Horizons

Family Office & Investor Magazine

Issue 10

The Four Lives Of Sharon Stone

Destigmatizing Mental Health

The Jungian Shadow

Messner's Inheritance Debacle

Distributing Wealth Before Death

Childhood Traumas & Family Business

Hold On To Your Kids

Sex Education For Children

12 Myths Of Family Offices

Navigating Family NDAs

Business Aviation & Philanthropy

How To Detect Fake Letters

Blue & Green Carbon Finance

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Matthias Knab
Publisher

The Resilience Issue

In this **10th edition** of Horizons, we delve deep into the heart of what makes individuals, families, and businesses not just survive, but overcome and redefine adversity. We begin with an exploration of Sharon Stone's incredible journey of transformation, as chronicled in the cover story **"Finding Your Purpose: The Four Lives of Sharon Stone."** Stone's life is a powerful reminder that adversity can be a catalyst for growth, and that the ability to redefine oneself is crucial, not just in Hollywood, but in any sphere of life. Her remarkable journey of recovery and reinvention sets the tone for an issue dedicated to resilience, healing, and the power of purpose.

We explore how icons like **Simone Biles** are destigmatizing mental health breaks, not just in athletics, but across all professional spheres.

Our focus on family dynamics takes center stage with an examination of the **"Jungian Shadow" in family offices.** We uncover how unaddressed psychological issues can lead to harm, and offer solutions to foster healthier approaches to wealth management and family relationships.

The **inheritance debacle** of mountaineering legend Reinhold Messner serves as a cautionary tale, highlighting the complexities of legacy planning and the importance of balancing professional pursuits with family responsibilities. We provide expert insights on how to navigate these challenging waters.

Octavian Count Pilati, who comes from a princely family whose rich history dates back to before the year 1000, tackles the sensitive topic of **childhood trauma in business families,** offering strategies to break destructive cycles and build stronger, more resilient family enterprises. We also examine the delicate balance between transparency and confidentiality in family businesses, exploring how Non-Disclosure Agreements can be both a shield and a potential source of conflict.

Our **myth-busting article** challenges common misconceptions about family offices, offering fresh perspectives on everything from personalized service to philanthropy. We also look at how Family Offices **link business aviation with philanthropy,** with over 77% saying they support charities by providing them with some access to their aircraft. On the investment front, we showcase innovative approaches to **sustainable finance**, with The Bahamas pioneering blue and green carbon finance.

We also want to remain vigilant against threats to wealth preservation. Our guide on detecting fake letters and **protecting against scams** is more relevant than ever and will help you and your team to stay alert.

Continue reading, as there's more! This issue of Horizons is a testament to the power of resilience, the importance of mental health, healing and forgiveness, and the endless potential for reinvention. It's a roadmap for navigating the complex intersections of wealth, family, and personal growth.

As always, we encourage you to engage with and share this content as well as your thoughts, and reach out with any feedback or questions.

Enjoy this journey through resilience, reinvention, and the pursuit of purpose.

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Cover photo ChiChi Ubina / Courtesy C. Parker Gallery

Finding Your Purpose: The Four Lives Of Sharon Stone

By Matthias Knab

In the glittering world of Hollywood, few stars shine as brightly or as resiliently as Sharon Stone. Known for her iconic roles and magnetic screen presence, Stone's life story is one of transformation, resilience, and rediscovery. Taking a hint from her autobiography, The Beauty of Living Twice, published in 2021, I actually believe her journey is marked by four distinct chapters and serves as an inspiration not just for those in the entertainment industry, but for anyone facing life-altering challenges.

1. Childhood: The Seeds of Stardom

Born in Meadville, Pennsylvania, Sharon Stone's early years were far from the glamour of Hollywood. Yet, even as a child, she harbored a prescient belief in her future stardom. "When I was little, growing up in Meadville, Pennsylvania, I had this feeling that I was going to be a movie star," Stone recalls. "This is who I was going to be. I was going to live in a house that had a spiral staircase," - which she ended up having...

This conviction was all the more remarkable given Stone's inherent shyness. "I was super shy," she admits. "When I read from the Bible in church, I was so shy my tears would drop on the Bible pages. I was the sort of kid who sat in my closet with a flashlight and read."

Photos: Sharon Stone's Instagram

Despite this shyness, Stone's inner certainty about her future never wavered. This early resilience and self-belief would prove crucial in the challenges that lay ahead.

2. Fame: The Ascent to Stardom

Since its release 1992, **Basic Instinct** has undergone a critical reevaluation. The film has been recognized for its groundbreaking depictions of sexuality in mainstream Hollywood cinema, and was described by one scholar as "a neo-film noir masterpiece that plays with, and transgresses, the narrative rules of film noir." Due to its success and controversy, it inspired many imitators, and has been labelled as "perhaps the quintessential erotic thriller of the 1990s."

Verhoeven considered Demi Moore, but ultimately chose Sharon Stone, with whom he had previously worked on Total Recall. Basic Instinct was in fact her 18th movie – her first one was directed by Woody Allen. Before acting, she worked in NYC for Ford Models where she was often called in "for difficult jobs. I guess they too thought I was the smarter, tougher one." Verhoeven had been particularly struck by the way she quickly transitioned from evil to love in a couple of seconds before her character's death in that film. Stone also has a near-photographic memory, certainly helpful for actors.

Verhoeven tested with Stone as Douglas first refused to test with her. Verhoeven kept playing her test after testing everyone else, and Douglas later agreed to test with Stone after 12 other actresses turned down the role.

Michael Douglas was initially upset that the relatively unknown Stone was cast in the role, determined to have another A-list actress star in the movie with him. Worried about taking the risk on his own, he said, "I need someone to share the risks of this movie. I don't want to be up there all by myself. There's going to be a lot of shit flying around." He later remarked that "we had a fabulous actress in Sharon. She was just perfect for the role". Stone was paid $500,000 for her role, while Douglas received $14 million.

Since the release of the film, Stone has alleged multiple times that a scene in which she was intimately exposed as she crossed her legs was filmed without her knowledge. Stone later said she was told that her lack of underwear would only be alluded to and not shown. She had been wearing white underwear until Verhoeven said they reflected light on the camera lens and asked her to remove them, assuring her that only a shadow would be visible. Stone stated that it was not until she saw the film in a screening room with a test audience that she became aware of the visible nudity, leading her to slap Verhoeven in the face and leave the screening.

In her 2021 memoir, Stone again stated that she was misled by Verhoeven with regard to the circumstance of the filming of the scene, even though she ultimately did not seek an injunction against it. Verhoeven responded that it was "impossible" and "she knew exactly what we were doing." However, despite having a "radically different" memory about the particular scene, he praised Stone's performance and said they are on good terms. In a 1998 Inside the Actors Studio interview, Stone said that while she was initially angry, she realized the director's decision was the right one, saying, "And I thought about it for a few days and I knew in my heart, he was right. I hated that it existed, I hated it more that he stole it from me instead of allowing me to choose. But he was right."

Stone's rise to fame was not an overnight success story, but rather a testament to her persistence and belief in herself. Her breakout role in "Basic Instinct" came after years of hard work and determination. "I wanted to play Catherine Tramell so badly that I had the script on top of my refrigerator for eight months," she reveals. "I just kept thinking, 'I'm going to manifest this, I'm going to get this part,' as they offered it to everybody else on the planet..."

Her persistence paid off, though not without its trials. "I was the 13th choice," Stone admits, showcasing the resilience that would become her hallmark.

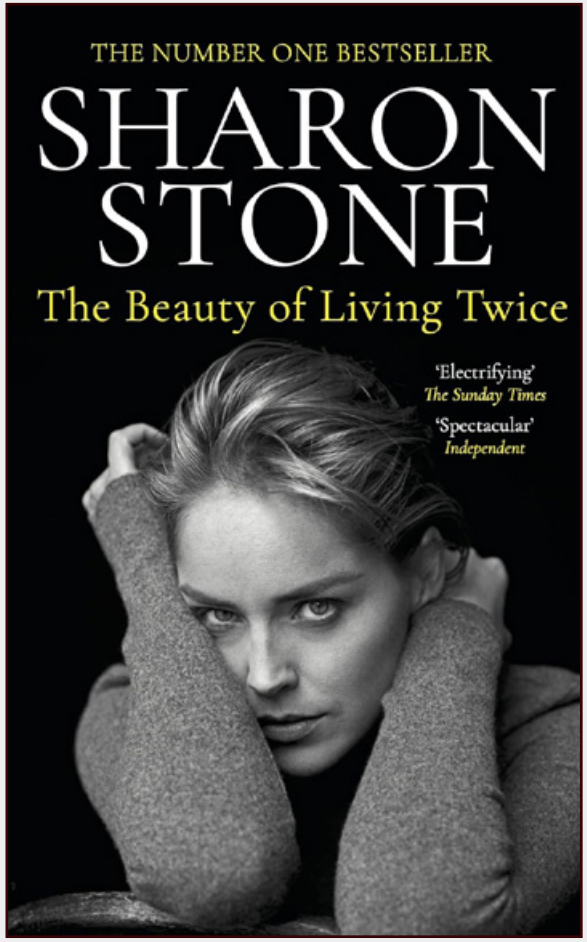
The fame that followed was overwhelming. "I didn't really get [my fame] for quite a while," Stone reflects. "Because when I did Total Recall, I had fame for like three months. But with Basic Instinct, four months went by, five months, six, and the fame wasn't going away."

Indeed, the fame is still there, until today. Everyone I talked to about Sharon Stone – except maybe the very young ones – knows and admires her. Not only for her looks, but her courage and strong personality.

This period of Stone's life was marked by incredible success, but it also set the stage for the challenges that would follow. The intensity of her fame, while exhilarating, also created a pressure cooker environment that would contribute to her later health crisis.

Misogyny, #MeToo and Incest

"Hollywood is set up to be misogynistic. It's a business run by men. It's a business where men make the money. Where men write, produce and direct the projects. Where men write the parts that are played by women. And those parts are not written about real women. They're written to be the fantasy of how women should be. Then, the male critics tell you if you met the fantasy or not, if you behaved in the right way," she explained to The Hollywood Reporter.



The penultimate chapter in her autobiography "The Beauty of Living Twice" is titled "Me too". She writes: "Many people ask me what it was like in my days of being a superstar. It was like this. Play ball or get off the field, girl."
"I think that I am not alone in processing some pent-up female rage." She continued: "It took years of therapy and reading, it took the world changing, it took #MeToo, to even begin to imagine that we, that I, could tell our horrible truths."

On page 223 she let's out the shocking truth: "... I could not and did not have a place to go to say who I was. An incest survivor... Sexual abuse in families is the nucleus of sexual abuse... This world does not help women. It does not love women. It does not heal women, nor protect us... we must end it [abuse] for everyone. Through governing, not shaming and public opinion."

3. Blows of Fate & Sickness: The Fall and Rise

In 2001, at the height of her career, Stone suffered a massive stroke that nearly claimed her life. With only a 1% chance of survival, she faced not only physical challenges but also profound personal and professional setbacks.

The stroke left Stone with lasting effects and required 23 platinum coils to be surgically implanted in her brain. In her memoir, Stone vividly describes the experience: "I'd been hemorrhaging into my back, my head, my face, my spine. Every 18 minutes in America, somebody has a subarachnoid hemorrhage. About half of them will die."

Stone recalls, "I had a nine-day brain hemorrhage before they found out. I was afraid to surrender myself." This period of her life was marked by intense physical and emotional challenges. "The patient directly across from me died while I was in there," she shares, underscoring the gravity of her condition. After the stroke, Stone had to relearn many basic functions, including how to walk, talk, read, and write. She experienced memory loss, suffered from severe physical pain and numbness, particularly in her leg and face. The stroke also affected her speech and vision. The road to recovery was a long and arduous process, and she has become an advocate for stroke awareness and brain health, using her experience to help others facing similar challenges.

During her recovery, Stone faced additional setbacks. She divorced her husband at the time, Phil Bronstein, and lost custody of her son in 2008. The custody loss was particularly devastating, with Stone revealing that the judge asked her son, "Do you know your mother makes sex movies?" This experience left her unable to function, spending days crying.

Financial exploitation during her recovery period added another layer of difficulty. "I had 18 million dollars saved because of all my success, but when I got back into my bank account, it was all gone," Stone reveals. "My refrigerator, my phone --- everything was in other people's names. I had zero money."

This period marked a two-decade-long hiatus from acting as Stone focused on her recovery. It was a time of profound loss and challenge, but also one that would ultimately lead to a powerful transformation. Stone reflects, "Took me from being a foolish, superficial person to understanding and accepting my humanity."

4. Redefining Yourself: The Phoenix Rises

Sharon Stone's journey of recovery and redefinition is perhaps the most inspiring chapter of her life. "I've been canceled left and right," Stone says, "But now I'm back in fashion again."

This resurgence wasn't just about reclaiming her place in Hollywood. It was about finding a new purpose and redefining success on her own terms. Stone's involvement with amfAR (American Foundation for AIDS Research) became a cornerstone of her new identity.

Stone's work with amfAR began in 1995 when she stepped in for Elizabeth Taylor at a crucial fundraising event. This decision, which she was warned could "ruin her career," instead became a defining aspect of her legacy. For two decades, Stone served as amfAR's celebrity spokesperson, bringing attention and resources to the fight against AIDS.

During her recovery and redefinition, Stone returned to a passion she had nurtured since childhood: painting. In her memoir, she reveals that she had been painting since she was a young girl, finding solace and expression in art long before she became a Hollywood star. This artistic pursuit became a crucial part of her healing process and her redefined identity.

© Eric Michael Roy

Stone's paintings, much like her life, are characterized by boldness, vibrancy, and resilience. Her art often features abstract forms and vivid colors, reflecting both the turbulence of her life experiences and the hope and vitality that have driven her recovery. In recent years, Stone has exhibited her artwork, adding "artist" to her already impressive list of accomplishments.

This shift towards philanthropy, advocacy, and art represented more than just a change in career focus. It was a fundamental reimagining of her place in the world. "I decided to stay present and let go," Stone says of her recovery period. "I decided not to hang onto being sick or to any bitterness or anger."

Stone's resilience in the face of adversity is perhaps best summed up in her own words: "My philosophy is it's not how you fall, it's how you get up and do you have the dignity and the courage and the integrity to get up and keep your moral compass together."

The process of writing her memoir was itself a part of Stone's journey of healing and redefinition. In the book, she candidly shares her experiences, from her challenging childhood to her rise in Hollywood, her health crisis, and her eventual rebirth. The title itself speaks to Stone's perspective on her life – that she has, in essence, lived twice, with her stroke and

recovery marking a profound division in her life story.

Stone's advocacy work has expanded beyond AIDS research. She has become a vocal advocate for brain-aging diseases and stroke awareness. In 2023, she was honored with the Courage Award by the Women's Brain Health Initiative for her efforts in raising awareness about women's brain health and research.

Today, Sharon Stone continues to inspire both through her acting, her advocacy work, and her art. Her journey from a shy girl in Pennsylvania to a Hollywood icon, and then to a survivor, advocate, and artist, embodies the power of resilience and the importance of finding one's purpose.

As Stone herself puts it, **"Everything got richer for me through this experience. Everything got better for me through this experience. It was like starting over. I am now using more of my brain than before. I have learned how to access more of my own mind."**

Her story serves as a powerful reminder that it's possible to not only survive life's greatest challenges but to use them as a springboard for personal growth and a renewed sense of purpose.

Expanding Philanthropic Horizons

While Stone's work with amfAR has been a cornerstone of her philanthropic efforts, her charitable work extends far beyond AIDS research. She has been a tireless advocate for numerous causes, leveraging her celebrity status to bring attention and resources to a wide range of issues. In 2013, Stone received the Peace Summit Award from the Nobel Peace Laureates for her work with HIV/AIDS patients. She has also been a strong supporter of Planet Hope, a non-profit organization founded by her sister Kelly Stone, which provides services to homeless and abused children and their families.

Stone's philanthropic efforts also include support for the Elton John AIDS Foundation and the Elizabeth Glaser Pediatric AIDS Foundation. In the realm of environmental causes, she has been involved with Global Green USA, advocating for solutions to climate change. Her commitment to children's welfare is evident in her support for Lupus LA's Moms For Moms campaign and her role as campaign chair for the Foundation for AIDS Research.

In recent years, Stone has become increasingly vocal about women's rights and empowerment. She has supported the Women's Cancer Research Fund and has been outspoken about gender inequality in Hollywood and beyond. Her advocacy work also extends to LGBTQ+ rights, disaster relief efforts, and animal welfare causes.

Stone's approach to philanthropy mirrors her approach to life and art – bold, passionate, and deeply personal. Whether she's speaking at fundraising galas, participating in charity auctions, or using her social media platforms to raise awareness, Stone brings the same intensity and commitment to her charitable work that she brought to her acting career. Her philanthropic efforts are not just about donating money or lending her name to causes; they're about actively engaging, educating, and inspiring others to make a difference.

This expansive philanthropic work has become an integral part of Stone's redefined identity. It reflects her belief in using her platform and resources to create positive change in the world, further illustrating how she has transformed personal adversity into a force for good. As she once said, **"I think you have to choose to be happy, and then you have to practice it. And you have to practice it every day."** For Stone, that happiness seems intrinsically linked to helping others and contributing to causes greater than herself.

The Lessons of Resilience

Sharon Stone's journey offers valuable lessons for anyone facing adversity:

1. Embrace Change: Stone's ability to pivot from Hollywood star to health advocate demonstrates the power of embracing new paths.

2. Turn Pain to Purpose: By channeling her experiences into advocacy, Stone found new meaning in her struggles.

3. Focus on Healing and Forgiving: Stone's journey to recovery and healing highlights the importance of letting go of bitterness and anger. As she put it, "I decided not to hang onto being sick or to any bitterness or anger. If you bite into the seed of bitterness, it never leaves you."

4. Maintain Integrity: Throughout her challenges, Stone emphasized the importance of maintaining one's moral compass.

5. Persist Through Adversity: From being the "13th choice" for her breakout role to overcoming a near-fatal stroke, Stone's story is one of relentless perseverance.

6. Redefine Success: Stone's later focus on philanthropy and inner growth shows how success can be redefined beyond traditional metrics of fame and fortune.

A New Chapter

Today, Sharon Stone continues to inspire both through her acting and her advocacy work. Her journey from a shy girl in Pennsylvania to a Hollywood icon, and then to a survivor and advocate, embodies the power of resilience and the importance of finding one's purpose.

As Stone herself puts it, "Everything got richer for me through this experience. Everything got better for me through this experience. It was like starting over."

In a world where setbacks can often feel insurmountable, Sharon Stone's story serves as a powerful reminder that it's not the challenges we face, but how we respond to them, that defines us. Her four lives – from aspiring star to Hollywood icon, from stroke survivor to influential advocate – offer a blueprint for resilience, reinvention, and the enduring power of purpose.

For organizations and individuals navigating their own challenges, Stone's journey underscores the importance of adaptability, the value of giving back, and the transformative power of finding purpose in the face of adversity. It's a testament to the fact that our greatest setbacks can often lead to our most profound transformations.

ChiChi Ubina / Courtesy C. Parker Gallery

The Simone Biles Effect: Destigmatizing Mental Health Breaks In Athletics And Beyond

Simone Arianne Biles Owens (née Biles; born March 14, 1997) is an American artistic gymnast. Her 11 Olympic medals and 30 World Championship medals make her the most decorated gymnast in history.

In 2019, Biles broke the record for most World Championship medals in gymnastics; she won her 24th and 25th medals at the event, surpassing Vitaly Scherbo's 23 World medals. Biles has since secured an additional five World medals, for a total of 30.

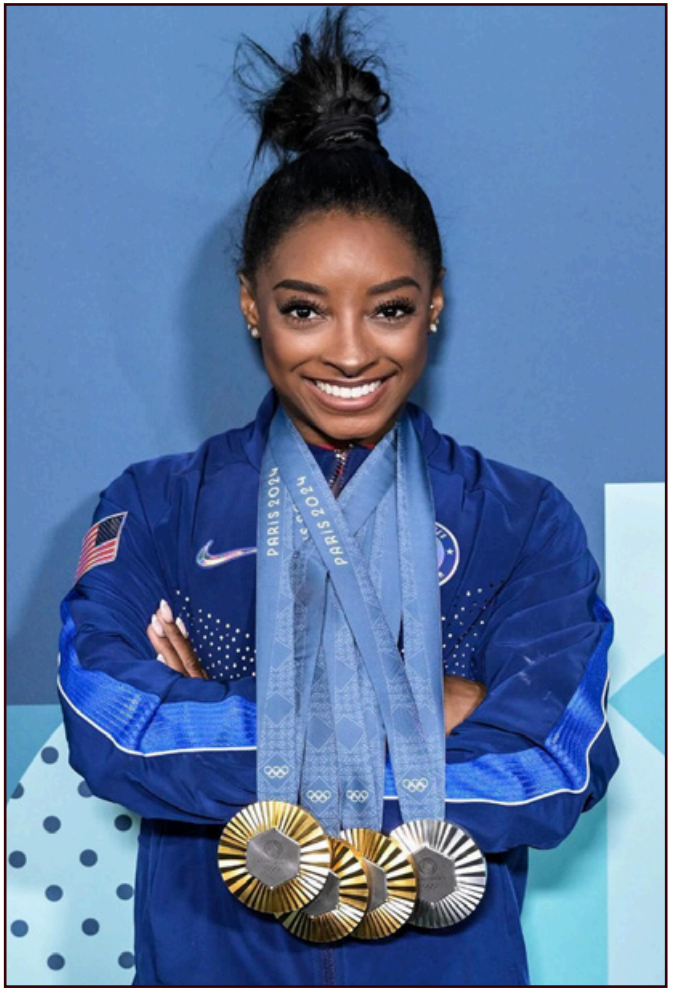
Shocking the World: Tokyo Olympics

In the summer of 2021, the sports world was stunned when Simone Biles, widely regarded as the greatest gymnast of all time, chose to withdraw from several events at the Tokyo Olympics to focus on her mental health. This decision, while controversial to some, was widely praised as a brave step towards prioritizing personal well-being over athletic achievement.

Biles took time away from gymnastics following the Tokyo Games, focusing on personal growth, therapy, and other aspects of her life, including her marriage.

Tokyo Olympic Games 2021

Remarkably, almost three years to the day after her withdrawal in Tokyo, Biles made a triumphant return to Olympic competition in Paris. She led the U.S. women's gymnastics team to gold and also secured individual gold in the All-Around and Vault competitions, and silver in Women's Floor.



Photos: [Simone Biles' Instagram]

From foster care to the winner's podium

The Texas native was raised by her grandparents, who became her adoptive parents after her biological mother, Shannon Biles, gave her and her three siblings up for adoption in 2000 amid her drug and alcohol addiction. Simone's biological father, Kelvin Clemons, was never in the world champion's life.

> Biles spent three years in the foster care system and has since opened up about the experience, sharing that she was "always being hungry and afraid" during her time in foster homes.

The grandparents Ronald and Nellie Biles finally adopted Simone and her younger sister, Adria, at age 6.

"Being separated from my biological mom, being placed in foster care before I officially got adopted by my grandparents, it just set me up for a better route at life," the gymnast disclosed on an episode of her Facebook Watch series, Simone Vs. Herself.

"I feel like I wouldn't be where I am unless that turning point happened. I would still be Simone Biles, probably not Simone Biles that everybody else knows, the world knows. But I also believe everything happens for a reason and I'm forever grateful for that because I definitely got a second shot at life."

Biles first began gymnastics at age 6 after visiting a gymnasium for a daycare field trip. She came home with a note from the coaches, who recognized her talent, encouraging her to enroll in classes; Ronald and Nellie immediately signed her up.

"It was history from there," Biles grandma Nellie told PEOPLE magazine. "She never missed a practice. Even if she was sick, I would tell her she should stay home, and she would say 'No, I have to go to practice!' "

Destigmatizing mental health-related leaves of absence

While Biles's athletic achievements are undoubtedly impressive; her impact extends far beyond the gymnasium. By openly prioritizing her mental health, Biles has helped to destigmatize mental health-related leaves of absence, particularly for women in the workforce.

Recent data from a major employee assistance program provider reveals a significant increase in mental health-related leaves of absence between 2017 and 2023 in the US. The trend is particularly pronounced among female workers, who accounted

for over two-thirds of such leaves in early 2024.

This surge in mental health leaves coincides with a broader shift in attitudes towards mental health since the onset of the COVID-19 pandemic. While stigma remains a barrier to seeking help, there's been a noticeable reduction in the shame associated with mental health struggles. More individuals are now willing to share their experiences and seek the support they need.

Coming back even stronger after mental health leave

> The "Simone Biles Effect" therefore extends beyond athletics, encouraging individuals across various fields to prioritize their mental health without fear of stigma or career repercussions. It conciliates common concerns about taking mental health leave as it addresses the common fears of "What will everyone think of me?" and "Will I be treated differently now?"

Her journey serves as a testament to the power of self-care and the potential for an even stronger comeback after prioritizing mental well-being.

Family Offices and The *Jungian Shadow*: The Relationship Between Health, Wealth, And Harm

Antonia da Silva Teixeira

Antonia da Silva Teixeira is a distinguished therapist, counsellor and coaching professional specializing in trauma, anxiety, and neurodevelopmental conditions, particularly autism spectrum disorders. With a proven track record in complex socio-behavioral assessments, she expertly guides clients towards meaningful, long-term change.

Her unique expertise extends to the mental health of family offices and foundations, where she adeptly navigates the psychological intricacies of wealth transfer and legacy planning. Antonia is also a passionate mental health advocate, actively contributing to research and community outreach programs, as well as philanthropic organisations. NGOs and charities globally.

Prior to her current role, she served as a Portfolio Manager at J.P. Morgan's Private Bank and in Morgan Stanley's Investment Banking arm. Her impressive credentials include fellowships with the Royal Society of Art and The Association for Coaching, alongside numerous professional certifications. She holds both a BA and MA from Cambridge University, bringing a wealth of knowledge and experience to her practice.

The world of family offices is often viewed through a lens that prioritises financial stewardship, legacy planning, and the intricacies of wealth management. Yet, beneath the surface of these pragmatic concerns lies a complex psychological landscape that has the potential to either enrich or unravel the fabric of these influential institutions. A landscape that can significantly impact the well-being of ultra-high-net-worth families.

At the heart of this psychological complexity is the concept of the ***"Jungian Shadow,"*** a term coined by Carl Jung to describe the unconscious aspects of our personalities that we tend to ignore, repress, or deny.

[Note that when we'll use concepts such as the *Shadow*, *or Freud's Id or Superego,* these are used to describe intra- and/or inter-personal dynamics or forces, and not actual physical realities.]

In the context of family offices, the *Shadow* manifests not only in individual behaviour but also in the collective dynamics of families. This

phenomenon influences decision-making, interpersonal relationships, and ultimately the long-term sustainability of wealth.
This article explores the intersection between the Jungian Shadow and the dynamics of family offices, examining how unaddressed psychological issues can lead to harm, and offering solutions to foster a healthier, more balanced approach to wealth management.

What is the *Jungian Shadow*?

Carl Jung, a Swiss psychiatrist and psychoanalyst, introduced the concept of the *Shadow* as part of his analytical psychology. **The *Jungian Shadow* represents the parts of ourselves that we choose to ignore or repress; our fears, insecurities, and desires that conflict with our conscious self-image, or traits, desires, and impulses that are often deemed unacceptable by societal standards. These repressed aspects, either in the previous generation as well as in the inheritors, do not disappear; instead, they manifest in various ways,** sometimes leading to destructive behaviours or psychological distress.

Fig. 1 Jung's Model of the Psyche

In the context of family offices, the *Shadow* can take the form of unresolved family conflicts, latent anxieties, unspoken resentments, tensions around decision making, or unacknowledged fears about wealth and its impact on relationships. For instance, a family member who struggles with feelings of inadequacy may overcompensate by exerting control over financial decisions, leading to power struggles within the family. Alternatively, the *Shadow* may manifest as guilt or shame about inherited wealth, resulting in self-sabotaging behaviours or strained family dynamics.

The Importance of the *Shadow* in Family Offices

Understanding and addressing the *Shadow* is crucial for family offices to foster a healthier family dynamic, as these unacknowledged aspects of the psyche can have profound implications for both individual family members and the collective family unit.

Moreover, unique pressures faced by ultra-high-net-worth families, including the responsibility to preserve wealth across generations, the expectation to live up to a family legacy, and the potential for sibling rivalry, can exacerbate the *Shadow's* influence.

These pressures can create an environment where negative emotions, such as envy, resentment, or fear, are suppressed rather than addressed, leading to a toxic undercurrent that can undermine the family's operational functionality, as well as its well-being and financial stability.

When left unchecked, the *Shadow* can lead to dysfunctional behaviours which can manifest in detrimental ways such as power struggles, mistrust, or even the collapse of family enterprises, and the erosion of family wealth and legacy.

Understanding and integrating the *Shadow* is, therefore, not just a matter of personal growth but a crucial element of effective Family Office

and wealth management.

How does The Shadow in Family Offices Differ

Family offices are unique institutions where personal relationships intertwine with financial management, creating an environment ripe for the emergence of the *Shadow*. Unlike corporate entities, where roles and responsibilities are often clear-cut, family offices operate in a more fluid space where bloodlines, personal histories, emotions, and expectations play a significant role in shaping outcomes.

The psychological underpinnings of family offices are often overlooked in favour of a focus on financial and legal strategies. However, as Dr James (Jim) Grubman points out in his exploration of the psychological dynamics of ultra-high-net-worth families, ignoring these elements can lead to dysfunction and the eventual dissolution of wealth. Grubman highlights that many families fall prey to what he calls "affluenza"—a condition where wealth becomes a source of anxiety and conflict rather than security and fulfilment. This condition is a manifestation of the collective *Shadow*, where the pursuit of wealth obscures deeper emotional and psychological needs.

Ronald Diamond, in his analysis of family office dynamics, reinforces this point by illustrating how the values of integrity and authenticity can be compromised when the *Shadow* is not acknowledged. He notes that family members often feel torn between their individual desires and the expectations placed upon them by the family, leading to internal conflicts that can spill over into the broader family dynamic.

The Id, Ego, Superego, and Family Offices

Although Carl Jung and Sigmund Freud had differing conceptions of the unconscious, here, their models may be seen to overlap in an important way.

Freud's tripartite model of the psyche: the Id, Ego, and Superego, provides a useful framework for understanding these psychological dynamics within family offices. The Id represents the primal, instinctual drives; the Ego mediates between these drives and the external world; and the Superego embodies the internalised societal norms and morals. In the context of family offices, the Id might drive individual desires for power, control, or material success, while the Ego attempts to balance these desires with the practicalities of wealth management and family relationships.

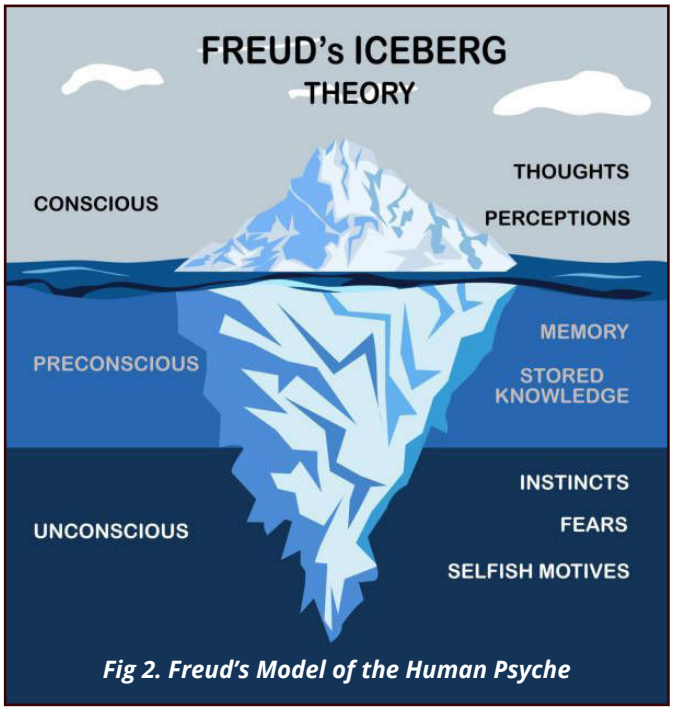


Fig 2. Freud's Model of the Human Psyche

In a broader sense, these elements can also be seen at play in the interactions between family members, their advisors, and the broader community, where the Id within a family office might manifest as a family member's desire for control, power, or immediate gratification. This could be seen in impulsive investment decisions, aggressive expansion strategies, or a reluctance to share control. While the Ego, striving to maintain balance within that individual, may attempt to rationalise these desires, creating justifications that align with the family's broader goals. However, the Superego,

representing the family's collective values and legacy, may impose guilt or anxiety on the individual, leading to internal conflicts within the individual that are difficult to resolve.

When the Ego is not strong enough to manage the Id's impulses, or when the Ego itself is influenced by the *Shadow*, family dynamics can become fraught with conflict. This internal struggle is where the *Shadow* emerges. When the Id's desires are repressed by the Superego, they do not disappear but instead manifest in unconscious ways, influencing behaviour and decision-making. This can lead to actions that seem irrational or contradictory, such as a family member, driven by the Id's desire for control, may dominate financial decisions, creating tension with other family members who feel marginalised. Alternatively, a family member whose Ego is heavily influenced by the *Shadow* may struggle with feelings of inadequacy or guilt, leading to passive or self-destructive behaviours.

Why This Issue Is Becoming Increasingly Important

As noted, the concept of the *Shadow* extends beyond the individual to the collective level, where it influences the governance structures and cultural dynamics of family offices. The Integral Model, developed by Ken Wilber, provides a framework for understanding these collective dynamics. This model divides the psychological and systemic elements of family offices into four quadrants: the "I" subjective, the "IT" objective, the "WE" intersubjective, and the "ITS" inter-objective.

Fig. 1 Ken Wilber's "Four Quadrant" Map (Wilbur, K. What are the Four Quadrants? [October 28, 2014])

In the "WE" intersubjective quadrant, which addresses the shared values, culture, and ethics within the family, **the *Shadow* can become institutionalised.** This is seen in unspoken rules, collective values, or cultural norms that, while intended to preserve harmony, may actually perpetuate unhealthy dynamics. For example, a family culture that prioritises loyalty above all else may suppress individual expression, leading to resentment and passive-aggressive behaviour—manifestations of the *Shadow*.

The "ITS" inter-objective quadrant, which encompasses the systems and structures of family governance, is also susceptible to the *Shadow.* Dysfunctional governance structures, such as poorly defined succession plans or opaque decision-making processes, often reflect deeper psychological issues, such as fear of conflict or resistance to change. These structural issues can exacerbate tensions within the family, leading to a breakdown in communication and collaboration.

The Impact of the *Shadow* on Wealth Preservation

In recent years, there has been a growing recognition of the importance of mental health and emotional well-being in the context of intergenerational family wealth. This shift is driven in part by the increasing complexity of wealth management, as well as the rising awareness of the psychological challenges associated with inherited wealth.

In October 2022 UBS published a research piece which highlighted that over the next 20 years, the world will witness the greatest transfer of wealth in history, with $84 trillion expected to pass down to younger generations in the US alone. This unprecedented wealth handover brings significant challenges, particularly in maintaining strong familial relationships, not least within a family office dynamic.

> The research highlighted that a third of inheritors admitted to having unresolved issues and conflicts with other inheritors, while nearly half of the respondents identified the fear of appearing selfish or ungrateful as a major barrier to open communication. Among those investors who had already received an inheritance, four in ten wish they had been more open with the previous generation beforehand, and for those who served as inheritors of legacy roles, 64% found carrying out their parents' or relatives' wishes to be a difficult task.

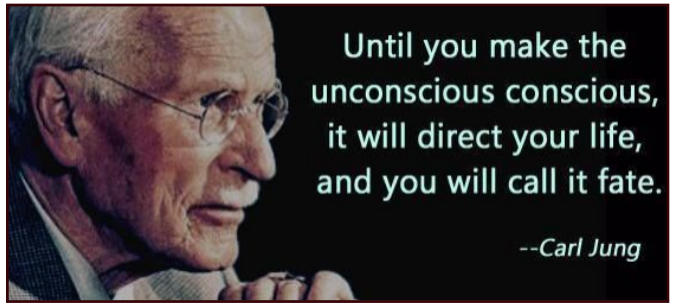
The Impact of the *Jungian Shadow* on Wealth Succession

One of the most critical areas where the *Shadow* can influence family offices is in the process of wealth succession. The transition of wealth from one generation to the next is often fraught with psychological challenges, as family members grapple with issues of identity, responsibility, and legacy.

The 2023 Global Family Office Compensation Benchmark Report by KPMG and Agreus reveals that **governance structures and interpersonal dynamics within family offices can significantly impact mental health and relationships.** The report suggests that unaddressed psychological issues can lead to conflicts and misunderstandings during the wealth succession process, potentially jeopardising the family's financial future.

Essentially, **when the *Shadow* is not acknowledged, it can lead to poor decision-making, ineffective governance, and ultimately the erosion of wealth.**

Addressing the *Shadow*



One of the key challenges in addressing the *Shadow* is that it often operates unconsciously. Family members may be unaware of the ways in which their repressed fears, desires, or resentments are influencing their behaviour. This is particularly true, as we have just discussed, in high-stakes situations, such as the transfer of wealth to the next generation or the resolution of disputes over family assets. In these scenarios, the *Shadow* can lead to decisions that are driven by emotion rather than reason, resulting in outcomes that are detrimental to the family's long-term interests.

The next generation of family members face unique challenges in navigating the *Shadow* within their family offices. As they assume greater responsibility for managing the family's wealth, they must also confront the psychological legacy of their predecessors. This includes not only the expectations and pressures placed upon them but also the unresolved conflicts and emotional baggage that have been passed down through the generations.

For example, a family member who feels unprepared or overwhelmed by the responsibility of managing the family's wealth may unconsciously sabotage the succession process, either by making poor financial decisions or by withdrawing from their role entirely. Alternatively, unresolved sibling rivalries or power struggles can lead to contentious disputes over

the distribution of wealth, further complicating the succession process.

> Therefore, as much as psychological dynamics play a significant role in investment decisions and interpersonal relationships within families, family offices must then go beyond financial management and consider the mental and emotional health of family members to ensure the long-term sustainability of the family's wealth and legacy.

The Next Generation: Inheritors of the *Shadow*

With this in mind it is imperative to ***acknowledge the importance of preparing the next generation not just for the financial aspects of wealth management but also for the psychological challenges they will face.*** This preparation involves helping them develop the emotional intelligence and self-awareness needed to recognise and integrate their *Shadow*. It also requires creating a family culture that encourages open communication, transparency, and the healthy expression of emotions.

Dr James (Jim) Grubman and Dr Dennis Jaffe, in their exploration of wealth management practices, advocate for a shift towards what they call "Wealth 3.0"—an approach that emphasises the psychological and emotional aspects of wealth in addition to the financial aspect. This approach recognises that the sustainability of wealth is not just a matter of financial acumen but also of emotional resilience and psychological maturity. By addressing the *Shadow* and fostering a culture of emotional intelligence, family offices can better prepare the next generation for the challenges they will face.

Integrating the *Shadow*

Integrating the *Shadow* is not a straightforward process, but it is essential for the long-term health and sustainability of family offices. The first step is to create an environment where the *Shadow* can be acknowledged and explored. This involves fostering a culture of psychological safety, where family members feel comfortable expressing their fears, anxieties, and desires without fear of judgment or retribution.

One effective approach is to incorporate psychological and emotional assessments into the family office's regular practices. These assessments can help family members gain insight into their own *Shadow*, as well as the collective *Shadow* of the family. By understanding the underlying psychological dynamics, families can develop strategies to address them, such as through family therapy, coaching, or mediation.

Another important strategy is to build emotional intelligence within the family. This involves helping family members develop the skills needed to recognise and manage their emotions, as well as the emotions of others. Emotional intelligence is critical for effective communication, conflict resolution, and decision-making, all of which are essential for the successful management of wealth, as are strategies that promote self-awareness, emotional intelligence, and open communication among family members.

Finally, it is important to create governance structures that reflect the family's values and priorities, while also addressing the *Shadow*. This may involve revisiting succession plans, clarifying roles and responsibilities, and ensuring that decision-making processes are transparent and inclusive. By aligning the governance structure with the family's psychological and emotional needs, family offices can create a more resilient and sustainable framework for managing wealth.

Addressing the Shadow: Solutions and Strategies

1. The Role of Leadership in Family Offices

Leadership plays a crucial role in addressing the Shadow within family offices. Family leaders must be willing to confront their own psychological challenges and model healthy behaviours for other family members. This includes being open to feedback, fostering a culture of transparency and accountability, and prioritising the mental and emotional well-being of all family members.

Leaders within family offices must embody integrity and authenticity, as these values are essential for building trust and fostering healthy relationships. By prioritising these values, family leaders can create an environment where psychological issues are acknowledged and addressed, rather than ignored or suppressed. Additionally, family leaders must be proactive in seeking external expertise when needed, whether through therapy, coaching, or other forms of support. Engaging with trusted professionals can provide valuable guidance and perspective, helping families navigate the complex psychological dynamics that can arise in the context of wealth management.

2. Fostering the Next Generation: Preparing for the Future

As family offices look to the future, it is essential to prepare the next generation for the challenges and responsibilities that come with inherited wealth. This involves not only providing them with the necessary financial education and leadership skills but also addressing the psychological aspects of wealth and legacy.

Peer-to-peer experiences like the upcoming Mental Wealth Retreat **I am organizing Nov. 2-5 2024 in Puglia, Italy,** offer a unique opportunity for next-generation family members to explore their own identities and life paths, separate from the expectations and pressures associated with their family's wealth. By engaging in self-reflection and group discussions, participants can develop a stronger sense of Self and a clearer understanding of their values and goals.

Moreover, the retreat emphasises the importance of balancing family responsibilities with personal aspirations, helping next-generation members navigate the often-conflicting demands of wealth management and personal fulfilment. By fostering a sense of purpose and autonomy, the retreat equips participants with the tools they need to take on leadership roles within the family office, whilst also pursuing their own passions and interests.

3. Mental Health & Wealth Focused Experiences and Trainings Are Seminal in This New Paradigm

The "Mental Wealth Retreat" represents a significant shift in how family offices approach wealth management, moving beyond the traditional focus on financial strategies to address the psychological and emotional well-being of family members. In this new paradigm, wealth is not only seen as a financial asset but also as a source of potential harm or healing, depending on how it is managed.

By focusing on the psychological dimensions of wealth, the retreat offers a holistic approach to family office management, addressing the underlying issues that can lead to dysfunction and harm. Through a combination of therapy, coaching, and experiential learning, participants can gain a deeper understanding of their own psychological dynamics and develop strategies for creating healthier and more balanced family relationships.

Ultimately, the "Mental Wealth Retreat" represents a new frontier in family office management, one that recognises the importance of mental and emotional health in preserving wealth and legacy across generations. By addressing the *Jungian Shadow* and other psychological challenges, the retreat provides a pathway for ultra-high-net-worth families to achieve not only financial success but also personal fulfilment and well-being.

Conclusion: The Path Forward

The relationship between health, wealth, and harm in family offices is complex and multifaceted, influenced by both conscious and unconscious psychological dynamics. The *Jungian Shadow*, representing the repressed aspects of our psyche, can have a profound impact on family relationships and wealth management if left unaddressed.

By acknowledging and understanding the *Shadow,* family offices can address the underlying psychological dynamics that influence behaviour and decision-making.

By integrating the *Shadow,* family offices can foster a healthier, more balanced approach to wealth management, one that prioritises the mental and emotional well-being of all family members.

This, in turn, can lead to more effective governance, healthier relationships, and greater long-term sustainability of wealth.

As we look to the future, it is clear that the successful management of family wealth will require a new paradigm—one that goes beyond traditional financial strategies to incorporate the psychological, emotional, dimensions of wealth. By embracing this holistic and heuristic approach, family offices can not only preserve wealth but also foster the health and well-being of the families they serve and promote the long-term well-being and fulfilment of future generations

This journey is not without its challenges, but the rewards are substantial. By integrating the *Shadow* and building a culture of emotional intelligence, family offices can create a legacy that is not only financially secure but also psychologically and emotionally rich. This, ultimately, is the true measure of success in wealth management.

Executive Summary / Recommendations

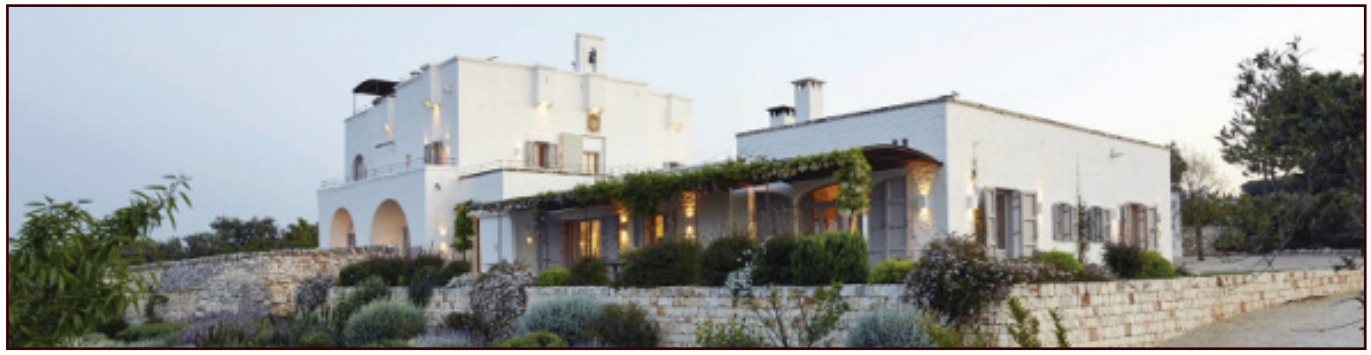
1. Incorporate psychological and emotional assessments into the family office's regular practices.

2. Build emotional intelligence within the family. This involves helping family members develop the skills needed to recognise and manage their emotions, as well as the emotions of others.

3. Create governance structures that reflect the family's values and priorities, while also addressing the Shadow. This may involve revisiting succession plans, clarifying roles and responsibilities, and ensuring that decision-making processes are transparent and inclusive.

4. Be open and pro-active in seeking external expertise when needed, whether through therapy, coaching, or other forms of support.

5. Consider participating in peer-to-peer retreats and targeted experiences under professional guidance designed to invigorate, heal and strengthen mental and emotional health and to preserve wealth and legacy across generations.



Unlocking the Power Within: Mental Wealth Retreat: 2nd-5th November 2024, Monopoli (Puglia) Italy, *EUR 7,900*

Includes 3 x nights' accommodation, 3 x breakfast, lunch, dinner, 1 x individual pre-retreat prep session à 55 min (online), 3 x group therapy sessions à 90 min, 3 x workshop sessions à 90 min, 1 x art therapy session à 90 min, 1 x coaching session à 90 min, 2 x morning yoga / workout classes, 3 x afternoon activities: guided walks, exercise or spa, 1 x workbook for progress journaling and with exercises & homework, 1 x individual post-retreat therapy sessions à 55 min (online + office hours with our resident therapist with an open door policy throughout the breaks at the retreat).

Please contact Noah Levy at noah@grammigadvisory.com for full programme and further details.

Further Reading:

1. Details of Antonia Da Silva Teixeira's Private Consultancy Practice can be found here: https://www.theagilemindconsultancy.com/

2. 11 Questions on Next Gen Challenges by Antonia Da Silva Teixeira: https://www.linkedin.com/pulse/11-questions-next-gen-challenges-david-grammig-eproe/

3. "The Structure and Dynamics of the Psyche" by Carl Jung, 1916, and "Psychological Types" by Carl Jung, 1921, Kegan Paul, Trench, Trubner & Co.

4. "The Ego and the Id" by Sigmund Freud, 1923, and "Beyond the Pleasure Principle" by Sigmund Freud, 1920, International Psycho-Analytical Press.

5. "Complete Family Wealth, 2nd Ed." by James E. Hughes, Keith Whitaker, and Susan E. Massenzio, 2022, Wiley.

6. "Wealth 3.0" by Dennis Jaffe, Kristin Keffeler, and Jim Grubman, 2023, Wiley.

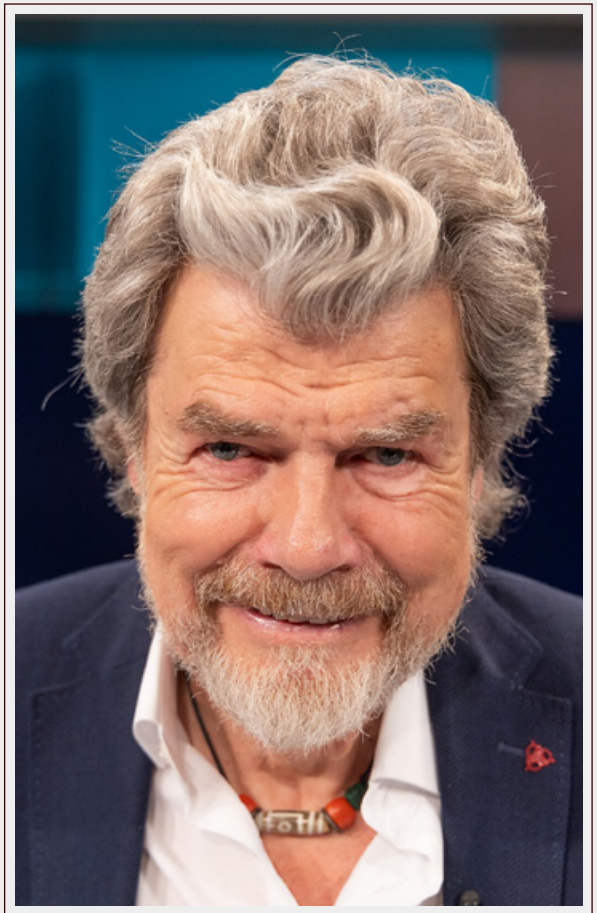
7. "Advising Ultra-Affluent Clients & Family Office" by Michael Pompian, 2016, Wiley.

8. "Wealth in Families" by Charles W. Collier, 2006, Harvard University Press.

9. "Family Legacy & Leadership" by Mark H. Daniell and Sara S. Hamilton, 2010, Wiley.

10. "Essential Reads on Family Offices" Published by Globe Law and Business, 2020, Globe Law and Business.

Mountaineering Legend Reinhold Messner's Inheritance Debacle



Reinhold Messner

By Matthias Knab

Reinhold Messner, the renowned Italian mountaineer who first conquered Mount Everest without supplemental oxygen, is now navigating treacherous terrain in his personal life. As he celebrates his 80th birthday, Messner finds himself embroiled in a bitter inheritance dispute with his children, a conflict that threatens to overshadow his legendary climbing career.

In a series of recent interviews, Messner, 80, has revealed the extent of the family fracture. Speaking to Apotheken Umschau, he stated, "Our relationship is strained," referring to his four children. **The root of the discord, according to Messner, lies in his decision to distribute his wealth to his children and wife before his death – a move he now describes as "one of the biggest mistakes of my life."**

Financial experts estimate his assets at around 30-37 million euros.

The dispute has escalated to the point where Messner, in an interview with the Italian newspaper La Repubblica, made startling accusations against his children. **"Now they hope I lose my mind so they can incapacitate me,"** he claimed, suggesting a deep rift in what was once presumed to be a close-knit family.

This family drama unfolds against the backdrop of Messner's 80th birthday on September 17th, an occasion that now seems unlikely to bring reconciliation. The situation has become so fraught that Messner describes the moment he distributed his inheritance as the breaking point for his family. "The question of who got more was at the forefront, and I was on the brink at 75," he told Apotheken Umschau.

Brave, but not reckless: Messner's "first steps" in rock climbing. At just five years old, he climbed his first three-thousand-meter peak, the Sass Rigais in the Dolomites, together with his father.

© Archiv Reinhold Messner

Failed as a husband and as a father

In a candid moment, Messner reflected on his life choices, admitting that he had "failed as a husband and as a father." For six decades, he traversed the globe, undertaking more than 100 expeditions, undeterred by the needs of his then-wife or children. "It was my life," he stated, acknowledging that while he never fell as a mountaineer, he had stumbled several times in his personal life.

The treacherous Khumbu Icefall

© Archiv Wolfgang Nairz

Indeed, the mountaineer's personal life has seen significant changes in recent years. Adding another layer to the family discord, Messner revealed in the La Repubblica interview that his second wife, Sabine, separated from him five years ago, describing it as "the most difficult moment in my life."

This personal setback, combined with the inheritance dispute, paints a picture of a man grappling with significant personal challenges in his later years.

Messner is now married to his third wife, Diane Schumacher, a Luxembourger living in Munich who is nearly 36 years his junior. They met in August 2018 at an event at Messner's Bruneck Castle in South Tyrol and married in 2021. This new chapter in Messner's life seems to have further complicated family dynamics.

New business structures disrupt old relations

The family's business interests have also been a source of tension. Messner's children, particularly daughter Magdalena and son Simon, have been deeply involved in managing and growing the family's ventures. Magdalena oversees the company operating the five Messner Mountain Museums in South Tyrol, while Simon was responsible for the Messner Mountain Movie production company. Their efforts, along with those of Messner's second wife, Sabine Stehle, have been instrumental in growing the family's estimated wealth to between 30 and 37 million euros.

However, recent changes have seen Diane Schumacher take on a more prominent role in managing Messner's legacy. In 2020, the couple founded "Messner Mountain Heritage GmbH" in Munich, which reportedly earned a profit of 473,000 euros in its second year of operation. Schumacher has also acquired a 50% stake in the "Messner Mountain Movie" production company, leading to Simon Messner's withdrawal from the firm to avoid public conflict with his father.

© Archiv Wolfgang Nairz

Simon Messner, speaking on behalf of his siblings, has contested his father's public narrative and described his father's public statements as "a shame and sad". He maintains that there is no dispute among the siblings over their inheritance, expressing gratitude for the real estate assets their father has transferred to them. He sees no direct connection between the transfer of assets and the family's estrangement, suggesting that the breakdown occurred gradually and for other reasons.

Simon takes offense at his father going public instead of communicating with the family, the South Tyrolean weekly magazine FF says the divide is more or less uniform between the "old family" and the father and his new wife.

Being the child of a legend

However, Simon Messner acknowledges the challenges of being "the son of a legend," a sentiment that resonates with many children of highly successful individuals.

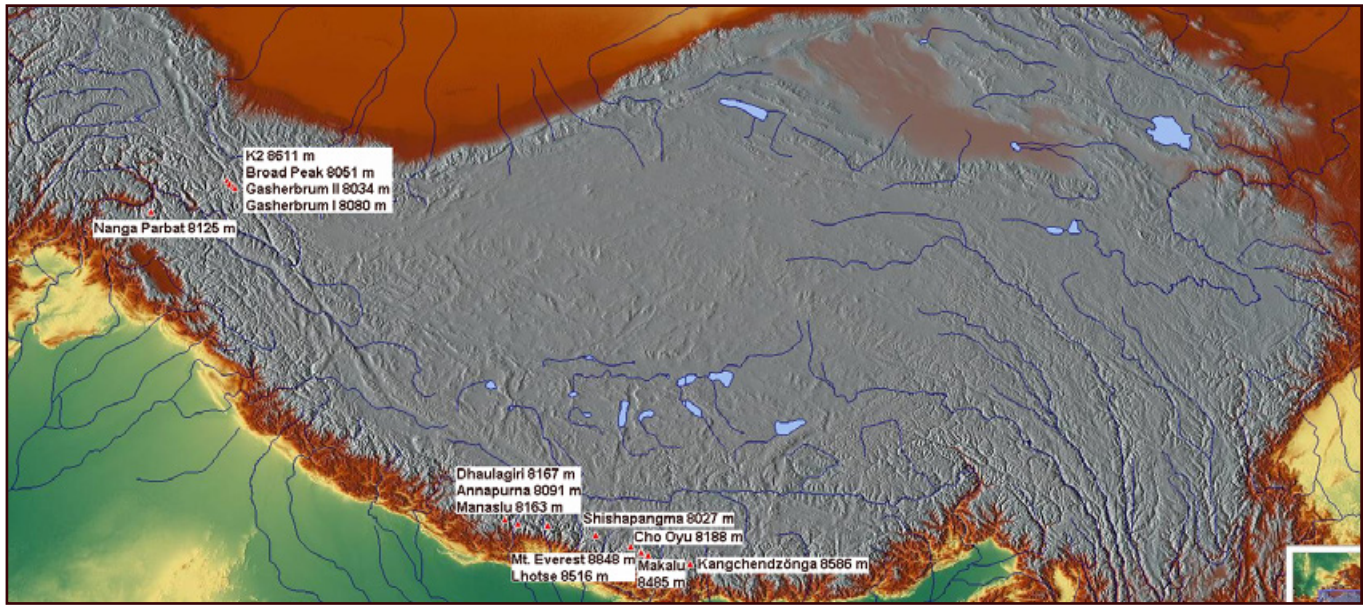
> In a poignant interview, he shed light on the challenges of growing up in the shadow of a living legend. "The world saw Reinhold Messner as a myth," Simon explained. "But a child doesn't need a legend; it needs a father – and he never was one."
>
> When asked about Reinhold Messner as a father, Simon's response was succinct and telling: "strict and absent." He elaborated on the nature of their relationship, or lack thereof: "We never had a father-son relationship. He wasn't a parent like others. I grew up with a father who was in the spotlight, and if I wanted to know anything about him, I had to read the tabloids." Today you can call and WhatsApp from the Everest Base Camp – but not then. The expeditionists were gone for months.

The disconnect between public persona and private family life is further illustrated by Simon's revelation that he wasn't even invited to his father's third wedding. The age difference between Reinhold's new wife and Simon's sister has been a point of contention, though Simon acknowledges his father's unwavering nature: "But he's Reinhold. When he sets his mind to something, he does it."

Despite these difficulties, Messner appears to be channeling his experiences into his work. His new book, aptly titled "Headwind," is set to be published on August 29th. In it, he reportedly reflects on his life's journey, including these recent personal struggles.

Today's mass alpinism turned parts of the Himalayas to a dump yard (video on independent.co.uk)

The dispute has brought to light the challenges of legacy planning, even for those of considerable achievement and means. Messner, who was the first person to climb all 14 peaks over 8,000 meters and made groundbreaking ascents throughout his career, now faces a challenge that his mountaineering expertise cannot solve. His path to family reconciliation appears as challenging as any mountain he has faced.



The 14 Eight-thousanders © de.wikipedia/Kauk0r

Balancing professional pursuits with family responsibilities

As this unfortunate family drama continues to unfold in the public eye, it serves as a cautionary tale for high-achieving individuals, illustrating the importance of balancing professional pursuits with family responsibilities. Even those who have conquered the world's highest peaks or greatness in their field are not immune to the complexities of personal relationships and estate planning.

The resolution of such conflicts, much like Messner's mountaineering feats, will require far-sightedness, planning, perseverance, and perhaps a willingness to navigate uncharted territory in family relationships.

Reinhold Andreas Messner (born 17 September 1944) is an Italian climber, explorer, and author from the German-speaking province of South Tyrol. He is widely considered to be the greatest mountaineer of all time.

In the 1970s, Messner championed the cause for ascending Mount Everest without supplementary oxygen, saying that he would do it "by fair means" or not at all. In 1978, he reached the summit of Everest with Peter Habeler. This was the first time anyone had been that high without supplemental oxygen. Messner and Habeler achieved what certain doctors, specialists, and mountaineers thought impossible. He repeated the feat, without Habeler, from the Tibetan side in 1980, during the monsoon season. This was Everest's first solo summit.

The two stars of the Austrian Everest expedition of 1978: Reinhold Messner and Peter Habeler.
Photo from © **Alpin.de**

In 1978, he made a solo ascent of the Diamir face of Nanga Parbat which has since then never been repeated. In 1986, Messner became the first to complete all fourteen eight-thousanders, doing so without supplementary oxygen.

Messner was the first to cross Antarctica and Greenland with neither snowmobiles nor dog sleds and also crossed the Gobi Desert (2,000-kilometre / 1,200 mi) alone.

From 1999 to 2004, Messner served as a member of the European Parliament for north-east Italy, as a member of the Federation of the Greens. He has published more than 80 books about his experiences as a climber and explorer.

© Tahsin Anwar Ali

Distributing Wealth Before Death: Should I, And How?

Four HORIZONS Contributors, All experts In Their fields, Reflect Here About The Previous Article "Mountaineering Legend Reinhold Messner's Inheritance Debacle".

1. What is your view on distributing wealth before death?

Octavian Graf Pilati: In general I believe that a partial distribution of assets before death is the right and smart move to make. How and when this is done is dependent on the family and their assets. Also on how involved the next generation is in the management of the family wealth. Particularly operational assets should be handed over early.

Our cognitive abilities start to decline after the age of 50, so I advice these hand-overs to happen between 60 and 70 years of age of the generation in "power". Also the hand over needs to be clear. Often the Now Gen likes to keep blocking minority rights, or retain economical ownership of the asset, while only handing over factual ownership. These muddy constructs are difficult and from my own experience not a good idea as they will lead to needless conflict. The Now Gen should retain enough wealth however to enjoy and life comfortably for the rest of their life and to have the space to follow new endeavors and hobbies.

Octavian Graf Pilati

Octavian Count Pilati comes from a princely family (Khevenhüller) whose rich history dates back to before the year 1000. He studied mechanical engineering at the TU Vienna. Dealing with a crisis in the family business from 2015 to 2018, Octavian is now sharing his experiences and knowledge about family business, family dynamics, crisis, fraud, conflict and leadership.

Zita Nikoletta Verbényi: Finding a fitting wealth distribution framework and time horizons around it will differ for each family, however before any of this happens, ideally families would need to be engaged and aligned on what they hold important as individuals making up the family, what these mean for the collective and how to balance these for everyone's benefits.

Families would need to create a solid shared identity and a joint future plan anchored in, and to be built upon, their unique foundations.

Decades-long lack of presence by anyone means that these individuals do not know neither their family members, their drives, purpose and expectations, nor the events and dynamics that have been shaping and playing out within the family during their absence.

The notion of not knowing is critically dangerous for heads of families, as they might reign over some/most of the assets, however once these controlling threads are removed, everything will fall apart for

them, especially if this happens before their death. Such absentees would need to consult family members who have held the (real) family power of knowing everyone and try to learn about, as well as engage with, their other family members.

Family legacy curatorial and identity projects are necessary to preserve, maximise and build upon the complex family legacy whilst bringing and keeping family members together in powerful ways.

Zita Nikoletta Verbényi

Zita Nikoletta Verbényi is the Founder and Legacy Aesthete at The Legacy Atelier™ (www.thelegacyatelier.com) and the 1st PhD Candidate in Family Legacies.

She is a top recommended family business adviser in 2021/22/23 by Spear's 500 and a Fellow of the Royal Society of the Arts. As a top legacy expert, Zita holds a wealth of expertise, experience, and profound insights into the most critical dynamics and matters facing business and legacy families, and individuals of substantial wealth, having worked with them closely for 10+ years, including 4 years at Campden Wealth in a senior role.

Dominik von Eynern: Depending on tax regulations it might be prudent to do so in the name of savvy operational- and financial risk management.

Another aspect is longevity: especially in the well-heeled part of the population, life expectancy has increased significantly in recent years, and to my mind, it makes sense to share wealth before a century has elapsed to the benefit of the next generation, which should still be young enough to grow into responsible and accountable wealth owners in the name of the family legacy.

These rational arguments will resonate with anyone who deems him or herself as an outside observer, but for those who are concerned with it – i.e., donor and recipients, it becomes a matter outside the realm of rationality.

But fears of relinquishing control and purpose on the donor side will influence decisions, often even outside of her or his conscious awareness.
The recipients are hoping to maximize their payoffs while arguing a 'fair' distribution of wealth and may engage in role seeking behaviors. Of course, fairness is a social construct and does only exist in the eye of the beholder, thus unproductive conflicts are likely.

Distributing wealth before death can be a real opportunity to consciously manage the transition and to avoid unproductive conflicts resp. to pre-empt post-mortem conflicts that are potentially arising from the fact that testators often rule from the grave by arbitrary wills. But the transition of wealth needs to be a facilitated process alongside education for everyone involved that allows mutual agreements for the distribution of financial wealth and the governance of it.

In the absence of facilitation and behavioral interventions it can become a nightmare which risks the erosion of legacy and wealth to the benefit of the professional service industry.

Dominik von Eynern

Dominik v. Eynern comes from a business family which is now in its 5th generation. He holds a BSc in Economics and a MSc in Finance, worked in the international investment banking industry. He's a founding member and director of Family Hippocampus ltd.

His research on family dynamics is inspired by insights from behavioural economics, cognitive neuroscience, dynamic complex system, and chaos theory.

Markus Schwingshackl: There are many arguments in favor of an early transfer of family wealth. It provides clarity and predictability for everyone involved, and legal and tax challenges can be resolved effectively and efficiently.

The transfer does not have to be unconditional, but can be adapted to the individual family situation. In particular, trusts and foundations can enable frameworks that align wealth ownership with a family's purpose of wealth.

However, wealth owners who want to preserve wealth and harmony cannot avoid discussing family members' views and expectations. Furthermore, clarity on the current generation's expectations is required to allow the family to express reservations or even waive an inheritance.

Families must define the desired result. That result is rarely a mere transfer of ownership but rather a new constellation that significantly impacts family relationships and each family member's individual position. In both scenarios, whether transferring wealth during or after one's lifetime, a conscious and transparent approach has the highest probability of success in securing a family's cohesion and preserving its wealth in the long term.

Markus Schwingshackl

Markus is a private wealth lawyer assisting global wealth owners, entrepreneurs, and their families in navigating the complexities of wealth management, wealth planning, estate planning, and family offices. He is qualified to practice in Switzerland, Liechtenstein, and Austria and is the founder of Centro LAW, a wealth management and family office law firm based in Zurich, Switzerland. Markus also specializes in financial product and digital assets regulation, with significant experience in blockchain and fintech. Further fields of activity include white-collar crime, cybercrime, and cross-border financial crime.

2. If the testator was the owner of operational business(es), what would be some recommendations to structure the inheritance?

Octavian Graf Pilati: Hand over leadership in time. Don't keep blocking minorities, and trust the next generation. Let go, either you are a supportive grey eminence or you should be a non-present grey eminence.

Make sure to have adequate conversations with everyone about the operational businesses and find out who is willing and competent to be if at all in a leadership position (CEO). The same applies to ownership of the operational venture. If there is no workable solution I advice to sell the venture while it is still well run.

Dominik von Eynern: A portfolio of liquid financial instruments such as equities and bonds are easier to inherit from an operational perspective, because valuations equal market prices and the required liquidity to pay inheritance/gift taxes is readily available.

From a governance perspective it is also easier since most families will have outsourced the management to a private bank or private wealth manager.

Operating companies are more complicated as the valuation and liquidity is not readily available. The Endowment Effect may also play a role. It is a phenomenon researched in Behavioral Economics (Daniel Kahneman, Richard Thaler et. al.). The owner of a company evaluates his or her holding much higher than the market would be ready to pay by the mere fact that they own it, and this can make sales negotiations difficult.

Thus, the portfolio of illiquid companies becomes even more illiquid by the Endowment Effect, because selling at market price is psychologically prohibitive for the proprietor. This situation implies the requirement for a long-term plan to build up liquidity so that the recipients can fiscally afford what is about to be gifted to them.

To my mind, this needs a greater degree of social system synchronicity and discipline vs. the case of the distribution of a portfolio of financial instruments.

Markus Schwingshackl: First, the importance of the business in the family's overall wealth should be clarified. Is it seen as an interchangeable part of the asset allocation, or should it be retained as part of the family wealth for specific reasons?

As a next step, responsibilities and expectations can be defined based on a precise classification, and the business's ownership can be structured accordingly.

To organize the transfer of business assets in a target-oriented manner, all parties involved should have the same level of information and understanding of the respective views.

Business owners should further consider various scenarios and their impact on family wealth. This can also reveal the need for diversification and highlight risks like tight liquidity.

3. If the testator was the owner of a family business, what would you recommend then?

Octavian Graf Pilati: Family business changes nothing for me to what I said above. The family history and legacy does not disappear with the sale of an asset. Focus more on the business family and less on the family business. That is my whole hearted advice.

Dominik von Eynern: This takes it to a different level of complexity. The Endowment Effect not only applies to the business but also to the company's founder who is endowed to his role and social status. In addition, the IKEA Effect, a bias that alludes to

the fact that we find things more valuable when we have built them, makes it even harder to let go of the business he or she built. Thus, relinquishing control and the fear losing status and purpose becomes an even greater challenge to the testator, especially in the transition from the first to the second generation.

It requires facilitated synchronicity work with all protagonists and methods such as the design thinking process to find mutual agreement regarding business governance, family governance and the allocation of assets. The testator should reframe and become a sponsor, coach and mentor to the inheriting generation and ensure a smooth transition of governance, leadership and wealth.

To my mind, handing over the family business early with respect to current life expectancies and while the owner and his or her inheritors are capable to manage through the various transitions that are required on a socio-emotional and cognitive level is the most intelligent way to preserve, evolve and perpetuate legacy for generations to come to the benefit of all stakeholders.

After all, family businesses are extremely relevant on a systemic level as in some cases, they provide much of the local GDP, i.e., directly or indirectly feeding generations of employees and their families who work in the business or their suppliers.

Against this backdrop, it is a responsibility of the family to manage through a smooth transition as they are held accountable for the demise of the business caused by a failed succession apart from ruining their family legacy, losing all the money and enriching their professional service firms instead.

Markus Schwingshackl: Governance is indispensable in this constellation. Research shows that family governance correlates positively with the preservation of family businesses. In other words, a family business that is not embedded in a family governance framework is exposed to additional risks for its success and existence across generations.

In addition to structured communication and decision-making within the family, the ownership structure must be defined, and family members' involvement must be considered at the family business level.

Balancing family, business, and ownership over a long-term period requires a targeted effort. The intersection of management and ownership represents a particular challenge that must be addressed. Family business owners should thus tackle family governance, business governance, estate planning, and succession planning.

4. Additional reflections:

Octavian Graf Pilati: The paradox of balancing parentship and entrepreneurship. How can you ensure that you are a good parent and a good entrepreneur? Sadly in many business families the parentship suffers in favor of entrepreneurship.

The Messner story is a perfect example of what happens then. Being a good parent who is present in the child's upbringing is paramount and the best investment you can make into the continuity of your family's wealth and legacy.

Zita Nikoletta Verbényi: Appearances may also be upheld after the finances and legalities have been dealt with, the distribution has already happened, all plans are in place and families are left behind closed doors.

Some heads of families, whether they were absentees or hands-on, hold onto their reins even with already executed transitions of power. They still show up acting as if, not willing to hear or accept change and to be questioned.

Some may even give the new scenario a go for a couple of months and then decide to reverse to their old position without seeking anyone's consent. They are frozen in time, surrounded by frozen smiles and

decision-making processes, leaving everyone in a forced position of waiting.

At the same time, such occasions are also ideal for recording, narrating, curating and preserving the accomplishments, challenges, best practices, memories, legacy objects and key messages of these heads of families, altering their focus, bringing them closer to their family and capturing glimpses that may help the members better manage or recalibrate their current stranded status.

Dominik von Eynern: Handing over wealth during lifetime is challenging and full of dilemmas, also because of a thinking style that is linear, dichotomous and hierarchical. On the one hand, it's the ego which wants to protect us from adverse influences. It seeks control and acknowledgement, and behaviors are often amounting to self-serving strategies. Another side of the ego's protection strategy is 'legacy vanity' which requires behaviors and actions that may counteract the ego's core protection efforts and may trigger strong responses that contribute to decisions that are pertaining to the erosion of legacy. That's one of the major dilemmas the testator has to work through during lifetime!

I suggest adopting a complex thinking style, synchronize the self (i.e., the *inner* family) and the family system to effectively navigate through the challenges of passing it on to the next generation during a time of creative energy. Mind you, synchronizing the self and the family requires time and effort – so better to start early, especially in the light of creating responsible and accountable wealth owners!

This to my mind, *proactively* handing over wealth and governance of wealth while alive and healthy is paramount as it can ensure smooth transitions that evolves legacies in perpetuity, regardless of the asset structure. Why? Because the m/patriarch can create a *culture* for legacy preservation – probably the best asset we can call 'social capital' she or he can pass on!

Markus Schwingshackl: One can not highlight enough the importance of the human element in estate planning.

Wealth owners may be advised on all technical aspects of a wealth transfer, which can still fail if the family is not sufficiently aligned. Issues such as conflict resolution within the family often only receive attention when it is too late.

Thus, the estate planning process should involve engagement and discussion within the family. Wealth is the occasion, but family cohesion should be the cause.

Family values, communication, responsibility, and awareness of identity and culture contribute to the family's unity and lay the fundament for successfully navigating wealth transfers. Finding the right how and when will be less challenging in such an environment.

Those who start estate planning early have the additional advantage of consolidating their arrangements and adapting to changing circumstances if needed.

The Effects Your Childhood Traumas Have On Your Family Business

Why childhood trauma puts your wealth at risk and what you can do to protect It

Octavian Graf Pilati

Octavian Count Pilati comes from a princely family (Khevenhüller) whose rich history dates back to before the year 1000. He studied mechanical engineering at the TU Vienna. Dealing with a crisis in the family business from 2015 to 2018, Octavian is now sharing his experiences and knowledge about family business, family dynamics, crisis, fraud, conflict and leadership.

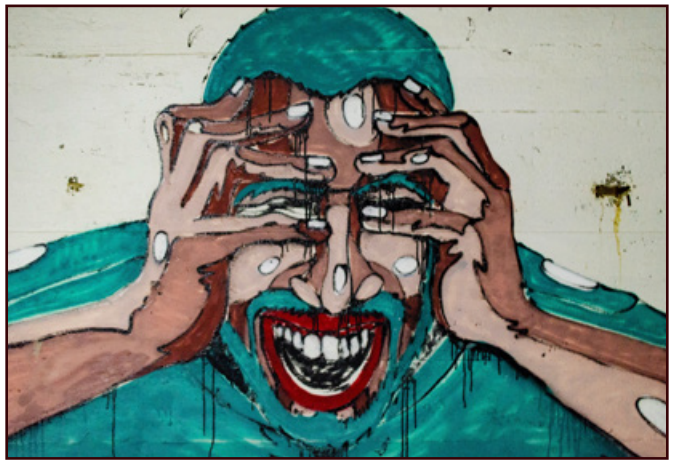


Photo by Aaron Blanco Tejedor

Before we begin ask yourself if you think your childhood had traumatic effects on you. Just let this question sink for a minute and write down the answer on a piece of paper. If you grew up in a business family, then I guess that you wrote down a "yes". I can assure you, that you are not alone. I for one answer this question with a yes.

The dynamics in business families can be traumatizing for young children and these traumas will carry on into adulthood. In adulthood, the effects lead to certain behaviours and toxic dynamics in the family. This is an ever-ongoing cycle of emotional destruction, resulting in an unsafe environment. Some families do well on this front. In my personal experience though, I find that most are caught in this cycle. Breaking this cycle is easier said than done and requires knowledge about the issue and usually outside help of some form.

It has taken me years to realize that I suffer from certain traumas from my childhood and that it is ok. It is pretty normal to have these problems when faced with certain behaviours in the family while growing up. Once you realise this, the path to betterment is open to you. In this article, I will share with you, what I have discovered in my healing journey. And how I think business families can do better for their future generations.

Understanding trauma and working through it is the basis of broken families finding a way to come together again. Especially if you have a business or wealth as the last "glue", which becomes a good reason for even more discord.

Understanding the childhood trauma essentials

Understanding the essentials of childhood trauma forms the basis for improvement. To create awareness for yourself and in your family, it's important to understand childhood trauma. We will

have a look at what kinds of trauma there are, how they are formed and what consequences they have in adults.

What are childhood traumas?

The term „trauma" is often misunderstood. Maybe not in the professional field, but in society. Most people when they hear the word trauma think of things like sexual abuse or physical abuse. These events are known as primary trauma, resulting in post-traumatic stress disorder (PTSD). When a person has had a tough childhood, due to non-present parents or due to an ongoing financial crisis in the household, most people would not think of it as a traumatic experience. However, those experiences are quite traumatic for a child and also result in primary trauma.

> Abandonment from non-present parents is a classic in family businesses. In many families, business or wealth is the top priority. This results in both or at least one of the parents not being very present in childhood. The child will feel abandoned and not loved by the parent. And it doesn't matter if you tell your children hundreds of times that you love them. If you are not there your actions show the opposite and it is actions that count. Our intent is never perceivable to others, only to ourselves. Telling someone one thing but doing the opposite results in sinking trust levels. In society, we like to outsource our children, to nurseries, babysitters, and whatnot. The result is that our children feel abandoned and not loved.

Then there is secondary trauma also known as secondary stress disorder (STSD). Secondary trauma occurs if one is repeatedly exposed to details about the trauma experienced by others. Therefore, what will make these traumas worse, is that society does not see them as traumatic.

According to the National Institute of Mental Health, childhood trauma is defined as: *"The experience of an event by a child that is emotionally painful or distressful, which often results in lasting mental and physical effects."*

According to the National Child Traumatic Stress Network: *"Secondary traumatic stress is the emotional duress that results when an individual hears about the first-hand trauma experiences of another."*

By looking at the definition of childhood trauma, we can quickly see, that it is not the severity of the event, but the emotional pain or stress it creates. And for the painful or stressful event to become traumatic, it needs to have lasting mental or physical effects. This is a part where society often struggles. Emotional trauma can have physical effects. For example, your children end up having a host of food intolerances, ADHD, or other problems. These can result (and mostly do) from childhood trauma.

What kinds of childhood traumas are there?

There is a host of childhood traumas. The aspects differ with each kind of trauma; however, the basis is the same. As we covered above there are primary and secondary traumas. Primary traumas are directly experienced by an individual. Secondary traumas result from hearing about traumatic experiences or by seeing the traumatic behaviour in another. Primary traumas can be grouped into several types:

- Physical abuse
- Verbal abuse
- Sexual abuse
- Physical neglect
- Emotional neglect

- Alcoholic or addicted parent(s)
- Victim(s) of domestic abuse
- Family member(s) with mental illness
- The disappearance of parent(s) – through divorce, abandonment, or death
- A family member in prison
- War refugee trauma
- Postnatal trauma
- Prenatal trauma

Take a minute and think about your childhood and if any of the above traumas have occurred. When I dipped my toes into the topic of childhood trauma it became clear to me, that several of the above apply. Just one of them is more than enough to influence you enormously. We often forget that for a child, especially below the age of 7, events that adults would perceive as a walk in the park can have traumatic effects.

A very good cue to see if you suffer from childhood trauma is to try and evaluate how many memories of your childhood you have. If it is very little, you likely suffer from childhood trauma. Memory impairment can last into adulthood. It will usually affect your long-term memory.

Additionally, to experiencing primary traumas you can gather secondary trauma through your caretakers. I write caretakers because in many business families the children are brought up not only by their parents but by other individuals given the task. Watching your caretakers endure hardship, can be highly traumatic for a child. Not only watching hardships but also watching your caretakers and their traumatic responses have an effect. Thus, their behaviour can inflict secondary trauma on a child. Going one step further, traumatising stories you are told by your caretakers induce secondary trauma too. Think back on some stories you have been told as a child, that are stressful experiences in the life of the storyteller. Do any of these stories make your hairs stand up, or come to mind again and again, then maybe you have been traumatised by them. Again, adults often do not realise that events they perceive as normal are traumatic for a child.

How do traumas form in general?

Childhood trauma occurs when a person who has power over the child threatens or harms them. Threats and harm can be defined loosely, however. What makes a trauma form is that the child experiences fear as a response. In an environment that lacks a sense of safety for the child, fear takes over as the predominant emotion. Children up to a certain age are in general helpless beings. Nevertheless, it is on the caretakers to take care of the child and instil a feeling of safety. If this is missed, then the child will experience a feeling of helplessness.

What about traumas, which happen outside the family's control sphere? Let's take bullying in school as an example. Even if you can argue that the experience happens outside of the home, the way the caretakers handle it becomes important. Teachers and parents have a massive amount of influence on the formation of trauma. Children who come from a safe environment are less prone to suffer from bullying. If teachers and parents look the other way, it is like abandoning the child. Bullying is all around us also later in life, so it is paramount that we teach a child how to deal with it.

In the first 18 months of their life, children form something called “basic trust”. This is the most formative time of a person according to Erik Erikson. A baby is entirely dependent on its caregivers. Therefore, the interaction between a baby and its caretaker is of incredible importance. If a baby does not grow up in a safe environment it will develop intense mistrust (especially of its parents). It will learn that the only person it can depend on is itself. With this mistrust, it is not only difficult to trust your parents, but also anyone else in your life. Your romantic partners, business partners, sports colleagues and so on. The more the parents are present in these first 18 months the higher the level of basic trust that is developed. I had an external caregiver starting at the age of 3 months. Let me tell you, it is very hard to trust anybody growing up this way. And it will take a great amount of work and time for you to develop this trust later in life.

Three fundamental actions to ensure basic trust are:

Affection: Answering the cries of a child. A child communicates important messages through crying to their caregiver.

Comfort: Holding your child closely to you and securely provides comfort. Warmth and physical contact are central to building trust.

Food: Feeding a child when it is hungry is a key activity to building trust.

The first 7 years of a person’s life are where we develop our social norms. Children do these mainly by copying the people around them. Children are damn good at learning fast by copying others. You can tell a child as much as you want what standards your family lives by, if you do not adhere to them yourself, the child will see. The best way to teach children to be safe and to act appropriately is to show them. With your actions, not your words. If a child will grow up in an environment where boundaries are not accepted, where no communication happens, where fits of rage are a standard - the list goes on - it will believe that this is how it should behave. By watching this it will encounter secondary trauma and believe this is normal.

These two phenomena – basics trust and copying others - are key to explaining how traumas are formed in a child. And what effects they have on a person’s development and character. Traumas are essentially a child’s adaption to an unstable, unpredictable, and threatening environment. Some examples of events and environments that induce trauma are:

- Death of a loved one
- Neglect by caretakers
- Abandonment by caretakers
- Bullying
- Mental or physical abuse
- Domestic violence
- War and refugee
- Constant discord between caretakers

What are the consequences of childhood trauma in adults?

Childhood trauma has long-lasting consequences, which will impact your adulthood. We covered above the theory of how these traumas develop. In this part, we get more practical and will have a look at the repercussions.

Interacting with people, who trigger your traumas, can be like lighting a gun powder keg. Guess who we interact with a lot in a family business? You guessed right, people from our childhood, to whom we relate trauma. Just being in the same room with these people can cause emotional distress. What does it mean by “get triggered”? A trigger is a behaviour,

place or person that usually – when we don't have a handle on our traumas - sets off your fight and flight response. Growing up in a traumatising environment has taught us to expect danger at every corner. In this mode, your trauma takes over and you go into autopilot. Think of moments where afterwards you think "Why did I just behave like this? That isn't me. Those moments are most likely the moments you have been triggered. Each kind of trauma has its specific effects. To keep things simple let's list some consequences without much ado:

Emotional Consequences

- Depression
- Loneliness
- Suicidal thoughts
- Anxiety
- Anger
- Mental illnesses in general
- Difficulty trusting people

Physical consequences

- Physical health problems in general
- Fatigue
- Panic attacks
- Insomnia
- ADHD
- High and low blood pressure

Behavioural Consequences

- Difficulty in forming relationships
- Hypervigilance
- The urge to please others – people pleasing
- Difficulty setting boundaries and accepting boundaries
- Eating disorders
- Compulsion
- Substance abuse
- Numbing in general

The list goes on. As our childhood is the most formative time of our lives, adverse events in this time have a long-lasting impact on us. Hardship and adversity do not necessarily destroy a child. What is essential is that the caretakers induce a feeling of safety for the child.

How to notice traumatic stress in children

There are a few good cues to notice traumatic stress in children. If you have children, this is a part where I advise you to pay special attention. If you have children in your wider family and some of these behaviours seem familiar to you, don't look away. Looking away will induce regret in you when you are older. Or even shame. At least that is what I have been told.

Photo by Katherine Chase

How do you recognise trauma in a child? There are a few cues to look for, so here we go:

Emotional symptoms

- Sudden fears
- Anxiety
- Anger
- Depression
- Sadness

Physical symptoms

- Poor concentration (ADHD for example)
- Sleep disturbances
- Physically often ill
- Lack of energy (lethargy)

Behavioural symptoms

- Compulsion
- Eating disorders
- Impulsiveness
- Isolation
- Loss of interest in hobbies

The list of all the things to look for is much longer. You might have already seen that the symptoms in a child overlap with the symptoms in adults. As adults, we can work hard and change our behaviours ourselves. Children on the other hand have more difficulty and need the support of adults.

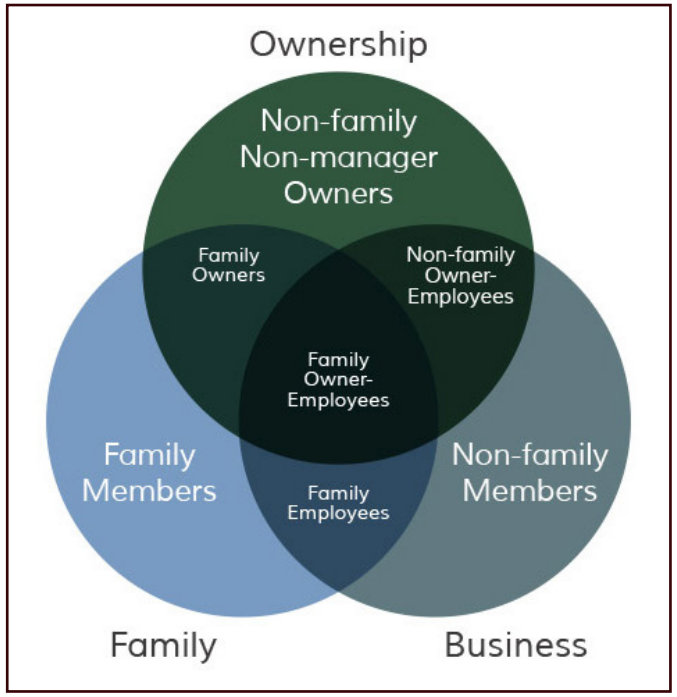
The role of childhood trauma in business families and family businesses

Childhood trauma plays a huge role in business families. A lot of the toxic dynamics we see in business families find their root cause in childhood trauma. How the current generation in charge behaves and the Next Gen can mostly be attributed to their experiences in childhood. The more trauma there is, the less healthy the dynamics will be. Many families perceive toxic dynamics as normal and sometimes even cherish them. „It has always been this way“, „This is what makes a so and so“, „To be a man, you need this and that“ etc. are all phrases we probably know from our families in some way or another. When you hear these a lot, you can expect that there is childhood trauma at play. In the following part, we will have a look at the impact of childhood trauma and how to heal and mitigate trauma.

Photo by Jp Valery

The impact of childhood trauma on business families and family businesses

The dynamics stemming from childhood trauma can strongly impact the family's business (remember the three-circle model). Family members are often either owner of the business and/or employees in the business. The business has been part of each family member's childhood in some way and can thus have trauma associated with it. On top of that, family members need to work with each other. Here again, trauma will impact the workplace dynamics and even impact non-family owners and employees. Especially



Three-Circle-Model of the family business system by Tagiuri and Davis, 1982

when the ego takes over and irrational behaviour and decisions are displayed.

A well-functioning family business has financial wealth behind it and long-term thinking usually with it. However, the true competitive edge comes from the intrinsic motivation family members bring to the table and the social and emotional capital from the family. Childhood traumas directly negatively affect these aces and make them a disadvantage instead of an advantage.

If the business, places you grew up and family members end up being triggers, you will not have a healthy environment to function in. Thus, the family unit is destroyed and can become its downfall. Over 80% of wealth loss in families is associated with the behaviour of the family itself. I believe that nearly all the behavioural dysfunction in the family can be traced back to traumas that family members carry within them. The majority of these were probably induced in childhood.

> To put it shortly: Childhood trauma can cause dysfunction in the family and at its worst impact, it is the cause of total wealth loss.

How to heal childhood trauma

As a family member reading this, you will likely ask yourself how one can heal childhood trauma. It is a long journey and often a hard one. Why is it so hard? Because we need to start with ourselves and what problems we have. Once we identify our toxic behaviour we want to find and understand the root cause. Self-empathy and self-compassion are the keys here. Sadly, we often lack these skills when we suffer from childhood trauma.

Getting some outside help is needed, for if we cannot ask the critical questions ourselves, someone else should. As with everything, awareness is the first step, which you will already have taken by reading this article. Grab some more books or listen to some podcasts to further your understanding. When you deepen your understanding your progress becomes faster. You will also be better equipped to work with a therapist or on your own. For me engaging a therapist has been the most important step to take.

Healing from childhood trauma will require a lot of work, and this topic is worth an article. However, there are a few crucial steps to start with:

1. Get aware of your traumas and acknowledge them.

2. Accept that your childhood trauma is mostly the cause of traumatized caretakers.

3. Get educated on the matter. The following books helped me personally:

4. Man's search for Meaning by Viktor Frankl

5. The power of Now by Eckhart Tolle

6. How to do the Work by Nicole LePera

7. Identify the triggers. This can be places, people, or certain behaviours. I suggest keeping a journal for this. And work on not letting the trigger take control over you.

8. Get support on your journey. Pick the right one.

9. Realise that your trauma does not define you.

10. Set clear boundaries and try to reduce getting triggered. This includes the business and your family. Especially those! Setting boundaries also means enforcing them. Your parents will have a hard time accepting them; if they do so at all.

11. Get a good rest: Sleep enough. Enough may mean 10 hours. You are constantly in fight and flight mode throughout your day. This requires serious amounts of sleep to recover from.

12. Do physical exercise to externalize the emotional energy inside of you. Do things that give you energy. Things you enjoy. If you have nothing that comes to mind, start trying out things. There is more out there than the family business.

13. Remember that other family members most likely suffer from their childhood trauma. Recognize their behaviours and what triggers them. This way you can navigate around this.

14. These first steps should get you going in the right direction. Once you read into the topic, you will find more that you can do.

What can the family do collectively to support the healing of childhood trauma?

There are a few things business families can do to mitigate trauma in the next generation and to heal the trauma that is already present. We covered what you can do for yourself to heal. Asking for support to do your work is a good start. However, the biggest roadblock is that the family doesn't understand that there is an issue and will try to stop members from healing. As mentioned earlier, the traumatic state is often perceived as normal within families. Often there is an ongoing cycle of secondary trauma being passed on and becoming part of the family's epigenetics.

Usually, it requires someone in the family to start the conversation on this. Someone prepared to change the toxic cycles. Sometimes this may mean that this individual will need to step away from the family and business for a time. Be a role model as such. Awareness is the first and most important step; in anything, we do in life.

Once the cycles are starting to break it is a good idea to set up a "health advisory board". Depending on the funds that are available to you this can have different forms. Essentially you want to have a resource for family members to go to, to get help.

Outside advisors will spot certain problems and make the family aware of them. They can also make proposals for what to do. Having professionals at your side will improve the process and the likelihood of healing in the family.

Families like to keep problems under the rug. Health issues do not exist. Changing this mindset takes work. What I found helpful for us is to gather up all the stories of problems. I went back 3 generations. Once you have gathered them up it makes a powerful story to confront family members with. Nothing works better than a narration of the family history.

Try to create a psychologically safe space to speak about problems. This is easier said than done, as the traumas people suffer from will mitigate exactly this. Mediators of some sort can help with this. With a mediator, you can foster productive discussions. Getting the issues out in the open is of paramount importance. It creates awareness.
Last but not least, the parents must take care of their children. However, this is in some cases easier

said than done. Breaking cycles in families is hard work. And some members will not be able to do so or catch on later. Do not watch what is happening to the children of your siblings or cousins. I have no magic formula for what to do. I can only tell you, that doing nothing is not the right answer. Approach the parents of children with traumatic responses. Try to talk to them about it.

Conclusion

Childhood trauma is a major factor in family dysfunction. As thus it is one of the biggest risks to a family's wealth, be it financial, social, historical, or emotional. The family itself is the trigger that sets us off into toxic behaviour. Therefore, it is a difficult issue to resolve. However, with the right mindset and the right support, it is manageable. It is by no means easy work. But doing the work is the way forward.

I hope this article has given you some helpful pointers. It has been a rocky road for me, and I wish to help other families mitigate the pain that childhood traumas can cause. At least, you can work on yourself and make sure that you don't do this to your children. Break the cycle in your family. It is well damn worth it.

Rediscovering Parental Influence: Key Insights From “Hold On To Your Kids”

Matthias Knab
Publisher

By Matthias Knab

I’m the father of two, and - probably like most parents – didn’t get a proper “training” how to be a good parent. In today’s rapidly evolving world, the traditional dynamics of parenting have undergone significant changes, leading to an increasing disconnect between parents and their children.

Gordon Neufeld and Gabor Maté’s seminal work, *“Hold On to Your Kids: Why Parents Need to Matter More Than Peers,”* delves into the core of this issue, offering profound insights into why parental influence is waning and how families can re-establish their pivotal role in child development.

The Problem: Peer Orientation

At the heart of the book is the concept of “peer orientation,” a phenomenon where children, rather than looking to their parents for guidance, increasingly turn to their peers. Neufeld and Maté argue that this shift is detrimental, leading to a host of developmental issues, including insecurity, anxiety, aggression, and the inability to form healthy, lasting relationships.

The authors highlight how modern society, with its emphasis on peer culture through media, technology, and even educational practices, encourages this orientation. This shift has undermined the natural hierarchy that once existed in families, where children were primarily influenced and nurtured by their parents and other adult figures.

Peer orientation can lead to a disconnect from family values, a lack of resilience, and difficulty in making independent decisions – all of which can jeopardize effective wealth transfer and family business succession. Peer-oriented children may run the risk of struggling with the responsibilities that come with

significant inherited wealth.

The Importance of Attachment

Neufeld and Maté's work centers around the importance of attachment in child development. They argue that a secure attachment between parent and child is the cornerstone of healthy development. This attachment provides the child with a sense of security, identity, and belonging, which are essential for navigating the complexities of life.
The authors describe how attachment is not just about physical proximity but about an emotional bond where the child feels understood, valued, and connected. This bond is what makes children receptive to their parents' guidance and values, ensuring that they grow into responsible, empathetic, and resilient adults.

Restoring the Natural Order: Strategies to Reclaim Parental Influence

> The book is not just a critique of modern parenting but foremost **a guide for restoring the natural parent-child relationship.** The authors emphasize the importance of parental leadership in counteracting peer orientation. This doesn't mean authoritarian control, but rather a balance of loving authority and emotional availability.

Neufeld and Maté offer several strategies for parents to regain their rightful place as the primary influence in their children's lives.

1. **Reclaiming Your Role as a Parent:** The authors stress the importance of parents reclaiming their role as the primary attachment figure in their children's lives. This involves being physically and emotionally present, setting clear boundaries, and ensuring that children feel safe and loved.

2. **Creating a Secure Attachment:** Building and maintaining a secure attachment is key. Parents should prioritize spending quality time with their children, engaging in meaningful conversations, and showing interest in their children's lives. This connection should be nurtured from early childhood and continuously strengthened as the child grows.

3. **Creating Family Rituals and Traditions:** Regular family meetings, annual retreats, or shared philanthropic activities can strengthen bonds and reinforce family values.

4. **Limiting Peer Influence:** Neufeld and Maté recommend that parents consciously limit

their children's exposure to peer culture, particularly in the early years. This includes regulating the use of social media, television, and other forms of entertainment that might prioritize peer influence over parental guidance.

While not isolating children, parents should be mindful of age-appropriate socialization and the impact of digital media. Family offices can support this by organizing exclusive events and experiences that bring families together.

5. **Fostering Dependence Before Independence:** Contrary to popular belief, the authors argue that children should be allowed to depend on their parents before they are encouraged to be independent. This dependency fosters a strong attachment, which in turn gives children the confidence and security to eventually navigate the world on their own terms.

6. **Maintaining Connection Through Adolescence:** As children grow, parenting styles must adapt. Staying involved in teens' lives without hovering is an art that high-net-worth parents must master, especially when preparing them for future roles in family enterprises.

7. **Establishing a Village of Support:** The book also highlights the importance of creating a "village" of supportive adults who can reinforce the values and attachment that parents strive to establish. This network can include extended family, close friends, and other trusted adults who share the parents' values and can contribute to the child's emotional development.

The Role of Family Offices

For family offices, the insights from *"Hold On to Your Kids"* are particularly relevant. Family offices are often involved in multigenerational wealth management, where the well-being and development of the younger generation are critical to sustaining the family's legacy. Understanding the dynamics of attachment and the impact of peer orientation can help family offices support the families they serve in nurturing strong, healthy relationships.

Family offices can take an active role by facilitating family-centered activities, promoting parenting education, and ensuring that the values and wisdom of older generations are effectively passed down. By emphasizing the importance of strong

family bonds, family offices can help create a foundation where the younger generation is not just financially secure but also emotionally and relationally equipped to carry the family's legacy forward.

Implications for Wealth Management and Family Governance

The principles outlined in "Hold On to Your Kids" have profound implications for wealth management and family governance:

1. **Values-based wealth transfer:** Strong family bonds make it easier to transmit not just financial capital, but also human and intellectual capital across generations.

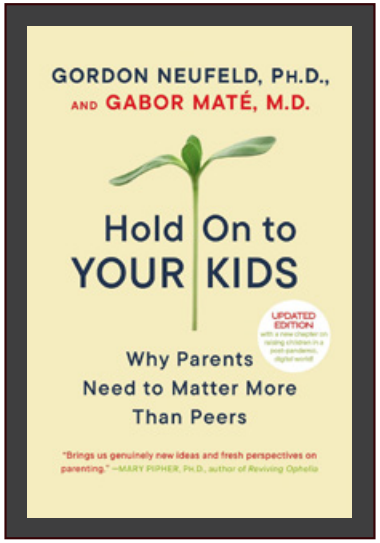
2. **Family culture as a protective factor:** A strong family culture, rooted in secure attachments, can protect against the potential pitfalls of inherited wealth, such as lack of motivation or financial irresponsibility.

3. **Succession planning:** In family businesses, strong parent-child relationships can facilitate smoother succession processes, with shared values and open communication channels already in place.

4. **Risk management:** Emotionally intelligent and securely attached individuals are often better equipped to handle the complexities and pressures of wealth, potentially reducing behavioral risks in investment decisions.

Conclusion: A Call to Reconnect

"Hold On to Your Kids" is a powerful reminder that, despite the pressures of modern life, the parent-child relationship remains the most crucial influence in a child's development. It offers a compelling argument for the primacy of parent-child relationships in an increasingly peer-oriented world. Neufeld and Maté's work challenges parents to re-evaluate their approach to parenting and to take deliberate steps to reclaim their role as the primary source of guidance, support, and love in their children's lives.



I personally found the insights from this book invaluable. By prioritizing attachment and nurturing strong, connected relationships, families can ensure that their children grow up with the emotional and psychological tools needed to thrive in an increasingly complex and demanding world.

In a society where peer influence and digital distractions threaten to erode family connections, the message of "Hold On to Your Kids" serves as a timely reminder: the most valuable asset any family possesses is not its financial wealth, but the strength of its relationships.

Sexual Health = Mental Health: The Importance Of Educating Your Children About Sex

Cindy Gallop

Cindy Gallop took a risk when she entered advertising, and hasn't stopped taking them since. She began her early career in the UK as a theater publicist and marketer, until an audience member declared that she could "sell ice to an Eskimo," and advised her to make the jump to advertising.

Cindy then joined the London office of British advertising firm Bartle Bogle Hegarty (BBH) in 1989 and was responsible for large accounts like Coca-Cola, Ray-Ban, and Polaroid. In 1996, she helped start the Asia Pacific branch of BBH. She founded the US branch of BBH in 1998 and served as chair of the board. In 2002, BBH US was named Adweek's Eastern Agency of the Year, and in 2003 Cindy was voted Advertising Woman of the Year by Advertising Women of New Yor

In 2003, Gallop won the Advertising Woman of the Year award from Advertising Women of New York. Cindy left as BBH as Chairman in 2005 to work independently, starting her own brand and business innovation consultancy, Cindy Gallop LLC.

Cindy Gallop has turned her illustrious advertising career into a lifelong pursuit of changing the world, her way — one daring project after another. She is board advisor to a number of tech ventures, and consults and speaks for brands, agencies and conferences around the world, characterizing her approach as, 'I like to blow shit up. I am the Michael Bay of business.' She is also one of three Campaign Review Committee Chairs for the Ad Council.

Today's new childhood reality

Did you know that the average age at which a child is first exposed to hardcore porn online, is six years old?

That statistic comes from a Bitdefender survey of 19,000 parents worldwide. If it horrifies you, be aware that that survey was conducted eleven years ago, in 2013. While Bitdefender haven't replicated that study since, there are many others testifying to the fact that today, porn is widely accessed by children globally.

This isn't because children go looking for porn. It's a function of what in the digital world we live in today is inevitable and cannot be prevented, no matter how hard you try – they stumble across it. It's what they're shown on someone's cellphone in the playground; what they see when they go round to a neighbor's house - because it doesn't matter what parental controls you have in place at home, your kids live their lives in other places; or, because this is the most wired generation ever, and in many privileged households very young children have access to phones, iPads, laptops, they do something cute and innocent – they learn a new naughty

word, they google it - and one or two clicks away is something they never expected to find. Especially before they've received any education about sex.

Why I started MakeLoveNotPorn

I date younger men. This led me to realize, years ago, that when freedom of access to porn online meets society's reluctance to talk openly and honestly about sex, porn becomes sex education by default, in not a good way.

Cindy Gallop was one of the first people digging into how hardcore pornography has distorted the way a generation of young men and women thinks about sex, bringing up this issue publicly at the TED conference in 2009 which since then has been viewed millions of times and was one of the most talked about presentations at the conference. In 2009 she launched MakeLoveNotPorn.com, which began originally as a public service - 'Porn World vs Real World'.The response was extraordinary. Thousands of people turned to Cindy, from all around the world - young and old, male and female, straight and gay - pouring their hearts out, making her realize that she had uncovered a huge global social issue.

Today, MakeLoveNotPorn is the world's first user-generated, 100% human-curated, real world sex videosharing platform. If porn is the Hollywood blockbuster movie, MakeLoveNotPorn is the badly-needed documentary: a unique window onto the funny, messy, loving, wonderful sex we all have in the real world. MakeLoveNotPorn socializes, normalizes and de-stigmatizes sex, bringing it out of the shadows into the sunlight, to promote consent, communication, good sexual values and behavior. The platform operates on a revenue-share business model, where members subscribe to stream videos, and the revenue is split with our everyday people contributors.

"As a unique business, MakeLoveNotPorn has a unique capability: the power to change people's sexual attitudes and behavior for the better. In the eleven years we've operated, we've taught countless young people that porn is not sex in the real world. Gen Z loves us! We've saved numerous marriages and relationships. We've inspired communications breakthroughs between couples. We've heard from survivors of rape and sexual abuse, who tell us that MakeLoveNotPorn helped them reclaim their bodies, and feel able to be sexual again post-trauma when porn is too triggering. And parents are buying their teenage and twenty-something children subscriptions to MakeLoveNotPorn, because, they tell us, they want their kids to see what happy, healthy, loving sexual relationships look like. But obviously, MakeLoveNotPorn in its current form is for 18+," Cindy explains.

How to educate your children about sex and porn

From the moment I gave my TED talk 15 years ago, parents have reached out to me for help. I want to share with you the two key pieces of advice I've given parents for years.

1. **Today, there is no such thing as 'too early' when it comes to talking to children about sex.**

Now, I don't mean, literally, 'Talk about sex!'

What I mean is how you respond the very first time your child asks where babies come from, plays with their genitals or does something else sex-related. The most important thing isn't even what you say, as much as how you say it.

Never get visibly flustered or embarrassed; never get irritated or angry; don't shut them up, close the conversation down or leave the room. Instead, respond to them openly, honestly and straightforwardly. By doing that, you open up a channel of communication between them and you that will always be there for them as they grow older. And trust me – no matter how much they might appear to squirm when you talk to them frankly about sex and how to have a rewarding, healthy sex life, they will be secretly grateful to you for doing so.

2. **Today, when you talk to your child about sex, you must also talk to your child about porn.**

This is a lot easier to do than most parents think. Just say what I'm about to share with you, and dial it up or down depending on the age of the child.

"So darling, we've just talked about sex. You know how when we watch movies, TV, videos, cartoons together, we see things that aren't real? Well, there are also movies and videos about sex, and they're not real either. Because of that, they can be quite confusing, and so we'd rather you didn't watch them until you're older. But if you stumble across these, or someone shows them to you, do come and tell me/us, and I/we can explain it.'

That's all you have to say. You can end the conversation right there. Because just by saying that, you've done two important things. Firstly, you've set up in their mind for when they stumble across porn - as they will - that it's not real. And secondly, you've asked them to come and talk to you about it. You will want them to do that, because what they stumble across is likely to be utterly traumatizing.

I advise parents to bear in mind that no matter how embarrassed your child may appear or how much they may squirm and shy away, they are secretly glad you're having this conversation. They desperately want

information, education, advice, help, so always talk to them about sex whenever you want to, whenever you think there's a need, or just generally in the course of your everyday family life. Even if they don't respond and open up from their side, they're absorbing what you say to them.

The most important thing is not to be embarrassed yourself. Be straightforward, honest, truthful, non-judgemental, and feel free to bring a sense of humor. The easier you make the conversation by the way you approach it, the more conversations about sex you'll have. You want your child to be happy; this is the area that will impact their future happiness more than anything else. Let that fact take away your own embarrassment!

Bring your children up to have good sexual values

I recommend that parents approach these conversations in the context of my own philosophy: everything in life starts with you and your values. I regularly ask people, 'What are your sexual values?' No one has ever been able to answer me, because we're not brought up to think that way. Our parents bring us up to have good manners, a work ethic, a sense of responsibility, accountability. Nobody ever brings us up to behave well in bed. But they should – because values like empathy; sensitivity; generosity: kindness; honestly; trust; respect, are as important there, as they are in every other area of our lives, where we are actively taught to exercise those values.

So for parents, this is simply a matter of translating the values you set out to bring your children up with, very directly into how you educate them on expectations of behavior around sex. In the same way you teach them to do the right thing in life generally – to speak up if they don't feel good about what's going on, to step in and intervene if a friend or a stranger is being treated badly, to be true to themselves and what they know is right – teach them exactly the same things in a sexual context.

MakeLoveNotPorn Academy is here to help

The good news is, I and MakeLoveNotPorn are building something that will help, that parents and teachers have begged me for years: the 0-18 and beyond, sex education expansion, MakeLoveNotPorn Academy.

This is what I characterize as 'the Khan Academy of sex education.' Khan Academy, the online tutoring platform used by youth and adults around the world, tutors on every other topic under the sun, except sex education. Educational technology - edtech - is exploding as a category worldwide, but not in this area.

The Academy operates on the same principles as MakeLoveNotPorn: user-generated, crowdsourced, 100% human-curated, revenue-share. We're building an aggregator hub for the best of the world's sex education content. Sex educators, sexual health and wellness experts, therapists, anyone informing and educating in this area, is invited to share their own content: books, videos, courses etc. Our unique human-curation model is key. Just as there is no self-publishing on MakeLoveNotPorn, human eyes will vet every piece of content to make sure that it's safe and that we endorse it.

We will publish all content to make it easily searchable, for example by age-appropriateness. If you're wondering how on earth to answer that question your six-year-old just asked, the Academy will provide age-appropriate tools and content to have that conversation. A teacher with a class of fourteen-year-olds can find age-appropriate teaching materials. For adults, it's 'access all areas' - adults are equally desperate for all this information.

You'll also be able to search by cultural sensibility, eg for Christian sex education, Jewish sex education, Muslim sex education.

And importantly, you'll be able to pick and choose by personal comfort level - what you feel is right for you, your family, or your school. You can see this vision laid out at makelovenotporn.academy.

MakeLoveNotPorn Academy is critically important right now, because open healthy sex education is being blocked, censored and de-platformed everywhere. I have a global network of sex educator friends who face the same challenges I do with MakeLoveNotPorn. Their content is censored on Facebook, Instagram, TikTok and the like; their accounts get suspended; they're banned from advertising their work. We plan to change that, by providing a platform to promote their work and sell their products (the Academy will take a small commission).

Our mission at the Academy is to organize the world's sex education information. That's a deliberate paraphrase of Google's original mission, to organize the world's information. Because today, the algorithm is biased in favor of censorship. We're going to change that.

I'm raising funding for the Academy, but in the meantime our equity crowdfunding campaign on WeFunder, led by actress Jameela Jamil (a big fan of MakeLoveNotPorn) has enabled us to build a bare-bones Minimum Viable Product which we plan to launch later this fall. Find it at WeFunder.com/MakeLoveNotPorn.

Why sexual health is so important for mental health

> For the past fifteen years, in emails, comments and conversations, I've seen firsthand the enormous human misery and unhappiness caused by the guilt, shame and embarrassment society has imbued sex with. Sexual health is mental health, as MakeLoveNotPorn members testify when they tell us how we've transformed their lives. Normalizing sex as one of the most joyous, connected and profound areas of human experience, and feeling comfort with oneself as a sexual being, empowers and builds a different relationship with the self.

The CDC (Centers For Disease Control & Prevention) is the USA's leading science-based, data-driven service organization that protects the nation's health. This is how the CDC defines sexual health, acknowledging its fundamental importance to all aspects of our health as a whole:

Sexual health is a state of well-being in relation to sexuality across the life span that involves physical, emotional, mental, social, and spiritual dimensions.

Sexual health is an intrinsic element of human health and is based on a positive, equitable, and respectful approach to sexuality, relationships, and reproduction, that is free of coercion, fear, discrimination, stigma, shame, and violence. It includes: the ability to understand the benefits, risks, and responsibilities of sexual behavior; the prevention and care of disease and other adverse outcomes; and the possibility of fulfilling sexual relationships. Sexual health is impacted by socioeconomic and cultural contexts—including policies, practices, and services—that support healthy outcomes for individuals, families, and their communities.

This is why MakeLoveNotPorn operates in the single biggest market of them all. Not sex. Not porn. But the market of human happiness.

The 12 Myths And Dilemmas Of Modern Family Offices

Zsolt Gregor Raffai

Zsolt Gregor Raffai is a seasoned financial expert with a diverse background in wealth management and Family Office operations. He holds Masters degrees in Business Administration and Applied Physics/Engineering, along with professional qualifications including Chartered Management Accountant (CIMA) and Chartered Fellow in Private Client Investment Advice (CISI).

With experience spanning Venture Capital, Investment Banking, Strategy, and Private Banking at institutions including J.P.Morgan, Citigroup, and LGT/Vestra, Mr. Raffai has worked in financial hubs including London, New York, and Zurich. Notably, he served for seven years as CIO/COO of a Single-Family Office.

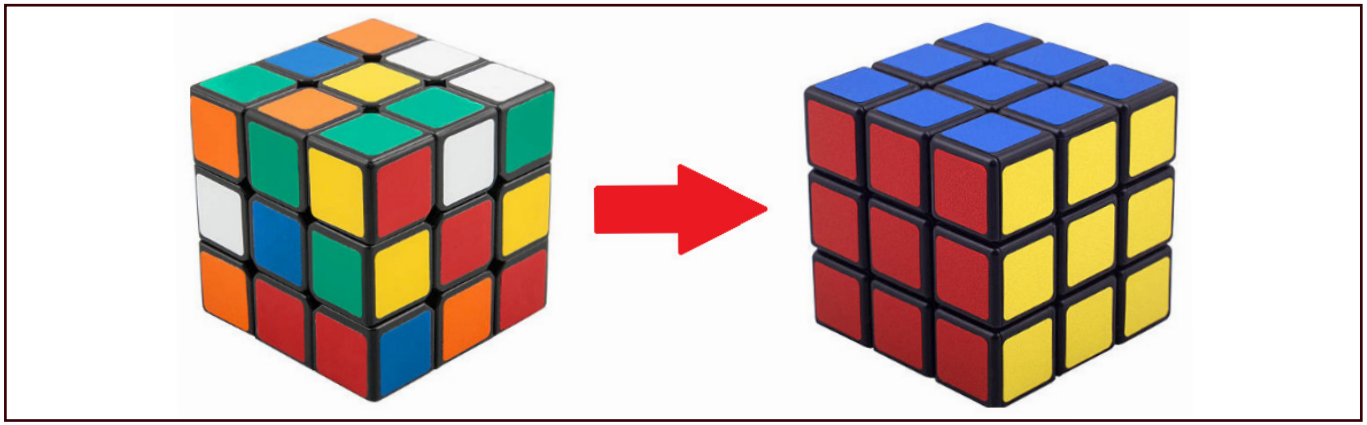
Currently, Mr. Raffai is establishing a Swiss-based, narrow-spectrum Multi-Family Office for prominent European Families (www.theflairgroup.org), aiming to alleviate the burdens of wealth and enable clients to focus on their passions. His approach combines deep financial expertise with a commitment to enhancing clients' quality of life.

Family Offices have long been the cornerstone of wealth management for ultra-high-net-worth individuals and Families. However, as the needs of wealthy Families evolve, so too must the Family Office model. The traditional structures, while effective in the past, often struggle to adapt to new challenges, from blurred lines between Family and business to the complexities of managing multi-generational wealth. This article delves into selected myths, dilemmas, and best practices that define modern Family Offices, as follows:

01. Myth: The Jack-of-All-Trades Family Office
02. Myth: Personalized Service at All Costs
03. Conundrum: Trust vs. Skill
04. Myth: "I Can Read All People"
05. Myth: Attractive Work Environment Justifies Lower Remuneration
06. Myth: Financial Planning and Budgeting are Administrative Chores
07. Myth: The Investment Portfolio Must Be a Profit Center
08. Conundrum: Going Direct
09. Myth: Generational Wealth Creation
10. Myth: The Next-Gen MUST Take Over or Work in the Family Business
11. Myths: Family Office Wealth Structuring
12. Myth: Philanthropy is Best Delegated to External Managers or Reserved for the Next-Gen

01. Myth: The Jack-of-All-Trades Family Office

Family Offices often find themselves grappling with fundamental questions: What is the purpose of the office? What should it accomplish? The answers vary, with each Family's needs, assets, and risk profiles influencing their approach.



However, a recurring dilemma is the blurred lines between Family, lifestyle, business, and philanthropy. When these areas are mixed under one umbrella, accountability, risk management, and decision-making become muddled, leading to inefficiencies and expensive mistakes.

Recommendation: Mr. Raffai advocates for a structure that separates different activities into distinct entities, each with its own focused management and employees. This could mean creating separate organizations for business interests, financial assets, philanthropy, lifestyle management, Family properties, and other key areas.

While this approach may seem more complex initially, it offers clearer accountability, better risk management, and more efficient asset allocation in the long run. It ensures that responsibilities are well-defined and that each segment operates with the required focus and expertise.

02. Myth: Personalized Service at All Costs

A common belief among Family Offices is that internalizing all services—from wealth management to security—ensures personalized care and more tailored services. Mr. Raffai challenges this notion, pointing out that keeping all services in-house can create isolated "bubbles" that fail to keep pace with the rapidly changing external environment.

"Routine entrenches imperfections, blocks improvements, leads to avoidable mistakes."

Mr. Raffai warns: Excessive internalization can often result in captive service providers who are isolated and outdated. Internal staff, confined to a bubble of identical, repetitious routines, may lack exposure to new risks, challenges, and best practices, making them less effective and adaptable.

Recommendation: Mr. Raffai suggests engaging specialized external service providers who are more likely to stay current with industry best practices and global trends, for example, sector and asset class focused investment managers, estate management firms or security companies, which are well-versed in the latest industry standards and challenges. Many such firms have the skills and the tools to provide highly personalized services. This allows Family Offices to access high-quality, up-to-date, tailored services without the inefficiencies of internal bubbles.

This approach does not mean completely outsourcing all functions. Mr. Raffai proposes a lean, three-member core team for Family Offices:

i) Executive Chair: a Family member to ensure that the strategy and implementation of the Family Office always match the interests of the Family

ii) CEO: An experienced organizer with extensive C-level experience to setup/select, organize and monitor the performance of captive and external service providers

iii) Office Manager: Scheduling, organizing, and record-keeping

This structure allows the Family Office to benefit from external expertise while maintaining strategic control and oversight over core matters such as financial planning, risk management, and governance.

03. Conundrum: Trust vs. Skill

Many Families believe that trust in the Family Office employees shall prevail over their expertise and skills. Therefore, they tend to hire from their trusted circles of Family members, friends, colleagues, and business partners – even if they do not have all the necessary skills and personality traits, which often leads to expensive mistakes. While understanding the psychological and historical roots of this tendency, in Mr. Raffai's view, skills are as important as trust because the bias for trust can lead to a lack of diverse perspectives and the creation of an echo chamber that fails to challenge the Family's assumptions or adapt to changing circumstances.

Trust is certainly important. Fortunately, in today's world there are many professional organizations where trustworthy thinking and behavior are actively and continuously nurtured. There are also specialized recruiters to assist Single-Family Offices in finding, selecting, hiring, and continuously motivating the most trustworthy and skillful external hires.

Recommendation: Mr. Raffai suggests a hiring process that focuses on skills and experience. He even proposes adopting practices from large organizations, such as anonymizing applications to reduce personal bias. Additionally, he recommends extensive vetting, including psychological testing and trial periods, to ensure candidates can truly put the Family's interests first under real-world conditions. Engaging external experts for these processes can help mitigate biases and ensure the best fit for the role.

04. Myth: "I Can Read All People"

Family Principals often dismiss the above-mentioned precautionary measures in hiring because they, as successful leaders, tend to believe that they know exactly how to read people. And they can - to some extent. However, it is almost impossible to notice on the spot some of the Jungian Shadow aspects of personalities and some psychological challenges such as a narcissistic personality disorder. Another risk is that numerous professional high fliers tend to dominate their work environments. They naturally try to continue that when they are hired to work in a Single-Family Office, which often leads to clashes

with the members of the Family. In Mr. Raffai's experience, only very few candidates can understand and are capable of putting the Family's wishes first over their own ideas of what would be optimal.

When drawing the attention of Family Principals to such hiring pitfalls, many tend to reply that if they ended up with hiring such a person, they would simply fire them when the problems surface. The risk of this approach is that by the time of firing, the problem-person would learn lots of sensitive details about the Family, their assets, and other interests, which could lead to years of substantial challenges to the Family even after firing them.

Recommendation: In addition to the recommendations under the Trust vs. Skill section, Families might want to engage candidates first as consultants for a few months and watch closely how they manage conflicts as well as the ups and downs in life.

05. Myth: Attractive Work Environment Justifies Lower Remuneration

There is a belief among some Family Offices and recruiters that Family Offices can 'get away with' offering lower compensation packages to their employees than market rates at similar jobs in traditional companies. Their justification is that the work environment in Family Offices is more (i) flexible; (ii) secure; (iii) patient and long-term-focused than in other sectors, and; (iv) some Family members working in the Family Office also receive lower compensation than their peers in other type of organizations. Let us examine these myths one by one:

i) Flexibility: Family Office employees often get exposures to a broad variety of activities, roles, opportunities, and challenges. Some of those are of higher value and complexity than what their non-Family-Office peers are normally dealing with. Also, to find solutions, Family Office employees can use more of their own creativity instead of being driven by established policies and procedures. While this might be thrilling, it also carries the risk of making costly mistakes – and being solely responsible for such mistakes. Flexibility also means that priorities and timelines in a Family Office can change very often, which, over time, can lead to confusion, exhaustion, wasted time, and efforts. For an employee coming from more structured environment, such a high level of flexibility can lead to a quick burnout.

ii) Job security: Many Single-Family Offices are lightly regulated entities. Their policies, processes, jobs, and employees can be and will be changed in line with the changes in the priorities and the power structures of their governing Families. Accordingly, Family Office jobs tend to offer no more job security than traditional companies.

iii) Patience and long-term-focus: Although some traditional Family Offices serving their Families for multiple generations might be more patient than the average commercial enterprise, others, particularly those Family Offices that are led by first-generation wealth-creators and those that still having substantial operating businesses tend to be less patient. Understandably, those Family Offices are mostly being driven by the spirit of getting continuously better, faster, and more profitable. Although they might be planning for the long term, their often benchmark their results against the results of traditional companies that operate with shorter term focus.

iv) Low-paid Family Members as a benchmark: Such comparisons often fail to take into consideration the Family Member employees' personal participation in the Family Office's wealth creation. Of course, the Family might create wealth-creation related compensation schemes for all employees to share the wealth-creation benefits. However, that rarely happens and, given the unstructured nature of the Family Office environment, it is difficult to implement, let alone, enforce such schemes, especially if the non-Family-Member employee leaves the Family Office.

Recommendation: Mr. Raffai believes that Family Offices should offer top compensation packages to attract top performers. Therefore, he advises Families to critically examine Family Office compensation surveys, some of which might be biased for lower remunerations, and to consider the true value of experienced and loyal professionals in protecting and growing Family wealth. Ensuring that employees feel valued and appropriately compensated is crucial to maintaining a stable and motivated team within the Family Office.

06. Myth: Financial Planning and Budgeting are Administrative Chores

One of the most overlooked aspects of Family Offices is the importance of financial planning and budgeting, often dismissed as mere administrative chores. However, these functions are crucial, especially in managing liquidity and risk. Without proper planning, Families can face significant challenges, such as being forced to liquidate assets at inopportune times, turning paper losses into real ones.

Recommendation: Mr. Raffai stresses that these activities should never be fully outsourced, as they form the core of wealth preservation and growth. A well-structured financial plan should account for all aspects of the Family's wealth, including personal budgets, private assets, business interests, and financial investments. The financial plan should be a 'living being', regularly updated to reflect changes in Family needs and external circumstances.

07. Myth: The Investment Portfolio Must Be a Profit Center

Many Families view their investment portfolios as profit centers, expecting them to generate significant returns akin to professional investment firms. However, running a portfolio as a profit center, Families would need to:

i) Be fully aware that this is a diversification into the financial sector. Before doing so, they should ask themselves: Why into this sector and not into another one? Is the financial sector the most suitable sector for the Family? E.g., is it an attractive sector, at all? Are the related risks acceptable? Would the active Members of the Family enjoy working in the financial sector? Does the Family have the relevant financial experience or relevant transferrable skills?

ii) Run it as a company, e.g., governance, internal organization, and controls

iii) Build sustainable competitive advantage, e.g., best professionals with deep sector/ subsector experience, cutting edge technology, proprietary information, effective policies and processes, scale, top brand. Among these, scale and access to proprietary information are the most challenging. E.g., does the Family have the will and resources to build a scale that would challenge Citi in currency trading or Goldman in stock trading? Or, how can the Family get access to / generate proprietary information in less efficient markets? For example, how can the Family find and assess the potential of emerging venture capital funds with focus on a nascent industry such as using AI for generating computer code?

Based on these considerations, it is likely that for most Families the diversification into the financial sector, i.e., running the financial portfolio as a profit center, is not desirable or not possible. What to do then?

Recommendation: Instead of aiming for the highest returns, most Families should view their portfolios as tools for risk and liquidity management. For that Families should

a) Prepare a long-term liquidity plan to match their expected personal, business, and investment needs with their expected personal, business and investment income (not investment returns!)

b) Get very clear about their risk appetite and be content with whatever returns markets deliver for the Family's liquidity needs and chosen risk profile

c) Focus on efficient markets and diversify across geographies, currencies, and industries by investing in low-cost Exchange Traded Index Funds

d) If the Family still wants to build some expertise in the financial sector, start it in inefficient markets where scale matters less such as private equity, hedge funds and real estate. First, they should develop skills to find the best managers in a chosen sub-sector and invest with them. It is important to understand that fundamentally different management selection skills are required for each geography, industry, and asset class.

For example, if a Family has developed skills and a network for finding the best commercial property buy-out managers in Spain, it is still likely that they will find it difficult to find the best venture capital managers for US space tech investments. Therefore, each Family should be very cautious about in how many investment subsectors they would like to build manager selection skills because this is a resource and time intensive exercise.

Mr. Raffai recommends to start with one subsector where the Family has transferrable skills and seek the assistance of well-known and respected specialized advisers for other subsectors.

In this context, Mr. Raffai also points out to the difference between risk-adjusted vs. absolute returns: *"For a well-diversified portfolio, the key risk is volatility. Wealthy Families have the 'luxury' to sit out drawdowns – provided, that they have a proper liquidity plan – and they stick to it. Hence, wealthy Families should not worry about volatility and focus on absolute returns."*

08. Conundrum: Going Direct

Family Offices have become increasingly involved in making direct investments in companies. Family Office Principals often commit most of their time to nurturing a few start-ups. Regrettably, many of them succumb to the bubble of overconfidence, particularly when making direct investments in non-core sectors.

However, finding and building profitable companies with sustainable competitive advantages always require deep, sector-specific knowledge such as market information, detailed understanding of added value sought by customers, competitive skills and landscape, regulation, organization structure, tech, best-suited personality types, and tacit know-how of sales and operations. Without those, even successful serial entrepreneurs often lose their investments in new sectors.

Some Families approach this challenge by co-investing in new sectors with other Families, or with private equity funds – both of which require specific manager selection skills because:

i) Private Equity funds have significantly different objectives, operating principles, risk appetite, and time horizons than Family Offices

ii) Returns of best performing PE firms are much higher than the average PE performance, and there is no guarantee that even the best performing PE firms will be able to replicate their past successes in the future

iii) Family Offices are very diverse and many of them are less open to a full due diligence than a regulated fund. Among other things, co-investing with another Family Office can get quite risky if the relative size and importance of the given investment for the leading Family Office are smaller than those for the co-investing Family Offices. In such situations, the leading Family Office might simply write-off a viable but lower-performing and time-consuming investment without 'feeling the pinch', which co-investing Family Offices could experience as a significant loss due to the lead-investor's perceived negligence - and they all can end up in multi-year litigations.

Recommendation: To counter the myth that a successful entrepreneur can do it all and the overconfidence that can arise when venturing into non-core sectors, Families should ask themselves similar questions to those in the previous sections about diversification and manager selection. Alternatively, they could invest smaller amounts from their 'Play Money Pots' to get exposure to new sectors/managers – and immediately write off mentally and emotionally such investments so that they can stay fully focused on learning.

09. Myth: Generational Wealth Creation

One of the foundational believes in the world of Family Offices is the idea that wealth shall be created and sustained across generations. Whole books and studies have been and could be written about why and how. But is it still the case, considering that …

… in developed countries, the timeless values and skills that once distinguished wealthy Families, e.g., loyalty, integrity, respect, fairness, entrepreneurism, have largely become societal norms. High-quality healthcare, and education are now accessible to a broad spectrum of society. The rule of law protects all individuals and properties. This democratization of privilege means that the driving force behind wealth creation has shifted. Furthermore, there is substantial social mobility; privacy and secrets no longer exist; public opinion and medias are formidable forces, and; science has phased out many former social biases such as gender and race discrimination. Therefore, the need to protect future generations from potential economic downturns or societal upheaval might be no longer as pressing as before.

In addition, inherited substantial wealth can have some unintended consequences for the Next-Gen. It can become a golden handcuff that prevents Next-Gen members from choosing and living their own lives – reducing them to faithful stewards of the wealth of earlier generations and the dutiful implementers of the wishes of their ancestors. They could be the happiest people on the planet, but, regrettably, too many of them are not, because the psychological toll of wealthy upbringing can be significant. This paradox of unhappiness amidst abundance stems from several factors:

i) The Shadow of Success: Growing up in the presence of highly successful parents can be both inspiring and intimidating. While some Next-Gen members may be motivated to

achieve similar levels of success, others may feel overwhelmed by the perceived impossibility of matching their parents' accomplishments. This can lead to a persistent sense of inadequacy, even if they become successful in their own right. This identity crisis can manifest in various ways, from overcompensation and the need for constant validation (as seen in high-profile cases like Donald Trump) to a paralyzing fear of failure.

ii) The Steward's Dilemma: Some Next-Gen members become what Mr. Raffai calls "the steward" – individuals who live their lives strictly by the letter of the Family constitution or wealth management plan. While this might seem ideal from wealth preservation and legacy standpoints, it can result in a life devoid of personal fulfillment and individual identity.

iii) The Resentful Heir: In some cases, Next-Gen members may harbor long-standing resentment over perceived unfairness in wealth distribution or Family hierarchy. This bitterness can poison relationships and prevent individuals from enjoying their considerable advantages for generations.

iv) The Paralysis of Choice: With nearly unlimited options available, some Next-Gen individuals struggle to find direction and purpose. The question "What am I supposed to do?" can become paralyzing, leading to a "bubble of convenience" where difficult decisions and individual progress are avoided. Or, out of the nearly unlimited options some seemingly easy ones are chosen resulting in considerable damages to individuals and property.

Of course, besides these stereotypes and tendencies, there is the possibility of a Next-Gen to become a fulfilled, self-directed and successful individual.

Recommendation: Instead of planning ahead for generations, wealth owners might consider

i) Engaging more with their children by spending quality time and acting as role models rather than simply passing down wealth. Yes, the opportunity costs are high but the rewards are even higher;

ii) Encouraging and helping their children to pursue their own passions;

iii) Providing their children with the best education and health insurance;

iv) Buying a nice flat for each of their children in locations of the children's own choosing, and;

v) Spending everything else to support good courses and to enjoy their lives while alive and healthy.

10. Myth: The Next-Gen MUST Take Over or Work in the Family Business

The question of whether to involve Next-Gen members in the Family Business is a perennial one for wealthy Families. Mr. Raffai points out that while it may seem logical for children to take over the Family Business, this path is fraught with challenges. The dual roles of being a Family member and an employee in the Family Business often create a bubble around these individuals, making it difficult for them to be seen solely for their abilities and achievements. Mr. Raffai therefore takes a somewhat contrarian stance, advising against the involvement of Next-Gen in the Family business.

"Even if they are skilled, able, and willing, their relationship to the wealth owner will create resentment in and distort the behavior of the other employees," Mr. Raffai explains. "Also, their success never will be 100% of their own. Neither will they have to carry the full burden of their own mistakes – hence, they would learn less from them."

Recommendation: Mr. Raffai suggests hiring top professionals to run the Family business if the wealth creator wants to step back. This approach allows Next-Gen members to pursue their own interests and careers and helps the employees of the Family business in keeping focused on their commercial activities.

11. Myths: Family Office Wealth Structuring

Traditional wealth structuring often focuses on privacy, tax optimization, estate planning, and governance. However, Mr. Raffai argues that many of these concerns are either outdated or counterproductive in today's world.

Recommendations:

i) Privacy: In the digital age, true privacy is increasingly difficult to achieve. Instead of attempting to create an impenetrable shield, Families should focus on living sensibly, supporting good causes, and being prepared for potential public scrutiny.

ii) Tax Optimization: The continuous effort, high risks, high costs, and anxiety associated with excessive tax optimization may not be worth the potential savings. Mr. Raffai suggests considering relocating to a tax-and-Family-friendly jurisdiction and paying taxes like everyone else, freeing the Family from tax-related worries and risks.

iii) Estate Planning: Rather than complex estate plans, Mr. Raffai advocates for a simpler approach: provide children with a solid foundation (education, healthcare, and perhaps a home) and encourage wealth creators to use their wealth during their lifetime for causes they care about.

iv) Governance: This remains a crucial aspect of wealth structuring. Mr. Raffai recommends clear governance structures, potentially using established standards like those from the UK's Financial Reporting Council (FRC).

12. Myth: Philanthropy is Best Delegated to External Managers or Reserved for the Next-Gen

Philanthropy in Family Offices is often delegated to external managers or reserved for the Next-Gen. However, the most effective philanthropic efforts come from those who are directly engaged and passionate about their causes. And so, Mr. Raffai encourages wealth creators to actively engage in philanthropy during their lifetimes.

Recommendation: Family Principals should actively participate in their philanthropic endeavors, leveraging their networks, skills, and resources to make a meaningful impact. For example, they could aim to protect the 'Global Next-Gen' from global risks such as climate change, pollution, war, diseases, or a hostile AI by investing in tech, financing research, lobbying and personally appearing in the media. By doing so, they can drive change in areas they are deeply connected to, making philanthropy not just a financial activity but a personal mission.

From Silence To Success: Navigating Family NDAs In Business Governance

Dominik von Eynern

Dominik v. Eynern comes from a business family which is now in its 5th generation. He holds a BSc in Economics and a MSc in Finance, worked in the international investment banking industry. He's a founding member and director of Family Hippocampus ltd.

His research on family dynamics is inspired by insights from behavioural economics, cognitive neuroscience, dynamic complex system, and chaos theory.

Introduction

Family businesses often navigate a delicate balance between transparency and confidentiality. This dynamic becomes especially complex when Non-Disclosure Agreements (NDAs) are involved. Much like the omerta code of silence in organized crime, family NDAs aim to protect sensitive information but can inadvertently lead to isolation and mistrust. In this article, we explore the implications of family NDAs, drawing parallels to fictional business families to understand their impact on individual members, the broader family, and the business itself.

The Paradox of Secrecy

In a fictional dynastic family with 50 members, including 20 shareholders, the patriarch, who also serves as the CEO, mandates a strict code of silence. This secrecy is intended to protect the family's interests but often stifles critical discussion and accountability. Shareholders, spanning from the 3rd to the 5th generation, find themselves in a dilemma. They must balance their roles as custodians of family wealth with the need to support the business's strategic direction without full transparency.

While NDAs are crucial for maintaining competitive advantages and protecting sensitive information, they can create an environment of suspicion and fear. The lack of open communication may lead to misinformation and assumptions that can harm the business and the family relationships. The tension between the need for secrecy and the desire for ventilation creates a paradox that many family businesses struggle to resolve.

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The Stewardship vs. Principal-Agent Model

Traditional family businesses often operate under the Stewardship model, where the patriarch's decisions go unquestioned. However, as newer generations become more financially literate and experienced in fields like M&A advisory and investment banking, they demand greater involvement in corporate governance. This shift creates a clash of belief systems, leading to tensions that can threaten the family's cohesion and the business's stability.

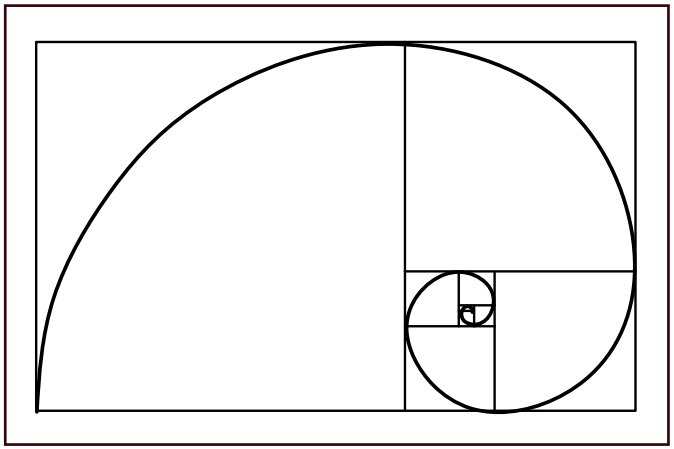
The Stewardship model assumes that the CEO, often a family patriarch, acts in the best interests of the family and the business. This model worked well in earlier generations where deference to authority was common, and the business environment was less complex. However, modern family members, especially those with professional experience and education, may lean towards the Principal-Agent model. They view the CEO as an agent who needs to be monitored and held accountable, leading to a fundamental clash in governance philosophy.

Tensions and Their Release

The buildup of tension between responsible shareholders and an authoritative patriarch can lead to significant conflicts. These conflicts often arise from three main factors:

1. **Shareholders' Responsibility:** Shareholders have a duty to oversee how their capital is deployed, regardless of how it was acquired.
2. **Custodians of Wealth:** In a multigenerational family business, shareholders act as custodians of the family wealth, responsible for its preservation and growth for future generations.
3. **Patriarch's Reluctance:** The patriarch, perceiving himself as a steward, often resists sharing control and transparency, viewing it as a challenge to his authority.

When these tensions reach a critical point, the resulting conflicts can cause emotional distress and jeopardize the business's performance because of dysfunctional family dynamics that impact on the business. Effective conflict resolution mechanisms are essential to release these tensions constructively.



© Fibonacci Spiral Vectors by Vecteezy

This can involve facilitated discussions, mediation, and the development of governance structures that include checks and balances.

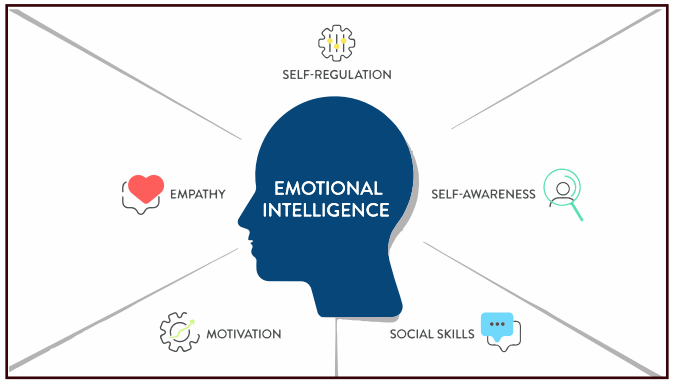
Communication and Complex Thinking

Effective family governance requires embracing complex thinking, which acknowledges the multifaceted nature of family dynamics and business operations. Unlike linear or hierarchical thinking, complex thinking allows for multiple perspectives and adaptive decision-making. This approach fosters a shared reality and shared intentionality among family members, crucial for navigating the intricacies of family dynamics and business governance.

Complex thinking involves understanding that family and business issues are interconnected and cannot be solved in isolation. It requires looking at problems from different angles and considering the impact of decisions on various stakeholders. Encouraging family members to adopt a mindset that values diverse perspectives can lead to more innovative and resilient solutions.

The Role of Emotional Intelligence

Emotional intelligence plays a pivotal role in managing family dynamics under the constraints of NDAs. By cultivating empathy, active listening,

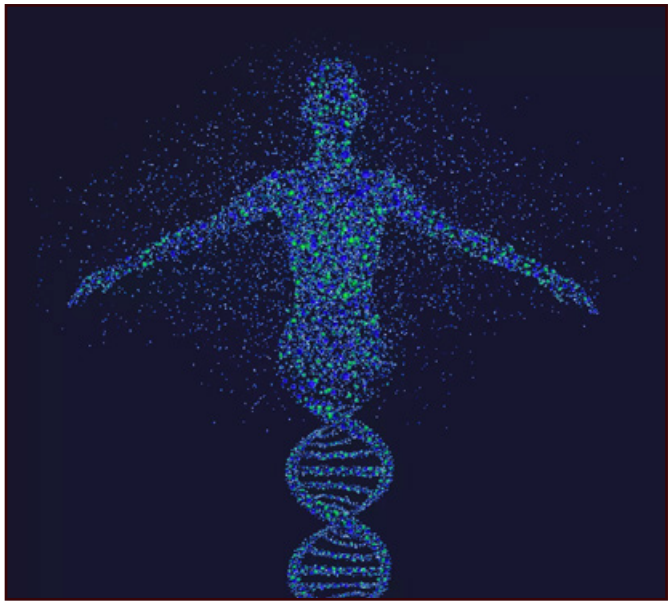


and emotional regulation, family members can better navigate conflicts and build a supportive environment. This process involves:

- Intrapersonal Communication: Understanding one's emotions and motivations. Family members must reflect on their feelings about the business and their roles within it. This self-awareness helps in articulating concerns and aspirations more clearly.

- Interpersonal Communication: Engaging with others' perspectives and emotions. This involves not only listening to what is being said but also understanding the underlying emotions and motivations. Techniques such as active listening, where the listener fully concentrates, understands, and responds thoughtfully, are vital.

Training sessions focused on building emotional intelligence can be beneficial. These sessions can include role-playing exercises, group discussions, and individual coaching to enhance emotional awareness and interpersonal skills.



A Path Forward

To stimulate evolution of the self and the family system, consider the following strategies:

1. **Reaching out to others:** From my own experience I know, it is paramount to meet other family members from other families than

your own to converse with them and normalize the experiences in a safe and secretive environment, even if it violates the family NDA! This is most powerful to create psychological freedom degrees that are necessary to process the matters and deal with them constructively. Such a safe space for peer-development is provided by the Family Hippocampus Club.

2. **Facilitated Discussions:** Engage a neutral facilitator to guide discussions, ensuring all voices are heard and respected. Facilitated discussions create a safe space for family members to express their views without fear of retribution. The facilitator can help manage conflicts and keep the discussions productive.

3. **Education and Training:** Provide training in emotional intelligence and complex thinking to all family members. Regular workshops and seminars can help family members develop the skills needed to navigate complex family and business dynamics.

4. **Periodic Reviews:** Regularly review and update the NDA terms and governance structures to reflect changing dynamics and ensure alignment with the family's values and goals. This could involve setting up a governance committee that meets periodically to assess the effectiveness of current structures and make necessary adjustments.

   Additionally, creating a family constitution that outlines the roles, responsibilities, and rights of each family member can provide clarity and prevent conflicts. This constitution should be a living document, regularly updated to reflect the evolving family dynamics.

Conclusion

While NDAs are essential for protecting sensitive information, their implementation must be carefully managed to avoid unintended consequences. By fostering open communication, emotional intelligence, and complex thinking, family businesses can navigate the challenges they face with family dynamics and strengthen their governance structures. Ultimately, the goal is to ensure the family's long-term success and harmony.

This article provides a comprehensive approach to enhancing family dynamics in the face of a pluralistic world. As family businesses continue to evolve, embracing these strategies will help them thrive amidst the complexities of modern business environments.

How Family Offices Link Business Aviation With Philanthropy

Matthias Knab
Publisher

Family offices have experienced explosive growth in recent years. According to a recent report by Deloitte Private, there are an estimated **8,030 single family offices in the world today,** up from roughly 6,130 in 2019. The estimated wealth of families with family offices currently stands at US$5.5 trillion. This is up from US$3.3 trillion in 2019 and is expected to grow to US$9.5 trillion by 2030 – a 189% increase.

The North America region is expected to undergo the greatest growth, with its number of family offices expected to nearly double from 2,210 in 2019 to 4,190 in 2030 – a 90% increase.

However, Asia Pacific is gaining considerable steam and has surpassed Europe in terms of its number of family offices (2,290 versus 2,020 for Europe). It is expected to outpace North America in terms of its speed of growth between now and 2030.

As the family office sector grows, so does its focus on business aviation.

In March 2024, Airbus Corporate Jets (ACJ) commissioned research with 100 large U.S. family offices, with an average of $3.35 billion in assets under management per organization, to see how they currently use business aviation, and how this is likely to change.[1]

Of the family offices surveyed, 75% own a business aircraft; 34% said they lease one; 11% said they had access to a private jet through fractional ownership; 9% said they used charter services and 3% used jet card membership programs.

87% of US Family Offices are open to Using Corporate Business Aircrafts for Philanthropic Purposes

The survey with U.S. family offices reveals 87% are open to using their aircraft for philanthropic purposes.

Over three quarters (77%) say they support local or national charities by providing them with some access to their aircraft, and almost half (44%) say

they support the Corporate Angel Network (CAN), a U.S.-based 501 nonprofit organization that helps cancer patients access the best treatment by arranging free travel on corporate aircraft. Some also provide access to their aircraft during a crisis situation such as humanitarian relief or emergency evacuations.

For those U.S.-based family offices interviewed that don't currently make their aircraft available for good causes, half say it is because they have not appointed anyone to manage this, and 30% say it is because they don't have enough spare capacity to start using their aircraft for this purpose.

However, of those interviewed who don't currently make their aircraft available for charitable and humanitarian causes, 39% say they hope to start doing this within the next two years, and 54% say they hope to do so in the next two to three years.

Over the next three years, 9% of U.S. family offices surveyed say they expect the use of their business aircraft for good causes to increase significantly, and a further 67% say they expect it to rise slightly.

A key reason why U.S. family offices are making their aircraft more available for humanitarian and charitable causes is because they are focusing on increasing their levels of philanthropy.

Swelling Family Office Assets Fuel Philanthropic Ambitions

In 2019, the total estimated wealth for families with family offices was US$3.3 trillion. Today, it is US$5.5 trillion, reflecting a 67% increase since 2019, with expectations for it to almost triple to US$9.5 trillion by 2030. This constitutes an expected 189% rise in family wealth between 2019 and 2030.

Nearly one in four (23%) say they had seen the value of their assets grow by between 10% and 25% in the past three years, half (51%) say they have increased by 25%–50%, and a quarter (24%) say they have grown by more. Just 2% say they have grown by 10% or less.

This influx of new money is changing the face of wealth and has contributed to increased levels of philanthropy. Over the next two years, 86% of those interviewed in the study plan to increase their budget for philanthropy – 12% expect a significant rise.

16% of those surveyed say their budgets dedicated to good causes have increased significantly over the past three years, and 47% say they have risen slightly. One in five (21%) say they have stayed the same, and just 15% believe they have fallen. One percent say they didn't know.

For those that have increased their budget for philanthropy in the past three years, 59% say it has risen by between 20% and 30%, and 19% say it has increased by between 30% and 40%.

Percentage increase in their budget for philanthropy over the past three years	Percentage of U.S. family offices interviewed who said their budget for philanthropy had increased over the past three years, and that it had risen by this much
Between 5% and 10%	1%
Between 10% and 20%	16%
Between 20% and 30%	59%
Between 30% and 40%	19%
Between 40% and 50%	5%

When asked to select the three main factors influencing family offices' philanthropic decisions, respondents identified personal impact as a significant driver. Specifically, 46% prioritize causes that directly affect their family, while 66% are swayed by those impacting close friends. Engagement also plays a key role, with 48% favouring causes that offer substantial involvement opportunities. Moreover, 47% are inclined to support underfunded causes that have recently come to their family's attention.

US Based Family Offices Prepare to Upgrade Business Aircraft

93% of the U.S. family offices surveyed say they expect to upgrade their business aircraft to improved or newer models within the next five years.

The study reveals that 75% cite a growing focus on operational costs as a reason for wanting to upgrade their business aircraft, followed by 73% who say it is because newer, more fuel-efficient models have been launched.

Other reasons cited for wanting to upgrade include the need for bigger aircraft as more family members and staff are using business aviation, and the need for larger aircraft with greater range.

Of those U.S. family offices surveyed that charter business aircraft, 87% say they are focusing more on chartering newer, more efficient jets to help reduce the impact of their flights on the environment.

Reasons U.S. family office will consider upgrading their business aircraft	Percentage of U.S. family offices surveyed who gave this as a reason to upgrade their business aircraft
A growing focus on operational costs	75%
Newer/better/more fuel-efficient models have recently been launched	73%
Need for bigger aircraft as more executives/family members will be using them	61%
Need for bigger aircraft that have greater range	28%

Sustainable aviation fuel (SAF) currently has a price premium compared to standard jet fuel, but 97% of U.S. family offices interviewed say they would be prepared to increase their travel budget for business aviation to enable their flights to use SAF more. Just over two-thirds (68%) say they would be prepared to increase their budget by over 25% to ensure they could make more use of SAF or newer, more fuel-efficient aircraft, and 31% say they would be prepared to increase it by at least 50%.

Outlook

The number of family offices worldwide and in the U.S. is growing rapidly, and as this happens the sector is increasingly focused on business aviation, which includes using their aircraft more to support their philanthropic and humanitarian causes, to a growing focus on the well-being of family members and staff.

It is also being driven by significant innovation in the business aviation sector, with new models launched and a growing focus on enhancing technology on-board and improving its sustainability record through new tech and investing in sustainable aviation fuel. Many family offices that own or lease their own aircraft are also considering upgrading to improved models.

As well as using business aircraft for family members and staff, U.S. family offices are increasingly using them to support good causes. This is also driven by their growing commitment to philanthropy.
The family office sector remains one of the most attractive for the business aviation market, and sales in this area are set to increase.

ACJ TwoTwenty: 'The Xtra Large Bizjet'

Like most of us, I like a smooth flight, and I always marvel at human ingenuity which brought us airplanes and travel at the speed of sound. makes some great airplanes, but its factory in Everett, Washington, is a much further trip for me than a quick trip to Toulouse in the South of France.

Airbus, established in 1970, has soared to aviation industry leadership, clinching the top spot in both airliner and helicopter production by 2019. Airbus Corporate Jets entered the Business Aviation market in 1997 and offers a range of large business aircraft. The recently launched ACJ TwoTwenty is carving out a whole new market segment – 'The Xtra Large Bizjet'.

From what I've seen, the ACJ TwoTwenty takes the crown of business jets, offering twice the cabin real estate compared to similarly priced ULR business jets with market-leading fuel efficiency and unrivalled reliability. It occupies the same parking footprint as competitive Ultra Long Range Jets and can take off from the same airports, but the ACJ TwoTwenty operating costs are one-third less while offering superior (2x) value retention.

With a range of up to 5,650 nm (more than 12 flight hours), the ACJ TwoTwenty can meet the requirements of 99.9% of all U.S. departures,[2] connecting city pairs including Los Angeles to London, Miami to Buenos Aires, and New York to Istanbul.

As with all ACJ aircraft, the ACJ TwoTwenty is capable of flying with up to a 50% blend of kerosene and sustainable aviation fuel (SAF) while keeping to the technical specifications of Jet A. All Airbus commercial aircraft and helicopters will be capable of operating with 100% SAF by 2030. This capability will play an important role in the sector's decarbonization journey.

Over 200 Airbus corporate jets are in service worldwide.

Notes

1. Airbus Corporate Jets commissioned the independent research company Pureprofile to survey 100 senior executives at large U.S. family offices whose organization has on average $3.35 billion in assets under management.

2. Airbus Corporate Jets analysis of WingX data, January 2024.

You've Got Mail! How To Detect Fake Letters & Protect Yourself From Scams

In an era where scams are becoming increasingly sophisticated, knowing how to identify a fake letter is crucial. Family offices, managing substantial wealth and dealing with complex financial matters, are prime targets for scammers. Scammers may use sophisticated language and intimidation tactics. They might pose as regulatory bodies or investment opportunities, exploiting the complex financial landscape family offices navigate.

These bad actors often use carefully crafted letters to exploit the trust and authority associated with reputable organizations. With the advent of artificial intelligence, the scale and sophistication of scam activities have increased manifold. AI tools can now generate highly convincing fake letters, complete with realistic language patterns, logos, and even personalized details. These advancements make it more challenging than ever to distinguish between legitimate correspondence and fraudulent communications. As AI continues to evolve, it's crucial to stay updated on the latest scam tactics and maintain a high level of skepticism when reviewing unsolicited letters.

You've got mail!

In Europe, fraudsters are currently sending phishing letters by post to bank clients with a QR code to carry out an alleged update process. This QR code leads to a phishing page.

Do not follow the instructions in these letters under any circumstances and destroy them immediately. Your bank will not ask you to update your photoTAN using a QR code.

By mastering the art of detecting fraudulent correspondence, family office managers can safeguard their clients' assets and reputation. This guide will walk you through the essential signs of postal fraud, helping you avoid falling victim to these deceptive practices. From subtle inconsistencies to high-pressure tactics, we'll cover everything you need to recognize a scam and protect yourself.

Key Indicators of Fake Letters

Being alert to certain red flags can be your first line of defense against postal scams. These red flags can often signal that a letter is not what it seems:

- **Poor Grammar and Spelling Mistakes:** Legitimate organizations typically ensure their correspondence is professional. Errors in spelling and grammar can be a strong indicator that the letter is a scam.

- **Questionable Visual Elements:** Pay close attention to logos and letterheads. Fraudulent letters often feature distorted or low-quality visual elements. Family offices should

familiarize themselves with the authentic branding of key financial institutions and government bodies.

- **Requests for Personal or Financial Information:** Be cautious of any letter asking for sensitive information, especially if it's unsolicited.
- **Urgent or Threatening Language:** Scammers often create a sense of urgency to push you into making hasty decisions.
- **Suspicious Return Addresses:** Double-check the return address with the official address of the organization in question. Inconsistencies could indicate fraud.
- **Upfront, Unusual Payment Requests:** Legitimate organizations rarely ask for payment upfront, especially through unconventional methods like gift cards or cryptocurrency.
- **Offers That Seem Too Good to Be True:** If it sounds too good to be true, it probably is.

Analyzing Common Red Flags

Three major red flags to be particularly aware of are inconsistent addresses, generic salutations, and unclear logos. Each of these can trigger suspicion and should be thoroughly checked.

Inconsistent Addresses

One of the easiest ways to spot a fake letter is by scrutinizing the address or the desired response of the letter such as target links, any "call to action". Scammers often use fake or inconsistent addresses that don't match the official addresses of legitimate organizations. It's important to cross-reference any address you receive with the organization's official one.

This vigilance should extend to email addresses as well. Look out for subtle misspellings or odd domains that don't align with the sender's identity. If an email demands immediate action or sensitive information, be on high alert.

Generic Salutations

A generic salutation like "Dear Sir/Madam" or "Dear Customer" can be another red flag. Legitimate businesses, especially those that have your details, typically address you by name. While some exceptions exist, such as in initial communications, a generic greeting from a well-known entity should raise concerns.

Unclear Logos

Scammers often attempt to mimic the logos of well-known companies to add an air of legitimacy to their fraudulent letters. However, due to limited resources, these logos can appear blurry, distorted, or otherwise off. Always inspect logos carefully; if something seems wrong, it likely is.

However, be aware that also a letter with the "right" look and logo, personalized salutations and correct addresses can be fake.

Beware of Urgency Tactics

Creating a sense of urgency is a common tactic used by scammers to pressure victims into making quick decisions without thorough consideration. Genuine organizations understand the need for time to make informed decisions and do not typically rush you into action.

If a letter demands immediate action or presents a tight deadline, take a moment to think and verify the information before proceeding.

Use common sense. Analyze what the letter is trying to get you to do and question everything.

Payment Requests

One of the most concerning indicators of a scam is a payment request. Genuine companies usually have your financial details on record and won't ask for them in unsolicited communications. Scammers may request payments through various methods, including:

- **Credit/Debit Cards**
- **Cheques**
- **Gift Cards**
- **Cryptocurrencies like Bitcoin**

Always verify any payment requests by contacting the organization through official channels, not the ones provided in the potentially fraudulent letter.

Scams Targeting Company Directors

Scammers do not only target individuals; they also aim at high-value targets like company directors. These scams can involve sophisticated language, threats, and payment demands intended to intimidate and coerce action. Company directors should take extra precautions by:

- **Implementing Security Measures**
- **Verifying Correspondence Addresses**
- **Checking the Authenticity of Websites**
- **Staying Alert to Potential Scam Emails**

Remember, if something seems too good to be true, it probably is.

Verifying the Authenticity of a Letter

Given the risk of scams, it is essential to verify the authenticity of any suspicious letter.

When in doubt, family office professionals should:

1. Contact the purported sender through official channels, not using information provided in the suspicious letter.

2. Cross-reference details with official sources.

3. Consult with trusted legal and financial advisors before taking any action.

Reporting Fake Letters and Taking Action

If you encounter a fake letter, it's important to report it to the relevant authorities. This action not only protects you but also helps prevent others from falling victim to the same scam.

Taking proactive steps against scams includes educating yourself and others about how these fraudulent schemes operate. By spreading knowledge and staying informed, we can all contribute to reducing the impact of scams.

Protecting Yourself from Postal Scams

When it comes to postal scams, prevention is the best cure. Be aware of common tactics used by scammers, such as urgency, inconsistent details, generic salutations, and unclear logos. Protecting your personal information is paramount; never share your details unless you are confident in the legitimacy of the request.

Family offices can implement several strategies to mitigate risks:

1. Regular staff training on the latest scam tactics.
2. Implementing robust verification processes for all financial transactions.
3. Utilizing secure communication channels for sensitive information.
4. Regularly updating contact information for key institutions and partners.

Recognizing Types of Postal Scams

Postal scams can take many forms, including lottery and competition scams, brushing scams, and fake investment opportunities. Understanding these types of scams better equips you to recognize and avoid them.

- **Lottery and Competition Scams:** These often claim you've won a prize in a contest you never entered.
- **Brushing Scams:** These involve receiving unsolicited packages, often as part of a larger scam.

- **Fake charity solicitations** exploiting philanthropic tendencies.
- **Fake Investment Scams:** These promise high returns on unregulated investments, which are often too good to be true.

Never fall for elaborately presented "Deals", "Co-Investments", or inviting you to "exploit distressed situations".

- **Impersonation** of tax authorities or regulatory bodies
- **Elaborate inheritance or "found money"** schemes

Educating Clients

An informed client is a protected client. Family offices should consider:

1. Regular briefings for clients on potential scams.
2. Providing clear guidelines on how official communications will be conducted.
3. Encouraging a culture of skepticism and verification.

While this article focuses on traditional mail fraud, family offices must also be vigilant about digital threats. Implementing advanced cybersecurity measures and staying informed about evolving digital scams is crucial.

If you encounter any of these scams, report them to the appropriate authorities immediately.

A Call from Google?

A friend got a call from a highly articulate, tech savvy person claiming to be from Google (on a GOOGLE.COM caller ID), claiming that there was some suspicious account access to his Gmail from a certain country, via a linked website called mgmresorts.com - which my friend happened to have an email about saying that their data was hacked a year ago.

The caller asked if my friend had recently made a request to change his recovery phone number. In order to figure out what was going on, they claimed they could access an internal server toolkit but my friend needed to authorize this.

They tried to get him to confirm a request to "recover" his account. My friend asked, "How do I know you're from Google" and they said "We are using a google caller ID and only we can send this notification." At this point he said, "Ok, is there a number I can call you back?" And then: [CLICK].

So...be warned. This sounded completely plausible, my friend said "only good anti-phishing training from my CTO saved me here." He still immediately changed his password. He also has two factor authorization on his accounts.

Conclusion: Staying Safe from Scams

In the high-stakes world of family office management, vigilance against fraudulent correspondence is not just prudent—it's essential. By understanding the hallmarks of scam letters, implementing robust verification processes, and fostering a culture of security awareness, family offices can effectively protect their clients' interests. Remember, in matters of financial security, skepticism is a virtue, and diligence is the best defense.

Continue reading "Wealth and Worry: Unprecedented Numbers of Cyber and Investment Frauds Hit the Affluent" where Markus Schwingshackl documented **three cases** that describe the highly sophisticated, complex structures and cunningly designed processes which ultimately lead to straightforward investment fraud. This has cost the wealthy staggering sums, with almost no chance for successful asset recovery.

This was the most forwarded article of the 2023 HORIZONS: Family Office & Investor Magazine issue. Read it here: https://www.opalesque.com/horizons/90/wealth-and-worry-unprecedented-numbers-of-cyber-and.html

Endowed With World's Largest Seagrass Meadows, Bahamas To Pioneer Blue And Green Carbon Finance

Matthias Knab
Publisher

In a groundbreaking move, The Bahamas is leveraging its vast marine and coastal ecosystems to position itself as a leader in the burgeoning field of Green Finance. As revealed in a recent Opalesque Roundtable discussion, the country is on track to become a significant net exporter of blue and green carbon credits, tapping into substantial investor interest and setting new standards for sustainable finance.

The full transcript of the 2024 Opalesque Bahamas Roundtable can be downloaded here: https://www.opalesque.com/RT/RoundtableBahamas2024.html

Harnessing Natural Capital

Antoine Bastian, CEO of Genesis Fund Services Limited, highlighted The Bahamas' unique position in the carbon finance landscape. "The Bahamas has the world's largest seagrass meadows, which accounts for approximately 25% of the world's seagrass," he noted. This natural asset, along with the country's extensive mangrove forests and coral reefs, positions The Bahamas as a potential powerhouse in the carbon credit market.

Innovative Legislative Framework

The Bahamas has taken decisive steps to capitalize on its natural resources sustainably. Bastian pointed out two key pieces of legislation: the Carbon Trading Act and the Carbon Credits Initiatives Act. These laws establish a comprehensive framework for the creation, issuance, and trading of carbon credits, aligning with the United Nations Paris Agreement Article 6 provisions.

This legislative groundwork allows The Bahamas to participate actively in the fast-growing voluntary carbon markets, creating a new revenue stream while promoting environmental conservation.

Monetizing Blue Carbon

The country is moving swiftly to establish its national carbon trading regime. A carbon credits registrar has been set up, along with an independent agency, Carbon Management Ltd, responsible for monetizing the country's carbon assets.
Bastian revealed that the initial focus is on blue carbon resources, primarily oceanic and marine carbon sinks like seagrass meadows. "We're partnering with leading scientific agencies and research institutions to complete the comprehensive mapping, quantification, and ongoing monitoring of those resources," he explained.

The goal is ambitious but achievable: to generate and sell the first batches of Bahamian blue carbon credits by the second quarter of 2025.

Meeting Investor Interest

The Bahamas' foray into carbon finance has not gone unnoticed by the investment community. Delphino Gilbert Cassar, Head of Business Development & Fintech at Equity Group, noted a "massive surge of interest from major Wall Street, global firms, family offices and institutional investors who are keen to participate."

This interest extends beyond mere profit-seeking. As Paul Winder of Deltec Bank and Trust pointed out, there's a significant intergenerational wealth transfer occurring, with new investors increasingly focused on "saving the planet" and aligning their investments with values around sustainability and social impact.

A Holistic Approach to Sustainable Development

What sets The Bahamas apart is its holistic approach to carbon finance. The country isn't just looking to profit from its natural resources; it's creating a virtuous cycle of conservation and development.

Bastian explained that 92.5% of the proceeds from carbon credit sales will flow directly to the government, to be channeled into a new sovereign wealth fund. This fund will be dedicated to advancing the UN's Sustainable Development Goals, investing in clean energy, climate-smart infrastructure, marine protection, education, and healthcare.

The Bahamas is not just participating in the carbon market; it's setting new standards for integrity and transparency. Gilbert Cassar emphasized that the country is "creating a gold standard for ESG investing, one that is anchored in quantifiable, verifiable, and governable metrics of environmental and social impact."

By partnering with respected organizations like Verra and adopting rigorous verification methodologies, The Bahamas is ensuring the credibility and quality of its carbon credits.

Conclusion

The Bahamas' initiative in blue and green carbon finance represents a significant leap forward in sustainable finance. By monetizing its natural capital through a robust, transparent, and environmentally conscious framework, the country is not only creating new economic opportunities but also setting a powerful example for how small island nations can

lead in the fight against climate change.
As the global focus on sustainable investing intensifies, The Bahamas is positioning itself at the forefront of this trend, offering high-quality, impactful investment opportunities that align with the growing demand for genuine ESG products. This innovative approach to Green Finance is breaking new ground, meeting substantial investor interest, and potentially transforming The Bahamas into a key player in the global carbon market.

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