



Misconceptions About Multi-Millionaires and Their Money

“My clients have lots of money they don’t need to learn about it.”

This generalization from the financial industry is part of the reason why many multi-millionaire clients end up falling for the biggest financial scams. It is also why so many financial professionals are always in search of the ultra-high net worth client because those clients really are looking for more than the latest ‘fad’ investment, or this year’s tax write-off.

Admittedly, it is a bit of a conundrum on how to approach wealthy people about increasing their financial knowledge because suggesting to someone with obvious wealth that they might like to learn about money can be easily misinterpreted. However, let’s consider some of the issues that wealthy people face that most ‘poor folk’ don’t have to deal with:

- They have worked hard to earn their money or have strong emotional connections because it was inherited, which doesn’t automatically mean they know how to keep it or how to invest it; rather it’s more likely that...
- They depend on someone else entirely to manage their financial affairs and make decisions for them. This means that...
- They are frequently targeted by unscrupulous, or even well-intentioned, but inexperienced financial professionals. This also means that...
- They can easily become prey for many fraudulent or inappropriate investment schemes, especially if those investments come with the ever enticing promises of tax breaks and security.
- They are easy to find because many of these people will often appear in business listings or media, or their profession or address in the ‘nice neighborhood’ of town is also a clue that there is a high probability of wealth so they will be targeted. This means there is a constant stream of seemingly good investments, financial schemes and advisors offering their wares.
- They will make ad-hoc decisions because they have access to the opportunities and money to put towards them. Many of these opportunities will be unregulated. However, when the wealthy investor becomes comfortable with these creative investments...
- They will miss the rewards of solid mainstream financial planning.
- They are busy and will often lack a solid foundation based on personal values, goals and priorities in which to evaluate the investments and strategies for their own situation, which brings us full-circle in that...
- The multi-millionaire client is dependent on professional advice and service not necessarily well-equipped to evaluate complicated financial options so...
- They can actually become more fearful of loss or of making a wrong decision. And because there is a perception that the wealthy have money, and therefore must know a lot about the financial plans, strategies and investments they have...
- They can find it even more intimidating, and can be very private, when discussing money matters...
- They are certainly cautious to admit they need training to help them make money decisions.

...Which is how we find that the generalization that wealthy people don’t want, or don’t realize they need to, learn is actually creating a barrier between the financial professionals and the clients who need their services.

What all people want and need, regardless of the number of zeros on their bank statement is to look beyond the money to what's truly important to them in their life. They want to feel in control of their finances without having to become the expert. Everyone needs to feel financially secure, and a large bank balance doesn't guarantee security. It comes with more responsibility and more potential for a hard fall.

And, all this is why one of the biggest lessons on wealth I have learned in my almost 20 years as a financial professional was from the billionaires who hired me to teach them how to manage their household budget and pass this life skill on to their children.

This article can be reprinted freely online as long as the entire article and this resource box are included.

Money expert Tracy Piercy, CFP is the founder and CEO of MoneyMinding Inc., a wealth building system that reframes the way people think about financial success using a day-to-day educational experience, which benefits both the financial industry and consumers.

To learn more and receive the free Fast Action Tips & Solutions, visit www.MoneyMinding.com

Copyright © 2000-2009 Tracy Piercy, CFP
Written permission is required for reproduction — Thank you