Family Money: An exploration of contradictions and coherence in wealth management advice literature

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Abstract

In her analysis of relationship advice books Hochschild (2003) suggests that self-help books illuminate ideological contradictions confronting groups within society, while offering strategies to reconcile these contradictions. Studies of advice books tend to focus on women and personal, domestic, health or relationship advice, perhaps because the contradictions facing women are more obvious than those facing men. In this exploratory paper I focus on a different form of self-help literature: wealth management advice. These books are addressed to those with power, unlike many other self-books. Wealth management advice books provide an insight into the competing imperatives of individual fulfilment, accumulation of wealth, loyalty to family, and broader social obligation. Wealth management texts articulate the contradictions that are often obscured by the familiar idea of provider masculinity. In this paper, I highlight the intertwined nature of economic and intimate activities and relations by identifying and analysing elements of wealth management advice.

Key words: family, wealth, advice, economic life, family values, gender
Introduction

Advice books provide powerful insights into the beliefs that shape how individuals live (Lees-Maffei 2007: 724). For Lees-Maffei (2007:750), domestic advice literature ‘is an ideal discourse articulated in response to social realities’ which ‘is inherently ideological’. The ideologies expressed in self-help literature are not always coherent or complementary. Indeed, Hochschild argues that self-help books illuminate ideological contradictions, while offering strategies to reconcile them. In her analysis of relationship advice books, she draws on Pierre Bourdieu’s (1984) idea of ‘cultural agents’ or intermediaries who ‘actively shape, rather than passively transmit culture’ (Hochschild 2003:261). Hochschild suggests that writers of advice books provide reassurance for readers who are negotiating their way between conflicting ideologies. Advice books provide rich insights into the nature of competing cultural ideals while also promoting solutions to resolve contradictions; as Pugh (2005:730) puts it ‘they are at once a measure of and a salve for individual anxiety and a flag for collective uncertainty’.

Advice books actively shape belief and practice. They ‘invent, prescribe and normalize gendered [and other] behaviours’ (Tonkovich in Lees-Maffei 2007: 725). Studies of advice literature tend to focus on women and health, and domestic or relationship advice (for example, Lees-Maffei 2007; Sotirin et al. 2007; Hochschild 2003; Ehrenreich and English 1979). Wealth management advice books are a different form of self-help literature. These books are addressed to those with power – unlike many other self-books. An analysis of wealth management advice literature provides important insights into the competing imperatives of individual fulfilment, loyalty to family, and broader social obligation. These
contradictions may not seem obvious as they are obscured by the familiar ideas of provider masculinity and neo-liberalism.

**This exploratory study**

This exploratory study developed as part of a proposed cross-cultural study that sought to examine wealth management books from US, NZ, Australia and the UK.

Wealth management books fall into three main categories: basic investment advice, tax minimisation advice, and family succession and advice on keeping wealth in the family. The focus of this exploratory paper is on the last category. This paper is based on an analysis of four books from the US. These books reflect specific cultural understandings of family and citizenship, and a particular regulatory regime. Nevertheless, they are sold and promoted in Australia and elsewhere, via Amazon and other such sites, and through local bookstores. All the books were published since 2001. These US books were chosen on the basis of three criteria: their focus on wealth management and family life, sales figures, and availability. The small sample size means that generalisations cannot be made, but the insights provide valuable starting points for further research.

The first two books are by James E. Hughes who describes himself as ‘a sixth generation counsellor-at-law’ and advisor to the very wealthy. His books *Family Wealth: Keeping it in the family* (2004), and *Family: The compact among generations* (2007) are best sellers in their category. His first book is addressed to very wealthy families in the US. Hughes’ second book is targeted to advisors of the very wealthy; it expands on his philosophy of intergenerational wealth accumulation and preservation, and is dedicated to ‘the pilgrims past, present and future on their journey to serve families’. The third book,
Wealth Grow It, Protect It, Spend It, and Share It (2007) is by Stuart E. Lucas who describes himself as a ‘4\textsuperscript{th} generation heir to the Carnation fortune’ and an ‘accomplished wealth management advisor’. His book is addressed to ‘an individual like you and families like yours’.

The fourth book, Estate Planning for the Healthy Wealthy Family (2003), is slightly different. It is written by Stanley Neeleman ‘an experienced estate planning attorney’ and two clinical psychologists, Mitchell Baris and Carla Garrity. It is addressed to ‘you ... a person of means’ and its subtitle: ‘How to promote family harmony, affirm your values, and protect your assets’ sums up its focus on the intersection of wealth management and family values.

I had two aims in this study: to identify and analyse the unquestioned assumptions underpinning wealth management, and to examine the intertwined nature of economic and intimate activities and relations. I carefully read these books, and took notes identifying commonalities and contradictions in the ‘commonsense’ advice they provide. I drew on Hochschild’s (2003) analytical framework to examine the author’s relationship with the reader, their description of social or moral reality, concrete practices, their exemplary or cautionary tales, and the key messages in these books. In this paper I focus on the key messages in these books and their description of social or moral reality.

Coherence, commonsense and contradictions

Individual fulfilment (for men and women), family loyalty, the accumulation and preservation of wealth, and community responsibility may not be fundamentally incompatible. Nevertheless, the tensions between these ideals are – perhaps unintentionally – highlighted by advice on how to attain them. The authors of these books emphasise four
interrelated ideas: the alignment of business and family; the stewardship of wealth; the importance of ‘values’ and philanthropy; and tax minimisation as a by-product of these strategies. These ideas address the tensions that arise from changing social expectations and in so doing they highlight the conflicts inherent in the preservation of dynastic family wealth in the face of social change.

Gender, individualism and family

There is a sense that the authors are attempting to be gender neutral – they carefully use both female and male pronouns and gender neutral terms. But generally women are absent from these books. They appear as ‘gold-diggers’ who pose potential threats to family wealth (Neeleman et al. 2003:53), wayward daughters who need to be managed (Hughes 2004; Neeleman et al. 2003), or supportive wives and mothers (Lucas 2007; Hughes 2004, 2007). There is also little explicit discussion of masculinity in these books. Hughes (2004:158) muses on the many ‘forty and fifty year old boys’ that he has as clients and observes that ‘our society is producing many males who never become men except in the biological sense’. He argues that this is because ‘they do not accept accountability for their actions – a key feature of manhood’. For the most part, the authors assume a ‘traditional’ family where men focus on business and women focus on family relations and activities. Hughes (2007:89) draws on Jungian psychology to argue that young women should focus on mothering and caring, and women should only engage in paid work in the ‘second stage of life’ but he is careful to say he isn’t advising this – just suggesting it.

However, the authors also acknowledge the changing role of women and the changing nature of family life. It is in these sections that the contradictions (particularly for women) between the desire and rationale for wealth preservation on the one hand and individualism
on the other become more apparent. Hughes has a very brief chapter on women and ownership. He acknowledges the shift towards women’s ownership of wealth and hints at the ‘relationship challenges it poses’ (2007: 208). Neeleman et al. (2003:166) recognise the ‘enormous changes in the last few decades’ of family life. They argue that now ‘a married couple is comprised of two individuals who usually have distinct careers, income sources, interests, and personal finances’. Neeleman et al. manage the tension between family loyalty and individualism by focussing on the idea of choice, which they contrast with the ‘old cultural models’ of family life. They argue that legal obligations to (ex) spouses are old-fashioned and that families have the right to develop their own pre-nuptial agreements that reflect ‘shared values and unique family circumstances’ (2003:127) rather than relying on the implicit contact of marriage. Elsewhere they observe that pre-nuptial agreements also serve as a protection from ‘exploitative’ gold-diggers (2003:53).

The authors recognise the contradiction between individualism (especially for women) on the one hand and patriarchy and patriliny on the other hand. They manage this tension by emphasizing family identity and ‘affinity’. Commitment is to the family first and strategies for the long-term preservation and accumulation of wealth aim at protecting the family from threats, including members of the family. The family is variously defined to accommodate relationship breakdowns; in this way, these books can emphasise the importance of family while acknowledging the reality of divorce and disputes. In these books, business and family interests align. A commitment to 'family values' and stewardship provides the rationale for focussing on wealth accumulation and perseveration first. Lucas (2007: 9) explicitly aligns individual and family goals; His wealth management approach is ‘designed to help you manage your wealth according to your personal and family goals’. Under the heading,
‘nepotism can be a good thing’ (2007:25) he argues that the family’s social capital should be leveraged. As he puts it, ‘We romanticize the “rags to riches” story of the independent entrepreneur as the epitome of success, yet everyone needs help to achieve their goals’ (2007:25). But he argues that family wealth requires ‘a good system of accountability’ which ‘makes the message “I love you but you are not performing” more palatable’ (2007:22). In these books, family members get the benefit of family wealth if they serve the family; individuals who object to family governance or leave the family no longer have a right to family wealth. In Lucas’ words: ‘it may be necessary to exercise the family’s right to walk away because one member is unwilling to fulfil his or her part of the contract to participate constructively with the rest of the family’ (2007:257).

**Power, responsibility and values**

Power is implicit in these books. The authors acknowledge the power of money and yet they shape their discussion of the power that comes from the control of wealth in terms of stewardship, responsibility and values. Lucas (2007:58) observes,

> there is a fine line between empowerment and entitlement. The privileges of wealth come with responsibilities, so you will need to decide how to hold the next generation responsible, not only for ensuring the family’s memory and legacy, but also for managing the gift of wealth that is given personally to them.

He acknowledges that it is ‘not easy to align business and family interests and argues that the family ‘wealth strategist must establish a legitimate rationale for people to want to work together’ (2007:20).
These books assume that the family has a leader who has the power and authority to make decisions horizontally across the extended family and vertically across generations. Hughes (2004:88) argues that ‘all families are in business – the business of wealth preservation’; as a result he believes that ‘all families should have boards of directors’. He refers to a ‘council of elders’, and ‘tribal governance’ who have the power to manage disputes within the family and the responsibility for deepening the ‘family’s sense of differentness, its uniqueness’ (2004:175). These books discuss strategies aimed at balancing short-term relationship management of family members (for example, how to cope with sibling rivalry, ex wives etc) with long-term dynastic plans. They promote trusts as a useful means of shaping family relationships and of wielding power within the family. Trusts enable family wealth to be retained within the family and can be used to further the short- and long-term interests of the family – as determined by the family ‘wealth strategist’ (Lucas 2007) or ‘tribal governance’ (Hughes 2007).

The idea of stewardship provides a rationale for the accumulation of wealth, not just its preservation. Control without ownership is central to the idea of stewardship. As Hughes (2004:101) puts it:

Control without ownership is the essence of being a great steward. Control without ownership means I will exercise control over my financial destiny, but I will not put my family’s assets at the risk of the legal liabilities that grow out of my direct legal ownership of those same assets.

In other words he advocates power without responsibility. The use of structures such as trusts enables families to benefit from the power and privileges of wealth while protecting their assets from creditors including, but not limited to, the tax office. Neeleman et al. (2003:120)
argue that the power of wealth can be consolidated by relinquishing ownership because ‘financial security largely derives from the ability to control wealth as well as consume it’. Trusts provide the means for wealthy families to control and benefit from wealth without direct ownership. The idea of stewardship overtly melds family and business interests so that the accumulation and preservation of wealth becomes a sacred duty to future generations of the family. This strategy is buttressed by the idea of family and quasi-spiritual values, and has the side benefit of tax minimization and asset protection. The approach is summed up by Lucas’ (2007: xxv) description of his family’s wealth management approach as being ‘based on both personal prudence and on an aggressive and shrewd approach to the long term strategic stewardship and growth of wealth’.

For these authors wealth brings responsibility, but this responsibility is to one’s family first. They address the conflict between the narrow focus on family and the idea of family dynasty, and broader social responsibility by emphasising the importance of ‘values’ and philanthropy. The focus on family and on values in these books tames the raw messages of wealth accumulation and preservation; Marcus (1992:353) described this process as ‘a kind of moral domestication of wealth’.

These books tend to cast wealth management as a process of spiritual growth and transcendence. As Neeleman et al put it:

The central theme of this book is that wealth can serve as a unique and effective medium for expressing, validating, and refining core values, whatever they may be, and in so doing can serve as the means by which one’s values become one’s legacy. (2003: xiii).
For these authors, wealth is about more than money; ‘without values you don’t have wealth, just money’ (Lucas 2007: vii). Lucas (2007:162-63) emphasises that effective long-term wealth accumulation and preservation relies on ‘a foundation of strong, effective family values and culture to maintain structural integrity throughout a multigenerational timeline’. The ‘family values’ discussed in these books include prudence, responsibility, stewardship and self-reliance; all values aimed at the preservation and further accumulation of wealth. Paradoxically, perhaps, the authors of these books abhor the idea of dependence and emphasise the ‘dignity’ that comes from wealth creation. For example, Hughes (2004: 63) argues that ‘unearned wealth risks corrupting the individuals receiving it by depriving them of the dignity of work and by interfering with the creative life choices’. This emphasis on self-reliance and the dignity of wealth creation serves a practical purpose of ensuring that family wealth is not only preserved but grown.

Philanthropy melds ‘family values’ with legacy, and tax minimization. The strategic use of philanthropy as advocated in these books serves four main purposes: it provides a training ground in wealth management without placing family wealth at risk; it provides a common interest, especially where the family is no longer in business; it provides a means of minimising tax, and can provide ‘a means for family members who are isolated from society by their wealth to connect with the larger issues of the world and ... find an active and meaningful place in it.’ (Lucas 2007:125). Not surprisingly, perhaps, in these books, the focus of philanthropy is on its benefit for the family. As Neeleman et al. (2007:120) put it:

Once you understand that financial security largely derives from the ability to control wealth as well as consume it, you will envision a philanthropic legacy – a legacy that at once benefits your children, as well as your favorite charitable causes.
Philanthropic trusts enhance ‘the intangible element of your family’s wealth’ by putting ‘redundant family wealth’ to ‘virtuous ends’ while putting assets ‘out of the taxman’s reach’. (Neeleman et al. 2003:121).

For these authors tax minimisation is prudent wealth management and a means of protecting the family. Lucas identifies three approaches to tax planning which have differing effects on family relationships: (1) ‘aggressive avoidance’, which he considers detrimental to family relationships, (2) ‘tax efficiency’ as ‘fortunate byproduct’ of other activities, or (3) feeling proud of paying taxes, as a ‘sign of success and an opportunity to give back to their country in appreciation for that success’ (2007:61). Tax minimization is not the focus of these books, because it does not need to be. As Lucas points out ‘the wealthier you become, the more control you have over how much you pay in taxes and when you pay them (2007:226).

The books emphasise the convergence of financial and family objectives. The ideas of stewardship, family loyalty, and values promoted in these books combine to create a sense of duty to manage wealth, protect it from taxes, unscrupulous advisors, and provide for one’s family across the generations. In this way, greed becomes good.

**Conclusion**

Hochschild describes relationship advice books as cultural intermediaries. In a similar way, wealth management texts actively shape practice and belief. They provide insight into the conflicts inherent in the accumulation and preservation of dynastic family wealth in the face of social change.

Wealth management advice provides a rich source of data for the examination of the social processes that underpin the accumulation and preservation of ‘family-wealth’. These
four texts have a broader audience than the very wealthy and their advisors. They are sources of both advice and aspiration. For this reason, I suggest that the study of wealth management advice literature can provide insights into the interlinked nature of economic and intimate life, not only of the very wealthy, but also of those who aspire to be wealthy. These insights are important as they are often obscured by the familiar ideas of provider masculinity.

References


\(^{i}\) 2 and 7 in their category. Amazon sales ranking indicates sales on Amazon.com. A low number indicates high sales. No information is available about the size of the category