem.

The developmental achievement which Erikson calls "*Autonomy*" is particularly crucial for this sense of personal adequacy. It's often difficult for inheritors to place much value or to take much satisfaction in many of their accomplishments,

since they suspect that their successes are at least partly the result of the wealth and position which came to them. Therefore they don't really feel autonomous. Many don't feel confident that they would have achieved anything significant or that they would be liked and respected by others if they were not affluent. And this kind of self-doubt is often reinforced by the behavior of others who resent the good fortune of the inheritor.

A particular form of low self-esteem, found especially among some inheritors, is the fear of failure, which is related to difficulties in meeting the tasks which Erikson called "*Initiative*" and "*Industry*". This is especially true in the area of vocation; if they've never had to earn their living they don't really know that they could. Often this fear, consciously or not, prevents them from taking the initiative and the risks required for vocational achievements. This self-doubt is often exacerbated when their parents have been notably successful in their lives and work.

Inheritors are often **delayed** in their **emotional development**.

The expectation and the fact of substantial inheritance often result in delayed maturation. Like the butterfly which never develops adequately if it gets outside help breaking out of its cocoon, many inheritors are spared their share of life's challenges. It's clear that the crises and challenges which Erikson postulates as necessary for healthy development of the personality can be avoided, diminished or delayed by the person who is protected by the comfort and security which money provides -- what Jung described as being "wrapped in cotton." Just as body-builders and athletes say "no pain, no gain", intellectual and emotional development seem also to require effortful challenges and ordeals. Protecting the inheritor from life's traumas and stresses not only inhibits development; it can also serve to dampen the whole quality of experience. In limiting pain we almost inevitably cut off some of the delight at the other end of the spectrum.

By this I don't mean that rich and over-protected children never grow up, although some appear not to. But often they do so more slowly than those whose lives are more difficult and stressful. Most of us don't mature any faster than we absolutely have to, and inheritors are more able than most to avoid or delay the process.

Inheritors often lack strong and adequate **motivation**.

Lack of incentive is both the cause and the result of failure to meet adequately the challenges which Erikson calls "*Industry*" and "*Initiative*". This can be a particular problem in choosing and following careers, as well as in other aspects of their lives. A large inheritance can make it difficult to sustain an interest in and a commitment to anything which requires intense and continuing effort and the endurance of ambiguity, setbacks and frustration. Often the goals of inheritors, in work and in other aspects of their lives, are not very well defined or strongly desired, and they have trouble mobilizing their efforts to pursue these ends. This, of course is particularly true when these goals are set by their parents and aren't truly their own. Certainly there are notable exceptions to this, inheritors who are intensely motivated, sometimes even obsessively so. But inheritance may trouble these people too, for many of them are driven by a need to prove that they are not just inheritors. But despite such exceptions, the motivational drive of those who inherit wealth is often short-lived and/or not very intense.

They may have difficulty with **self-discipline**.

Inheritors often find great difficulty in focusing, in putting energy into pursuits which have meaning for them, and when they do in sticking with these long enough to obtain truly satisfying outcomes. Self-discipline requires concentration and focused energy, as well as the ability to postpone gratification in the interest of rewards which are ultimately more satisfying. These qualities often seem to be incompatible with the silver spoon, which suggests immediate feeding. Self-discipline is necessary not only for work, but also for significant relationships and such life-enhancing experiences as psychotherapy and the quest for spiritual development. Lack of discipline is a major cause of the difficulties which many inheritors encounter in all these areas of their lives.

Many inheritors are **bored** by their lives.

Such boredom isn't surprising, in view of what we've just considered. The rich young person's existence and activities often don't seem very real or very intense -- nothing matters that much. Lack of commitment leads to waning interest, which often results in carelessness and irresponsibility in activities and in relationships. The results or lack of results of such behavior ultimately turn back and intensify the boredom. Such ennui is one of the more painful

consequences of failure to meet the developmental challenges as they arise. And boredom so often leads to misuse of alcohol and other drugs and other self-destructive behavior.

They have difficulty in the use of **power**.

One of the principal elements in a life that is lived well is the appropriate and effective use of one's power, both situational and personal. This is related to Erikson's belief that people must learn to take *initiative* and to express *industriousness*. Power presents a particular peril to inheritors, since they haven't earned and often don't feel entitled to it.

Also the special world they've grown up in is rather insulated from the competitive arenas in which power is normally exercised. They often have problems not only with the power which comes to them by virtue of their wealth and position but also with the personal power which is within them. They may be extreme in the ways they handle power: avoiding it and denying its reality, or exercising it arbitrarily and self-servingly, riding roughshod over people, as an overcompensation for their sense of inadequacy and confusion. Either course can make it hard to work and to live with others.

Inheritors often suffer from **guilt**.

One of the best-known prices that many pay for inheriting wealth is guilt. They find it hard to accept unmerited good fortune, and they may not be able to find ways to prove themselves worthy of it. When you haven't played much of a part in creating your favored place, it's hard not to keep wondering "Why me?". The kind of maturation which is developed in meeting the task of "*Autonomy*", knowing who one is, can ameliorate this sense of guilt and make it both more conscious and more tolerable.

But it may just not be possible for the inheritors of substantial wealth to escape some of the burden of feeling guilty. Such guilt as is experienced can be expressed in a number of ways -- all the way from going through their lives abjectly apologetic to being arrogantly contemptuous (which is one way of dealing with unrecognized guilt feelings).

Alienation is another problem.

Wealthy people generally, and inheritors especially, are often afflicted by feelings of separation. Many of the rich feel different from other people; F. Scott Fitzgerald said, "They are different". Particularly if they were born into affluence, they find it hard to understand the lives and experience of those in more ordinary circumstances, and they are equally convinced (with some validity) that the others can't understand theirs. They may choose to associate almost entirely with their economic peers. But it's still difficult to escape the sense of being alienated and different from most people.

Suspiciousness is almost inevitable.

Erikson pointed out the crucial importance of developing a sense of trust as the first of the developmental tasks and one prerequisite to all the others. But the rich tend to see other people as not to be trusted, often for quite good reasons. (A rich man told me: "When a man of wealth meets a man of experience, the man of experience gains wealth and the man of wealth gains experience".) Many of those they encounter want something from the affluent person and are ready to manipulate or use him or her for their own purposes. Wealthy people sense that many who are less well off resent their favored status, particularly if it is inherited, and this resentment often takes the form of thinly disguised anger.

All these reasons can add up to one of the most painful and damaging aspects of inheritance -- difficulty in believing that people like and appreciate them just for themselves. This often gets in the way of that trust which is needed if they are to have true friends and living and working companions.

Men and Women Inheritors Face Different Problems

While many of the difficulties which confront inheritors are likely to be common to both females and males, some, of course, are not. Generally, young men are more apt to have trouble with career choices and achievements, while wealthy young women have even more difficulty than men (or non-wealthy women) in establishing their credibility and competence. A woman who puts on seminars for women who have inherited or expect to inherit substantial wealth says:

"Women face unique problems with inherited wealth that has mostly to do with their being left out of the decision-making process. The older men and the brothers in the family have traditionally been given that responsibility. Men have tended to be much more involved in the family business than women. We're sort of kept in this 'You needn't worry about this, dear.' posture."

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SOURCES OF THESE PROBLEMS

If there's nothing inherently wrong about wealth, even if it is inherited, then why do so many inheritors exhibit these painful and unfortunate symptoms? There are a number of reasons for this; some of them are within the power of the wealthy to do something about and some aren't.

The affluent encounter *negativity from others*

Among those causes which can't be helped are the attitudes which the affluent run up against in those who aren't so fortunate. As we have seen, these include envy, anger and resentment, and often an objectionable obsequiousness. Many middle-income people find it difficult to behave normally in the presence of those they regard as "rich". Also, inheritors have trouble getting a sympathetic hearing for any troubles they may have. Most Americans seem to believe that if they only had enough money and the things it can buy, then they would live in a state of constant bliss. Consequently they tend to respond disdainfully to any indications of suffering by the affluent, particularly if these are people who didn't earn their fortunes. When I talk about my work, I often hear "I wish I had those kinds of problems." And it's clear that the media delight in reporting the tribulations and foolishness of the rich.

Our *cultural values* often make life difficult for the inheritor

A related source of difficulties is that we in America have absorbed the Judeo-Christian/capitalist tradition which places great value on self-reliance, on

earning one's own way, and the inheritor can be oppressed by this in more or less subtle ways. Also in this heritage is a fabric of egalitarianism, an underlying assumption that everyone should have equal opportunities -- politically, in the exercise of power; economically, in the possibility of rising in the world; and psycho-spiritually, in opportunities for personal development. The inheritance of affluence is quite contrary to all this; it also is a painful reminder that as a culture we do not live what we profess.

Excessive options can cause problems.

One basis for the difficulties which often afflict the inheritor is the availability of too many choices in life. We assume that we want as many options as we can have, and one of the curses of poverty is that the poor are so limited in their opportunities. But most of us can't cope well with having so many possibilities that it's difficult to choose. A plenitude of options can be paralyzing and can make it very difficult to develop the capacity to make sensible and intelligent decisions.

It's hard to be sure you *could live without* your inherited *wealth*.

An underlying, rarely conscious cause of the problems which can beset inheritors is the fear of losing their assets. If we have never had to support ourselves, never had to make our way in the world without the security of a sizeable fortune, it's hard to be confident that we could do so if this became necessary. This, of course, results in a continuing fear of what might happen were the money somehow to disappear. No matter how irrational this might appear, the underlying feeling can be what's been called "the bag-lady syndrome", a sense of panic that "If I lost my money I could never survive. I'd die." And, surprisingly to those who are not in this situation, this can afflict inheritors of very substantial fortunes.

Related to this problem, both as a cause and an effect, is fear of failure, which plagues all of us sometimes but the inheritor particularly. One result of not facing many challenges is feeling unsure that one has what it takes to surmount them. (This is part of what Erikson means by developing the capacity for "*Industry*".) This can be especially painful and limiting for the young person whose parents were exceptionally successful and for those who grow up under

the burden of excessive parental expectations.

Being **viewed as "rich"** can interfere with recognition of their development and creativity.

Even when the wealthy have developed themselves personally, with talents, competence and taste, they still must overcome pressures to substitute money for their own services. These pressures are both from within (it's easier to write a check than to do hard work) and from without (people often seem to want their money more than their talents and energy). When the wealthy involve themselves in charity and cause work, for instance, they're usually expected to provide and to raise funds, and this often interferes with any recognition of their personal abilities.

Inheritors often don't receive good **parenting**.

It is unfortunately true that too many wealthy parents are neglectful of their children. Because they tend to lead busy and active lives and because they may wish to spare themselves the pain and messiness of bringing up young ones. I've heard so many sad descriptions of growing up with parents who substituted material gifts for love and attention.

Also, affluent parents are able to purchase child care, from servants and boarding schools. The servants and the schools may be fine in many ways, but they are still surrogates, and they cannot provide the kind of personal attention and caring which is so needed and wanted from parents. When parental care and love are faulty or inadequate, it's hard for the child to deal with the first of the tasks of maturing -- learning to be trusting.

Some rich parents are too intrusive in the lives of their children. Parental concern for the fortune often results in excessive interference in their children's lives, which not only diminishes trust but also serves to keep the children from maturing properly.

It's hard to be part of a **dynasty**.

Particularly in families with an established tradition of wealth and position,

parental expectations are a major factor. Many such families raise their children, generation after generation, with considerable pressure to achieve and maintain very high standards of excellence: personally, socially and vocationally, as well as to maintain and grow the family fortune. While this can operate quite constructively for some inheritors, for others it can be very burdensome, even counter-productive. This is particularly true when the same standards are applied to all the children, regardless of their individual capabilities and interests.

A particular struggle for inheritors is establishing their own individual identity, rather than being seen, by themselves as well as by others, primarily as members of their family or as the son or the daughter of their parents. This is especially difficult when the family or the parents are well-known in their communities.

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Considering all these perils and pitfalls can seem quite discouraging to wealthy parents and their children. It's not hard to understand why thoughtful wealthy parents may believe that their fortune could best be bequeathed to worthy charitable causes, saving their children from the kind of misery and deprivation which inheritance so often brings. Some very well-known people of wealth have publicly and privately made such decisions, giving their children a good education and then turning them loose with little or no inheritance, to find their own ways.

But I see such decisions as being quite unfortunate. From my own experience and that of many I've known, inheriting a substantial amount **can** be a truly wonderful blessing, not a curse. It provides the inheritor opportunities to choose among career options, some of which may not be income producing. Being able to select a vocation in philanthropy, social service, teaching or the arts is a wonderful privilege, which wise parents can offer their children. And, as I've read the statements of those affluent individuals who are choosing not to pass on significant wealth, implicit in their statements seems to be a belief that the only thing in life worth working for is making money.

We all know or know of inheritors who seem to have made it, who have not only survived that experience without visible scars but have even used their good

fortune to enhance their own lives and to contribute to the world around them. What accounts for their benefiting from their inheritance, when some don't?

The suggestions that follow are based on observations of individuals and families where the inheritance process seemed to be handled well, in contrast to those where significant damage was suffered by those involved.

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SUGGESTIONS TO WEALTHY PARENTS AND THEIR CHILDREN

Parents must be thoughtful about **how much** to leave their children, **when** and **how**.

There are a range of alternatives as to just how much should be available to the children and when they should have access to it. Many wealthy parents have decided that the line should be drawn so that the young people will have to support themselves, at least partially, particularly if they want to live in anything like the style to which they have become accustomed. Others choose to make capital, as well as income, available quite early in life. An important caution here is that when parents make these decisions, it's important that the children know what is going to happen and that they understand, as well as they can, the reasons for it. As one wealthy parent put it: "It's not right to bring them up on steak and then make them switch to hamburger."

Good **child-rearing** is especially important for inheritors.

Thoughtful and caring parental nurturance provides the kind of love, training, counsel, and examples which help in development through the various stages of childhood and adolescence. It's particularly important that both parents provide quality time for the children and serve as good listeners, really trying to hear what their children are saying to them. While such parental care and guidance are important for all children, wise and loving nurturing may be even more crucial for those who grow up with the paradoxical problems which can accompany the anticipation of a lifetime of security and comfort.

A particularly important task for the affluent parent is to teach the children to endure the pain and frustration of delays and disappointments, and to resist the temptation to quit when things aren't going their way. Like most parental teaching, setting good examples for the young people is vastly more effective than simply telling them how to behave. “Do as I say; not as I do” may feel appealing to parents, but it just doesn’t work as teaching.

The problems and pitfalls of bringing up children in wealth and in the anticipation of being affluent are sufficiently thorny and subtle that many parents will be well-advised to seek professional help. For some this will mean psychotherapy for the parents and at some point the children, with a professional who has some experience with such problems. Others will choose, instead of or in addition to psychotherapy, to seek the questioning and guidance of someone who specializes in the difficulties which can afflict inheritors.

Parental **surrogates** can play significant roles.

Inheritors often talk of servants having provided a truly crucial element in their growing environment. While wise parents will avoid the danger of delegating too much of the responsibilities of child rearing to employees, they must recognize how much influence these people have in the development of their children. Servants are usually peripheral to the lives of the parents, but children, who are more restricted in their life space, experience them as important and as valued, even central relationships. People who grew up with servants speak of the deep pain they suffered when retainers who had been important figures in their lives suddenly disappeared, either by dismissal or resignation. Unfortunately this often happens without adequate or even truthful explanations to the children, leaving them puzzled and pained.

Parents must give very serious consideration to the selection and employment of the servants, as well as responsible and attentive care in observing and evaluating them in their relationships to and their influence on the children. Many people have reported experiences of cruelty and neglect by servants which were simply not noticed or taken seriously by their parents. Also, observing the ways in which parents treat servants inevitably guides their children, for better or for worse, in their future relationships with employees and with the non-affluent people whom they will know.

Young people often have important relationships with other adults who serve somewhat as parental figures for them. These include teachers, counselors, scoutmasters, athletic coaches, family friends and others. Wise parents will encourage the formation of such relationships between their children and those adult surrogates who have a beneficial influence on them. Often this will involve parents having their own conversations and relationships with the other adults. Certainly they will do what they can to discourage those connections which seem not to be helpful to the children. But they will need to be careful that they don't disapprove of such relationships simply because they involve people of different backgrounds and values.

Inheritors must be taught sound **attitudes** toward their affluence.

It is also important for wealthy parents to communicate to the children constructive ways of living with their wealth. This must start with the parents themselves being relatively comfortable, clear and balanced about their own wealth, free of both pride and shame about it. Parents need to start with a good look at themselves here, searching out their own attitudes toward affluence and what comes with it, and then working through whatever they find that is unresolved, as best they can, in order to avoid contaminating their children. Parents need to demonstrate in their own lives healthy and appropriate ways of using money wisely, avoiding the extremes of profligacy and penury. The manner in which parents manage their own money inevitably serves to teach their children about ethical and psychological values, for better or worse, far more than what the parents tell them.

One experience which seems to distinguish those who function well with inherited wealth is that their parents have dealt with them openly and straightforwardly about the money itself. As with sex, children's real questions about the family fortune and about their own prospects should be responded to directly as the children bring them up. (In my research and consulting it has seemed remarkable how few inheritors feel that their parents really did this for them.) If the wealth and its eventual transmission to the children are dealt with covertly by the parents -- as so many parents used to avoid the topic of sex -- children are apt to see the money as something dark and shameful. This makes it more unlikely that they will ever be comfortable about the money itself or about themselves as inheritors.

Also, if their parents won't talk with them about this topic, children will take this to mean they aren't trusted, which will lower their possibly shaky self-esteem. This obviously doesn't mean instructing toddlers about financial statements, but it does suggest being attentive and responsive to children's questions and sensitive to their growing ability to deal with such matters.

Parents are often uneasy about dealing with their young children's questions about financial matters (e.g. "How much money have we?" "How much does Daddy make?") I find that using such questions as an occasion for conversation can prove richly rewarding. Parents may want first to explore with the child what the **real** question is. (It may be a search for security, that "We're going to be all right"). Then it can be useful to talk about the likely consequences of communicating the requested information.

When parents decide a child isn't ready to be told about certain matters, it's important that they let her or him know that the information will be forthcoming at some reasonably specified time in the future. The most important *caveat* is that children should never be made to feel that any question is bad or illegitimate, and that there's something wrong with them for asking it.

As they mature the children are likely to want to know more and more about the family fortunes:

Where did the money come from (including whether it's from the father's or mother's side and which generation made it)?

How large is the fortune?

How much, when and under what conditions (trusts, etc.) can they reasonably expect to receive for themselves?

Children also need instruction, both verbally and by example, as to how money is to be used. Parents should keep their growing children aware of some of the pitfalls and problems associated with wealth, particularly by drawing their attention to individuals and families who are handling their money and position especially well or quite badly. As they become more able and interested, children should participate in discussions of the kinds of obligations and ethical issues

which accompany affluence, so that they can see their fortunes as carrying with them certain responsibilities to the society in which they live.

Familiarizing children with the use of money should start quite young, with such things as allowances. An allowance should be seen as the child's right, not as a reward for good behavior, subject to being withheld as punishment. Nor should the child's allowance require the performance of chores. Sharing in the work of maintaining the household should be established as a condition of being a member of that household and not reimbursed by money. On the other hand, it is often helpful to pay children to perform tasks beyond what is expected of them as family members.

As they grow older they can learn, by experience, about budgeting their expenses, handling their checking accounts, at some point dealing with their own credit cards, and the consequences of fiscal irresponsibility. Paid summer jobs are almost always a good idea, for a number of reasons, including helping the children to believe that they really can support themselves. Ideally the children should find their own jobs, without help from their parents.

Rich children particularly want a sense of their **heritage**.

All children, and especially the wealthy, benefit from a sense of family pride, and instilling this is another parental responsibility. Wherever the money originally came from, the children want to feel good about it and about the people who made it, managed it, and in whose line they are. This may or may not mean the sense of being part of a dynasty such as the Rockefellers have developed. What's important is that they grow up feeling that they have a background of which they can be proud and that there are admirable traditions to uphold. (In those situations where the fortune was made in ways which are difficult to justify, I can only suggest candor and a clear commitment on the part of the parents to use their affluence in socially responsible ways.)

The choosing of ***schools*** involves important and thorny decisions.

It's difficult to generalize here, since the right choice is a very individual matter and depends on a number of factors, including the nature of the family and the particular qualities of the child. The big decisions, of course, are public vs. private, and, if the latter, day schools vs. boarding schools. The advantages and disadvantages of each, in terms of intellectual as well as psychological/emotional and social development, are too complex to go into here. These are not easy choices, and they cannot be made for all the children together nor for any child throughout his or her development. For one child a private boarding school, some distance from home, may be the right choice at a particular point in childhood, while going to a local public school may well be appropriate at some other point. The employment of an educational consultant to provide information about schools and to help in the decisions is often a wise move.

One temptation for parents to avoid is to pressure the children to enroll in schools which one of their parents attended. Also, if a boarding school is chosen, it's essential that this be discussed so that the child is not left with the not infrequent feeling that the parents are just getting rid of him or her.

Involving the children themselves in these decisions, particularly as they grow older, is always a good idea, so that they know that they participated in the considerations which led up to the decision, and that their points of view and feelings were heard and respected (though not necessarily followed). Being active participants in decisions which affect their lives can be most helpful in alleviating some of the problems which can accompany being a passive inheritor.

The ***transmission*** of wealth is a complex and individual issue.

At one level this is a matter of practical economics, minimizing income and inheritance taxes, preserving capital through sound investing, and safeguarding the fortune against such contingencies as bad marriages, foolish investments, extravagant spending, or unwise loans or gifts by the children. There are tricky ethical and psychological issues involved too, and the decisions which are made as to how the money is to be preserved and transmitted have important effects on the children's attitudes toward their parents and their feelings about themselves, as well as on their abilities to deal with their fortunes as they gain control over them.

Wills and trusts are a complex and perilous territory. The tax laws are now so arcane and complex that anything beyond the simplest estate plan should be crafted by an attorney who specializes in such matters. It's important that children be kept informed from childhood on, to the limit of their ability to understand, and that their wishes and concerns should always be heard and considered.

The importance of this kind of two-way communication, in its effects on the children and the inheritance process, can hardly be overestimated, and I have been pained and shocked to note how rare it is for parents to be open with their heirs in dealing with this topic. I often encourage day-long meetings of the parents with those children old enough to participate meaningfully. When tensions are rather high or conflict is anticipated, it can be most helpful to use the services of a skilled and neutral facilitator. So often children learn about the amounts and conditions of their inheritances only after their parents' death, and this is generally detrimental to their personal well-being as well as their ability to manage their fortunes responsibly. Surprises in this context are never a good idea.

It is ordinarily very helpful to heirs to be given control over at least some significant portion of their inheritances at reasonably early ages. Being kept on an allowance serves not only to inhibit development, it also conveys a clear message that they are not trusted.

One system for transmitting inheritance, which has been used successfully by some wealthy parents, is to make some fraction (maybe one-third) of their inheritance available to their children at a rather young age, say twenty-one, with the understanding that a second third will be turned over to them after they've demonstrated some ability to use it responsibly, and then the final third held back until it's quite clear, to the parents and/or trustees, that the inheritor is mature enough to take responsibility for it. This also minimizes the likelihood of their losing too much of their inheritance through foolishness or naivete.

Parents sometimes use the promise of inheritance as a means of coercing the children to behave "appropriately". While tempting, this sort of manipulation is a danger to be avoided; it's almost always destructive. While it's true that inheritance should depend on some demonstration of ability to handle the money responsibly, there is danger in the use of this kind of power to force the child to

dissemble and to deny his or her true nature. An obvious caution is that the parents' distribution of their wealth among their children must be **fair** to all. This doesn't necessarily mean that they are treated **equally**, but when the distribution isn't equal, it's important that they all understand the reasons for the differences and can accept this without undue resentment.

Sound **career** choices are crucial and difficult for inheritors.

Following in parent's' footsteps is often a mistake, particularly when they have been exceptionally successful. If the young person tries to compete with a parent, it's likely to be a painfully losing proposition. It's hard to maintain intensity of motivation and interest when bringing in more money feels meaningless and not of benefit to anyone. For such children, choosing a vocation in the arts, sciences, philanthropy or the academic world may offer an attractive and satisfying answer. Success and achievement in these fields are less likely to be seen, by others as well as themselves, as unmerited and due to the family fortune and status.

In seeking a career which can be both challenging and rewarding, many affluent people have found satisfaction in fields which transcend the world of the material. One of the better ways which is particularly available to the rich is the world of philanthropy or public service. I keep seeing, in my own career and others,' how such a vocation can fill lives with meaning and excitement, providing wonderful opportunities for creativity. Andrew Carnegie discovered that it was easier to make money than to give it away wisely. Inheritors can serve actively in family or other charitable trusts, and they can involve themselves as board members or volunteers for various service, advocacy and charitable organizations. For some children of the wealthy this becomes a full-time occupation, while for others it can be a fairly serious avocation.

In seeking a career which can be both challenging and rewarding, many affluent people have entered the realm of the aesthetic. The wealthy have unique opportunities to relate to the artistic world, as creators, as patrons, as collectors or simply as appreciators. And in a world which seems to be growing increasingly tasteless and ugly, such a career can offer special opportunities for satisfying work, particularly for people who can bring to it not only their affluence but also their rich cultural backgrounds and knowledge.

It's important that young affluent persons find work situations in which they are not identified as different, and where they have opportunities to prove themselves simply on the basis of who they are and what they do, to succeed on their own merits. If they are known to be wealthy, this can be difficult, but affluent young people often find ways to overcome this obstacle.

In order to attain a sense of success and competence in the world of work, the inheritor must be willing to stay in the situation long enough to have a chance to surmount the obstacles and setbacks which are bound to occur. This means fighting against the tendency of many inheritors to resign or make other shifts when the level of frustration and discouragement becomes unpleasant enough. One of the differences between those who made fortunes and those who inherited them is just this -- the builders have both the willingness and the ability to hang in when the going gets tough. Inheritors often haven't had much experience of slogging through difficult and frustrating times, and it's hard for them to recognize the value of enduring such pain when it can be avoided.

Successful inheritors work at their own **personal development.**

Psychological and spiritual growth are essential to the good life for everyone, but particularly for the affluent, because of their need to find meaning in their lives beyond the materialistic and competitive realms. Also, they are likely to have more leisure to ponder, to be concerned about, and perhaps to do something about these aspects of their lives. Wise parents will provide guidance here, as well as seeing that their children have opportunities to develop in these ways. Parents should make sure that their children grow up without any sense of stigma regarding psychotherapy and that they are encouraged and given opportunities to explore different forms of it as they themselves choose. Neither therapy nor particular therapists should be imposed on the children, but they can be encouraged to seek their own, when and as it seems to fit for them. A number of the inheritors with whom I have met have testified to the importance of these experiences in their lives.

Both parents and children should view psychotherapy not as the treatment of illness but rather as a life-enhancing experience, a significant element in their education for living. It's important to emphasize how valuable to an inheritor can be the services of a wise, skilled and understanding psychotherapist. Good therapy can be profoundly useful in helping young people to find their own

answers to some of the existential questions which they must answer if their lives are to have much meaning for them. And therapy can be of great help as the inheritors struggle with some of the special problems which confront them because of their particular situations.

The wealthy must pay particular attention to the choice of a therapist. A danger to be watched is the tendency of some inheritors to view their therapist as a servant, which can mean that when the experience becomes difficult and unpleasant (as it will) they will choose to terminate it ("fire the therapist"). Also, it's obviously important to find a therapist who is neither awed nor antagonized by their wealth.

Similar attitudes are recommended for spiritual development and practices. For some this will mean more or less conventional church-oriented religion; for others a more individual way. As with psychotherapy and its ramifications, parents teach partly by example and partly by encouragement and by making opportunities available. All of us find life more fulfilling if we have at least some sense of reality and significance beyond that which is just physical and rational, and this is particularly true for the rich, who usually find that material abundance just isn't enough for a satisfying life.

Relationships are a crucial element in a good life

It can be most helpful to inheritors in coping with some of the problems which may oppress them, to find friends and associates who are not resentful or envious toward them and who do not wish to exploit the relationship. These may be people who have enough money themselves or who, while not especially well-off financially, have lives sufficiently full that they can relate to the affluent person simply and directly, without flattery or manipulation and free of resentment or envy.

Inheritors need to know they can *function without their money.*

My observations show that those inheritors who seem least damaged by their good fortune are the ones who have proved to themselves that they are competent and worthwhile and that they don't need the family money to lead successful lives. These are people who have dealt successfully with the

developmental challenges which Erikson describes, who have achieved *Basic Trust*, developed a sense of their *Autonomy*, learned to take *Initiative*, developed a capacity for Industry, and come to a sense of their own *Identity*.

To achieve all this, rich young people need to have some experience at earning a living, so that they can feel confident that they can support themselves and are not dependent on their inherited wealth. Parents need to encourage this, and actively help their children learn to support themselves and to feel confident in their ability to do so. Such self-confidence can only come from experience.

An attitude of **stewardship** is of great value to the inheritor.

Children of affluence should be taught about charitable giving from an early age, verbally as well as by the examples of their parents. In my discussions with inheritors, as well as in the research I've done, it has been striking to observe the correlation between an attitude of using the wealth in socially responsible ways and a sense of comfort and satisfaction with being affluent. In addition to philanthropy, investing their funds in companies which they see as making positive contributions to society can be most rewarding to the inheritor, as well as to our world.

Such involvements can serve as an antidote to many of the problems which inheritance can bring. One wealthy young woman wrote me: "Between some positive family influence and encountering new channels for handling/utilizing money, I've been feeling better about it all the time. Most recently I've been working with a financial planner who specializes in 'Socially Responsive Investing', which makes the 'burden' of wealth quite palatable, even fun."

Giving or investing to benefit the society can provide inheritors with a sense of meaning and purpose and help them to realize that they are valuable and worthwhile members of society. And it can offer areas of learning and involvement which keep them interested and excited, as well as providing the kind of joy, cited by all of the great spiritual teachers and guides, which accompanies the act of giving.

Inheritors need to take **risks with people.**

A certain amount of suspiciousness is certainly realistic and appropriate for the wealthy, but when it is too pervasive and excessive it limits their lives severely. They will usually find it worthwhile to risk making favorable assumptions about love partners, friends and associates and entering into true commitments to these relationships. While such risks will expose them to the possibility of being hurt, they can open opportunities for full and rewarding relationships. Erikson postulates *Trust* as the primary achievement necessary for psychological maturation, and here is one aspect of life where it can be nurtured and tested. Sometimes this will result in disappointment, disillusionment and pain, but the rewards can be sufficient to make the risks worth taking. And it's almost the only way really to learn to tell which people can be trusted. Here again parental examples of willingness to risk appropriately can be most helpful.

Many **inheritors will be parents** of inheritors.

One of the major challenges facing inheritors, as they move into adulthood, is that of raising their own children. Besides the intrinsic importance of this responsibility, giving much of oneself to being a good parent is in itself a wonderful source of meaning and joy. It has been interesting and encouraging to note how often young people free themselves from the problems which tend to accompany inheritance as they become involved with the challenge and the excitement of raising their own children well.

Wealthy young parents who feel wounded or diminished by their experience of inheritance and who see this as a pervasive problem can approach the nurturance of their children as a challenging opportunity to break the negative pattern of past generations. Such parents often find great meaning in helping their own children to avoid some of the pitfalls and problems which they themselves experienced as accompanying their inheritance. Such parents can enjoy great satisfaction in seeing their children grow up less troubled by these problems and with sound values. They will also be aware that whatever they are able to accomplish with their children will probably be passed on to subsequent generations.

Peer groups are helpful to many.

Self-help groups which bring together people who share certain problems or situations are proving to be of great value to more and more people. In many communities there are groups for those who have inherited or expect to inherit wealth. These groups deal with a variety of problems and questions, including investment, charitable giving, and the kinds of issues discussed in this paper. Inheritors may find benefit in exploring existing groups of this kind, and if they don't find any which meet their needs, they may start their own. I don't know of any such groups for rich parents, but it could be quite useful for some parents to create them. An experienced and trustworthy facilitator (who is not a participant) can be very helpful in creating a group which serves its members. Among other contributions, such a person can help to provide an atmosphere which feels safe to the participants, can keep the discussion fruitfully centered, can ensure that all participants are heard, and can stimulate productive and general participation.

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CONCLUSION

Inheriting substantial wealth is neither an unadulterated good nor a catastrophe. Problems do come with it, but an awareness of these problems, by caring and thoughtful parents and by the young people themselves, can go very far toward ameliorating them and making it possible for inheritors to live lives which are full, creative and satisfying, and in which the money can truly enrich its recipients.

Confirmation of the fact that inheritance can be a blessing and not a curse can be seen in these quotes from two famous and wealthy fathers. President John Adams wrote to his wife, Abigail, in 1780: "My sons ought to study Mathematics, Commerce and Agriculture, in order to give their children a right to study painting, poetry and porcelain." Of course, one of these sons, John Quincy Adams, also became one of our Presidents. And, In his book, "The Jameses", R. W.B. Lewis writes about Henry Senior, "His idea was to raise his children in what he called "An atmosphere of freedom" to give them every opportunity for expansion without expecting them to produce anything in particular. The achievements of his two sons, William and Henry James, has made them major figures in psychology/philosophy and fiction writing.

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