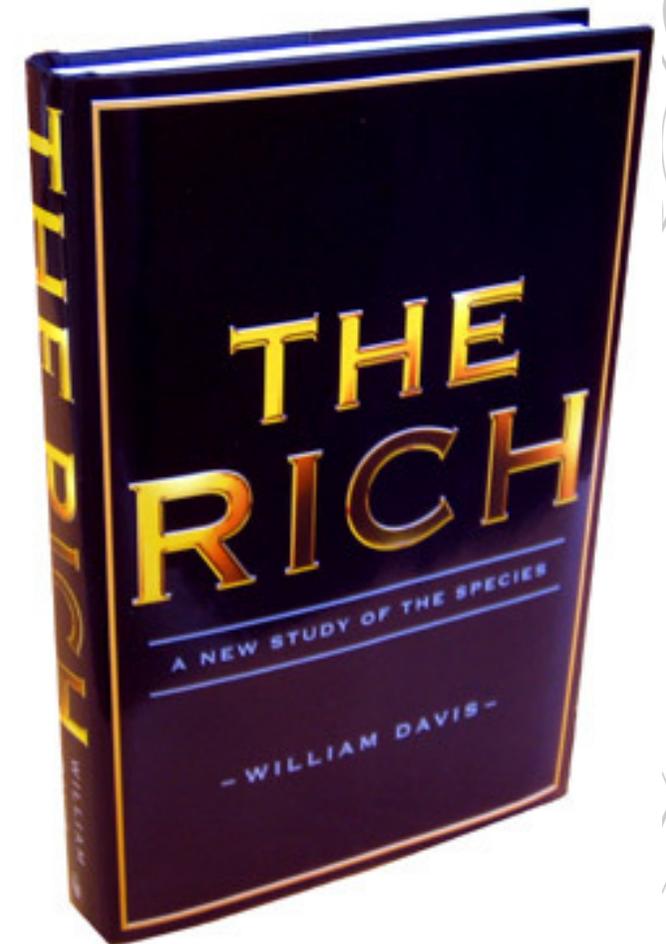


The Rich: A new study of the species

William Davis © 2006

UK writer, editor and TV presenter William Davis provides an interesting taxonomy of the world's rich providing insights about the common groups of ultra-wealthy individuals and what it is like to have wealth. This work provides colour and background about those who populate rich lists like Australia's BRW , the UK's Sunday Times and the US' Forbes.

While it provides a good reminder that there are many pathways to becoming wealthy, it is by no means a how to guide (especially as "crooks" is one of the ten groups).



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A taxonomy of the super rich (I of II)

Inheritors	Royals	Entrepreneurs	[Russians]	“Smart Asians”
<p>aka Old Money, Ancenstral Funded, “lucky sperm club”</p> <p>Focused on passing on wealth inter-generationally and preserving the estate assets via tax minimising trusts and principle “primogeniture” [1st born inherits all]</p> <p>Children taught code of behaviour; society balls used to meet suitable partners (not just for charity)</p>	<p>Esp. Europe and Middle East</p> <p>Some assets are state owned but privately enjoyed</p> <p>Queen Elizabeth’s private funds handled by Bank of England Nominees, include income generating rural estates</p> <p>Much of Arab wealth is less than 100 yrs old. Recent investing done through British / other agents to attract less attention</p>	<p>Gates and Branson are the modern Rockfeller’s, Vanderbilt’s, and Carnegie’s (now Old Money)</p> <p>Technology sector has created significant wealth, although some prosper in old industries, eg. retail, air and freight and the oldest, porn</p> <p>The successful benefit from failure and rejection (“Success is a lousy teacher” – Bill Gates)</p>	<p>“Yeltsin’s foolishness: billed as free-market reform was in fact a quick fire sale of Russia’s wealth to Kremlin cronies”</p> <p>30 plus billionaires created including Abramovich (owns Chelsea FC)</p> <p>Fortunes can change with politics (eg. Khodorkovsky who owned Yukos oil co. now in jail for tax evasion)</p>	<p>“research has shown that non-whites still find it harder to get well paid jobs or to raise funds for start-ups – reason why many are self-employed and draw on families and friend for labour & capital”</p> <p>Family owned wealth makes it hard to create Asian rich lists; family ownership has pros/cons</p> <p>Incl. Lakshmi Mittal, Indian metals baron living in Britian</p>

A taxonomy of the super rich (II of II)

Entertainers	Champions	Deal Makers	Property Developers	“The Crooks”
<p>In age of mass media, some “hit the jackpot” even as teens; unlike early days when long apprenticeships had to be served</p> <p>Live performances and merchandising more profitable than recordings</p> <p>Eg. Oprah, Golden Oldies (Rolling Stones, R Stewart, T Jones..), A Lloyd Webber, ...</p> <p>For every success, 1000 “get nowhere”</p> <p>Many lose wealth via costly divorces</p>	<p>Tennis, race car driving, golf, soccer, basketball..</p> <p>Income from playing and from sponsorships</p> <p>Promoters and owners also wealthy (eg. F1’s Ecclestone)</p> <p>Most peak well before age 40, but golf lets players excel at a much older age – Tiger Woods at age 30 still has decades left to earn</p> <p>At his peak Michael Jordan earned US\$78m pa</p>	<p>Investment bankers, hedge fund managers (“the new stars”), private equity (“a new force”) are popular, however, old fashioned money managers (Buffet) and suppliers (Bloomberg) also prosper</p> <p>Some get into trouble with the law or speculation</p> <p>About London’s City : “English gents who ran the place sold out to foreigners”</p>	<p>Enviably made but high risk from leverage and completion cycle</p> <p>Donald Trump tutored under father Fred after leaving Wharton, and made it big by buying depressed NY prices when no one else would</p>	<p>“Not all fortunes are made legally”</p> <p>Don’t appear on rich lists</p> <p>“Serious mob money made nowadays by drug dealing and smuggling”</p> <p>White collar and credit card fraud also popular</p> <p>Tax havens bank smuggled-in cash</p> <p>Swiss numbered accounts started in 1934 to protect money of persecuted Jews not criminals</p>

Habits of the rich (I of II)

Home

- Rich still have luxurious homes, but build on smaller scale than their forebears – privacy considered more important
- Multiple homes, paintings, islands, and big parties are the extras

“Toys”

- Planes, yachts and cars are the modern golden carriages – many business owned
- Casino gambling, horses, golf, fashion and jewellery (“quantity and quality”)

Money as an aphrodisiac

- Divorce rate is high, many tempted “to change for change sake”; “vain”, naïve and married self-made tycoons often fall for glamorous young woman
- Prenuptial agreements not as enforceable in the UK, common in the US
- Note to fortune hunters: target the older, beware of those who look rich but who fund lifestyles with debt or those whose funds are inaccessible via trusts

Power of money (incl. political)

- Rich participate in politics via campaign funding or now running for office
- Media ownership provides scope for self-promotion and for shaping public opinion

Habits of the rich (II of II)

Fears of the rich

- Many rich find illness unfair – they can control most things other than their health; can buy the best health care, youth treatments and psychiatrists
- Fearful of personal security and use assumed names travelling when they can

Last act (ie. Estate planning)

- Donations / endowments sometimes done to make their name permanent
- Charity for most isn't "conscience money" but a genuine desire to do good and a belief that they can do a better job than politicians
- Some don't plan on dieing and die without a will, eg. Picasso, Howard Hughes
- For others, well ...
 - "To my wife I leave her lover and the knowledge that I wasn't the fool she thought I was. To my son I leave the pleasure of earning a living. For twenty five years, he thought the pleasure was mine, but he was mistaken. To my valet I leave the clothes he has been stealing from me regularly for tens years... To my chauffer I leave my cars. He almost ruined them and I want to him to have the satisfaction of finishing the job"

Attributed to a wealthy Philadelphia industrialist

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