

What keeps you awake at night?

From security and fraud to protecting those around you, wealth creates as many problems as it solves. **Will Hawkes** gets advice from leading experts in security and family law on how to keep yourself, your family and your fortune safe from harm.



It has long been acknowledged that money doesn't buy you happiness, but these days, it seems, money is almost a guaranteed source of worry. According to a survey carried out by US-based pollsters Prince & Associates, people with money are people with worries, despite – or even because of – their extreme wealth.

Security is an issue that comes up time and again, whether it's the security of investments, security of their children's futures or simply the issue of personal security against violence or kidnap. What are the real threats to your wealth and, more importantly, what can you do to keep them at bay?

Identity theft

Identity theft is on the rise. There were 65,000 cases in the UK last year, according to CIPHAS, the UK's fraud prevention service. James Jones, a consumer affairs manager at Experian, specialists in tackling identity theft, says this number is just the tip of the iceberg.

'It remains one of the fastest growing crimes in the UK,' he says, 'but we are certain many more [thefts] go unreported. One of the big problems is that people don't check or spot the common signs of fraud by looking at their credit rating from time to time.'

And the richer you are, Jones suggests, the more you may be at risk. 'No one is completely risk-free,' he says, 'but the recent research we did suggests that the wealthier sections of society are being targeted, not only because they have good credit history but also because they have lifestyles that make them more vulnerable.'

So what can people do to protect themselves? 'Be very careful with your personal information,' Jones advises, 'certainly if you are throwing information away. We know that fraudsters do still rummage through our rubbish. Be on the lookout for the common signs. If you are unlucky enough to fall victim, the sooner it is spotted, the easier it is to resolve. It is vital to have a look at your credit rating from time to time.'

Children's futures

Everyone worries about their children's futures, and the extra burden of money can make the worry even greater, says Amy Braden of JP Morgan's Family Wealth Centre.

'Based on our conversations with wealthy parents around the world, as well as some surveys we've done, their number one worry is that wealth will spoil or cause loss of motivation in their children,' she explains. 'Secondly, they worry about their children being taken advantage of, preyed upon.'

So what can you do to lessen these risks? 'There is no substitute for good parenting with a sensitivity to the particular challenges of children of the wealthy,' says Braden. 'They also need to help build the necessary competencies for ownership responsibilities. Structures such as trusts are also helpful – depending on the jurisdiction. Financial education appropriate to the needs and interests of the child, communication and good modelling of ownership responsibilities are all vital.'

Kidnap

It is the scenario that anyone with money fears: that they or a family member may be abducted and held for ransom. Fortunately, according to an expert – who prefers to remain anonymous for security reasons – from security firm Red 24, people are more aware of the risks now than ever before.

'I have been doing this sort of thing for 17 years,' he says, 'and when I started, wealthy people were largely ill-informed and ill-prepared for the kind of risks they might be running. Nowadays most of them have their own measures in place and their own security organisations.'

Furthermore, our security expert believes that these fears are far from unfounded, especially with the easy access to personal information that the internet provides. There are plenty of measures people can take to improve their safety, but there will always be a risk. 'You need to have a plan,' he says. 'If you have a plan, you have already reduced the risks. You can reduce the

risk by reducing your own profile. Don't go around looking like you are very wealthy. Be informed. Most wealthy people should consider insurance – but you have to accept a certain amount of risk. Life is not without risk.'

Maintaining wealth

It seems obvious that if you have money, you worry about your wealth: after all, you have probably spent many years of hard work amassing that great fortune. But it is about more than simply keeping what you have, as Gavin Rankin from financial services provider UBS points out.

'The philosophy of most investors in relation to wealth management is definitely capital preservation,' he says. 'They have earned their money through hard work, and the philosophy is much more what we call absolute return rather than relative return. They are not looking to shoot the lights out, but they are looking for a steady, slow growth in their core portfolio, making sure that they don't lose what they have devoted huge amounts of their lives to achieving.'

'IN THE LAST FEW YEARS, THE COURTS IN ENGLAND HAVE TENDED TO AWARD THE WOMAN IN A RELATIONSHIP WITH A VERY RICH MAN A VERY LARGE SLICE.'

MARCEL BERLINS

There are two key ways to do this, Rankin explains. 'One is strategic asset allocation, which is very simple: don't put all your eggs in one basket. It is about diversifying your portfolio. The second element is real returns. What is your portfolio actually going to do on a tax and inflation-adjusted basis?'

So money doesn't insulate you from worrying, but through good planning, expert advice and having good people around you, it should be possible to prepare for the worst, leaving you free to focus on what you do best: making, and enjoying that wealth.

Divorce

No one plans to get divorced, but plenty of rich people make provisions just in case in the form of a prenuptial agreement, whereby a potential settlement (financial or otherwise) is agreed prior to any wedding vows being spoken.

How useful that agreement is, may depend on where in the world you live, as lawyer and journalist Marcel Berlins explains. 'American law is stronger than English law,' he says. 'In the US, the prenup agreement is binding: it is usually quite generous and unless one party can say they were made to sign it against their will it will stand. English law tends to leave some residue of discretion to the courts. In the last few years, the courts in England have tended to award the woman in a relationship with a very rich man a very large slice. It used to be that if a man built up a big business and they got divorced, his wife would get a decent slice, but nothing like half. But gradually the courts have started giving more. A lot of lawyers have been saying – tongue in cheek – that if you are really successful you should watch out when you are marrying.' ■