

Penguin Analytics

by **Owner One**
fintech family global



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Owner.One

Risks and challenges in asset preservation for families with a net worth of up to \$100 million

Global wealth transfer survey: examining planned and force majeure wealth transfer from capital founders to heirs

More than 13.5k respondents worldwide. The survey covers emerging and developed markets in 18 countries

1. Key takeaways



Capital founders revelations:

- ◆ 23.7% of capital founders are prepared to give up to 25% of their wealth in exchange for a guarantee that the rest will remain firmly within their family's control.
- ◆ Out of them, 11.8% are willing to part with up to 50% of their wealth in exchange for the guarantee mentioned above.
- ◆ 35.5% of capital founders are willing to accept a potential loss of 10-50% of their wealth during the transfer.



KYC, SoWE, informational asymmetry

- ◆ 42.8% of capital founders and 88% of their children and family members are unfamiliar with KYC (Know Your Client) regulations and guidelines.
- ◆ 81.6% of respondents do not take any actions to address information asymmetry between them and family members regarding asset and wealth information.
- ◆ Only 11.9% of wealth founders understand that in the future, their children will be obligated to undergo KYC procedures for both themselves and their parents, as family assets and capital must be traced from the very beginning, i.e., from the founding member's time.
- ◆ Fewer than 5% of the founders realize that their inaction shifts the burden of managing wealth transfer onto their family and children, who will have no tools to address the challenges and obstacles associated with it.
- ◆ Only 22% of capital heirs grasp the fact that in the internal policies of banks and regulators, donation and inheritance are becoming more and more akin to winning a lottery, bringing along all the following risks.
- ◆ 92% of capital founders consider the Source of Wealth Essay (SoWE) to be a document of little importance.
- ◆ Only 6.1% of capital founders have a Source of Wealth Essay (SoWE). However, children significantly overestimate their parents, believing that 34.3% of parents possess such a document, a sixfold difference.

- ◆ Only **1 out of 25 respondents** (4%) clearly assess the depth of problems arising from KYC procedures and regulations.



Asset record and information storage

- ◆ In the modern world, comprehensive data on assets and capital hold greater importance than physical document copies. However, this concept is understood by only **11%** of respondents.
- ◆ **68%** of capital founders find it extremely stressful to consider the matter of storing and reliably transferring information about their assets and capital to family members.
- ◆ **87.1%** of respondents keep records of personal and family capital at a poor or moderate level.
- ◆ **82.4%** of survey participants worry about keeping their asset and capital data up to date.
- ◆ However, the overwhelming majority opt for insecure methods to store and update their asset data. These unreliable choices are made by **97.3%** of capital founders.
- ◆ But there are no other solutions available in the market.
- ◆ Among capital founders and their heirs, **only 7%** and **7.8%**, respectively, understand that in the event of a force majeure, they will typically have a 3-6 months window to take possession of assets in most countries. Without comprehensive asset data and attributes, heirs will be limited to reaching only the 'low-hanging fruits'.
- ◆ Only **17.5%** of respondents are aware that capital founders lose up to 1/6 of their asset record history annually, which is difficult or impossible to restore. Family members have even fewer chances.



Wealth transfer

- ◆ **79.4%** of capital founders assume that it will be impossible for their family members to comprehend information related to assets and capital.
- ◆ In **81%** of cases, capital owners personally handle the record-keeping

and storage of asset information, allocating their time resources for the matter based on what remains.

- ◆ 48% of capital founders think that their family won't be able to take possession of capital and assets.
- ◆ While 23.8% believe that family members could take possession only partially.



Third-party participation

- ◆ 89.1% of respondents have doubts about whether trusted individuals and professionals will execute tasks in the best way possible when the time comes.
- ◆ 63.3% are entirely uncertain about this.
- ◆ In the surveyed target group, the penetration level for family trusts is 0.4%, while for family offices, it's 0.7%.
- ◆ Only 6% of capital owners have established or are in the process of drafting a wealth transfer plan and a personal capital inheritance strategy.
- ◆ 8.5% of heirs of family capital are aware that 31.7% of attorneys have either failed to execute or only partially complied with the pre-established instructions since the commencement of the wealth transfer process.
- ◆ 7.8% of heirs know that attorneys exhibit unscrupulous behavior towards successors 77.6% more often compared to capital founders.



Crypto Assets

- ◆ Statistics indicate that in 91% of cases, the transition from fiat to cryptocurrency and back results in a disruption of ownership continuity.
- ◆ 87% of respondents don't know that it's impossible to recover crypto assets if the basic data related to the asset is lost.
- ◆ As a result, 23.7% of all crypto assets on the market are unowned. Only 9.3% of survey participants are aware of this.

- ◆ According to crypto payment services, only 7% of clients show any interest in the risk of disruption of ownership continuity before making a deal.



Conclusion

- ◆ Only 3% of survey participants understand that 74.6% of all wealth transfer losses are attributed to families with a net worth between \$1.2 million and \$99 million.
- ◆ Only 2% of them know that, on average, up to 31% of family wealth is lost during the transfer, primarily due to the lack of comprehensive asset data.
- ◆ Also 2% of respondents possess knowledge that approximately 56% of assets and capital are at risk of legal prosecution from third-party entities and government authorities.
- ◆ 5% understand that a net worth ranging from \$1.2 million to \$99 million is considered wealth that doesn't extend beyond one generation, as in 69% of cases, the families' lifestyle decreases after the wealth transfer.
- ◆ The most eagerly anticipated solution to the challenges posed by wealth transfer is the development of digital solutions that can effectively eliminate intermediaries and human-related risks by harnessing the power of sophisticated algorithms. This vision is in alignment with the findings presented in Capgemini's 2023 report on wealth management trends, which envisions a future dominated by digital services operating under a Wealth-as-a-Service model. However, at present, no such products are available in the market.
- ◆ 71.4% of capital founders are willing to depend on a third party, under the condition that it can be executed without human intervention. At present, there are no products or services that provide this capability.

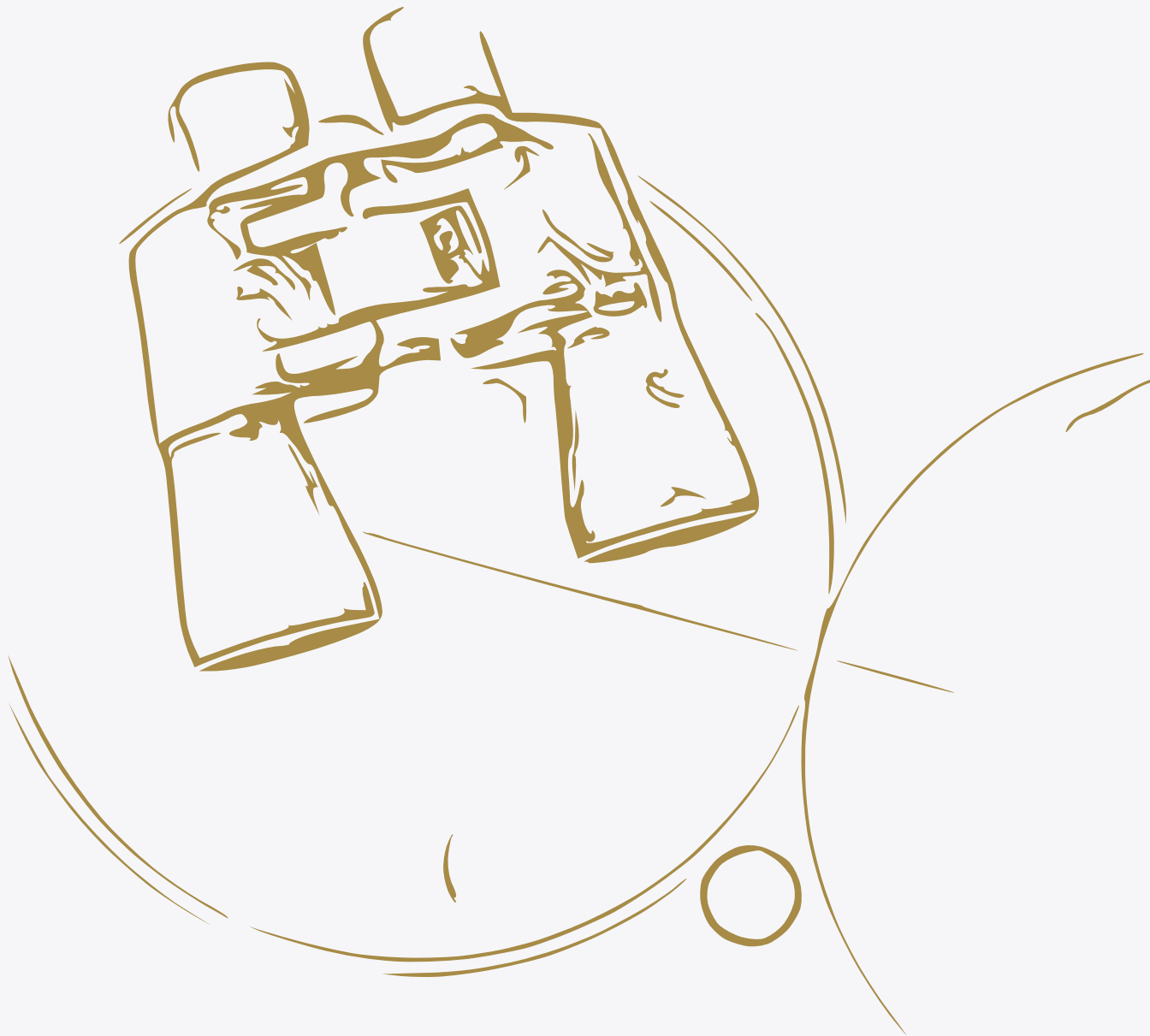


1. Contents

1. Key takeaways	2
2. Contents	6
3. Subject matter of the research	8
4. Researchers' foreword	12
4.1 Accidental findings	13
4.2 Focus on: 3-15-99	15
4.3 Respondents' realism	16
4.4 The root of the matter	17
4.5 Compare yourself to others	17
5. Research summary	18
6. Behavioral portrait	22
7. Respondents' asset structure	29
7.1 Financial assets	34
8. Four Flags: diversified geography	36
9. KYC: main threats	40
9.1 KYC: continuity of ownership	43
9.2 KYC: operational risks	45
9.3 Pushing KYC problems to family and children	47
9.4 Accidental toxicity and observation	49
9.5 Last warning	51
10. No presumption of innocence.....	55
11. Crypto assets: continuity of ownership.....	58
12. SoWE (Source of Wealth Essay).....	61
12.1 Importance of SoWE for successors	65
12.2 SoWE: spot 10 differences	68
13. Winning bet: documents or information?.....	69
14. Information and details.....	73
15. Information on assets and capital.....	77
15.1 The Scarlett effect	81
15.2 Anxiety and inaction	85
15.3 The Scrooge McDuck syndrome	87
15.4 Treasure map	89

16. Just on time: too early today, impossible tomorrow.....	91
17. Information monopoly.....	95
18. Information asymmetry.....	98
19. Map of Columbus: Can you read it?.....	102
20. Unavoidable losses or cost of inaction?.....	106
21. Planned or emergency transfer?.....	110
22. Family action.....	113
22.1 Is family up to the challenge.....	115
23. Third party trust and involvement.....	117
23.1 Are professionals trusted?.....	121
23.2 Trust funds and family offices.....	124
23.3 Self-service or family offices?.....	125
23.4 Who controls professionals?.....	127
23.5 Alternative for document storage.....	129
23.6 Frauds and amateurs.....	130
23.7 Are wills a solution?.....	131
23.8 Digital assistants and algorithms.....	135
24. Fears, triggers and psychology.....	139
24.1 Reactive or proactive action.....	142
24.2 How much time do we have?.....	143
25. Information asymmetry and Judgement Day envelopes.....	145
26. Caring for your family and friends.....	148
27. Summary: Occam's razor.....	151
28. Targeted audience.....	156
28. Quantitative results of the research.....	157
30. Glossary.....	161
31. About Owner.One.....	164

Subject matter of the research



Life has no rough drafts

Frédéric Beigbeder

Statistics say that families owning wealth in the range of \$3 to \$99 million are the most vulnerable during wealth transfer. All families lose money when it passes from one generation to another. But that category of families suffers 74.6% of all family capital losses. A lack of detailed data and information leads to a loss of 31% of family wealth on average. In both stable and volatile times, families of that category suffer more often than those that are wealthier or less affluent.

We decided to examine the reasons why. At the risk of jumping ahead, we shall note that the issue is mostly subjective, not objective in its nature. It is brought in by capital founders in that category being mostly still concerned with operating earnings and creation of family wealth, pushing capital transfer issues down the road. There are no external limitations; the issues are brought in exclusively by family leaders' behavior patterns. On top of that, they lack experience in that type of work as well as time and short-term incentives to acquire such experience.



We launched a series of polls based on managerial game theory. We offered our respondents a scenario that envisioned a capital founder suddenly stranded at the South Pole with no way to communicate and only penguins for company.

Penguins are remarkable creatures. They are highly adaptable to both heat and cold. They are family-oriented. Penguins have excellent memory and the ability to process information quickly. They navigate their surroundings expertly. They can move as fast as 36 km/h in their natural environment, but once out of water, they become clumsy, waddling at 3–6 km/h at most.

That is very similar to wealth founders who are also extremely skilled while in their element. But as soon as they take up some task they are unaccustomed to, they become slow and clumsy. Wealth transfer is not a natural environment for our target audience. The majority of them show lackluster results in that field. That is why we titled our work Penguin Analytics.

We imagine it all happening quite unexpectedly for both children and family, as if the light was turned off in a room at night. That “temporary isolation” lets our respondents focus on their thoughts and answers instead of depressing thoughts associated with more dramatic life occurrences.

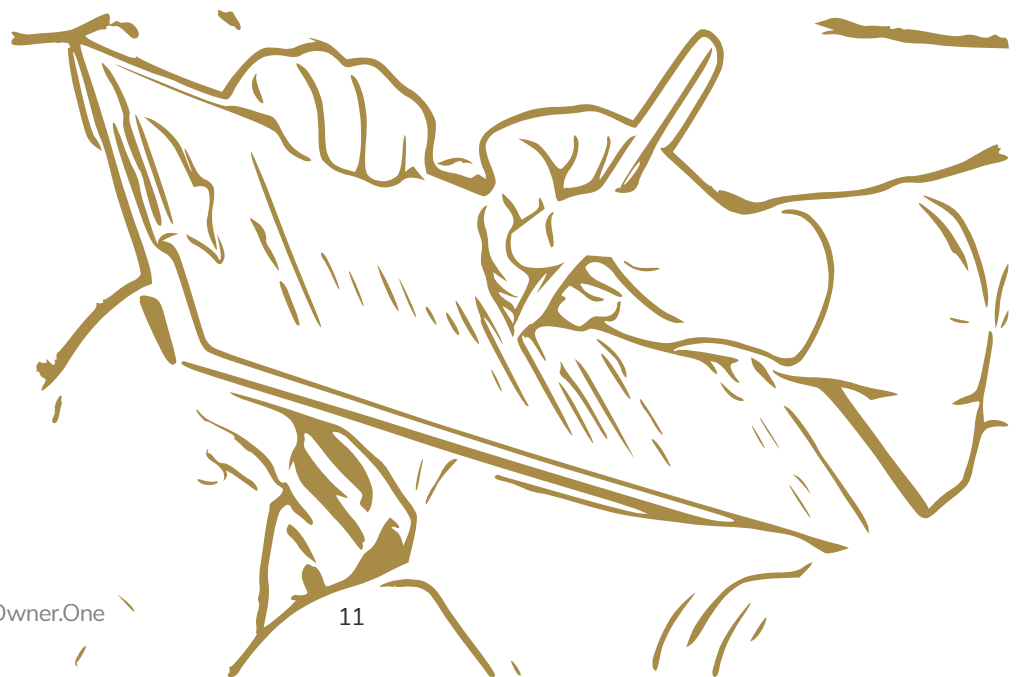
No penguins or capital founders were harmed during our research; all capital founders were brought back immediately after finishing it.



We have launched a series of polls and studies of focus groups, asking respondents what is supposed to happen to their capital and assets. To what extent are their financial and business affairs in good order in case they have to transfer their wealth right now? Which part of it could be handed over to their successors or families, and which part would join the global lost wealth statistics?

Considering that our research has covered different markets, we classified them all as advanced, emerging, default markets. In each of those markets, actors displayed varying levels of risk appetite. Poll results showed that in each sector, actors preferred to do business in their markets but safeguarded their capital in different ways.

Some polls were designed for capital founders, while others — for their families and successors. We got to look at the same issues from different points of view. Some of our statistical findings were quite astonishing and unexpected. Unfortunately, many of them are far from optimistic.



Researchers' foreword



There are no accidents.

Kung Fu Panda

4.1 Accidental findings

Starting our research, the last thing we were expecting was for it to go global and attract such interest from its target audience, awaken such emotions, and become so hotly discussed by capital founders and their families, making so many people think about the future of their assets. Considering the extreme sensitivity of this issue (it being both about family and money), we did not expect such extensive feedback: over 8.5 thousand people participated in online and offline polls, along with focus groups.

Initially, we tried to understand how it could be that the most proactive, entrepreneurial-minded, astute, and successful people were only successful in the job they did. They were, however, unable to fully transfer their wealth to their children, as statistics showed.

The bulk of our audience were not retirees or those planning to retire in the next couple of years. We were first and foremost interested in those who were still successfully growing their own and their families' wealth. Those people are the most vulnerable.

They bear the majority of capital losses on planned or emergency wealth transfers to families or successors. This is not an issue of papers such as wills which are absent or out-of-date for 98% of our respondents.

Wills are ineffective and, generally, quite irrelevant to the problems we face. In the modern world, it's a problem of information. As any professional will tell you, entering into ownership when having full information concerning which assets you acquire the title to is a mere formality. Knowing the exact location of the assets you are to get ownership of is the real challenge.

In reality, even those who think they hand over the data on their capital and assets, do it in such ways and amounts that hardly help their children and families achieve their goals.

Initially, we just wanted to know to what extent problems that our target audience faced were personal or universal and acquire market data for a founder's family project run in the closed-off friends and & family mode. But our appetites grew, and eventually, we decided to aim higher.

The Penguin Analytics turned out to be one of the major global studies of family wealth in the last decade. The numbers speak for themselves:



It was not just one poll but a whole series of them. Each poll was focused on some specific aspects of the issues we studied. Having finished up by mid-2023, we have already started a new stage of our research slated to continue until March 2024. Based on the past dynamics, we will be getting increasingly more data on various aspects of wealth and intra-family transfers thereof.

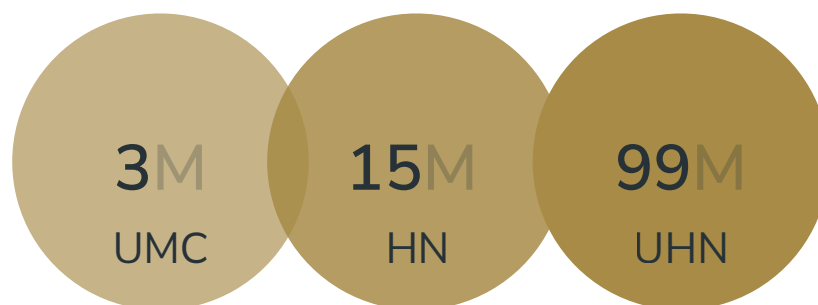
We are going to keep publishing both narrow analyses of certain issues and extensive studies.

As you will see, our data are both important and, quite often, disconcerting. We hope they will be practically useful to you. Because risks to family capital or assets can materialize at any moment, bringing incalculable losses.

One of the main reasons for the families' sorry plight, when they change leadership or have to do planned or emergency capital or assets transfer, is that founders do not concern themselves with actions that will ensure their families' full access to their capital in the future. Many realize those risks but lack the required knowledge and competencies.

4.2 Focus on: 3-15-99

There were three categories of people who participated in the research: Ultra-High-Net-Worth Individuals (UHN), High-Net-Worth Individuals (HN), and Upper-of-the-Middle-Class (UMC). The majority of people who qualify for those categories have no idea that they do. That is why it is easier to state that our research was focused on people with disposable family wealth of \$3 to \$99 million.



Despite the 33-fold difference between them, those are the terms that have now become widely accepted in the market. UMC includes individuals with \$3 million in disposable wealth, those owning up to \$15 million are considered HN, those with up to \$99 million — UHN.

Why did we choose them? The classical theory of economics states that the majority of global crises — economic, political, and military alike — affect predominantly neither the poor nor the ultra-rich but families that are well-off or comfortably wealthy. Any crisis starts with them.

The world today is in the state of a permanent crisis, and it will remain that way for at least another decade, therefore the risks this group is exposed to have grown significantly.

Statistics confirm their vulnerabilities. Some figures we are going to show you will be surprising. They all demonstrate that these categories of families lose money, real estate, or other assets disproportionately when their capital founders decide or are forced to retire. Average capital loss on transfer is up to 34%, but it can be as high as 72%, or even 91% for some types of assets. Generally, statistics for the \$3 to \$99 million category are disheartening.

And that is even though those categories cover the majority of proactive, emotionally and intellectually dynamic, energetic individuals. They have no problem earning money, giving their families the desired lifestyles, organizing their operational environments. But they are unable to transfer their money efficiently even to people within their closest circle.

4.3 Respondents' realism

That was the paradox we were trying to figure out in our study. Quite soon, however, we discovered that a significant part of affluent and influential people were not idealistic: they saw the problem. There was no other explanation for the fact

that a quarter of respondents said they were prepared to sacrifice up to 25% of their wealth to guarantee that their families would get the remaining 75%. 1/6 of the respondents were prepared to lose as much as 50% of their wealth in exchange for such a guarantee.

The wealthier our respondents were, the better they understood the problem and the more they were willing to spend to acquire this fabulous guarantee.

4.4 The root of the matter

All our respondents understood the root of the matter clearly enough: handing over information on their assets and capital to their families and successors. But that handover should not occur too early, and not too late either. It should take place exactly on time. The information should also be handed over to the persons who need it — to the extent required for them to claim their family wealth quickly and with no delays. This was something that both respondents and focus group participants had a hard time figuring out.

We conducted our research in three types of markets:

- ◆ developed countries
- ◆ developing countries
- ◆ default countries

As you will see below, there are no fundamental differences in target audiences' behaviors in those markets. There were slight divergences in the tools they used, but they were not significant either.

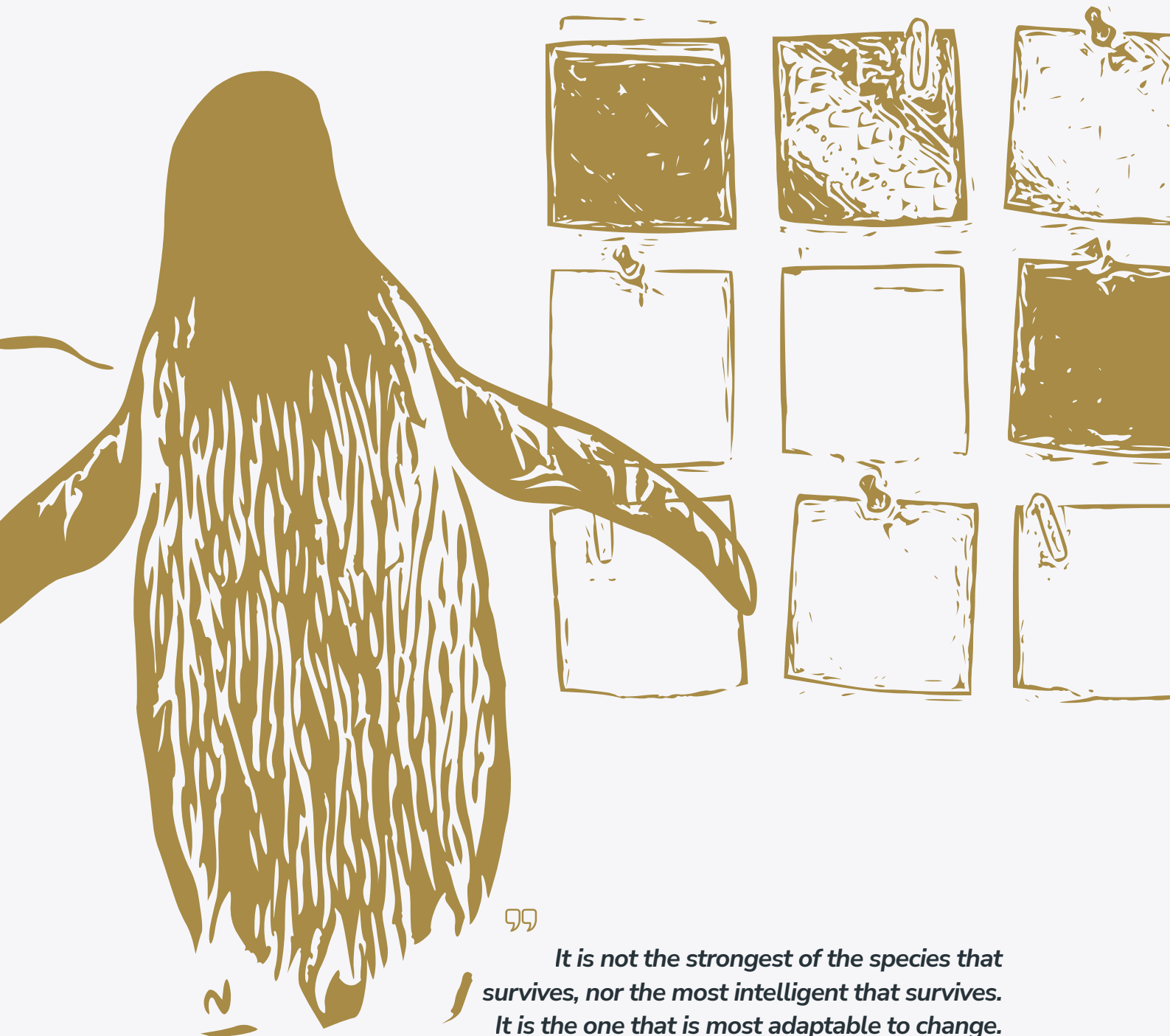
4.5 Compare yourself to others

How should one use genuine analytics? Read it, match the data against your business environment, analyze, and compare yourself against the market. No friends or advisors could offer you such depth of comparative knowledge.

Read it from the very beginning or use it as a navigation map to benchmark your actions and plans for majority or minority opinions among your fellow target audience members. The figures are cross-linked. Study the text by moving from one block to another. Offer the analytics to your family members. A lot depends on you, but also on them. Wealth preservation is a team effort regardless of who founded it.



Research summary



“
It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change.

Charles Darwin

- ◆ Acquiring wealth is not the same as preserving it. Preserving is not the same as transferring. Obviously, those who can amass up to \$100 million are very capable earners. Some of them can preserve what they earn. But very few can hand it down to their families.
- ◆ Capital founders suppose (but prefer not to know for sure) that their assets are not ready to be handed over to their families at any moment.
- ◆ Capital founders realize the problem, but see no practical means to arrange their family affairs in such a way as to hand their assets down to their successors or families when time comes or in case of an emergency.
- ◆ Capital founders are prepared to lose significant portions of their estates (up to 25–50%) if they can get a guarantee that the rest will go to their families and successors. There are no offers like that in advanced or emerging markets.
- ◆ The majority do not even have a plan A for family capital transfer. Only very few have a plan B.
- ◆ Wealthy families rarely realize that times have changed, and the transfer of asset data is now more important than the transfer of hard-copy documents.
- ◆ They delude themselves, greatly underestimating the amount of information family members and successors would need for a successful transfer. The number of details required for each asset is underestimated by orders of magnitude.
- ◆ On the one hand, capital founders know that revealing all the information on their capital and assets to their families might not be the best idea in many cases.

- ◆ On the other hand, capital owners realize they might not be able to reveal all the required data to their families: the data on their capital and assets' location, details, other important things.
- ◆ That is the rock and the hard place capital founders find themselves between: to risk their current comfortable lives and disclose all the details now, or risk their strategic interests and disclose them later, if they are able to. The majority of family capital and asset losses are caused by erroneous risk assessment when choosing the first or the second option.
- ◆ The only right decision is to hand the info over right on time. The moment an emergency happens: not before and not after. And not hand over everything to everyone; give the information that is needed to people who need it.
- ◆ But there are no practical solutions for this issue at the moment. The modern state of algorithms and the digital industry are not capable of handling it.
- ◆ This vicious circle makes capital founders feel trapped and compels them to just let everything happen in its natural way.
- ◆ The other option is to trust a large group of third persons to handle the transfer, and that makes them feel even warier.
- ◆ Taking that path can instill false confidence because in most cases all it does is change the risk profile.
- ◆ In most cases, it is impossible to predict the ways assets change hands inside a family. A capital founder will likely never know if they have done things right in the past. That is something only their successors can really judge. The founder has no way to test their decisions in practice.

- ◆ In case of a major unforeseen event, neither the founder nor their family would know how to react. The overwhelming majority have no scripts or action plans for such occasions. And most importantly, they have no sources where they can get accurate and reliable data on their assets: their structure, location, legal status, etc.
- ◆ Generally, founders and their families realize the risk of capital loss on transfer. But they feel helpless because finding a solution seems impossible or requires some abnormal level of effort on the founder's part. At the same time, the amount of losses they expect spur them to look for the most tolerable solution.



Acquiring wealth is **not** the same as preserving it.

Preserving is **not** the same as transferring.



Behavioral portrait



You can easily forgive a child for being afraid of the dark. Grown-ups' being afraid of the light is the true tragedy of life.

Plato



- 1 We conducted our research in three market categories (countries): developed, developing and default. There were no fundamental problem perception differences between UMC, HN, and UHN groups in those countries. Methods and tools they use could differ due to the gap in wealth infrastructure services provided in those markets.
- 2 In developed markets, people do not feel noticeably calmer or more confident compared to other markets.
- 3 There are also no significant differences in problem perception among our respondent groups (UHN, HN, UMC). They act in relatively consistent ways in similar circumstances. Differences in their wealth have almost no impact on the scope and nature of their effort.
- 4 The surprising thing was that the majority of respondents were very realistic about their state of affairs and the threats their family capital would be exposed to in case of certain adverse events. A smaller, still quite significant, number of respondents knew that negative events could trigger at any moment. At the same time, virtually no one was ready to act immediately to contain those threats.




- 5 Issues of capital and assets preservation and transfer are caused by family wealth information asymmetry along the “parent-child” line.




- 6 Capital founders have an information monopoly on assets, their structure, wealth sources, main operation and strategic threats, numerous details on every asset, and other vital data that would remain out of reach for their families and successors.



- 7 The younger generation feels even more anxious about the future and well-being — both their own and their bloodline’s. That includes the feeling of impending helplessness when the time comes to “picking up” the family’s wealth and assets.

- 8 Families and successors (mostly children and nephews) do not ask founders to get their affairs in order now. In many families, such conversations are considered in bad taste. As a result, mutual tact makes things harder for everyone and leads to dire consequences even in the mid-term.
- 9 Capital founders and their families think that the need for planned capital transfer is an issue of the distant future. But everyone assesses the risk of emergency transfer as very likely. At the same time, the total majority of families have no tools to handle either of those issues.
- 10 Worrying about losses and risks related to capital transfer from founders to other family members is not the exclusive burden of the 70–80 age bracket. People in the 35–55 age group are the most concerned about their capital being ready for an emergency transfer. For capital sources such as cryptocurrencies or digital businesses, the average age of the people concerned with those issues goes down another 5 years.
- 11 Founders' families and their successors do not know what they should do in case of an emergency. Not only capital founders did not hand them any detailed action plans, they did not even discuss those issues in any depth.
-  12 Capital founders live in an information vacuum. They have no real reason to discuss the status of their assets with their families. Discussing those issues with friends is out of the question (in any case, it can only be done in a very perfunctory way) because it touches on two very sensitive topics: family issues and personal finances. Professional confidence also has its limits.
- 13 Very few capital founders understand that in the modern world information on assets is infinitely more important than relevant hard-

copy documents. In order for a founder's family to claim their assets successfully, they have to know exactly which assets exist and where. You can restore documents, but you cannot do anything without information.

- 14 Capital founders show very limited knowledge and competencies when it comes to setting up their fortune for a planned or an emergency transfer. They can be honestly mistaken even about the extent and the depth of information they have to provide.
- 15 The fundamental problem is that the majority of capital founders are still concerned with wealth accumulation, not retention. They simply have no time for anything else. Operation income from their current businesses is quite enough to provide their families with comfortable lifestyles while postponing delicate issues of wealth transfer to some future date.
- 16 Often, the emotional bond between capital founders and their businesses is such that it impedes rational viability assessment. They live through their projects, accumulate influence and social status based on their current businesses.
- 17 Handing their businesses over to anyone, including family members, is often impossible for them; and if they are willing to do so, there is no one who would accept such an offer.
-  18 Business founders do not realize the difference between preparing for a business transfer or a current liquid assets transfer.
- 19 Earning money through business, they just set their income aside, not paying much attention to structuring it, much less to preparing it for a handover.



20 Capital founders are always under stress. They either have already left the operational level (and do not want to go back to it) or are too overloaded with it (and do not have the resources for another big project). That is why, being emotionally burned out as they are, they are unwilling to take on yet another problem that needs a significant effort to solve.



21 Our target audience are those who can no longer keep their capital within their eyesight (as the middle class does) but are still not at the point where they would be mostly concerned with capital retention (unlike the rich and the ultra-rich — \$100+ mln and \$300+ mln, respectively).

22 People who are privy to personal finances of families in the 3–15–99 range tend to find themselves in that position through random choice rather than careful selection.

23 Capital founders and their families do not show any elevated level of trust toward their own proxies. Many of them consider their representatives a “peace-time army” that cannot be counted on in the moment of stress. Capital founders do not have any unrealistic expectations.

24 Capital founders believe that regulators and “the Big Brother” have a pretty good idea about their assets. Their privacy concerns are mostly related to possible abuses of information by fraudulent actors or untrustworthy third parties.

25 Furthermore, the problem of trust is not of the topmost importance, because there is almost no one capable of handling the issue in capital founders’ circles.

26 The established behavior patterns consist of blaming someone else, hiring people to achieve certain objectives, and the belief that if you pay extra you can get the result faster than objectively possible. Those prove inefficient for family wealth even when the situation is static, and even less so when it turns dynamic (meaning a planned or emergency transfer of capital and assets).

27 In capital founders' minds, the issue of their family capital's preparedness for a transfer is inextricably linked with sudden and painful retirement. In spite of being radically untrue, this illogical association is so strong that it leads to procrastination.

28 **Trigger factors that make capital founders actually do something about the problem are mostly:**

- ◆ an obvious case of trouble in a family they know;
- ◆ third parties' actions (banks, partners, others);
- ◆ health concerns or age;
- ◆ actions of state regulators;
- ◆ family pressure;
- ◆ current business problems;
- ◆ economic or political crises.

29 The Scarlett O'Hara syndrome ("I will think about this tomorrow") is the key obstacle to preparing family assets to be transferred at any time when needed.



- 30 Unexpectedly, capital founders start to behave in immature ways. They do not like to talk about the problem or listen about it. But it is one of the key problems of their lives. Why would you spend so much effort and energy on creating your private and family wealth if it all is simply lost in vain instead of going to your family, children, or charities?

When confronted with the problem, they are quick to admit its significance but remain reluctant to do anything about it as they still think they have no tools to handle the issue, and those tools they do have require an abnormal amount of personal effort to use or a risk of extensive third-party involvement.

- 31 Precious few say that their capital is ready to be transferred to successors or family members at any time in case of an emergency.

Portfolio structure



Only the rich or those with no desires disparage money.

Andre Maurois

We asked our respondents to check the asset classes they already have in their portfolio, out of 25 options.

As it turned out, their asset portfolio composition was rather conservative. The majority included classic financial instruments and traditional assets. But with some important caveats.

HN, UHN, UMC asset portfolios

Residential real estate	12,52%	Rights to intangible assets (books, patents, etc.)	0,65%
Commercial real estate	3,30%	Fund investments	3,90%
Land	5,45%	Venture fund investments	0,83%
Cash (in bank deposit boxes or safes)	7,73%	Family (private) funds, trusts, other similar facilities	0,45%
Bank accounts	12,46%	Cryptocurrencies, tokens, NFTs, other digital assets	4,32%
Broker accounts	10,83%	Tokens secured by physical assets	0,62%
Precious metals	3,26%	Art collections	0,87%
Metal accounts	1,29%	Other collections (wines, whiskeys, watches, weapons, etc.)	1,27%
Government bonds	4,18%	Jewelry and diamonds	2,61%
Stock in public companies	8,18%	Planes, helicopters, yachts, boats (or shares therein)	0,75%
Stock and shares in private companies	9,11%	Expensive and/or unique cars	1,15%
Other securities	2,13%	Other	0,18%
Options, futures, other derivatives	1,96%		

Contrary to stereotypes, the majority of individuals worth up to \$100 mln have no trusts, funds, or similar facilities of their own.

Up to very recent times, they were considered the fool-proof solution to the capital or asset transfer problem. The global economic crisis of 2022–2023, along with growing numbers of abuses by wealth managers demonstrated the placebo nature of these tools, which simply masked the problem.



◆ 0.45% of all respondents have family (private) funds, trusts, or similar facilities.

◆ they only keep about 34.40% of their assets there.

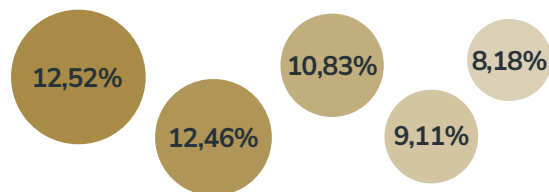
Digital investments still do not attract many from among our target audiences; so far, they serve as relatively rare diversification tools. Only 5.77% of respondents invest in venture funds, algorithmic cryptocurrencies, and tokens secured by physical assets.

It is fascinating that, despite algorithmic cryptocurrency investments (Bitcoin, Ethereum, etc.) being much more volatile compared to tokens pegged to physical assets (platinum, oil, other commodities), they remain more attractive for our respondents: 4.32% (cryptocurrencies) against 0.62% (tokens).

This is unusual to some degree because when it comes to other positions, our respondents remain strictly conservative and often ultra-conservative.

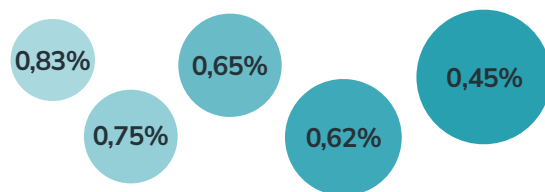
Top 5 most popular assets in our respondents' portfolios:

1. Residential real estate	12,52%
2. Bank accounts	12,46%
3. Broker accounts	10,83%
4. Stock and shares in private companies	9,11%
5. Stock in public companies	8,18%



Top 5 rarest assets in our respondents' portfolios:

1. Family (private) funds, trusts, other similar facilities	0,45%
2. Tokens secured by physical assets	0,62%
3. Rights to intangible assets (inventions, books, etc.)	0,65%
4. Planes, helicopters, yachts, boats (or shares therein)	0,75%
5. Venture fund investments	0,83%

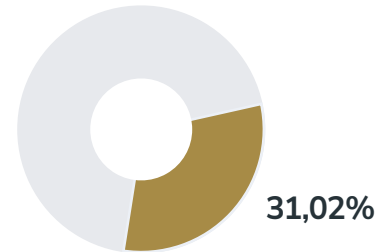


One of the algorithmic cryptocurrency usage problems our target audiences do not see is breaking the capital ownership continuity.

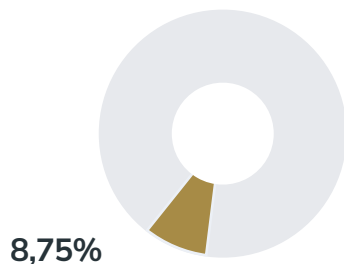
Only 3.29% have investments in assets like art collections, wines, whiskeys, weapons, rarity cars. It is highly likely that the rest lack experience in those areas and do not want to tie their investments up in instruments with dubious liquidity.

Only 6.71% of respondents are aware that 9 to 21% of all money inside various countries' banking systems have no identified current owners.

**1/3 of all respondents (31.02%)
keep their money in deposit boxes,
bank or broker accounts**



The preference for that type of financial assets is rooted in their perceived high liquidity and ease of quick transfer of assets (both between an owner's accounts and to family members).



**For comparison: 8.75% of
respondents are investing in
land and commercial real estate.**



Only 2.64% of respondents know that in some countries if you fail to extend your deposit box rent on time, it gets opened with police present, and its contents are put in a so-called “black bag.” You can get your money and valuables back also with police present, implicitly providing that you can explain their source.

It is a common belief that family members can access those assets in the shortest time. Theoretically, that is true. In practice, however, that principle is less effective, and the risk of capital loss on planned or emergency transfer from the founder to successors is not eliminated.

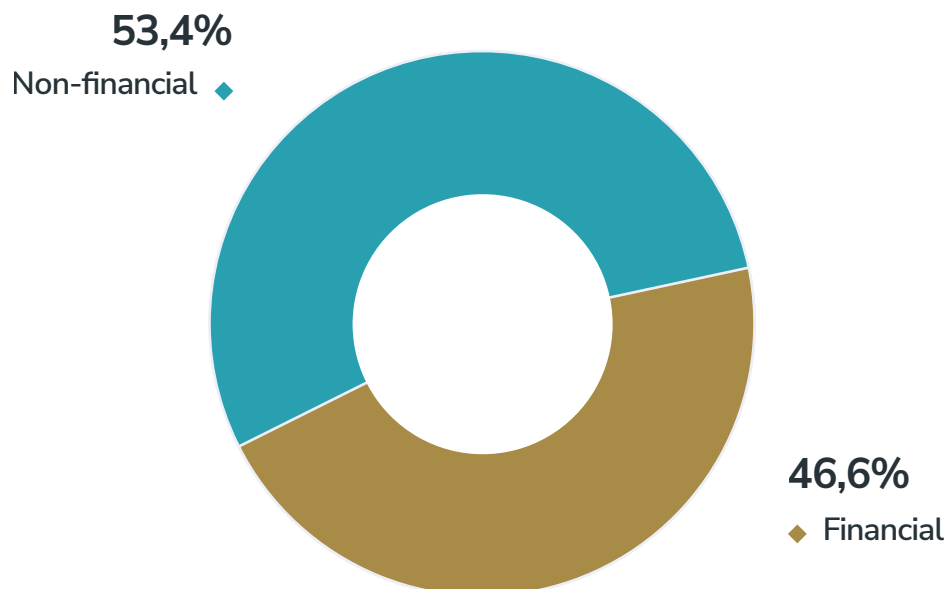
The situation became even more complicated recently in light of new KYC requirements (ownership continuity and capital origin) that are tightening exponentially when the capital is transferred to family members and successors.

7.1 Financial assets

We asked our respondents which part of their family wealth was comprised of financial assets. Those were: bank deposits, cash, insurance products, cryptocurrencies, or others.

Only 2.53% of respondents know that \$260 bln of private funds and assets in the world are “wanted” and about \$400 to \$420 bln worth of assets and property remain unclaimed.

Portfolio share of financial and non-financial assets



In order to be sure, we disabled the Count of Monte-Cristo-style answers (“nothing but cash”) by eliminating options to answer “100%” and “0%.” That brought the share of financial assets down — but only a little — to 44.70%.

It is worth noting that over 3/4 of respondents concentrate their assets in categories where losses on transfer are quite significant. Our audience's belief that high liquidity of assets means that they would be easy and safe to transfer to their successors seems erroneous.



- ◆ Only 3.87% of our respondents gave any thought to the fact that owners of about 16% of prestigious real estate in the world could not be identified (not counting those ownership of which is in dispute).

4.77% have heard that at any point in time, rent on 22.7% of bank deposit boxes globally is outstanding, so access to them is restricted. 14.2% of deposit boxes in banks around the world have owners that cannot be identified.

Four Flags: Diversified geography



It is the part of a wise man to keep himself today for tomorrow, and not venture all his eggs in one basket.

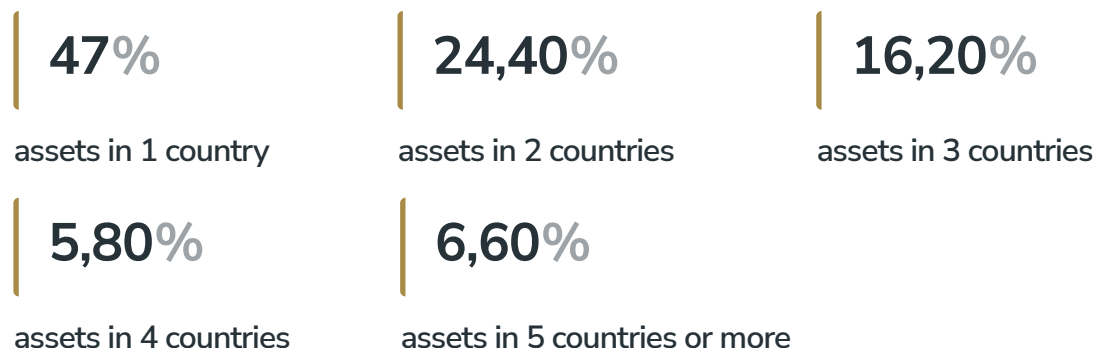
Miguel de Cervantes

HN and UHN individuals often think that minimal asset and capital hygiene is related not to categories of assets in their portfolio but to simpler criteria. Their diversified geography, for instance.

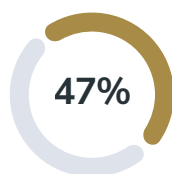
UHNs and HNs know how to earn money, but they simply put aside the income their families do not need for their lifestyle, not caring very much about its structuring or preservation. That is confirmed by the fact that, unlike the rich and the ultra-rich, they ignore not only the most modern ways of capital preservation but also traditional ones, like the Four Flags concept.

The Four Flags concept is the idea that at least 50% of your most liquid assets should be dispersed over 4 countries. There are no good or bad countries for that but only those that fit the purposes of that specific investor and those that do not.

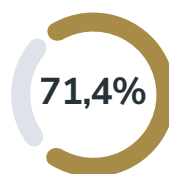
Poll results on the number of countries assets are kept in



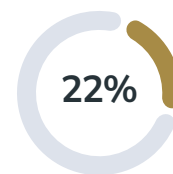
Only 5.80% of respondents follow the Four Flags concept to the letter



Nearly half of our respondents keep all their capital and assets in a single country



The majority of families worth \$3 to \$99 mln keep their wealth in 1 or 2 countries



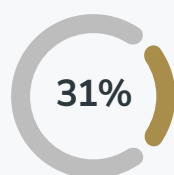
Those who keep it in 3–4 countries are a minority

Our respondents' main concern was keeping their capital "within direct eyesight." This is irrational. The opposite logic is more effective: capital should be spread over countries with different legal regulations, court procedures, political risks, and economic structures.

In addition to cutting down personal effort, capital founders cite ease of physical access among the reasons for such behavior.

We should also remember that country differences mean a great number of disparities with the "native" country: applicable law, legal protections, different taxes on transfer to family members, different rights handover or asset claim procedures, different powers of attorney, etc.

Only 7% of respondents realize that their family will have just 3 to 6 months to claim their assets, in case of an emergency. This is a narrow window. Without knowing the exact details of the assets, the risk of getting only the "low-hanging fruits" instead of all the assets you are entitled to grows significantly.



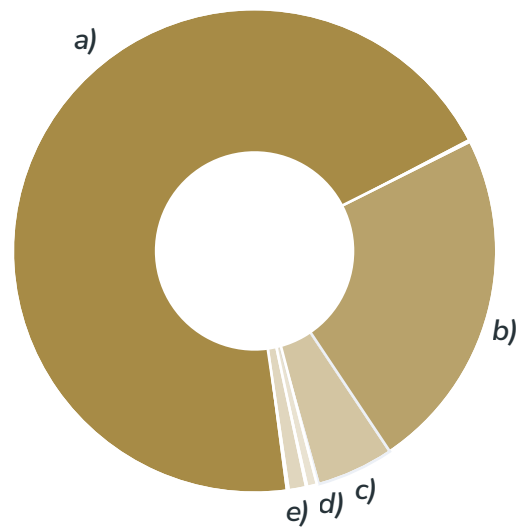
- up to 31% of all assets are lost on transfer, mostly due to a lack of information.

Handling it all at the moment when the capital transfer is already underway, especially in case of an emergency, would likely be impossible. So, the geographic distribution of capital gives extra confidence that your capital will be preserved but complicates wealth transfer preparations significantly.

Ease of physical access is also the reason why only a small part of respondents keep parts of their capital outside their “native” continent.

Continent distribution

a) on 1 continent	70,40%
b) on 2 continent	22,40%
c) on 3 continents	5,10%
d) on 4 continent	0,70%
e) on 5 continents	1,40%



There are only six continents, so our respondents do not keep their assets in the Antarctic.

0,00%

Concentrating passive capital (deposits, real estate, gold, etc.) in one country is illogical and has no upsides except for saving a capital founder's time. However, saving a relatively small amount of resources translates into a disproportional increase in risks for capital and assets preservation and their transfer to the family.

KYC:

Main threats



*The saying «**Throwing the baby out with the bathwater**»*

first used in 1512 by Thomas Murner in his satirical poem called «Narrenbeschwörung».

In the modern world, that is the case for the KYC (know your client) procedure that was originally approved internationally and handed down via national regulators to brokers, local and international banks, other financial institutions, and entities that handle capital and assets.

Its purpose was to counteract national and international criminal cash flows and to minimize financial abuses. Generally, to make life harder for the mob and corrupt officials by restricting their money.

But as it goes, the cost of those restrictions is borne by all wealth owners. Considering that HN and UHN individuals have their affairs in the biggest disarray, they are burdened with harshest KYC ramifications that can be quite serious.

A poll of compliance and KYC officers revealed that 72.6% of private transactions of individuals falling under compliance department restrictions (those departments run KYC in various institutions) were in the range of \$134 thous. to \$4 mln. The majority of those transactions were performed by members of our target audience.

Clients are screened repeatedly: not only when they become the bank's clients, but continuously after that.

Compliance checks are performed by both the sending and the receiving bank. If an international transaction goes through a correspondent bank, it runs compliance checks too.

Without compliance, payments would be virtually free and instant. The entire time it takes for the money debited from one account to be credited to another one is taken up by compliance checks. Banks do not earn any money from transactions, so it is easier for any bank in the chain to refuse a transaction that looks even slightly suspicious than to provide explanations to the regulator.

Many clients are surprised when they learn that all three banks know not only their ID details but also the place of their residence, telephone numbers, and other personal data along with quite a detailed financial history.



There are no universal international KYC rules. They are based on FATF regulations, while the rest are decided on the level of national regulators and specific financial institutions.

9.1 KYC: continuity of ownership

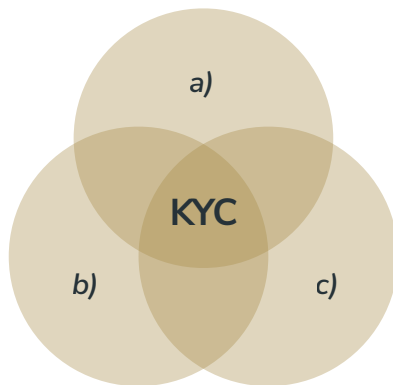


Continuity in everything is unpleasant.

Blaise Pascal

KYC is a procedure used by almost everyone who handles money — from banks and brokers to wealth managers and insurance companies. The reason why they may seem illogical or unnecessarily extensive is almost always because you have been subject to additional KYC requirements.

The initial set of KYC requirements has three key items in it:



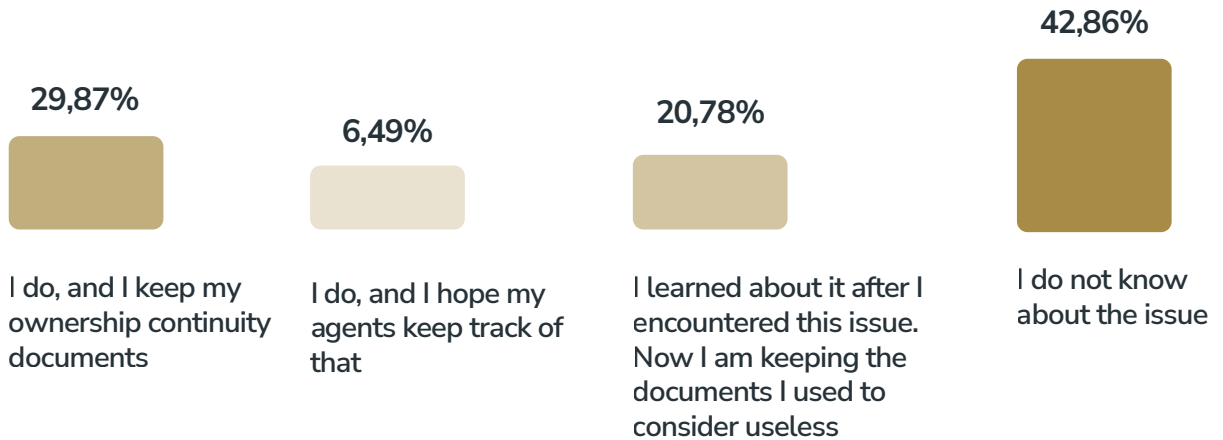
- a) Continuity of capital or asset ownership
- b) Legality of origin (often together with ethics requirements)
- c) Owner's business reputation and relationships

Proving the legality of origin is relatively straightforward, although not always easy. Proving continuity of ownership, especially for capital, is much harder. You have to prove that the money the client wants to transfer is the same money they have earned legally.

Imagine a human blood circulation system where veins are your capital flow channels. The bank should be able to see all the capital flows from the point of their origin. The situation is made even more complicated because money from different accounts is getting mixed, merged, or split.

If you cannot provide the “markers” that confirm your capital’s route, the financial institution would, in case of any doubt, refuse the transaction or cease service to that client. Transactions often get blocked after they have been initiated.

Do you know the importance of KYC and ownership continuity documents?



42,86%



told us directly that they know nothing about KYC and its key element: the requirement to prove continuity of ownership.

The rest (57.14%) say they are aware of the problem.

6.49% of them say that they are but hope their agents are handling that. That is unlikely to be true for the following reasons: (1) those answers do not fit with the others; (2) but most importantly, agents cannot do that because, in the vast majority of cases, only the owner of the capital or assets can get that information from third parties who act as sources of the data. That is why those hopes are untenable.

29.87% know about ownership continuity and file away the required documents. 20.78% have already encountered the problem and are now keeping the documents.

Can we say that 50.65% of owners behave responsibly when it comes to KYC and ownership continuity? The answer is more a “No” than a “Yes.” We asked a separate question to clarify what exactly they have on file: documents on all the key assets, SWIFT and SEPA copies,

even for transfers between their own accounts? Only 4.56% of respondents said they were doing all that.

Those people, not the 20.78% were the ones that really kept their documents in order. If you do not have those files on hand, getting their copies takes 3 to 60 days. If you need those copies quickly, the chances to do that within the specified time frame are slim to none.

Some documents cannot be restored at all.

9.2 KYC: operational risks

Banks screen their clients not only when they open an account but thereafter too. They do it continuously. In the past, banks had to choose one of the two strategies: (1) opening an account is easy but compliance checks for every specific transaction are hard; (2) the opposite: opening an account is hard, but every transaction thereafter is easier. In the last few years, that distinction became less noticeable as both stages tightened up.

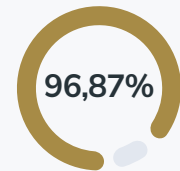
Very few know what exactly they have to do in case a bank restricts their transactions. E.g., only 4.02% realize that if their bank requests verification of a frozen transaction, they will have just three days to provide the documents.

Even less (2.42%) are aware that things will only get worse if this requirement is not satisfied on time. The deadline is usually extended to 21 days, but the bank asks for more documents. The transaction will still be listed as “pending” or “frozen.”

Not only do not the majority of our respondents track their significant KYC-related risks, but they often neglect the most basic compliance safety measures.

Only 2.98% of respondents know that in some countries if you provide your second passport, not the one the account is opened for, that will be a serious offense that entails “freezing” consequences.

In many cases, if you have accounts with different banks opened using different passports, transactions between them will not be considered transactions between the same owner’s accounts, with all the related KYC requirements.



• are not familiar with that risk

When it comes to KYC-related protection of their capital and assets, the knowledge that UHN and HN individuals possess is patchwork and based mostly on media, rumors, and bits of personal experience.



36,56%


But even that knowledge is found in only 36.56% of respondents, by the highest estimates.

A person might be the bank’s highest priority client and still subject to extra screening. Compliance checks are performed by both the sending and the receiving bank. If the money goes through a correspondent bank, it runs a compliance check too. Not only your bank, but any of them can initiate a check.

The vast majority of the focus group participants (87.6%) do not take any sort of systemic or even sporadic action to analyze their KYC, document ownership continuity, minimize the risk of assets freeze, or prevent some less critical difficulties in managing their financial or nonfinancial assets.

Unfortunately, only 4.5% of all respondents realize that their inaction only serves to increase the risk of loss and pushes the problem down to their families and children. Seeing that their successors have no detailed data, their chances of success are even lower.

9.3 Pushing KYC problems to family and children

 *The boy cries: “This is not fair! Two against one!” He does not realize this is how it is going to be.*

Ramón Gómez de la Serna, Argentinian writer

After a planned or an emergency transfer of capital from the founder to their families or other successors, the latter cannot just write “a gift” or something like that in the “Source of capital” field. Considering they do not have their own history for that part of their capital, they will have to undergo the KYC compliance check using the capital founder’s documents.

Only 11.94% of capital founders are even aware of the risk of detailed data loss.

We ran a separate poll with the same question for family capital successors. They were more aware of the problem. 22.01% understood that it existed and was important.

As it turns out, about 1/5 of successors realize they will have to work twice as hard on KYC in the future: for themselves and for capital founders, because they will be the ones to comply with the requirement to trace their capital back to its origin point. But they have no practical tools to handle that task without the capital founder.

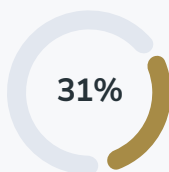
The problem is not just how not to lose a significant portion of their capital and assets on transfer, but to transfer them in such a way as to protect them from the risk of constant compliance checks and freezes.

Yet we cannot say that founders' family members realize the full scale of the problem they are expected to face. E. g., only 22.01% of successors

realize that banks (and not only banks) internally classify gifts, inheritances, or other forms of capital transfer in the same risk category as lottery winnings.

It is a red flag for any compliance check, so in the next 5 to 10 years the family will be explaining the origins of the capital founder's wealth in detail.

Only 17.54% of successors realize that restoring the asset data is beyond them, because even the capital founder loses up to 1/6 of all their asset history data each year. That information is difficult or impossible to restore.



Only 4.1% of family member respondents are aware that up to 31% of assets are lost "in transit" (discounting the extreme cases), mostly due to the lack of information required.

4/5 of children do not realize that, shortly, they will have to work twice as hard on KYC: for themselves and for the capital founders, because family assets have to be traceable back to their origin point.

9.4 Accidental toxicity and observation



When driving, look at others, not only yourself.

Survival rule

There is a scenario, that is quite widespread, for a client compromising their own bank or broker account with the money there and having to justify themselves. A single toxic transaction can threaten all the money in an account.

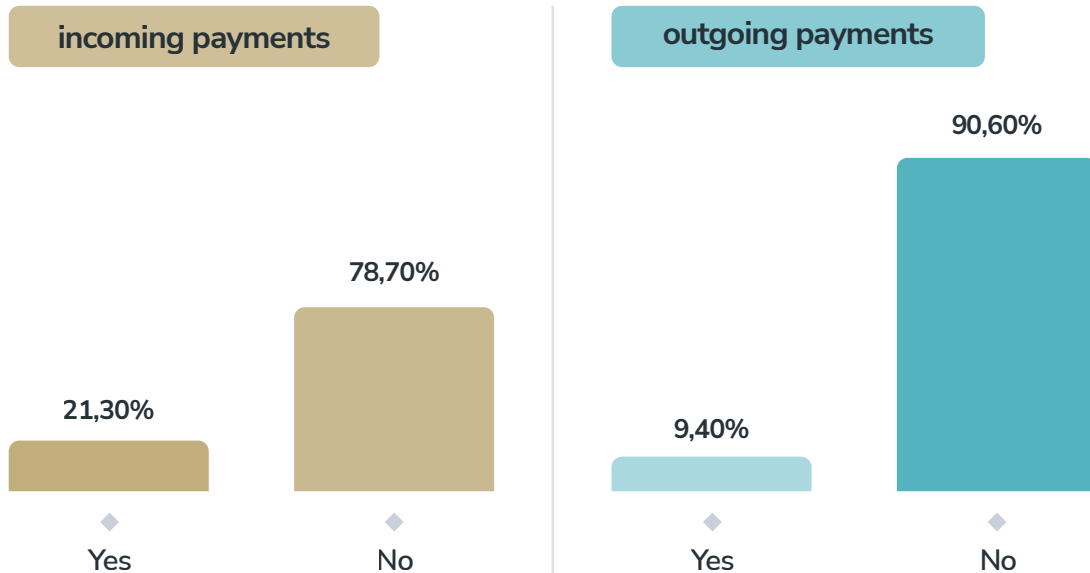
By accepting a payment from a PEP (politically exposed person), a sanctioned person, or any other person who raises AML (Anti Money Laundering) or CFT (counter-terrorist financing) related doubts in the financial institution or the regulator, the client might get a problem ranging from significant to enormous. It might not even be a payment received directly from such a person but from one of their family members or close contacts.

If any such payment is discovered (with the “incubation period” being as long as 12–18 months), the best-case scenario for the client would be a long and nerve-wracking audit. The worst-case scenario is freezing the account with the money in it. The investigation might take 6 to 12 months. Even if everything ends well, the financial institution will, in all likelihood, offer to discontinue your business relationship with them. Banks share information, so the client will be blacklisted for a long time in the eyes of other financial institutions.

The opposite case, with the client making payments to a person like that, will also entail problems. One of our focus group participants gave us an example: a summer villa rent payment worth \$120 thous. caused the tenant’s account to be frozen 6 months later. The villa owner’s nephew was a PEP involved in corrupt transactions in another country.

The focus group demonstrated that the problem was not even on our respondents’ radars.

Have you thought about the risks associated with:



As those results show, respondents' risk level assessments for the two types of payments are quite different. That is a misconception because financial institutions make no distinction between incoming and outgoing payments.

Of course, it would be paranoid to check all your friends and payers. A better way forward is reasonable prudence and possession of the full dossier of your capital and assets, all financial documents, the proof of legality, the proof of ownership continuity, and a SoWE. The best way is to regularly update your banks about the contents of all those documents.

And you will have to do that, because in the modern world, thanks to FATF, the presumption of innocence no longer works when it comes to assets.

\$10 thous. worth of toxic money sent to an account with \$1 mln in it, will cause an in-depth compliance check for all that money, asking to restore the entire ownership history and confirm all the money sources. If the processor identifies a suspicious transaction, the events will move fast.

9.5 The last warning



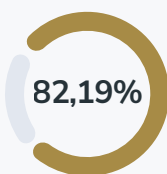
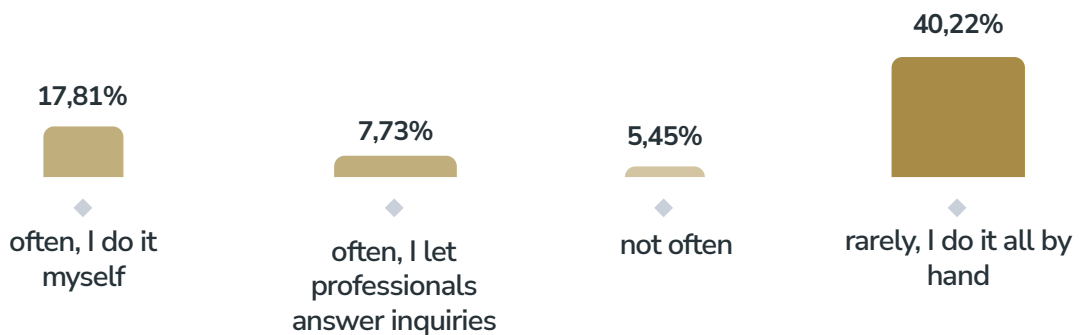
In the end, we only regret the chances we did not take.

Lewis Carroll

Often, financial institutions ask to provide them with account histories, letters of recommendation, copies of money transfers, proof of ownership continuity, or other data arrays.

You can only do that on time if you efficiently file away information that does not seem important right until the moment you need it on a short notice. The timeline for a bank inquiry, for instance, is usually a few days.

How often do you face a situation when you urgently need the information you do not have on hand and would have trouble getting?



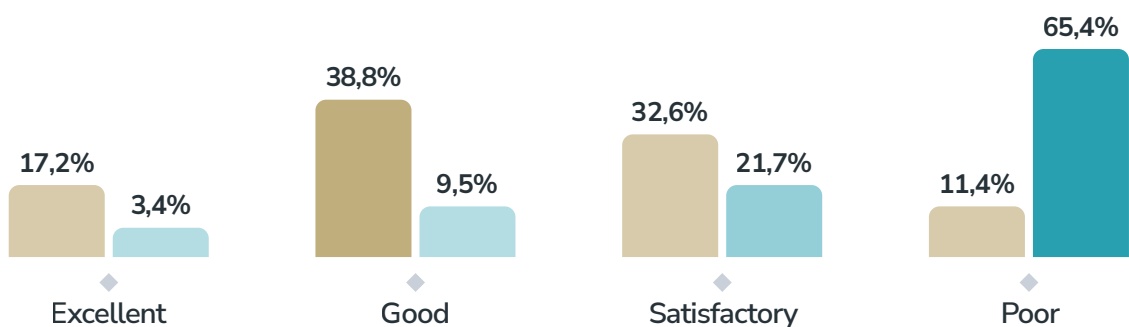
of all respondents admit they have little experience handling those matters.

17.81% say they do it all themselves. That is surprising because 88.49% answered to one of the questions that they kept their accounts on their own.

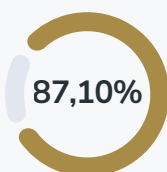
In focus groups, the information filing quality question was one of the first we asked, and we repeated it in the end. In the beginning, the vast majority of respondents were optimistic about the quality of their key information filings. By the end of their interviews, having contemplated details and global risks to their family's wealth, they gave dramatically different answers.

How well is your document filing process set up?

◆ At the beginning of the interview ◆ At the end of the interview



The majority of respondents were flippant about the meaning of the term “filing”; they thought it would be enough to keep some fragmentary info about the origin of their capital and assets. But thorough filing is a painstaking process.



of respondents say their key information-keeping process is performed satisfactorily or poorly.

You should have on hand:

- ◆ Letters of recommendation from banks, brokers, or other financial institutions; those letters should be six months old at most
- ◆ 1, 3, and 10-year cash flow statements for all your accounts. Lists of accounts with exact opening dates.
- ◆ Rationales for all large account receipts.
- ◆ Details on the companies that paid your dividends.
- ◆ Similar data for other large earnings (investments, bonds, etc.).
- ◆ SoWEs, updated regularly.

To clarify what “good filing” means, we asked the focus group participants and bank compliance officers to answer that question at the same time. The first question was easy enough: how big a file should a person keep on themselves to feel relatively confident in their interactions with financial institutions? The unit of measure we chose was simple: a page of text (approximate number of).

After collecting the answers, we realized that the perception gap between our target audience’s opinions and the opinions of those who evaluated them on the other side was too wide. There was no need for any additional questions to clarify their positions because those positions were dramatically different. That was why we stopped interviewing our focus groups on that issue.

We may assume that, because financial institutions are more powerful, in the next 1 or 2 years owners of capitals in the \$3–\$15–\$99 mln range will have to review their outlook of quality, quantity, and frequency of their filing when it comes to their capital and assets history and current status. The focus will be on quality, quantity and regularity of asset information submission. By then, some of the capital founders' historical data will be lost.

Good filing is...

<i>File</i>	<i>Target audience's opinion (number of pages)</i>	<i>Professional opinion (number of pages)</i>	<i>Consequences</i>
Excellent	≥1000	≤8000 -10 000	All right
Good	≥750	≤5000	You can be confident in your interactions with financial institutions, but some operational issues are possible
Satisfactory	≥500	≤3000	After some trials and tribulations, you have a chance to defend your interests against the bank. Negative consequences are possible
Unsatisfactory	≥500	≤500	The client is likely not only to be at risk but they will be in an unenviable position should that risk materialize
Critical	≥10	≤100	No comments

No presumption of innocence



May the Force be with you.

«Star Wars»

Someday, a bank can take a unilateral decision to restrict a client's access to their capital and assets. Officially, they would still be their property, but they would have no way to use them. Presumption of innocence? Forget about it; it was canceled by FATF. Your capital earned through years of hard work does not really belong to you.

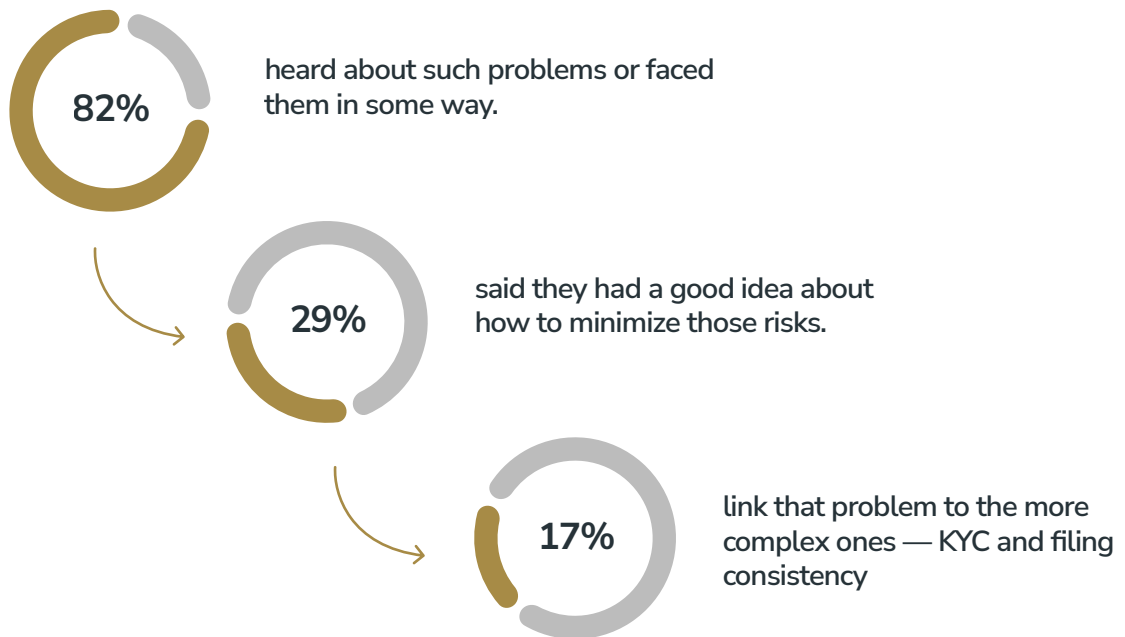
A bank can restrict a client's operations at any time, citing just a "reasonable doubt" that their compliance department officers might have.

In almost every country, compliance services are directly subordinate to the national regulator, not to their financial institution's management. Your account manager will not be able to help you. Even if you are their best client.

It is not up to the bank or the regulator to prove that your capital is criminal in origin. It is you who has to prove the absence of criminality. A bank, a broker, or any other financial agent can freeze your transaction or even your entire account at any time. Then the client has to prove that their assets and capital are legal and that their ownership continuity is unbroken.

The client has to restore lots of documents and provide them to the bank which, in turn, does not even have to present an exhaustive list of documents they need. The client will supply them with more and more data, and it is far from a given that the bank will eventually be satisfied.

You do not just turn around and say: “All right, give me my money back, I am going to get it to another bank.” They could just freeze it and not release them to any other accounts, even those which are also yours.



It is up to the client to prove their money’s legality. You have to prove it quickly, before the situation becomes worse and the bank’s requirements grow. That is why so much attention should be paid to KYC, documents on hand, SoWE, ownership continuity proof, and other aspects.

Proving legality in a short time and under stress would be extremely challenging even for the capital founder if they have not taken care of it in advance.

Crypto assets: continuity of ownership



If you do not know where you are, you become unnecessarily mistrustful.

Yōko Tawada

Ownership continuity in cryptocurrency operations is something we should discuss separately. Although details of that sort were outside of the scope of our research, statistics say

any move from crypto to fiat and back means breaking continuity of ownership in 91% of cases.

Traditional banks, brokers, other financial institutions see things differently from you. And they are the ones who verify ownership continuity.

Clean and legal capital diverts into a parallel reality. That transaction is finite. Capital returns from the crypto reality to fiat: another finite transaction. They are not connected in any way. You lose the ownership history advantage. According to crypto payment companies,

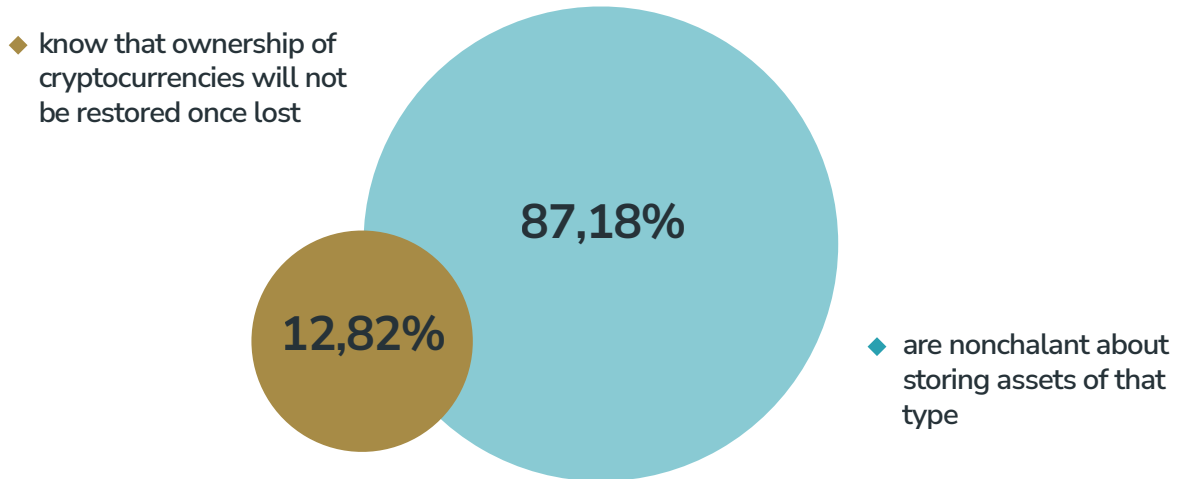
Only 7% of customers show interest in this before proceeding with the transaction.

You can trace ownership continuity through crypto assets if you have taken care of that beforehand. Usually, though, people start thinking about it only later when restoring ownership continuity requires colossal effort

The following formula holds true: "You can easily and legally convert your capital to crypto and make a transfer. Converting back from crypto to fiat is harder. Ensuring traceability of ownership continuity is harder still."

That problem is only relevant to algorithmic cryptocurrencies (Bitcoin, Ethereum, and others). Digital financial assets pegged to physical commodities (tokens for commodities, materials, securities, etc.) have traceability as a native option. However, as we have mentioned above, families worth up to \$100 mln prefer algorithmic cryptocurrencies to tokens (4.32% versus 0.62%).

Basic general knowledge of crypto assets is not one of our target audience's stronger suits.



Only 9.39% of respondents know that 23.7% of crypto assets (Bitcoin, Ethereum, etc.) have no identified owners.

Our respondents are too hopeful when they think cryptocurrencies cannot be frozen for reasons relevant to the fiat reality. This is not true. If you read the cryptocurrency issuer declaration carefully, you will see our well-known old reality. E. g., an issuer of USDT (crypto dollar) can blacklist you and freeze your transactions for any period as well as seize your money.

Centralized crypto exchanges (which are, like Binance, not exchanges at all in the traditional sense) are depositories for their clients' assets and will take those assets down with them in case of any adverse events. Here lies their primary difference from both decentralized crypto exchanges and traditional ones. Crypto exchanges have long since introduced their compliance and KYC protocols and are fine-tuning them as we speak.

Crypto assets have many advantages. But their users often attribute them even to those they lack.

SoWE (Source of Wealth Essay)



*You never get a second chance to
make a first impression.*

Coco Chanel

Coco Chanel definitely knew a lot about hoisting your opinions on people. When it comes to personal wealth, all capital and asset owners depend on third parties: banks, brokers, lawyers, insurance agents, other entities — small or large — that safeguard their capital and ensure it is transferred to their families and successors. That dependency is an informational one. All the wealth data come from external sources.

The Source of Wealth Essay was a key issue within our study. It is also sometimes called the Source of Funds Memorandum.

There is only one instrument that is wholly under the capital owner's control. Its impact on the point of view from which all capital and assets data will be perceived is indispensable. That makes the behavior of the majority of capital founders who neglect that document even less logical.



SoWE is a characterization of sources and a chronological description of family wealth with spotlights on the key aspects and the most controversial data. It is signed by the capital founder. Sometimes their spouse or someone else witnesses it. A SoWE is drafted in the capital founder's native language and in English. It is recommended to also prepare SoWE in the language of the countries which passports, residence permits your family members have and where you keep your financial or other assets.

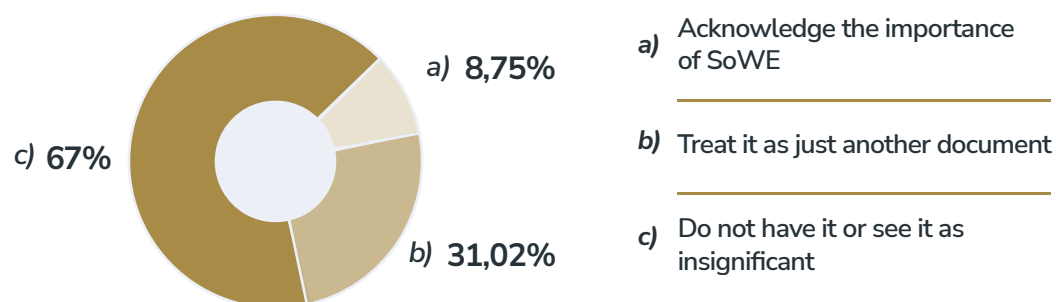
SoWE

The part SoWEs play in the financial world is growing. Just a couple of years ago only UHN individuals were required to submit them. Now, increasingly often, the rest are, too.

Considering SoWEs' importance, we studied attitudes toward that instrument through focus groups and interviews. A similar question was included in different polls we offered to capital founders and their successors.

The results show that capital founders underestimate that instrument most of all. In practice, though, it is foundational. It marks the beginning and the end of capital founders' wealth assessments by any persons involved in the preservation of their capital or assets. On initial contact and if there are any issues thereafter, the SoWE is the first thing banks, brokers, realtors, etc. bring up.

SoWE importance to respondents



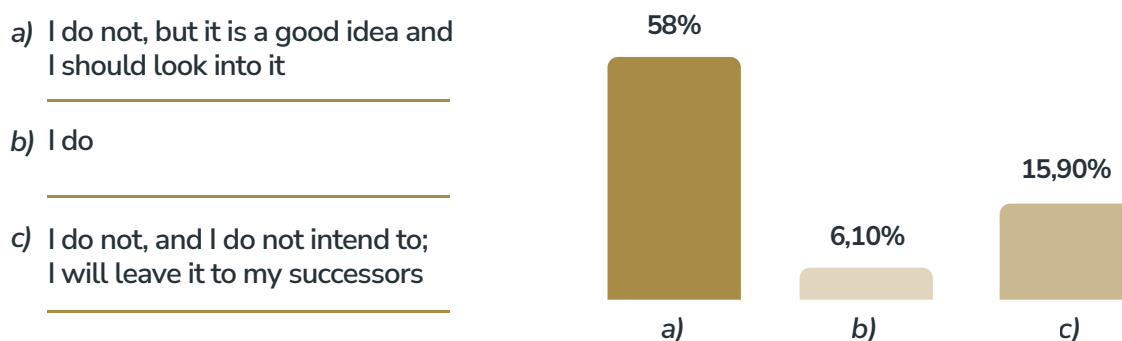
The essay is the only document where the founder can retell their capital's history, emphasizing the details they want and covering up things they deem secondary. It is the only document they write personally, all the rest comes from external sources (contracts, extracts, receipt copies, letters of recommendation).

However, 92% of respondents pass up on the opportunity to present their position through a SoWE. The banking industry is drifting away from the presumption of innocence, so it is up to the client to prove the legality of their

operations, not up to the bank to prove the opposite. In this context, a behavior like that is reckless at best.

A SoWE is your personal presentation among those who are in charge of preserving and moving your money. Your positioning starts with the SoWE and ends with it.

Do you have a SoWE? Founders' position



Only 6.10% of all respondents have SoWEs. That is not many at all. Trying to access the quality of those documents via personal interviews, we discovered that everyone understood their contents differently. **It is better not to have a SoWE at all than to have a bad one that you present to the world.**

To make our final judgment, we interviewed bankers and some other financiers. In their opinion, only one in every seven or eight SoWEs is drawn up competently, while the rest just raise suspicion in those who read them.

0,9%



of HN and UHN individuals have SoWEs that inspire trust and work toward the capital founder's positioning.

93.9% of respondents answered that they had no SoWEs at the time of the poll. At the same time, 78% admitted that they had to draft such a document.

But 15.9% of respondents gave a curious answer. They said they did not have such a document, did not plan to develop it, and would let their successors sort it out. Initially, we included that question in our polls only to get “Yes” or “No” answers that would be more precise. We did not expect one in every seven respondents to choose that “lazy” option.

In practice, that means that successors have to concern themselves with that issue now, while the capital founder is still at the helm and capable of providing them with all the information they will need for their SoWE. That information will be nearly impossible to find later. That leads to the issue of SoWE’s importance for capital and assets successors.

12.1 Importance of SoWE for successors



The throne shall never be empty; the country shall never be without a monarch.

Royal Council of England on declaring Edward I King of England.

After claiming their right to capital and assets, the successor of yesterday becomes the leader. It is now their turn to take care of the family’s capital and assets. However, they are a novice in the financial market because they were not the ones the capital originated from. Banks deal with money first and people second. That is why they are still going to be interested in the capital’s origin and formation history from the beginning, not from the moment the new leader came into possession of it.

The new “king” will have to explain their family capital’s history, not so much for themselves as de facto for their predecessor. If the answer is “I do not know,” that would not cut them any slack but would cause suspicion in everyone dealing with the family’s financial and nonfinancial assets: brokers, banks, realtors, funds, etc.

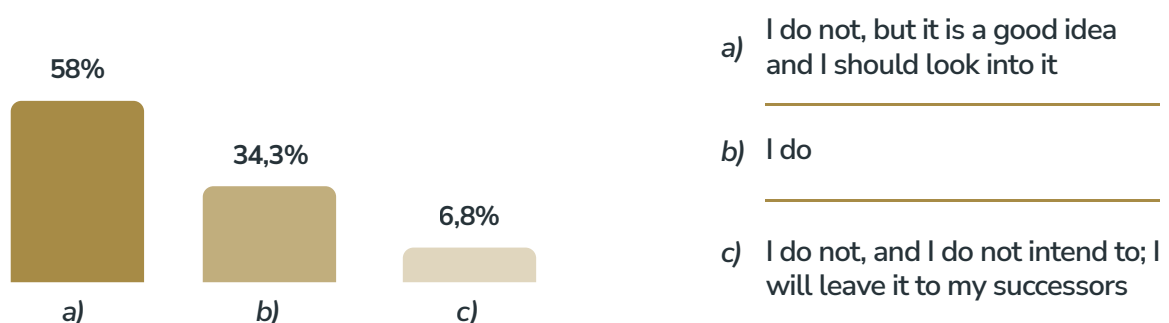
Even capital founders have information on their capital’s current status and key details in a truncated form. Past data look even worse. But the capital founder can at least try to remember or retrieve the lost details.

There is no such option for the new “king.” For the next 5 to 10 years (until they accumulate their own history of capital and asset ownership), they will have to use their predecessor’s SoWE. The state it is in today determines the level of problems the successor will have to face tomorrow.

That touchy issue exacerbates if the capital founder has multiple successors. If that is the case, they will all have to use the same SoWE and figure out which part of the family capital each of them is in charge of now. The situation does not improve if the entirety (or the majority) of the family capital is entrusted to a fund or a similar institution, with each of the founder’s family members being a beneficiary.

In that context, the answers given by capital successors to the same question (“Do you have a SoWE?”) in a separate poll are of some interest.

Do you have a SoWE? Successors’ position



Notably,

only 6.10% of capital founders have SoWEs. However, their successors (34.3% of respondents in that group) overestimate them almost 6-fold thinking that they do have such a document.



Do you have a SoWE? Capital founder/successor comparison

	◆ Founders' position	◆ Successors' position
I do not, but it is a good idea and I should look into it	78%	58%
I do	6,10%	34,30%
I do not, and I do not intend to; I will leave it to my successors	15,90%	6,80%

At the same time, successors demonstrate interest and consider SoWEs not their problem 2.5 times less often than founders.



On top of that, 58.7% of successors (vs. 78% of founders) believe they should start working on a SoWE. However, it is highly unlikely they will be able to do that without capital founders' involvement. The tools they have at their disposal are mainly the pressure they put on founders and the help they provide.

12.2 SoWE: spot 10 differences



Everyone makes mistakes. That is why pencils have erasers.

The Simpsons

Whether the capital founder wants it or not, they have a master version of the SoWE, some basic draft they make adjustments to depending on the addressee's specifics and the communication context.

However, 93.10% of focus group participants gave negative responses when asked if they kept track of which version was sent to which addressee. For example, if they submitted the full or the abridged version. In most cases, only the master version was kept.

Financial institutions not only increasingly require SoWEs, but they also do it repeatedly, at certain intervals. Often, there are discrepancies between SoWEs submitted to the same institution.

There may also be inconsistencies between the full SoWE version and its abridged summary. Some items capital founder considered unimportant and did not include in the summary, could be seen by the bank in a completely different light.

If discrepancies like that come to light, information and the client who submitted it are tagged as requiring extra attention. Consequences could be unpredictable: from a request for more information to a comprehensive review.



Winning bet: documents or information?



Once you have missed the first buttonhole, you will never manage to button up.

Johann Wolfgang von Goethe

The fundamental misconception that could largely define a family capital survival or loss is that our target audiences are focused on keeping documents for their assets.

But that steam engine era approach is largely ineffective in the modern age. In truth, it has been largely irrelevant by the late 20th century.

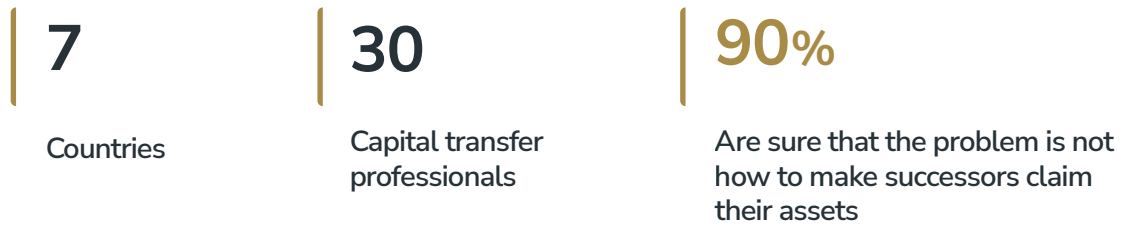
All successful transfers of wealth from founders to their families, both planned and emergency ones, were centered around keeping information and passing it on to successors instead of a heap of dusty papers that are mostly out-of-date.

Current and up-to-date asset information is way more important than static legal documents.

We interviewed over 30 capital transfer professionals from 7 countries. The majority (90%) told us that the problem was not how to make successors claim their assets.

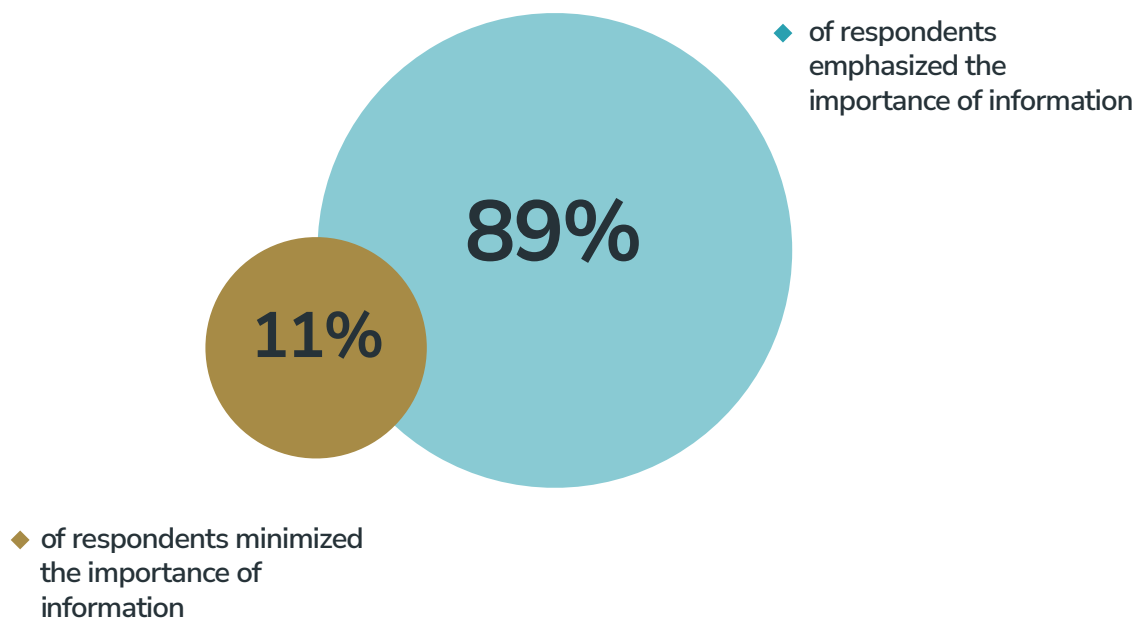
If you have the data, claiming assets is just a technicality. Without them, any action you take will be like looking for a treasure using an encrypted map that the one who drew it later corrected only they knew how.





The heart of the matter is getting the information on which assets to claim, where are they, and what is their current status. That is true not only for real estate but for bank accounts, deposit boxes, broker accounts, etc.

Professionals emphasized the importance of information (although handling documents is their job). During a focus group, we asked wealth owners and their family members the same question. Their answers were nearly completely opposite.



Our target audience members are bad at organizing document filing, keeping, and controlling. Our statistics demonstrate that the document-based approach is demonstrably several-fold less effective compared to the information-based one.

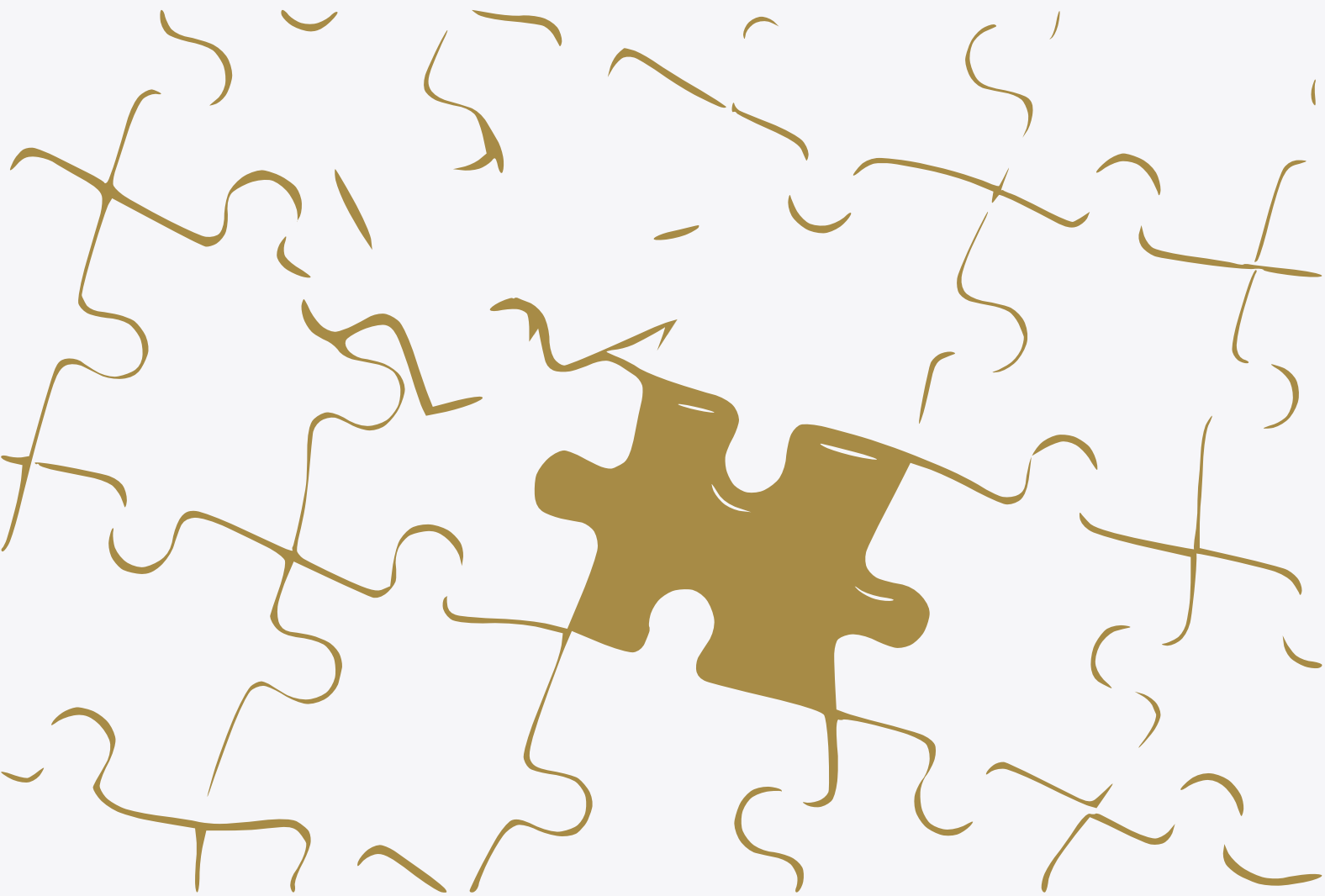
But even if some capital founders are fans of the document-based approach, they should have set it up at a qualitatively better level compared to what they demonstrated to us. Then they could at least expect some minimal effect.

The fundamental misconception that could largely define a family capital survival or loss is that our target audiences are focused on keeping documents for their assets.

Current and **up-to-date** asset information is way more important than static legal documents.



Information and details



The habitually punctual make all their mistakes right on time.

Laurence J. Peter

Our concept of information to be transferred to successors has another inherent key risk.

Claiming ownership is almost impossible if you just know that your family has an account with this or that broker. Knowing you have a metal account in that bank is also useless. The same is true for every class of assets.

General information is not enough; you need details on each asset. On average, to pass down information on any asset smoothly and without issue, you have to provide 10 to 22 different details on that asset. Sometimes, even more.

Otherwise, you will be looking at multiple court actions in multiple jurisdictions, with unclear timelines and outcomes. And that is only if you have at least some information on the asset you want to go to court about.

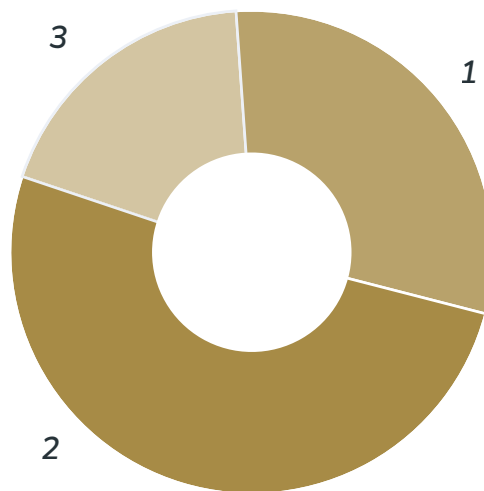
All the more so because of the paradox we have already established: in an attempt to secure their wealth by selecting only the most liquid assets to invest in, families worth up to \$100 mln invest in the assets for which the risk of unsuccessful transfer is the highest.

E. g., only 6.26% of respondents have studied the regulations of the brokers they have accounts with. They know that both local and top global brokers have legal grounds to not even answer their family's inquiries. Much less start the ownership transfer procedure, if you do not provide them with multiple details: the broker account number, the contract number and date, the details of the group entity that has signed the brokerage contract. The last is not easy at all, because some of them have anywhere from 30 to 250 licensed and sublicensed legal entities. Especially if the contract is signed online.

We included a set of questions in our research to facilitate clarification of our target audience’s attitude to the main myth that determines wealth loss on planned or emergency transfers. The results were discouraging.



Do you realize that asset information is way more important than legal documents?



29,44%

1. Yes, I do.
I keep that information on file

50,81%

2. No, I do not.
I have not concerned myself with professionals before filing that information

19,75%

3. No, I do not.
I hope that professionals are before filing that information

Over 2/3 of respondents (70.56%) are not concerned with the problem at all. But it is a key problem.



19.75% of respondents are de facto kicking the problem down to professionals. But as the analysis below shows, the latter do not feel responsible for the capital transfer being successful.

Besides, capital founders are not able to review the quality of their work and make virtually no attempts to do that. It is also worth remembering that a big part of that work simply cannot be outsourced. Agents by proxy cannot submit or receive information independently; they can only do that through the capital founder or their family members.

The rest (**29.44%**) say they keep records of that information. But the rest of their answers make it obvious that the methods they use to do that are very dubious due to their low efficiency; information is virtually never updated. Access of third persons — mostly children and family members — to that information is severely limited, making prior actions all but useless.

Early on in human history, you could only own something you could physically hold. Documents were either absent or meaningless.

Later on, you could hand down property you had documents for; physical ownership did not matter and information was worthless. Now you can only pass on assets and capital you have information on. And that information must be exhaustive.

Information on assets and capital

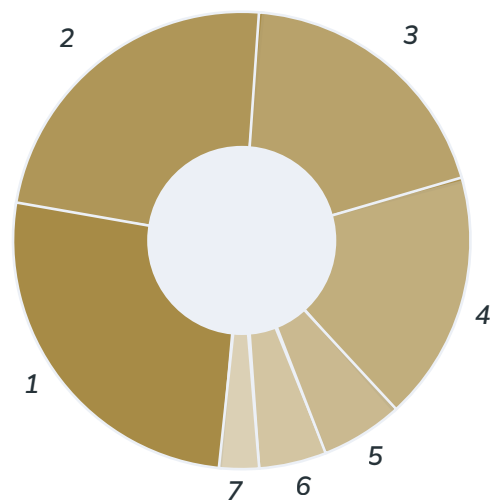


As we put everything off, life passes us by.

Seneca, Ancient Roman philosopher

Founders of families worth up to \$100 mln are so busy with arranging operational cash flows that they put capital retention issues off. Their future problems are brought in by today's flippant attitude toward accumulating and processing information on their assets.

1. Box of documents in the cabinet	24,86%
2. Spreadsheet or list on paper	24,32%
3. Cloud storage	19,84%
4. Haphazardly (randomly, ad hoc)	18,03%
5. Partly at a hired professionals' partly at home	5,36%
6. My spouse files it. I do not really know how, but I will ask	4,92%
7. Other	2,68%



Results say that effective set-ups are nowhere to be found. Security of the storage methods is also a matter of grave concern.

The key purposes of asset information filings are:

1 *In the right place*

4 *Access to up-to-date information on assets, as it was left by the founder*

2 *At the right time*

5 *Uses the asset or start the process of claiming that asset*

3 *The right person (a family member or a relative, for instance)*

Any method of family wealth information management that does not meet those criteria should be considered risky and ineffective.

- ◆ Almost 1/5 of respondents (19.84%) use the most old-school method possible: just a box in a cabinet where all or a part of their documents are stored. Those are usually basic documents: contracts, etc. They do not say a lot about the real size or the state of specific assets and will not be of much help in case of the wealth transfer.
- ◆ Another 18.03% of respondents have their information in an Excel spreadsheet or as a text on paper. How up-to-date is the information on that paper and how safely it is stored — are both open questions.
- ◆ 24.32% of our target audience store their information haphazardly and randomly. 5.36% keep their information partly at a proxy agent's and partly at home. 4.92% have delegated that task to their spouse and feel no interest beyond that.
- ◆ Only 2.68% chose some other storage option.
- ◆ 24.86% of respondents show some signs of digitalization by using a cloud storage. The market offers no specialized digital services for recording personal assets and capital data to transfer it to successors. Presently, the cloud storage option is not a lot more effective compared to paper storage.
- ◆ When we asked focus groups for clarifications, we found out that in 96% of cases they mean traditional cloud storage (the other 4% could not answer that question). 80% of those gave a negative answer when asked if someone else had access to that information in order to update or use it. Using a cloud storage does not mean that the information in it is up-to-date. No one but the founder has access to it, so it cannot prevent capital or access from being lost on transfer from the founder to another person.

We asked wealth transfer experts to offer their assessment of the extent to which the tools used by our respondents:

- ◆ enable complete filing of all assets;
- ◆ are secure storage tools;
- ◆ ensure the safe transfer of capital and assets to family or successors in case of a need for that, planned or otherwise.

Expert assessments

	<i>Filing completeness</i>	<i>Storage security</i>	<i>Transfer safety</i>
Box with documents	Low	Low	Low
Hard-copy spreadsheet	Medium	Low	Low
Cloud storage	Low	Medium	Low
Storage at proxies'	Low	Medium	Medium
Another family member	Medium	Low	Low
Combination	Medium	Low	Low

None of the options offer even relative confidence when it comes to achieving our objective: to protect capital and assets and ensure their full transfer. Naturally, in some cases, those tools can work and lead to the desired results, but that would require abnormal effort and excessive use of resources.

Therefore, the chances of successful capital transfer are low. The problem is not that capital founders do not want results; they just do not know how to get them.

Having spent hundreds of thousands of hours building their wealth, they have extensive business experience, but their experience in structuring their wealth for transfer is limited to a hundred hours at most. It is an issue of personal competencies.

Human psychology makes any person want to put off doing unfamiliar or incomprehensible things. That is why the Scarlett O'Hara effect ("I will think about this tomorrow") serves as the foundation for capital transfer risks that can materialize in the distant or immediate future.

15.1 The Scarlett effect

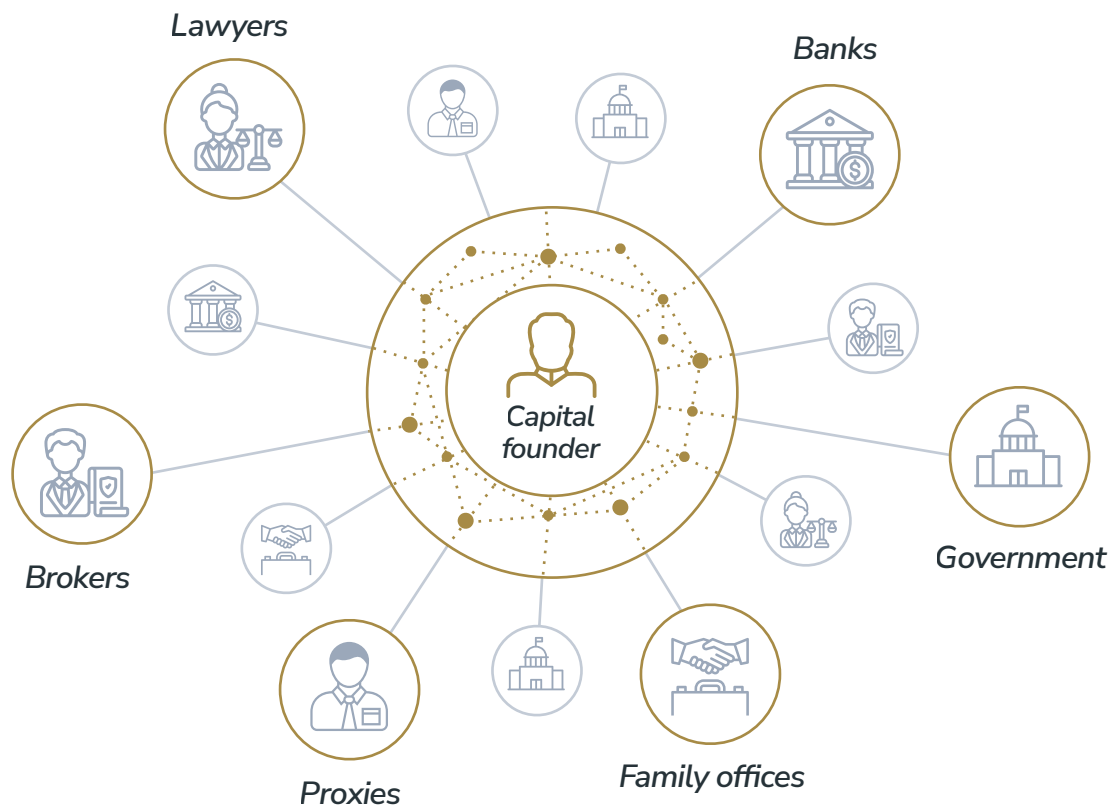
«I will think about this tomorrow»

Scarlett O'Hara, Gone with the Wind

In supplementary interviews, respondents pointed out the following psychological and managerial problems that caused them to put off structuring their capital and keeping it ready.



High intensity of information flow and deep founder involvement



Multiple information inception and input points. Variety of information and of update periods for different kinds of data. A pressing issue: third-party sources do not provide information automatically, you have to request it and approve its reception. This work cannot be delegated. Attempts to do that lead to acquiring aides, but the founder still remains responsible for a big part of content and communications. Even if family members or various proxy agents get involved (lawyers, family offices, others), the founder often still remains the person authorized by financial institutions, so communication flows mostly go through them.

None of them can exchange any information bypassing the capital founder. Everything has to go through them. Information, data, documents, everything. They are dispatchers, the flight control chief engineers.

It would be a mistake to think that if you surround yourself with aides and market actors, you can set up direct information exchanges between them. The wealth founder is the data flow focal point. You cannot bypass them. You only can optimize their personal resource spending while making that spending more productive.



Lack of skills to handle information of that kind.

Lack of skills that help make a distinction between operating asset data (can be discarded) and strategic asset data (should be kept and managed).

Transfer of wealth only happens once. Founders often do not know if it is going to be a planned or an emergency one. So they cannot acquire any experience in that field, do something, and later correct it if it turns out to be a mistake.



Lack of trusted third-party infrastructure.

There is operational trust toward family offices, lawyers, and other personal proxies, but still no strategic trust. Especially in the world (and that includes respectable countries) where fraud statistics now show a sharply growing number of abuses brought in by capital founder's retirement, especially if it is unplanned.

The market infrastructure (banks, advisors, family offices) has been built to handle operational and investment issues and does not offer any substantial long-term services like storing capital information and transferring it to the family. Those market actors who do are not trustworthy.



Risk to family relationships.

The problem is impossible to solve without family members' involvement. The risk of internal conflict brought in by erroneous actions that are quite probable early on because of the capital founder's inexperience. A need to maintain family communication and lack of ways to separate important information from less important.



Lots of involved third parties.

It is hard to cut down on the number of third parties involved. If you take proactive measures to prepare your capital for a planned or an emergency transfer, you will only see their numbers grow. No digital assistants at the market. All existing software programs and applications mimic independent ones. Their main goal is to funnel the client to the relevant offline service: a family office or a managing company.

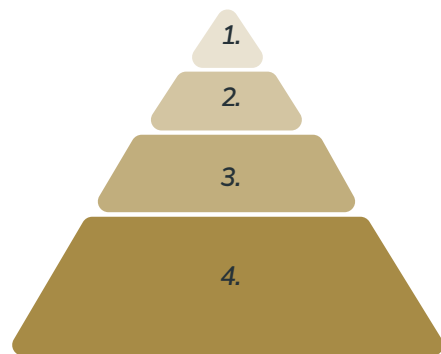
That is the opinion of people used to handling great arrays of information daily, thinking globally and outside the box, taking important decisions, assuming responsibility for them. Even such people think the task of keeping their estate ready for transfer is too daunting. So, naturally, they are putting it off.

If you go through our analysis of answers to other questions, you will see that the problem cannot be solved without the wealth founder's involvement or their cooperation with their family or the key successor.

When we asked which of the four stages in the wealth preservation and transfer information management process was the most stressful for them, answers in focus groups were spread out as follows.

Which of the four stages in the wealth preservation and transfer information management process is the most stressful for you?

1. Information acquisition	13%
2. Information updates	19%
3. Information storage	28%
4. Secure transfer of information	40%



68%



On the one hand, the position of 68% of respondents worried about information storage and secure transfer is understandable.

On the other hand, if only 19% are concerned with information updates, then why transfer outdated information?

Only 13% are concerned with information acquisition as such.

It is reasonable to be more concerned about information transfer. That is the part of a transfer they will not be able to correct

if they get it wrong. Most respondents understand how important their task is, but its complexity and their lack of skills to solve the problem frustrate them.

15.2 Anxiety and inaction



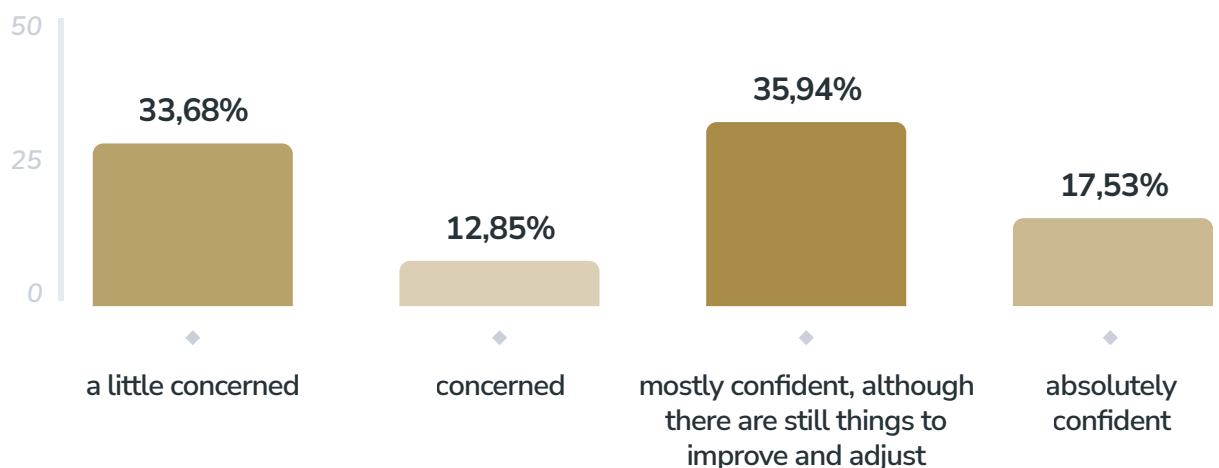
«Many a false step was made by standing still.»

Thomas Robert Dewar, whiskey producer

Considering that information on capital and assets is more important in the modern world than legal documents, the obvious question is how confident our respondents feel about completeness and the current status of information on their assets.

Assets are not static; they update constantly and require regular attention. No one would drive a car that did not pass a scheduled technical inspection. Even if it looks fine, the car service will have some news for you.

How concerned are you about the completeness and current status of information on your assets and capital?



Only **17,53%** of respondents feel confident about their affairs.



Only 17.53% of respondents are confident about their affairs. The rest (82.47%) are worried to a greater or lesser extent about the completeness and current status of their capital and assets information. That is a good starting point for putting your affairs in order.

In reality, however, as statistics show, they either do nothing about it or their efforts are quite chaotic.

They rarely result in capital founders really doing something that would get them the desired results.

In most cases, they just push responsibility down to their family members (usually the spouse or the eldest child) or hire some professionals who, of course, can give valuable advice and support, but cannot do the lion's share of the work in the capital founder's place.

Analyzing answers to other questions, we see that their chosen way of filing and keeping capital and assets information will be of no help at the moment of a planned, much less emergency, capital transfer. A box full of papers in a cabinet, a paper spreadsheet, cloud documents, keeping part of your papers at a lawyer's, and other similar methods are clearly not about keeping asset information complete or up-to-date.

97.32% of respondents use incorrect ways of asset data updating.

Even if we assume that handing the asset data updates over to the spouse or children is a reliable method, that would hardly improve the situation. 92.4% of respondents are still using ineffective methods of updating data. The misconception shared by many wealth founders is that actions like that are a trust-based response to challenges but hardly a security-based one.

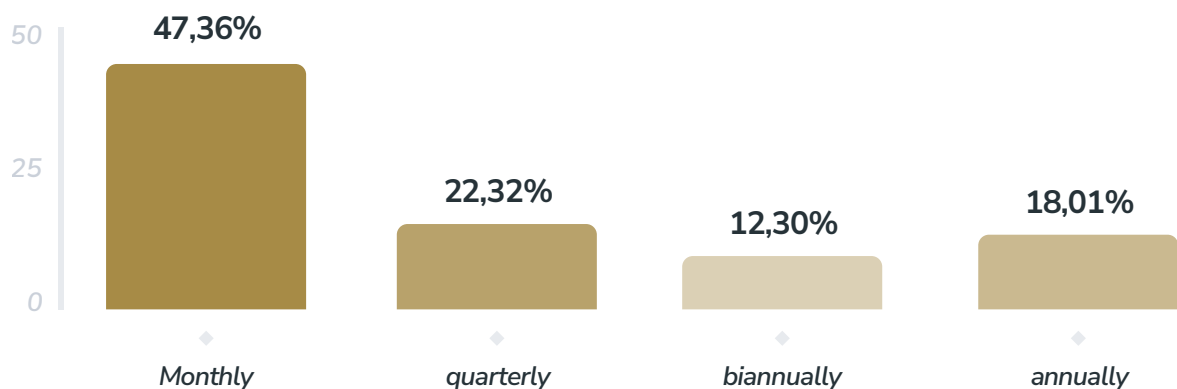
When we compare the data, we discover that not only 82.47% of respondents have a good cause to worry, but that the confidence the remaining 17.53% feel is not justified.

15.3 The Scrooge McDuck syndrome

«To love oneself is the beginning of a lifelong romance.»

Oscar Wilde

We cross-checked the data and the conclusions presented below by asking a clarifying question: “How often do respondents review their assets so as to know their current status?”



Everyone likes to watch their achievements (assets), especially when they are growing. But is watching making you think about something or do something tangible? Find a document, contact a bank, or do something else.

Scrooge McDuck, the main character in Disney’s Duck Tales, was seen admiring his money in every episode’s intro. That is not reviewing — it is self-deception.

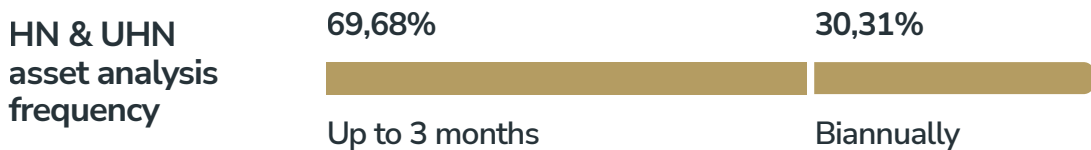
Talking about real reviews followed by updates and done by 47.36% of respondents, why do only 17.53% of them feel confident about the state of their affairs?

A total of 30.31% of respondents review their data every 6 or 12 months. But this is not updating in the full sense of the word, because one will not be able to get many third-party documents, or it will be disproportionately hard to get them. Especially if you do it once a year (18.01%). Rather than keeping paperwork updated, that is mostly just noting the absence of data.

Despite what nearly half of our respondents (47.36%) say, it is really not possible to review and update all documents every month. It is not just about noting whether some documents are there or not, but it includes updates, inquiries to third parties (banks, brokers, others), clarifications, and reception of documents for various assets.

It is a labor-intensive process with no automation in sight. Personal wealth management hardly made any progress compared to a century ago.

69.68% of HN and UHN individuals analyze their assets and capital once in 3 months or more often. 30.31% do it once in every 6 or 12 months.



Which frequency is the best? Our analysis reveals that all answers given are wrong to varying degrees. The only correct option is to do it continuously.

Capital founders and their families should have their sensibilities attuned to do it every day. When driving, we do not steer away from other cars on Wednesdays or consult GPS only on Mondays.

15.4 Treasure map

«Only when the tide goes out do you discover who has been swimming naked.»

Warren Buffet

Like everyone else, our respondents go to medical check-ups, update their phone software, advance their professional knowledge, and in general, try to keep up with the times and follow modern developments. In general, they try to be on the up and abreast with the times. In multiple areas of their lives. Except for managing their personal wealth and keeping it ready for transfer.

There is a widespread opinion that assets can survive for a long time without any contact with their owner. That is a misconception.

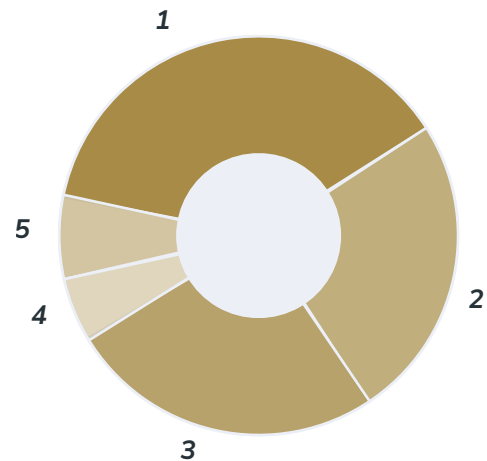
If sitting in a boat in the middle of a river, you let go of your oars and abandon the steering wheel, that does not mean you stop moving. The movement continues, whether you want it or not. No steering just means that the boat will be, best case, washed up on the bank, or will just capsize with everyone on board.



That is true both for major issues and for those that seem insignificant at first. If you are not in continuous contact with your bank manager, administrator, or broker, you risk sliding down to a new client status, with all related inspections. If you do not keep SWIFT or SEPA documents, there will come the time when you are not able to verify your transaction history quickly, and in the worst case, your money will be frozen.

Filing (archiving) information on assets and changes thereto: who collects and saves information that could be needed down the road?

1. I do it on my own, manually from time to time	38,72%
2. I do it on my own, almost all the time, out of habit	25,04%
3. I do it on my own, only if necessary	25,73%
4. my proxy does it	4,98%
5. my spouse does it	6,53%



63.45% of respondents from affluent or wealthy families are singularly bad at filing information that is vitally important for their family's prosperity: they either do it from time to time or after the risk has already materialized.

Another 11.51% outsource that responsibility to others: their spouses or trusted professionals. Usually, that means that there is no oversight, so in reality, the capital founder has no idea of what is going on with their assets.

There is also the issue of integration and excessive pressure on the capital founder. Quality filing by third persons is not easy to do, because it is the capital owner who is at the heart of all financial communications with third parties, so filing is simply not possible without their proactive involvement.

Just on time: too early today, impossible tomorrow



”

For only the very young saw life ahead and only the very old saw life behind; the others between were so busy with life that they saw nothing.

Ray Bradbury

Suppose there came the moment for an emergency capital transfer. As we say in our poll scenario, the capital founder is stranded at the South Pole.

You have to claim ownership of your assets and capital. Will anyone be able to sort out all the data without the capital owner's involvement? And to the same quality and detail standard the owner would have done it, without losing anything? For now, we will disregard the question of how well the owner really knows and remembers the history of specific assets.

Finding paperwork on the asset, restoring ownership history, sorting out the technicalities, determining the ownership form. Also you have to account for possible limitations and the jurisdiction the asset is in. Not to mention other small things like different passports various assets might be registered to.

The dispiriting numbers tell us that 79.42% of HN and UHN individuals admit it will be impossible to sort all that out for either their families or professionals.

Only 20.58% think their spouses, children, or advisors will be able to figure it all out. Obviously, the capital founder will have no chance to see how true that assumption is.

Will anyone be able to sort out all the data without the capital owner's involvement?

1. It is unlikely anyone can do it	38,92%	5. Children can do it partially	7,23%
2. Yes, the spouse can do it fully	12,47%	6. Yes, the proxy can do it fully	4,85%
3. The spouse can do it partially	22,40%	7. The proxy can do it partially	4,77%
4. Yes, children can do it fully	3,26%	8. No, and it is not my problem	6,12%

46.04% of respondents told us right away that no one but them could make heads or tails in all that.

But then, how one can preserve their capital and assets and transfer them to their family? Founders have an information monopoly, no reliable transfer channels, and have not structured the information they intend to transfer.

Their families (spouses and children) can fully sort the information out in just 15.73% of cases.

That is typical for information asymmetry perpetuated by capital founders. It leads to the same consequences as the asymmetry in any other area.

But there are another 34.40% who believe their family members or advisors will be able to sort out their assets at least partially. That is, of course, better than nothing, but significant losses of capital and assets are in the cards.

**This peculiar rating of trust
(who would be able to fully
sort out the affairs)**

- ◆ places spouses first (12.47%);
- ◆ agents/advisors (not children) second (4.85%);
- ◆ and children last of the three (3.26%).

For reference, this is in line with global statistics that estimate that, in 72% of cases, capital owners are succeeded by their spouses (78% of capital, net of transfer losses).

Therein lies the problem: usually, spouses claim the capital for a short period of time (3-7 years), after which whatever remains of it goes to the next generation of the family. But in the time the capital remains in the spouse's hands, the founder's information pertaining both to assets themselves and to the ownership continuity gets well and truly lost.

The children, who eventually will have to do the heavy lifting in estate management, get it second-hand without some information tags or data. This is a problem that will persist for years.

If the capital founder did not take care of their assets yesterday and did not update that data today, they will not be able to do anything in case there is a capital transfer tomorrow, planned or otherwise.

How successful their family's efforts and how large the share of transferred capital (anywhere between 15% and 69%) would be tomorrow depends on the founder's actions today.



Information monopoly



The main and most pressing human issue is to understand what to do in case of a shortage of information.

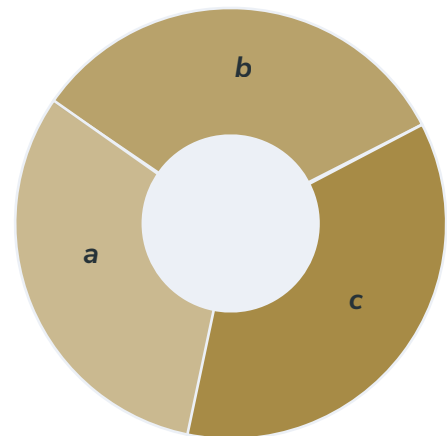
Nassim Taleb

Maybe the information storage deficiencies described above are compensated somehow by efficient information sharing between capital founders, their families, and successors? After we analyzed answers to this question, the picture started to look even more concerning.

It is important not only to transfer information to the family but to do it right on time. If the information gets to them too early, it is far from a given they will be able to use it sensibly, avoiding conflicts within the family. If it comes too late (after the emergency has already happened), you might not be able to do that at all.

How timely do you share asset information with your family?

a) I do it beforehand	31,02%
b) there is still time	32,29%
c) I have not thought about it	35,61%



67.90% of respondents do not share any information with their families and potential successors to their capital and assets.

Capital founders who spent their lives building up family estate are bad at keeping and updating their assets information; but as it turns out, their families do not have even that raw data.

*35.61% have not even thought about doing something like that.
32.29% put it off (the Scarlett effect).*

Only the fact that at least 64.38% understand that there is a problem, is a source of some optimism.

32,09% 

Only 32.09% share information. However, our research shows that usefulness of the information provided by capital founders to their family members is questionable. Only 14.81% share information that might be useful.

79,42% 

of capital founders themselves think it is impossible to make sense of those data.

Besides, considering the quality of information and answers to the question which information is being handed over, we can confidently reduce the number of respondents who share their information from 32.09% to 14.81%. That is the highest number of people who share information that is worth something, that will help their family claim capital and assets being transferred.

So, that means that 85.19% of capital founders either do not share information or share information of insufficient quality.

In that context, we should admit that the confidence expressed by most wealth founders in the transfer's success is unfounded.

Monopoly is great for a monopolist, but not for their successor. Information monopoly begets information asymmetry.

Information asymmetry



Luck smiles on those who are ready!

Arthur Wellesley, Duke of Wellington,
Victor of Waterloo, British Prime Minister



The source of most problems encountered when transferring wealth from its founder to their family and successors can be summed up in one phrase: “information asymmetry.”

Multiple markets, like commodities, currencies, finance, insurance, HR markets, are built on information asymmetry. In each of them, one of the parties strives for information dominance because a greater amount of information and knowledge owned by one of the parties provides that party with extra marginality.

The difference is that the information dominance of the founder over their family that harms the family is not what the founder wants. But for the most part, they have very little idea of how to equalize that information asymmetry.

Information asymmetry is the interaction between two subjects where one of them knows more about the object of their interaction than the other.

There could be any amount of information on assets and capital, but it is useless if it does not contain knowledge.

Any information asymmetry results in a failure. The amount of data transferred is not 100%. The family’s opportunities to claim capital and assets successfully shrink. The resources needed for even a partial transfer are used inefficiently, reducing the transfer base even further. The cost of claiming each asset is sub-optimal. Some assets and parts of capital are lost completely.

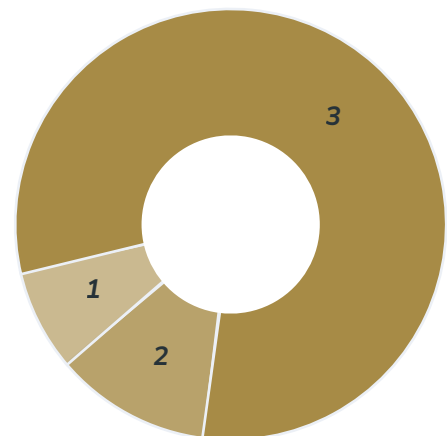
The key objective of any capital founder who acts in the interest of their family is to overcome the information asymmetry.

We asked our respondents how proactive they were in eliminating information asymmetry between them and their family members when it came to their capital and assets. Both capital founders and their family members provided their answers. The amount of the information to be transferred is not the only important thing. It does not provide the whole picture of the problem. The important thing is what the family members are going to remember.

Many capital founders tell their loved ones (spouses, parents, children) what they own and where, and expect them to remember everything. Statistics say just 17% of that information is remembered at most. Although our tests showed that value to be a little higher, 23%, the point remains. Maybe that was because we evaluated what people remembered over too short a period (up to 7 days).

Have you ever run a family test focused on studying and remembering your assets?

1. Yes, we have. We memorized every detail	7,10%
2. Yes, we have. We memorized some general concepts	11,27%
3. No. We have never done that.	81,63%



On average, 8 out of each 10 respondents (81.63%) did not even try to understand the level of information asymmetry and bring it down.

Only 7.10% believe that everything was fine and made some effort to ensure that. Those who “memorized some general concepts” (11.27%) look dubious as a category. In practice, this means they will only be able to reach a part of their assets. Mostly, those they already know about or those that are most self-evident. E. g., the villa where the family lives.

92.9% of respondents have no idea of what their family members know or do not know, and how they will act in an emergency.

Even if we treat our analysis less stringently and merge everyone having tested their family members regardless of how much they memorized (18.37%), that will be roughly the same share as those who are confident that the information on their assets is complete and up-to-date (17.53%).

Answering one of the questions above, 20.58% of respondents said that their spouses, children, or advisors would for sure be able to fully sort out their assets. That means they will either memorize that information (there is only 7.10% of those) or know where to get it. Meanwhile, polls have already revealed that very few use reliable methods of information storage and update.

It is like if you stamped your information with Top Secret and refused to transfer it to your family on principle, or transferred it in such a way that it became impossible to use.

Capital founders' actions are not much different from that. They do not do it on purpose, but that does not negate the consequences.

Map of Columbus: Can you read it?



***We are drowning in information
but starved for knowledge***

John Naisbitt, futurologist

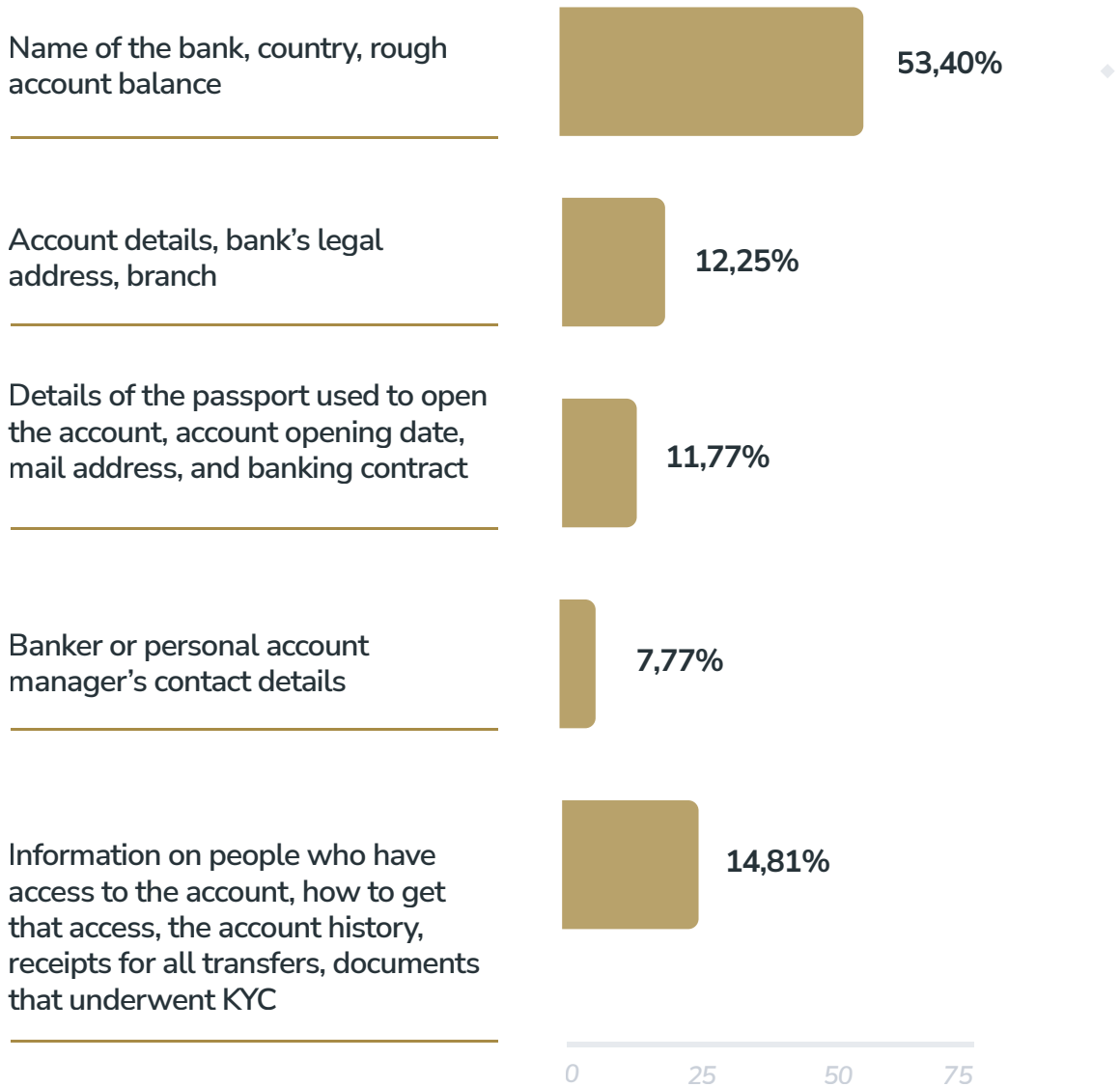
The dispiriting results we have got regarding the quality of information storage and its effective handover to family members in an emergency are related to the question of how the few capital founders who share information successfully, do that.

More data than we think are needed to transfer assets smoothly and with no issues. Each asset you own can have up to 20 or 30 (sometimes more) various key details. Missing any of those makes the transfer of capital to family members difficult or even impossible. It is a waste of time to report that a family member has a policy with this or that insurance company and an account with this or that broker. Most of the time that does not help them claim the asset.

We clarified our respondents' position using the most widespread example, a bank account. E. g., when you tell the family that you have a bank account, what information on top of that should you provide?

If there are just a couple of accounts and all the family members know about them, then it is easy to handle. But what if there are three, four, five accounts in different banks? Those are the cases when there could be problems and losses of parts of capital on transfer. Some of them might be caused by succession regulation differences in different countries.

When you share asset information with your family, what exactly do you transfer?



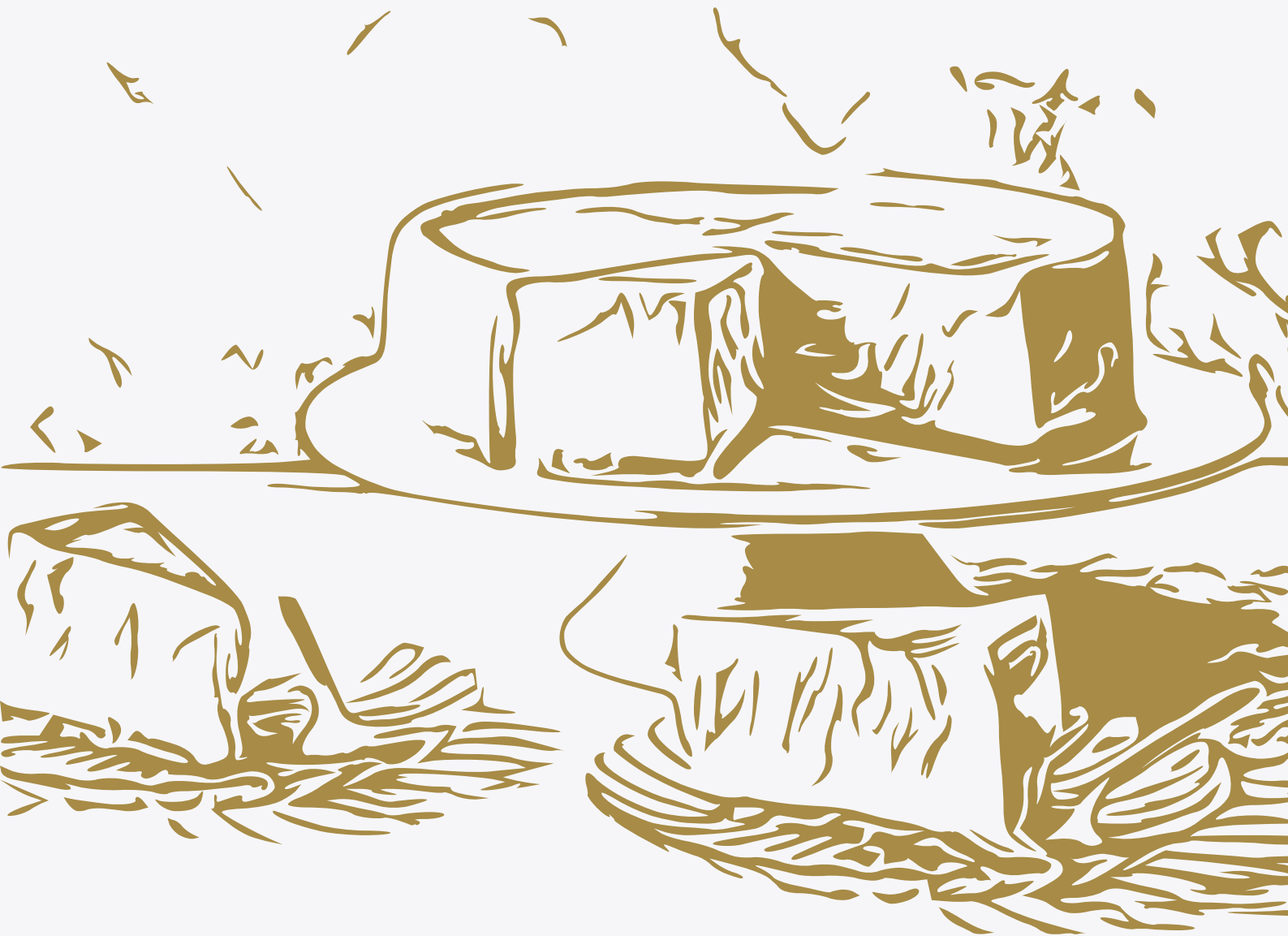
Important client details like declared official residence address in the country, etc. are generally not transferred at all. E. g., a bank account can be opened for a resident (residence permit attached) or a nonresident. The claim procedure for those will be different. Even a hired lawyer will have difficulties learning all that because of confidentiality. So, the succession procedure as a whole can come to a halt because of that seemingly unimportant detail.

As we can see, only 14.81% of respondents share information that is actually useful. A secure transfer is a transfer of dozens of details on each specific asset to help the family and successors claim their assets and capital and do it as smoothly as possible. It is extremely important to include not only static information but also dynamic data updated as of the most recent date.

You can say that 53.40% only share “headlines.” Mosaic thinking is making its impact on that area as well. It looks a bit like Christopher Columbus’ map: “Sail somewhere in that direction, you will probably find India there. Or America. You will see when you get there.” But no one could find India using Columbus’ maps later, and Columbus himself died in poverty.

The rest of respondents (31.79%) are in the grey zone. They clearly understand they should give more details, but do not know exactly which ones to give. That is another manifestation of information asymmetry between founders and their families.

Unavoidable losses or cost of inaction?



*Doing nothing is very hard to do. You never
know when you are finished.*

Leslie Nielsen

Some people learn the price of lacking or incomplete information only after the fact. Or it is their loved ones who learn that. The asset transfer process involves many limitations (time, resources), but information plays a key role there. Having or not having it decides everything.

Problems encountered in the course of transferring capital to family or successors are rooted in:

- ◆ capital founders and their family members having no knowledge in that area;
- ◆ the sporadic and illogical nature of their actions;
- ◆ assets and capital information being out-of-date.

Actions of capital founders are illogical in many ways. Is information more important than documents? Yes, it is, but they keep collecting documents. Should the data be up-to-date? Definitely, but they do not do anything to make it so. May wealth losses on transfer to the family be comparable to the wealth itself? Yes, but I will not think about it today. Do I have to cut down the number of third persons involved? Yes, but somehow that number is only growing. Do you know that a transfer of wealth may start as an emergency instead of being initiated by the founder? Yes, I do, but I do not want to feel sad.



The list goes on and on. On the whole, it says that capital founders act in illogical ways because

- ◆ they lack relevant experience and knowledge;
- ◆ they are too absorbed with the flow of current affairs that give them an illusion of tranquility.

Answers to the next question were quite a surprise for our team of analysts. It turned out that capital founders and their families either realized from the start how pertinent the questions they had to answer were, or analyzed their current status in the course of the poll and were able to look at themselves objectively.

So, everyone understands everything, but no one does anything.

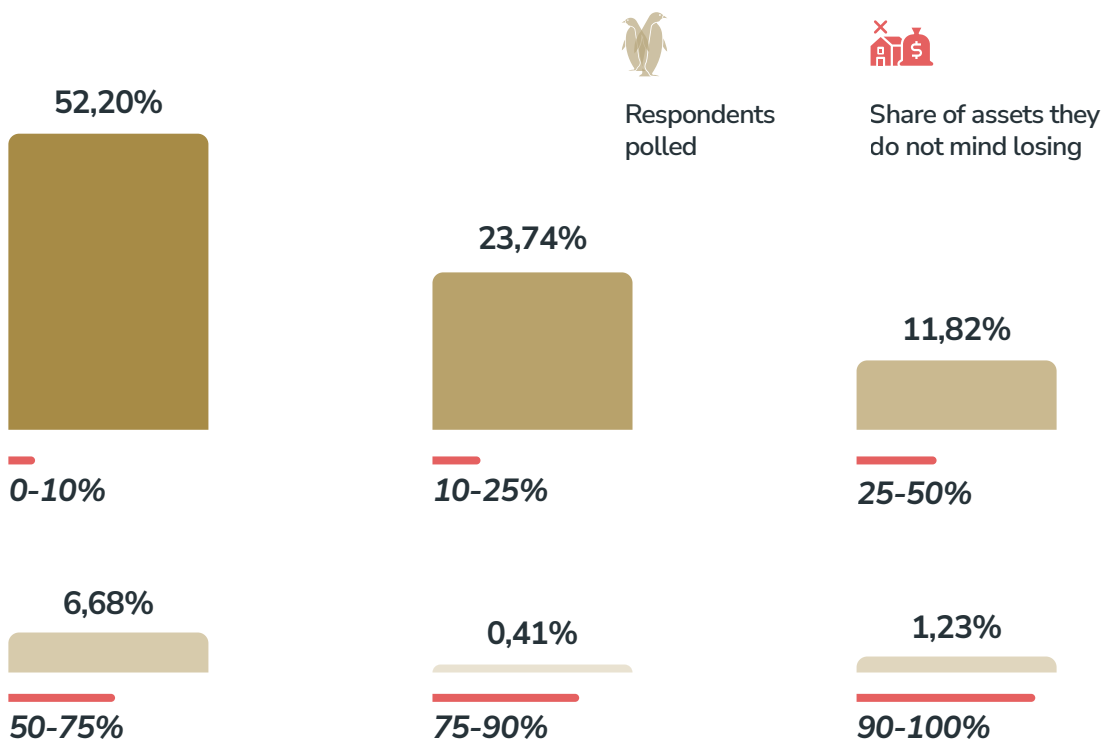
20. Unavoidable losses or cost of inaction?

The question was: hypothetically speaking, which portion of your assets are you willing to give up so that your family gets the rest guaranteed? The question did not have any predefined answers. Anyone could give their own value which we later grouped for convenience.

We also eliminated extreme answers (loss of 75–100% of wealth) from our analysis, because they were not useful.

7,240 respondents answered that question, and the answers were incredible. We were sure that the total majority would answer “0.” We were completely wrong.

How much of their assets are respondents prepared to lose in order to get the rest in their families' hands?



The numbers tell us that the majority of respondents know full well what the real chances for their families and successors are to receive capital and assets if everything remains as is.



Turns out, 35.56% of respondents consider a loss of 10–50% of their wealth a fair price for their inaction.

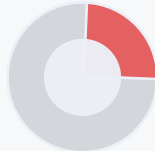


35.56% are prepared to lose:
10–50%
10-50%

They are so worried about getting their capital and assets to their families, that they are willing to exchange part of their wealth for a guaranteed transfer of the rest.



A part of them (23.74%) is willing to deliberately lose 10% to 25% of their wealth. Another part (11.82%) is okay with losing up to 50% of their capital and assets.



23.74% are prepared to lose:
10-25%

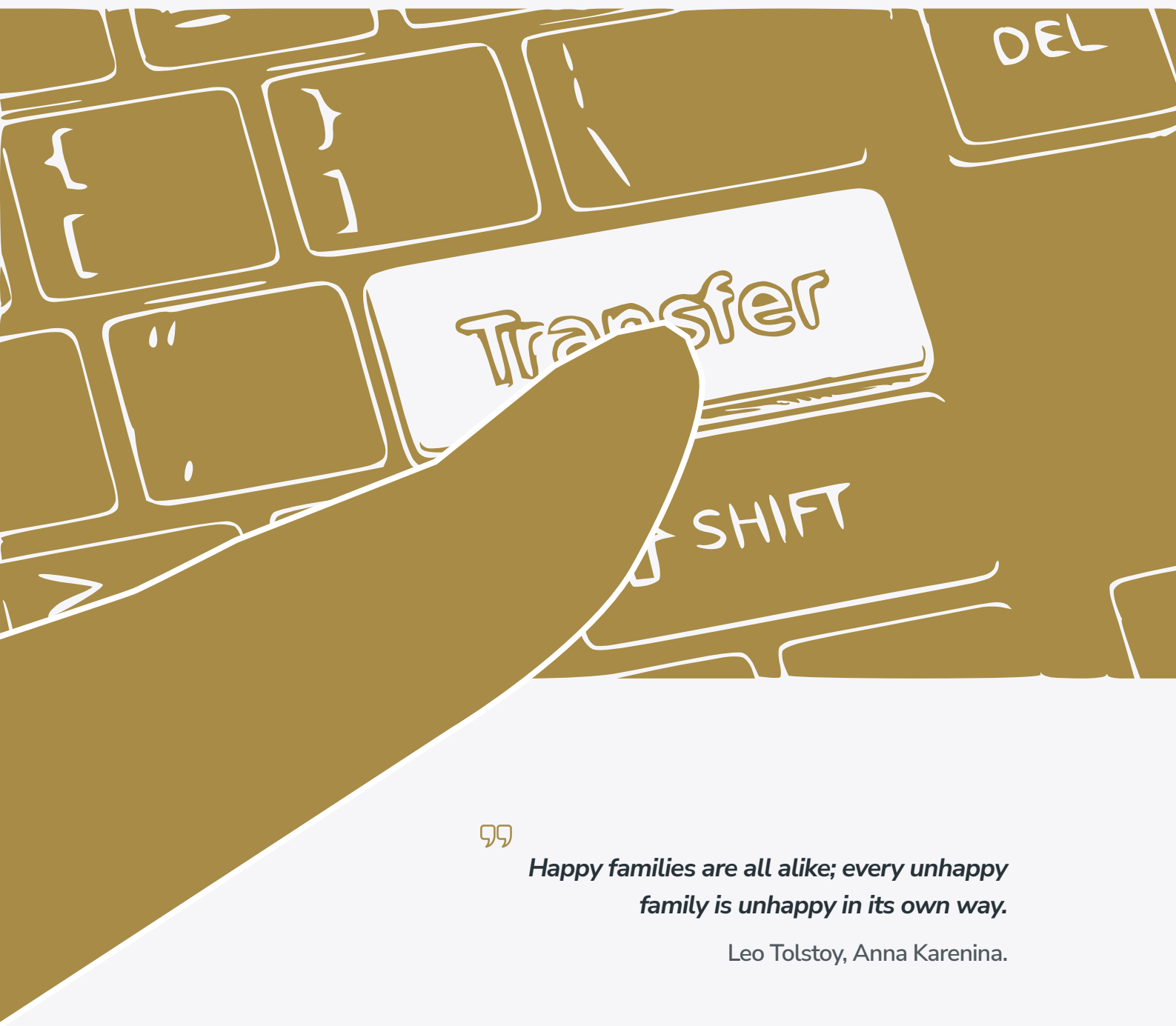


11.82% are prepared to lose:
up to 50%

Furthermore, another, not insignificant part of our respondents feel even more hopeless about their affairs and chances of successful transfer of their capital to their families. 6.68% of respondents are prepared to lose 50–75% of their wealth.

Exchanging a part of their capital for a guaranteed transfer of the rest is, on top of everything else, an established behavior pattern for our audience. You pay extra to get rid of an inconvenience. But is the price not too exorbitant here? It is in the millions of dollars. Is inaction really worth it?

Planned or emergency transfer?



Happy families are all alike; every unhappy family is unhappy in its own way.

Leo Tolstoy, Anna Karenina.

To our surprise, the majority of our respondents are well aware that the need to transfer capital can arise not only due to age, but it can also be brought in by various emergencies.

All of them are unpleasant and depressing to think about. But the feeling of responsibility for one's family dominates and pushes an individual to action.

Transfer of wealth only happens once. You cannot prepare for it, launch it, test, stop, adjust, and re-launch it as an improved version.

Even if the capital founder is in good health, transfer preparation and enactment are so momentous that it is nearly impossible to stop them if something goes wrong. A planned capital transfer is more prolonged. However, the amount of data the capital founder has to accumulate and transfer to their family is the same in both cases.

An unscheduled (emergency) capital transfer can be caused by multiple reasons: health concerns, death, legal disability, limitation of rights, disappearance... The list of emergency factors is long.

The need for an emergency transfer of capital can arise at any moment. The extent to which the founder's affairs are in order at the time predicates what part of the capital is going to be lost (or preserved) when the capital and the assets are transferred to other family members.

3.13% of respondents realize that about 74.6% of all asset losses on capital transfer are suffered by founders and families with a disposable wealth of \$1.2–\$87 mln.

Triggers that make capital founders finally start doing something to **prepare their capital and assets to be ready for a transfer at any moment usually are:**



Third parties' actions (banks, partners, others);



Actions of state regulators;



Health concerns or age;



Current business problems;



An obvious case of trouble in a family they know;



Family pressure;



Economic or political crises.

Transfer happens only once in the life of every capital founder. After it starts, whether expectedly or not, there is no way to correct it. But its success is determined not right before the transfer, but long before it.

Family action



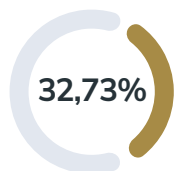
The greatest moments in life are not concerned with selfish achievements but rather with the things we do for the people we love and esteem.

Walt Disney

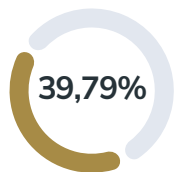
The results of our research say that in most cases heads of families only leave general data on their assets. That causes cascading problems that will impact the family life for the foreseeable future.

Seeing that our respondents are stuck at the South Pole with no means to communicate, why not think about what is going to happen to their families' lives and financial prosperity?

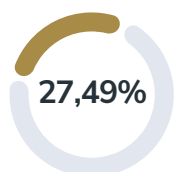
What will become of your family if you suddenly disappear from their lives?



1. **Nothing will change:** they will keep getting money, bills will continue to be paid as always, scholarship money will be paid on time. My disappearance will have no impact on their daily or long-term needs.



2. **There will be some short-term issues;** my family living standards will dip momentarily, but not as much as to become critical. After they use the information I am going to transfer to them, their standard of living will rise again.



3. **They will have problems for a long time,** until the family goes through all the procedures needed to claim the assets and until they figure out how much of them they have got (if there is insufficient information, that can take years)

As we can see, only 32.73% of all respondents objectively admit that their families are going to experience problems.

The remaining 67.28% avoid those thoughts and consider unfavorable scenarios unlikely or nonexistent.

But this analysis shows the opposite: those scenarios are more likely to materialize than not.

It cannot be that despite the founder not keeping track of their information, not updating it, not sharing their asset information with their families, it all somehow still sorts itself out in case of an emergency.

The optimism expressed by 39.79% of respondents is unfounded. Furthermore, the confidence demonstrated by 27.49% of respondents is not in line with the 17.53% level of their confidence expressed earlier.

Indeed, most respondents trust their families, but trust without proper tools (like up-to-date data provided to the people who need it at the time they need it) is not practically useful.

The “I trust them, but they do not know anything” approach is not effectively different from the “I do not trust them, so they do not know anything” one.

22.1 Is family up to the challenge?



«The family is one of nature's masterpieces.»

George Santayana, philosopher

It was worth checking out if our respondents' confidence was based on their belief in their family's outlandish competencies able to cancel out problems that the capital founder created for them through their inaction.

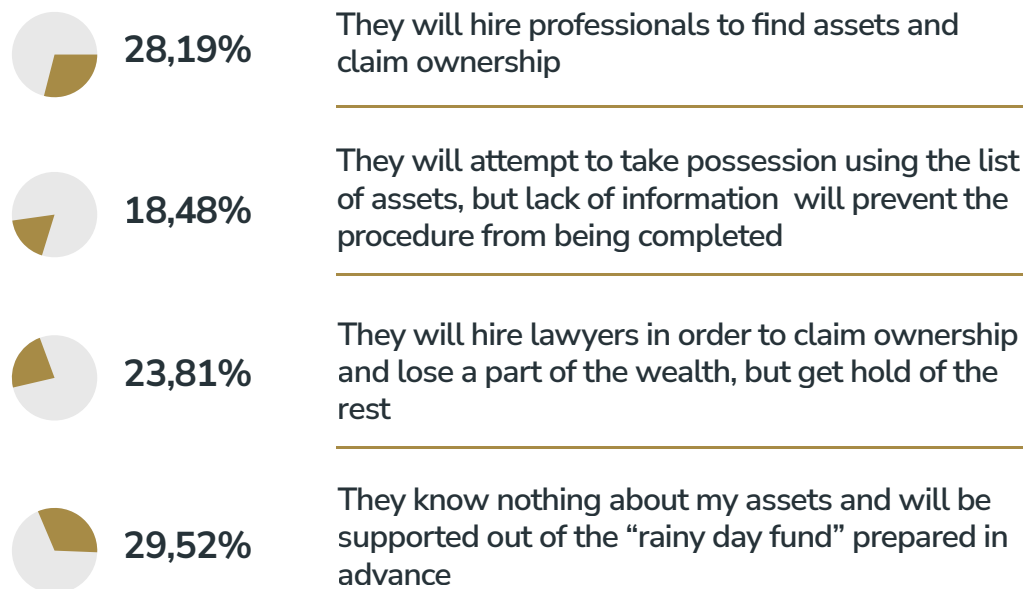
48%



of respondents believe it was impossible for their families to claim capital and assets accumulated by the founder.

We asked what families would do while the capital founder was unavailable. After the emotional stress passed and they started sorting out their affairs. Their future success depends on the founder's actions now.

What will the family do while the capital founder is unavailable?



About a third (29.52%) withdraw from the "capital battle" altogether, admitting with honesty that their families and successors know nothing about family assets or capital. They are prepared to live off the funds arranged and given to them by the capital founder prior to the emergency.

71.48% of respondents are ready to fight. But considering the above-described results of our study, their chances for claiming family assets and capital in full do not look good. Only 23.81% of respondents give an honest assessment of their chances in that fight, thinking they will be able to get only a certain part of their wealth.

Please note that 18.48% of respondents are the few who recognize the fact that information is more important than paperwork.

Third party trust and involvement



Those who do not take risks should never be involved in making decisions

Nassim Taleb, *Skin in the Game*

We have discovered that one of the key wealth structure issues faced by capital founders is the issue of trust along the Founder – Family vertical lines. But horizontal trust along the Founder – Third Parties lines is even a greater problem.

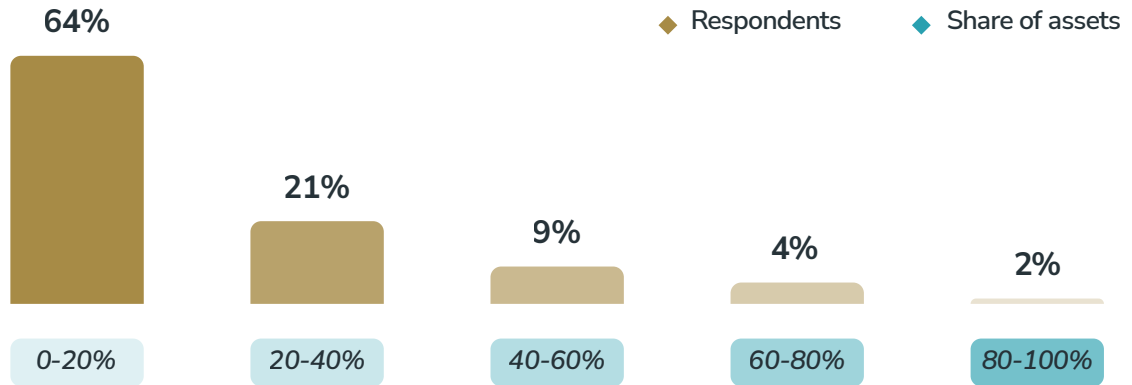
The limitation capital founders face when trying to structure their capital and assets and prepare them for a planned or an emergency transfer is the fact that there are no algorithms that would eliminate third parties from the information transfer taking place between a capital founder and their family members.

One of the reasons capital founders hide a lot of sensible information from their family members is that along with the latter that information may become known to too many third persons, making its spread uncontrollable. These concerns are not unfounded.

Before analyzing the level of trust capital founders feel toward professionals, we first have to clarify to what extent those professionals influence the assets and wealth of founders and their families. And how informed they are, professionally.

We used focus groups to get more details about the relationship between capital founders and third-party professionals. Among those who use their services, anyway.

Percentage and number of assets one professional (agent by proxy, family office, other) knows about.

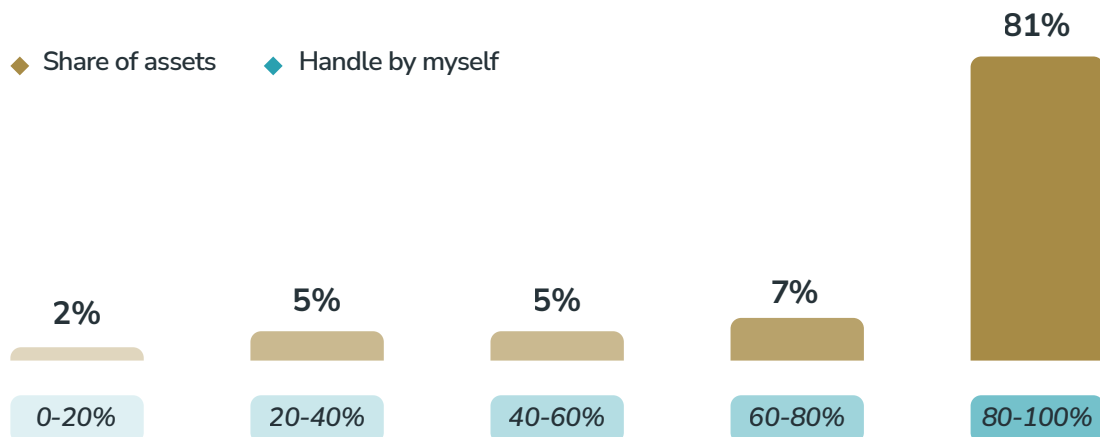


64% of respondents trust their agents with no more than 20% of their asset knowledge. Only 2% trust a single professional with 80–100% of their asset knowledge. Only 9% inform their hired professionals of a half or a little over a half of their asset information. Which means they either keep track of most of their assets on their own, or delegate that task to multiple professionals.



Most affluent and wealthy families have no single hub for managing data and knowledge related to their assets and capital.

How much of your assets do you handle yourself and which part do you hand over to professional(s)?



81% of respondents handle 80% to 100% of their assets on their own. Only 19% trust third-party professionals with at least partial inventories and updates of their assets.



19% trust professionals

The proxy agents' powers and asset knowledge distribution pyramid tells us a lot about capital founders and their families' attitudes toward third-party professionals.

We also asked respondents about third-party professionals' powers.

- ◆ Are they entitled to act on the client's behalf without prior approval (full powers)?

- ◆ Are they entitled to act on the client's behalf subject to prior approval (agent's powers)?

- ◆ Are they only entitled to draft resolutions for the capital founder to consider (advisor's powers)?

Professionals' powers	Respondents
Full powers	4,5%
Agent's powers	23,4%
Advisor's powers	72,1%

We did not include any types of external administration (the part of wealth management companies' services equal in their essence to brokerage or other financial services) in our study.

Only 4.5% of respondents may act on their own. In other 95.5% of cases, they are just extensions of the capital founder's "arms" or "head."

It is worth remembering that in recent years, full representative powers of third parties have been severely restricted by banks themselves. Following FATF and national regulators' recommendations, they want contact with UBOs (ultimate beneficial owners) first and foremost. That way they feel more confident about KYC and compliance issues.

That is why we predict that this slant toward advisor's rights will persist and even increase due, first and foremost, to reduction in the number of professionals with agent's rights.

That is how things are for the affluent and the wealthy. The situation is different for the rich and the ultra-rich. Most of them have established their mono-family offices that know their assets and manage them under a certain scope of powers.

However, the volatility of recent times and a sharp increase in abuses committed by various professionals against their own beneficiaries in developing and default markets show that this is not a foolproof solution. But our study is not about the rich or the ultra-rich.

23.1 Are professionals trusted?



«It is hard to trust. It is harder to know who to trust.»

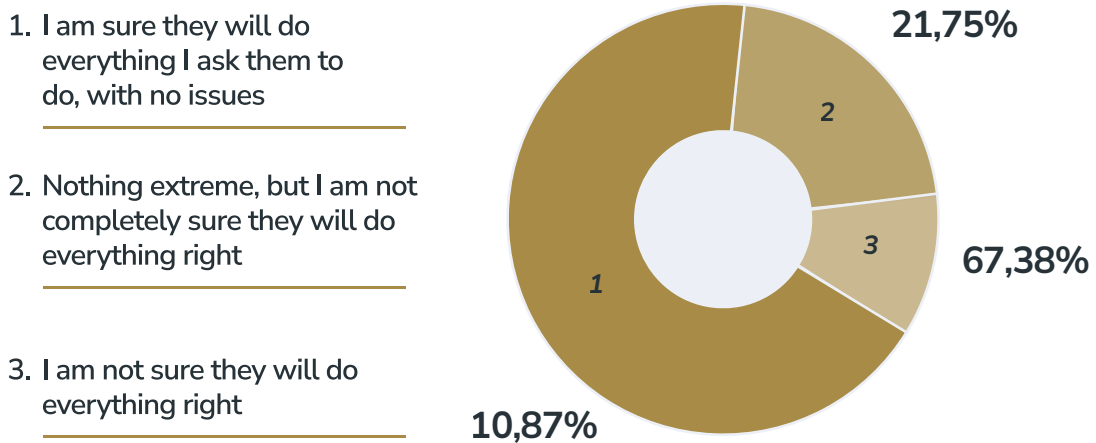
Maria V. Snyder

According to 89.13% of respondents, hired professionals (family offices, managers, proxies) also have issues transferring assets to family and successors timely and in full.

Only 8.58% of respondents are aware that in 31.7% of cases, especially in developing and default markets, professionals start abusing the information entrusted to them after founders retire, because they have more founders' data than family members do (information asymmetry).

Even if a capital founder controls their professional personally, they still cannot be sure. They need a lot of time and specific competencies for that.

Do you trust your hired professionals? Will they do everything as you asked them to?



To emphasize the third-person problem: 89.13% of respondents are not sure their agents will do everything right. That means that just 1 in every 10 people trusts their agents completely. 21.75% are "not completely sure," while 67.38% are not sure at all.



just 1 out of 10 respondents trusts their agents

But even in the rest of the cases (10.87% who believe their agents “will do everything with no issues”) the question remains of how thorough their instructions are, how up-to-date and complete their information is, everything we have analyzed above.

Who can act as agents or hired professionals? Usually, those are family offices, wealth management companies, law or consulting firms, private advisors, other consultants.

It is worth noting that even a planned wealth transfer is just as stressful for them as it is for the founder’s family. Not to mention emergency transfers. That is why they are interested in preserving the family status quo.

They are the “peacetime army,” that is what their business is built around. They do not really need systematizing, much less digitalizing, because that would make them easily replaceable with their competitors. They never miss a check for the services provided managing the founder’s affairs.

They absolutely do not want any wealth transfer-related extra stress, because that rarely brings them extra profits but can easily embroil them in litigation, disputes, and the need to build new client relationships with the family capital’s successor.

To be fair, most problems and risks we analyze here are outside their scope of expertise. They are not personal executors, and they do not want to be. That is what notaries and family attorneys are for. But the latter have another issue: they do not file founders’ capital and assets, and even if they do, they do not regularly update those data.

We do not analyze functions of notaries and will executors here, because they are mostly concerned with legal documents, not capital and assets data; legal documents cannot help founders prepare for a planned or an emergency capital transfer in any way.

23.2 Trust funds and family offices



The only certainty is that nothing is certain

Pliny the Elder

In developing the trust-related issues, we tried to determine the share of assets deposited with trust funds (or funds of any other types) and the scope of assets family offices are in charge of.

Do you have any trust arrangements, use funds (or family offices), and what is the share of assets you deposited there?

Yes, I do



Assets deposited

30,40%

0.45% of our respondents, families worth \$3–\$99 mln use trusts. They have up to 30.40% of their total assets in trusts (funds) or under the management of family offices. Therefore, only about 0.15% of our target audience’s assets are under external management. We talked about the nature of that management above.

The myth of handing your assets over to a trust that will ensure their security and your family’s peace of mind was questionable even before. Now, it is getting actively dismantled by crises suffered by developing markets along with the efforts made by FATF and regulators in most countries.

Despite the trust issue’s pressing nature, another well-recognized problem is that assets handed over to trusts do not solve the issue of preparing capital for transfer — they just change the risk profile by simply centralizing it for the most part. That is one of the reasons why wealth founders who have already encountered the everyday mechanics of trusts’ operation are in no hurry to put more of their capital and assets into those instruments.

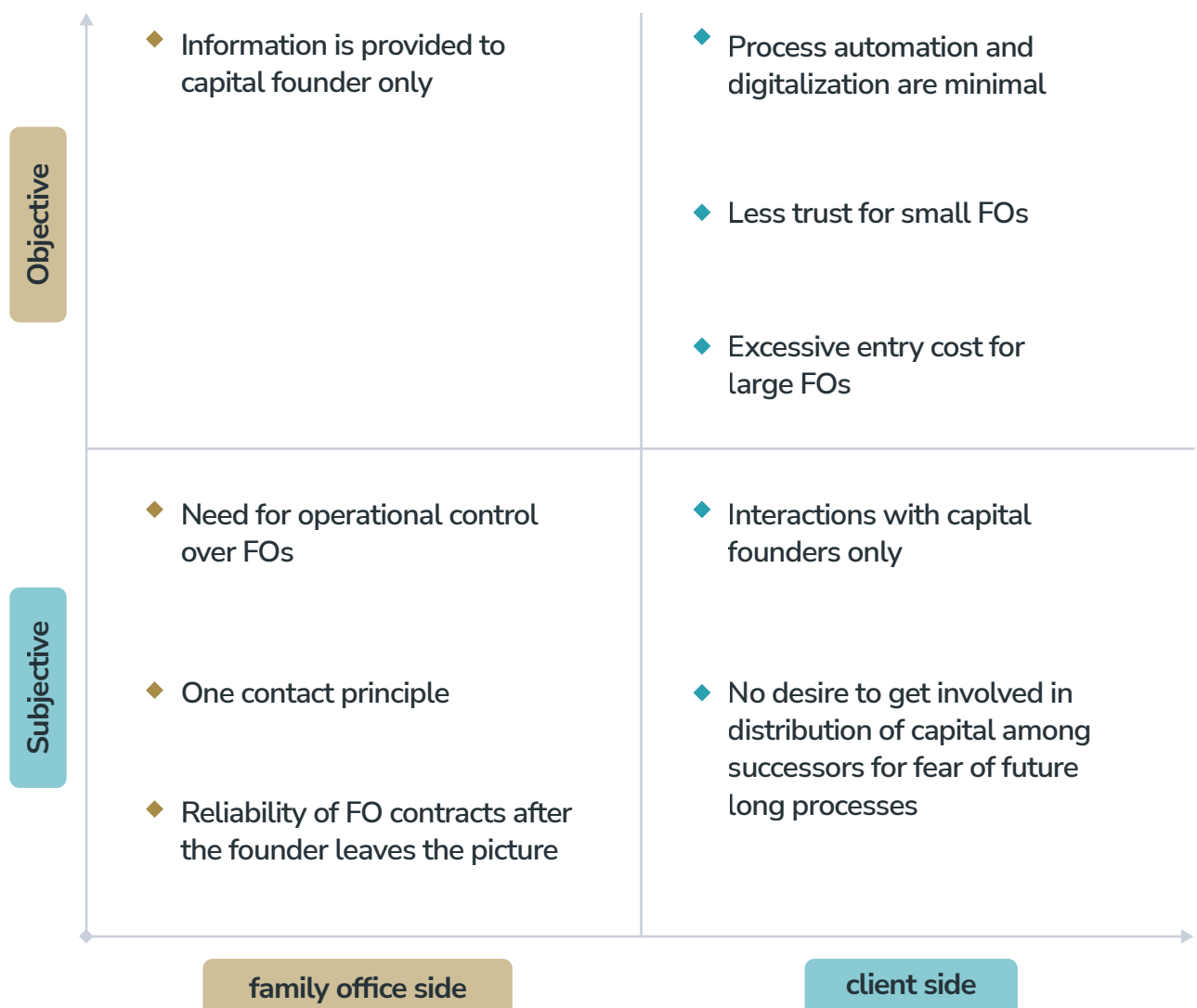
For reference: we estimate that when it comes to capital retention and transfer, HN and UHN individuals are rarely of the same mind as rich and ultra-rich ones, but here, their behavioral patterns more or less

dovetail. When interviewing that other target audience, we discovered one practical rule: allocate 10–15% of wealth to a trust fund; where multiple funds are used, the total share of entrusted assets should not exceed 40% of the family capital.

23.3 Self-service vs. family offices

There are about 110 mln HNs and UHNs in the world. Family office and trust fund penetration level for that audience is 1.46%. And as we have already established, they manage only 20–30% of wealth for each family in that group, not the entire amount.

If we add UMC families (another 110 mln), we see that family offices' partial administration covers 0.73% of that market at most.



90% of family offices and wealth management industry representatives we interviewed agreed with those limiting factors.

They also noted that drafting a Succession Strategy or a Transfer Plan is a service that clients enquire about most often but actually order least of all. How does a capital founder get from point A (this moment) to point B (wealth in the hands of their successor) while avoiding all the stumbling blocks and getting their affairs in order?

This confirms that our target audience understands the state of their affairs is sub-optimal and the chances of getting their wealth to their families are dubious at best. But drafting a plan like that involves a lot of effort capital founders are unaccustomed to: providing large packages of data, numerous interviews with them or their family members, making up an image of the future. Waiting for six months while professionals do their job.

The resulting plan has a certainty level of about 70%. The rest depends on implementation and continuous (once in every 6–12 months) adjustments.

At some point, realizing the scope of extra work they are supposed to be doing, capital founders start putting the problem off. That is most concerning, because if a SoWE is one of the key documents for the outside world, a Succession Strategy and a Transfer Plan are vital for the founder and their family.

As we have discovered, among our respondents:

3,5%

have a Succession Strategy and a Transfer Plan

2,5%

are currently developing them

64%

have heard about a document like that and admit it is useful, but do nothing in that direction

30%

have heard nothing about it

24.4 Who controls professionals?



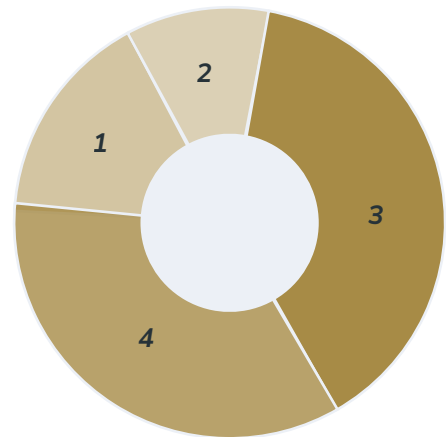
«Learn to focus on the uninteresting: that is the only way to truly control your mind.»

Mrinal Kumar Das Gupta, Indian astronomer

Wealth owners usually have a plan B for every occasion, otherwise, they could not have amassed all that money. That makes it all even more surprising that when it comes to retaining their wealth for their family, they have no backup plan. Or have such a sketchy one you could hardly call it a plan at all.

If you hand it all over to an agent by proxy, who will control them when you are not able to?

1. yes, we have someone who controls the agent now and will keep doing it in the future	16,38%
2. yes, we have someone who controls the agent only now	10,35%
3. no, but we have a plan B in case my agent fails me	37,88%
4. no, I trust my agent fully	35,38%



16.38% of respondents say they have someone who controls and is going to keep controlling their agents. This roughly corresponds to the 15.73% (see above) who believe their spouse or children will be able to sort the paperwork out.

In case the “controller” means someone else (assistant, auditor, other proxy, etc.), it is worth remembering that wealth founders take it very hard when any third person gets involved in the process of filing or updating their assets information. That is why they are unlikely to agree to expand the number of people in the know.

That is underscored by the above statistics saying that only 19% of respondents file and update their assets information not with their own hands.

Generally, we have got assurances that, in 26.73% of cases, owners continuously control their agents. In our opinion, that is highly unlikely to be true. You can hire a third party professional to oversee your agent. That would, however, mean uncontrollable expansion of the third parties' number. You could do the same using algorithms, but there are no such offers in the market. Or you could do selective control yourself, but it would remain unknown up until the wealth transfer day how effective that control is.

35.38% of respondents trust their agents fully. That could mean one of the two things.

Either the agent is in essence just an advisor, so that trust in them equals trust in the work they do.

Or that trust is misplaced. The latter looks more like the truth because the answer above differs many-fold from answers given to questions about confidence, filing quality, assets and capital data updates.

37.88% of respondents having a plan B arouses similar doubt, and for the same reasons. Or, rather, the potential effectiveness of that plan is dubious.



Comparing answers to different questions, we discover that 35.38% of respondents trust their agents while only 10.87% think that professionals will do everything they have to do when the time comes for them to do it.

23.5 Alternative for document storage

We polled 22 lawyers in 7 jurisdictions (local law firms and attorneys because they are who generally sign information storage contracts) and found out that storing a beneficiary's paperwork costs \$9 thousand to \$15 thousand a month (\$108 thousand–\$180 thousand a year). That includes filing, storage, and transfer to specified persons at a specified time. No legally significant actions or interest representation are included.

But only an infinitesimally small number of HNs and UHNs use those services. Obviously, it is not the cost that stops them from doing so. The majority of them, however, said during interviews that those were “a waste of money” and cited the following reasons:

- 1 Too much third-person involvement and an uncontrollable spread of information.
- 2 Most of the time, legal professionals get information from the wealth founder instead of directly from outside sources, thus only increasing the founder's workload. In essence, that makes the founder responsible for the legal professionals' work and document filing.
- 3 You cannot monitor the quality of their work continuously.

- 4 In 10 years, their fees would tally up to a staggering amount, with no guarantees that some sort of added value would be created.
- 5 The capital founder does not know and is unlikely to ever know to what standard will they follow orders given by the founder in advance when the time comes. There are serious doubts they would follow their instructions to the letter without “playing their own angle” in some way.

Those conclusions are underscored by the results of our study pertaining to trust in professionals and confidence in their proper and timely actions.

What happens if an agent fails the family? The family will go to people specializing in asset tracing.

3.13% of respondents are aware that in developed and developing markets lawyers and investigators specializing in asset tracing charge 7–18% of all the assets they find while their success rate is only 28%.

23.6 Frauds and amateurs

Another thing we have noticed is the exponentially growing number of scam artists of all stripes. They seek to profit off the needs of our respondents who are ready to sacrifice up to 25–50% of their capital to ensure their family and successors get the rest. Our respondents are concerned that there is a problem, with no solution. The majority of them listen either to no one or to everyone. Those who listen to everyone are the target audience for grifters of all kinds.

Those “players” could be divided into two categories: frauds and amateurs.

There is a simple way of telling them apart. Albeit it often gets used too late.

If a person is trying to “sell” something to you, knowing all the time they are in the wrong, that person is a fraud. It is comparatively easy to deal with them. You just catch them red-handed, and they usually fade away quickly and with no fuss. Amateurs are worse. They believe they are in the right, and try to convince the capital founder of the same.

Understandably, the latter are more destructive both for the market as a whole and for individual capital founders.

23.7 Are wills a solution?



Only once in their lives are Romans sincere: in their wills.

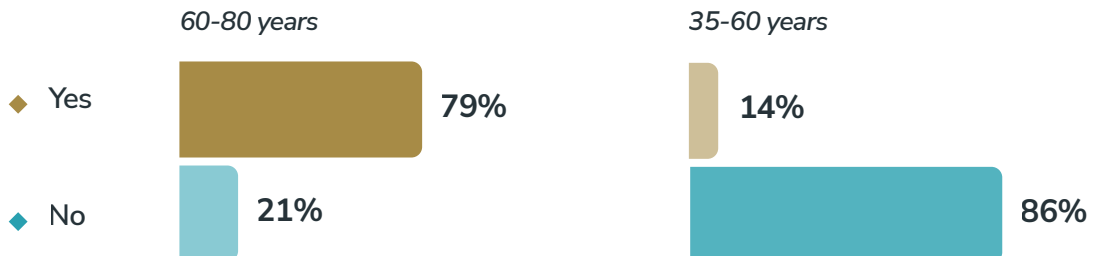
Lucian of Samosata, Ancient Greek writer

The majority of our target audience has not yet reached the age when it is time to think about a will. People in their 70s or 80s start thinking about transferring their capital and assets due to natural reasons. Our target audience is 35–55 years old. Their thinking about wealth transfer is related to possible personal emergencies or economic and political changes that could happen.

Members of this younger audience use wills way less often compared to their elders. They have more experience with the modern world.

They believe that wills as an institution stopped working a while ago and is only tangentially relevant to the issue at hand.

We asked our respondents in focus groups if they believe that a will is going to help their families get access to their wealth without losses.



A will is about documents. Wills are focused not on the capital founder (although it might look like they are), but on the property complex confirmed by documents.

In the modern world, data is more important. In order for a will to be of any real help in claiming the assets, it should be no more than a month old. A will dated over a year ago is next to useless.

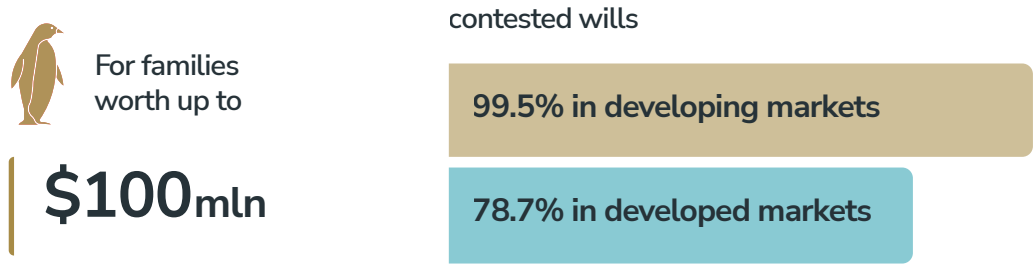
It is hard to draft multiple wills, one for each family member. And to do it in such a way that none of them knows about the rest.

A force majeure event can happen at any moment. A will, on the other hand, is traditionally done when the person's active life is drawing to a close.

In order for the will to be effective, it has to contain a huge amount of info. Not just data, but detailed data. Otherwise, it would be extremely difficult to execute. If you do not have that data in your daily life, why would it be in your will?

No one controls notaries and attorneys who execute wills, except for their professional associations.

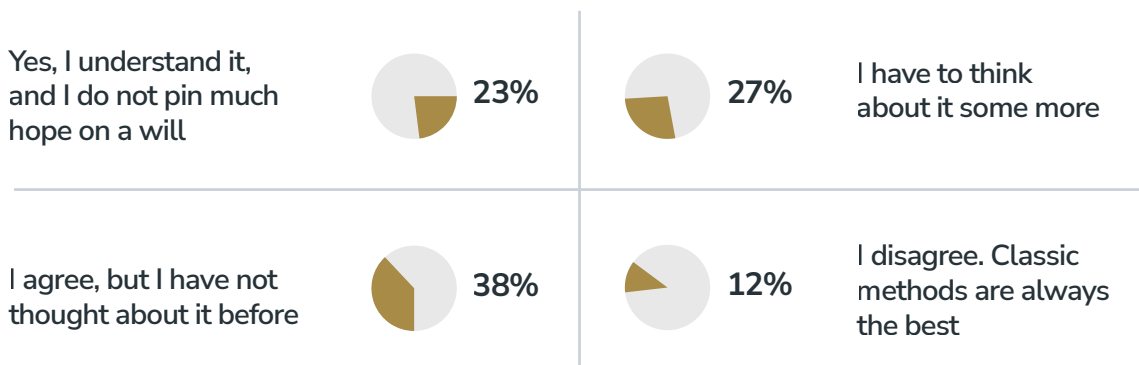
In 84% of cases, members of our target audience do not have wills in case of an emergency capital transfer. If the capital founder is getting up in age, 72% of them still do not have wills.



It is not family members who primarily dispute wills. Those cases are a minority. Mainly, that means families having disputes with asset holders (banks, brokers, corporations) and managers (funds, managing companies) to determine the capital founder’s true intentions.

Only 2.07% of respondents are concerned with the fact that about 56% of assets and capital are threatened with litigation by third parties.

We are not saying wills are useless. No, they are important. We are talking here about their content. If you have no detailed data needed to claim the asset, where would the will get it from? A significant portion of capital transfers from founders to successors is caused by various unplanned life changes, not by age.



We gave the respondents in focus groups (both wealth owners and their families, along with groups of professionals) all the arguments outlined above. So it was all the more interesting what their assessment was.

Professionals we interviewed rated practical scenarios of will use as follows:

Top	Scenario	Summary
1	«There is a will, and it is up-to-date»	This is a rare scenario. The will shall meet two criteria: (1) full description of assets, including all details thereof; (2) the will is updated as of the last required date. Very few update their wills every month. The likelihood of encountering a will that is updated this meticulously is quite low. But if it does happen, the will would be more effective than a transfer of asset information without supporting documents (*).
2	«No will»	In such cases, information and data on assets are more important than ownership documents.
3	«There is a will, but it is out-of-date»	Information and data on assets are still more important than ownership documents in that case.

(*) True if the will is executed in a single country. If the will has to be legalized and executed in different countries, that could minimize the advantages of this scenario.

The fact that successors are not particularly prepared to handle instruments like wills also remains outside capital owners' perception.



5.60% of capital successor respondents realize that in almost no cases can you claim partial ownership of capital and assets, only full ownership. That is why information on debts and liabilities is no less important. In 61% of cases, it becomes known 12–18 months after successors claimed the assets.

How enforceable a will is, is no less important than its updated status. Professionals point out that will execution can encounter problems even if takes place within a single country. Even more problems are expected if it is to be legalized and executed in foreign jurisdictions. E. g., executing a foreign will is very difficult in developing economies of the Middle East. A safer option would be making a separate “regional” will for some of your assets. It is exceedingly rare, though.

23.8 Digital assistants and algorithms



Thank you to those who refused to help me. They made me do it on my own.

Dr. Robert Antony

The digital assistant issue surfaced during focus groups and interviews. When it comes to preparing a capital for transfer and executing the transfer, there is a tangible need to reduce the number of third persons involved; ideally, to eliminate them.

Our team of analysts studied key digital software packages available in the market.

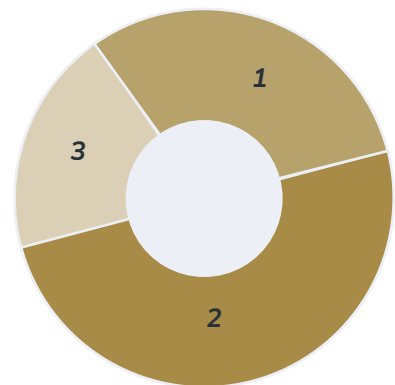
Our interviewees viewed objectives of that software as follows:

- 1 storing large amounts of asset data: details, information, current and historical parameters. Storing copies of documents, however, was not a priority;
- 2 securing transfer to family members or other authorized persons;
- 3 determining the exact moment for the transfer to take place.

Obviously, client apps offered by brokers, insurance companies, banks, and other payment institutions are not the solution we are looking for. They are just communication points between the client and the entity, with the sole purpose to make the client's current operations more convenient and to minimize corporate costs.

We found about 240 software programs and applications used by family offices, lawyers, advisors, and other wealth industry actors. When we looked at them closer, we found that they all could be classified into several large groups:

1. marketing ploys used to find clients and funnel them into offline interactions	30%
2. third-party software applications developed for family offices' client operations	50%
3. marketing products disguised as family wealth management	20%



Some of them (30%) mimic online products but are in reality just marketing products used to find clients and funnel them into offline interactions.

A large portion (50%) are products similar to banking applications, designed to streamline current client communications. E. g., third-party software applications developed for family offices' client operations.

The rest (20%) are marketing products that promote online investment in finance instruments under the guise of family wealth management.

We found no scam applications when analyzing a random sample of our population (20% of the total). The fact that there are no fraudulent software programs or applications in this area is, of course, encouraging. But on the other hand, that means the industry does not attract any leading actors (whom scammers always follow).

Therefore, we can say that the market presently does **not offer any algorithm solutions** which would:

- Allow creation of one's own client-side information hub in such a way that enables the client, not the financial institution or another entity, to own all the data.
- Allow the elimination of any third persons from the sensitive family capital information transfer chain, replacing them with an algorithm.
- Allow storing information under secure encryption and encoding.
- Do not try to funnel the client offline or offer digital investments.
- Allow secure accumulation and updates of multitudes of client asset details.
- Allow information transfer from the capital founder to their family members right on time and to the extent specified for each of them, with no third party involvement, but using algorithms.

Because there is no such product at the current technological development stage, capital founders and their families are still left alone to face the problems described in this study. And each of them will be solving the capital transfer information problem as they see fit.



Some digital instruments will eventually replace wills. But so far, no one knows what it will look like.

But starting from 2018 and more actively from 2021, some US states, some EU countries, Switzerland, Singapore, the UAE, etc. started accumulating case law that treats various digital solutions (such as blockchain smart contracts) as a full-fledged alternative to wills.

Our data is consistent with the Capgemini report that states that Wealth-as-a-Service (WaaS) is one of the most sought-after, but so far absent from the market approaches to solving HN and UHN issues. So far, there is not even a rudimentary product like that in the market.



Fears, triggers and psychology



As a person learns about the causes of the observed phenomena and figures out how avoid their impact, fear diminishes.

Psychological rule

Some psychological or emotional moments we have noticed when studying the feedback on our polls are also of some interest. We got even more information through focus groups and interviews.

In general, our questions evoked pained and sometimes surprisingly emotional responses from our audience.

During interviews, respondents relatively quickly went through 5 classic stages:



At the beginning of the interview, almost everyone (save for just 6 people) was confident that they were handling their affairs just fine. Equally, no respondent did not change their position by the end of the interview, after being presented with the statistics and confronted with the questions that made them consider how things really are.


It turned out that for many caring about their family's future interests was a job they not only neglected, they did not know it existed. Others demonstrated that they realized how deep the problem ran. You are already aware of the number of the respondents prepared to lose a part of their wealth in order to get the rest to their family and children.

But neither group demonstrated any intention to start improving their position right away.

Regardless of whether the respondents knew about the problem for some time or just discovered it during the interview, their first response was to pull a Scarlett and “think about this tomorrow,” sweeping the problem under the carpet for today.

The next reaction was to find someone who would solve the problem for them in exchange for some money. When they realized capital founders together with their families would still have to do the lion's share of the work, they grew even more pessimistic.

A limiting factor was also the fact that rearranging affairs and getting their capital to the point where it could be transferred at any time would require a qualitatively different level of communication with their families. Regardless of the role the capital founder played in their family, be it a “macho man” or a “caring dad,” or an “autocratic ruler,” they would all have to be adjusted in some way.

 *Another psychological problem is founders projecting themselves as they are today on their families' future. Looking up their accounts through banking applications, browsing through their other assets, founders erroneously extrapolate their current untroubled existence onto the future and onto their families.*

Judging by respondents' answers and comments, we believe that in reality most of them will leave everything as is or will start introducing some changes very slowly.

One poll, even a large one like ours, does not move people to change the paradigm of their behavior that took decades to establish. Especially considering there are no products to help them do that, and capital founders themselves have to be the main drivers of improvement.

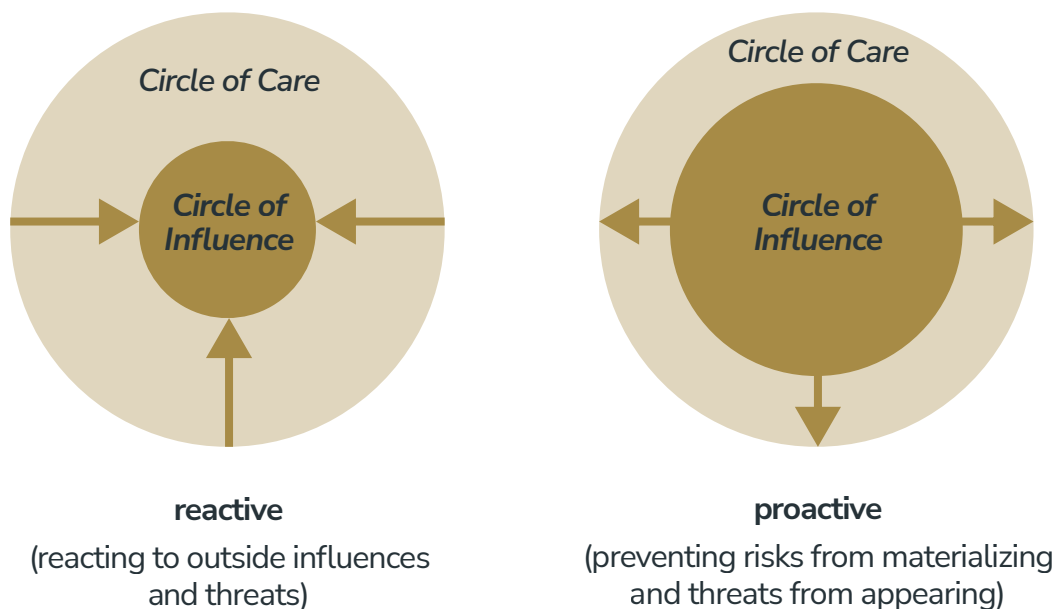
24.1 Reactive or proactive action



*We do not do many things we could do,
and we do not know why.*

Erich Maria Remarque

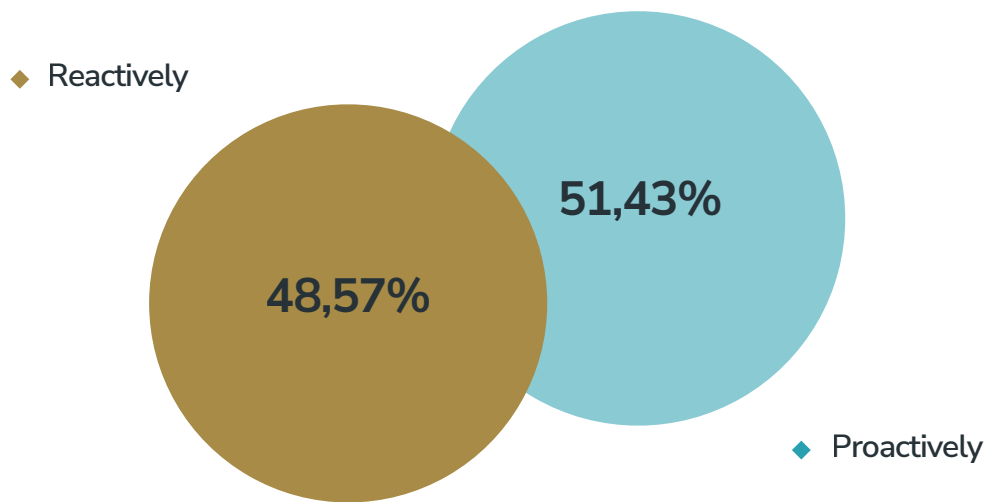
One of the key test questions that would demonstrate how ready founders were to change their approach was: how they would describe their approach to managing their capital and assets: as **reactive** or **proactive**.



Many problems experienced by UMC, HN, and UHN individuals are caused by their passivity towards their already existing wealth. Although understandable, such an attitude is strange. When it comes to new income and growing their capital, they employ totally opposite, proactive methods.

But if we talk about the total capital, according to open source data, 87% of it are managed reactively and only 13% proactively.

In general, do you manage your assets reactively or proactively?



Despite all the data respondents have got from polls and interviews, our respondents experience deep doubts about the real state of their affairs. Over a half of them still believe they are behaving proactively.



The share of “proactive” respondents (51.43%) roughly corresponds to those who make periodical reviews of their assets (47.36% do it every month). We believe those numbers are indeed related, but admittedly frequent observations of your own wealth can hardly be called a proactive management pattern.

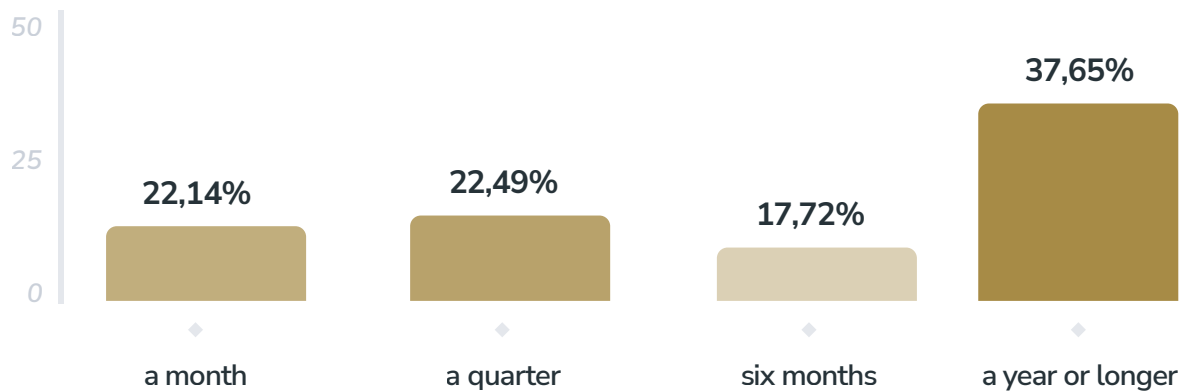
24.2 How much time do we have?



«Primarily, human notions about the mystery of infinity have given rise to a firm belief in the supernatural.»

Zafar Mirzo, Pakistani doctor and politician

Closer to the end of the poll respondents have already gotten a firm grasp of the problem, “tried it on for size.” That was when we asked them **how much time they had to get their affairs in order.**



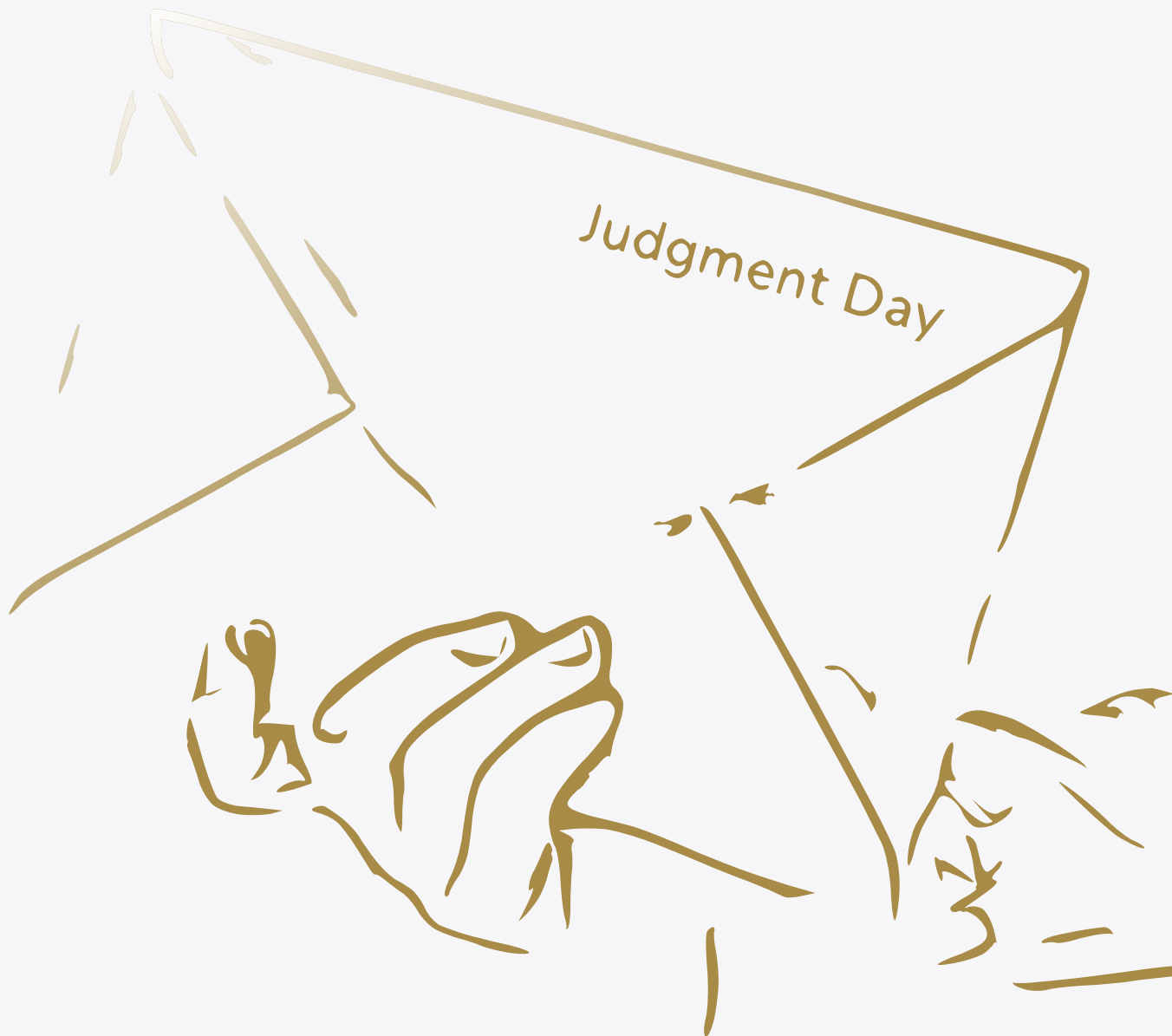
If a person who owns a sizeable capital has not maintained their affairs in at least a satisfactory condition before, they cannot catch up on everything in a month or a quarter. On the one hand, with no relevant experience, it is hard to assess the scope and depth of problems, as well as to imagine the consequences.

Even if 44.63% of respondents are prepared for immediate action and committed to doing it as fast as possible, they will need information from a lot of third persons who all have their own work schedules.

The position expressed by 17.72% of respondents (six months) looks doubtful while the estimate given by 37.65% (a year or longer) is comparatively sound.

Practical experience says it really can be done in about a year, provided the process is set up smoothly. Some aspects of it require that a person internalizes the concept of their immediate or extended family, the prospects and roles for each family member. Others need contemplating their own desirable future. On top of that, hands-on action should also be organized. Communication with external sources of current and archived data prolongs the process significantly.

Information asymmetry and Judgement Day envelopes



*Any sufficiently advanced technology is
indistinguishable from magic.*

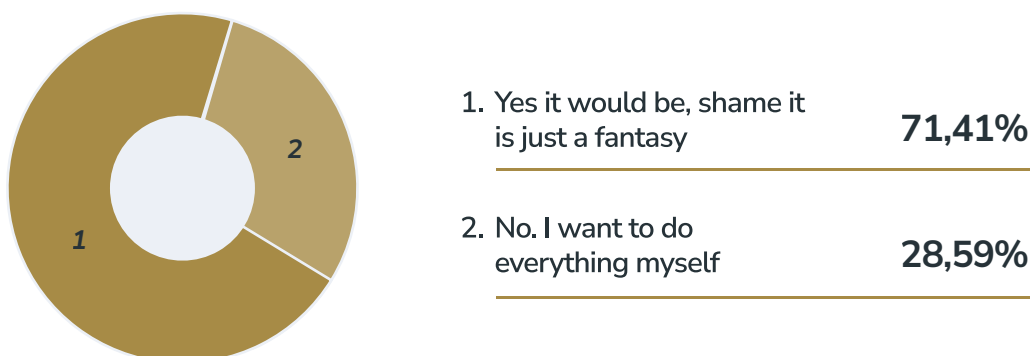
Arthur Clarke, British writer, futurologist

We are a private company which does not render any services in that area. This study is a non-profit one. Analytics is an important but not the most important aspect of our work. That is why we took the liberty to offer our respondents a fantastical question which, nevertheless, yielded some realistic answers worth analyzing.

While you, at the South Pole surrounded by penguins, worried for your family, children, and assets, did you ever think how great it would be if life decided for you when it was time to inform your family of your assets?

It would be done at exactly the right time: not too early, not too late. Each of them would get a “judgment day envelope” delivered right to them. Inside would be all the information you would want to transfer to that specific person. Asset data, comments, history, key details, in a word, everything to help them claim the asset tomorrow. Some of them would get envelopes with partial descriptions, some with full ones. Not before, not after, but exactly on time. And you would know 100% of all the envelopes got to their addressees.

Would not it be great if life itself decided when the time came to inform your family of your assets?



The results of our research show why 71.41% would want such an option. They are interested in a mechanic that would transfer the information on their family assets and capital with no third-party involvement.

And that information would be up-to-date. It should be an autonomous and self-contained mechanic, not dependent on any third parties.

But! Even if such a mechanic existed, 28.59% would not use it. The most obvious answer to the inevitable “Why?” is that they are either not particularly concerned about their family’s condition after the transfer of capital and assets (not likely), or they still do not understand the full scale of problems threatening their families.

Such a system, if it existed, would minimize the information asymmetry problem. Information asymmetry is the root cause of why significant parts of assets and capital are getting lost even on intra-family transfers.

If the majority of our target audience used that option, the risks threatening the second group would grow disproportionately. Because the main pressure from the personalized services industry (family offices, other professionals) would have shifted to the old-school clients.

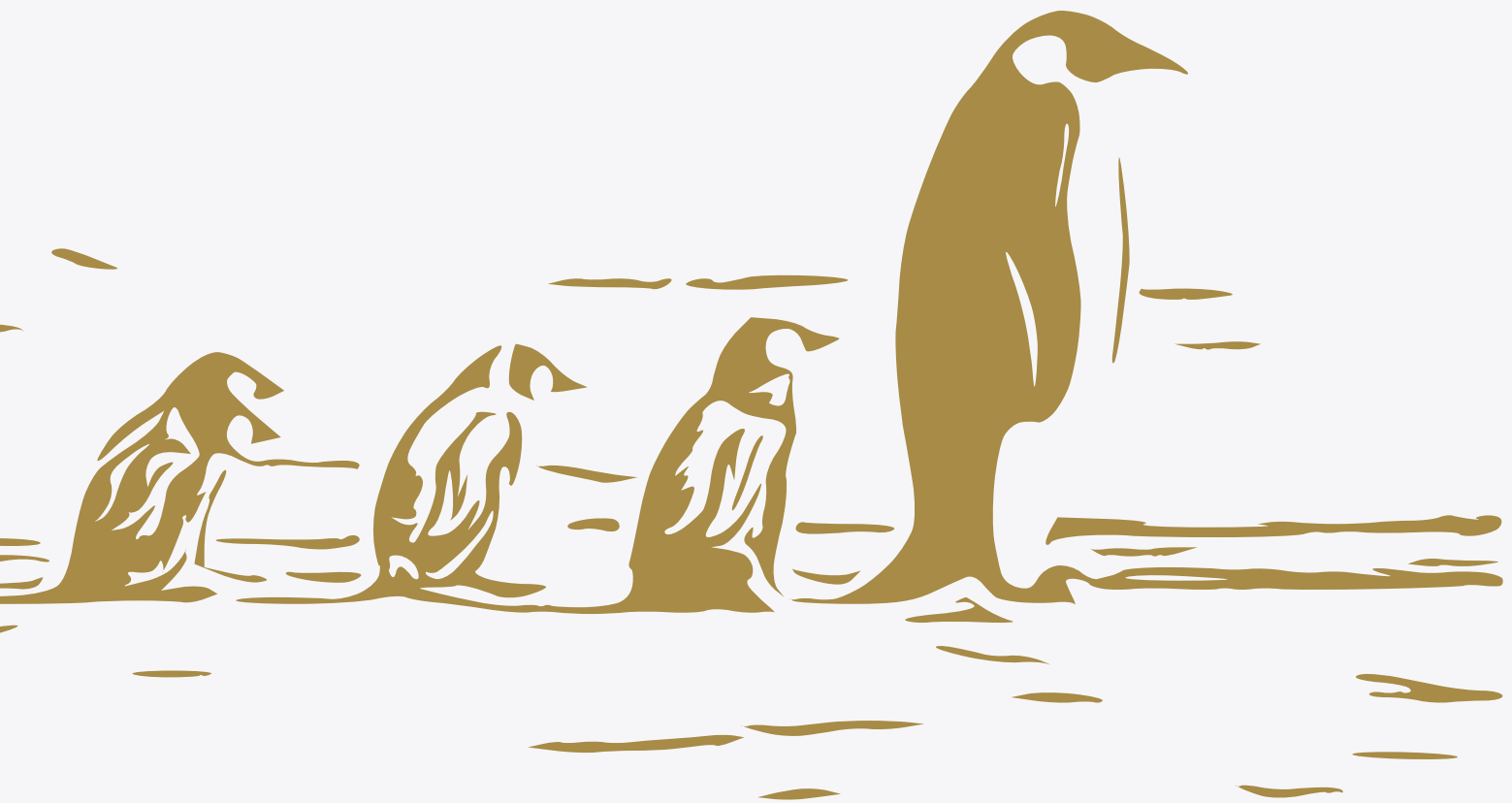
About 30% is the share of conventionalists usually found in any social group. In that sense, our audience is no different from the society as a whole. They want to see how it works for others first.

But this leads us to the greatest problem of wealth management, retention, transfer preparedness, and transfer itself.



Transfer of wealth only happens once. You might not ever know if your capital transfer plan worked. And there would be absolutely no chance to change anything. There are no rough drafts there.

Caring for your family and friends



*Good friends, good books and a sleepy
conscience: this is the ideal life.*

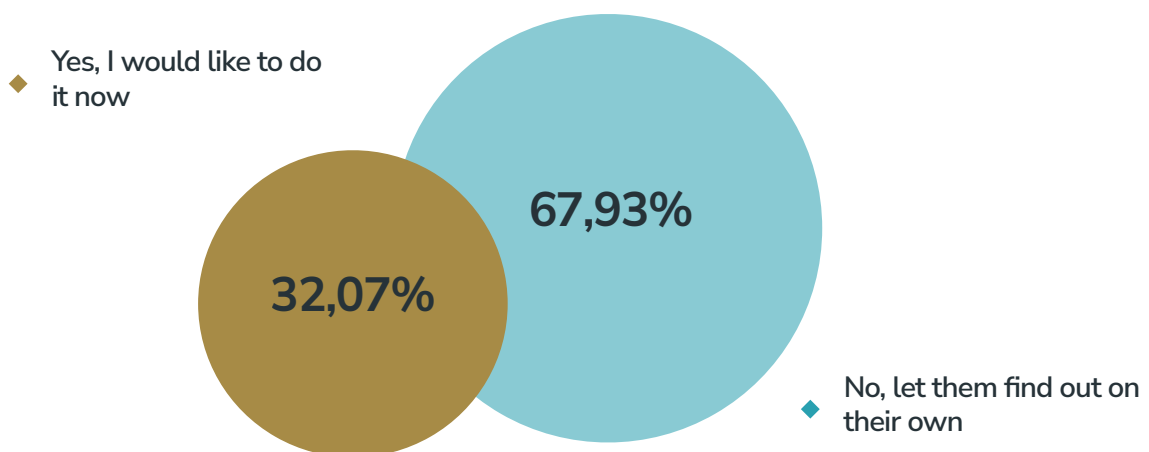
Mark Twain

All our respondents know or have heard about families whose financial condition worsened dramatically after an unsuccessful planned or, more often, emergency transfer of wealth from the founder to the family and successors.

Statistics say that one in every four wealthy families has to face a problem like that, with potentially disastrous consequences.

We assumed that those having already answered one of our polls would do a favor to their family and friends by drawing their attention to the problem.

Would you like to send this poll to your family members or friends?



Only 3 out of every 10 respondents sent the poll to their family or friends. This seems strange. Even in such a roundabout way, our respondents do not want to draw their loved ones' attention to the problem they themselves consider vital for their shared prosperity.

One of the possible causes is that founders of wealth of that size are rarely completely democratic, so they do not want to show their worry or weakness to their family members. But those who are democratic are driven by misguided worry for their family members' emotional well-being. In any case, this is to a large extent an issue of behavioral psychology;

the data say little about how worrying this problem is for capital founders.

This is the least part of the problem; the bigger issue is that capital founders just decided to put handling the problem off and did not want extra pressure from their family members. During personal interviews, many respondents affirmed that logic.

On the other hand, 32.07% did send the poll to their families and friends.

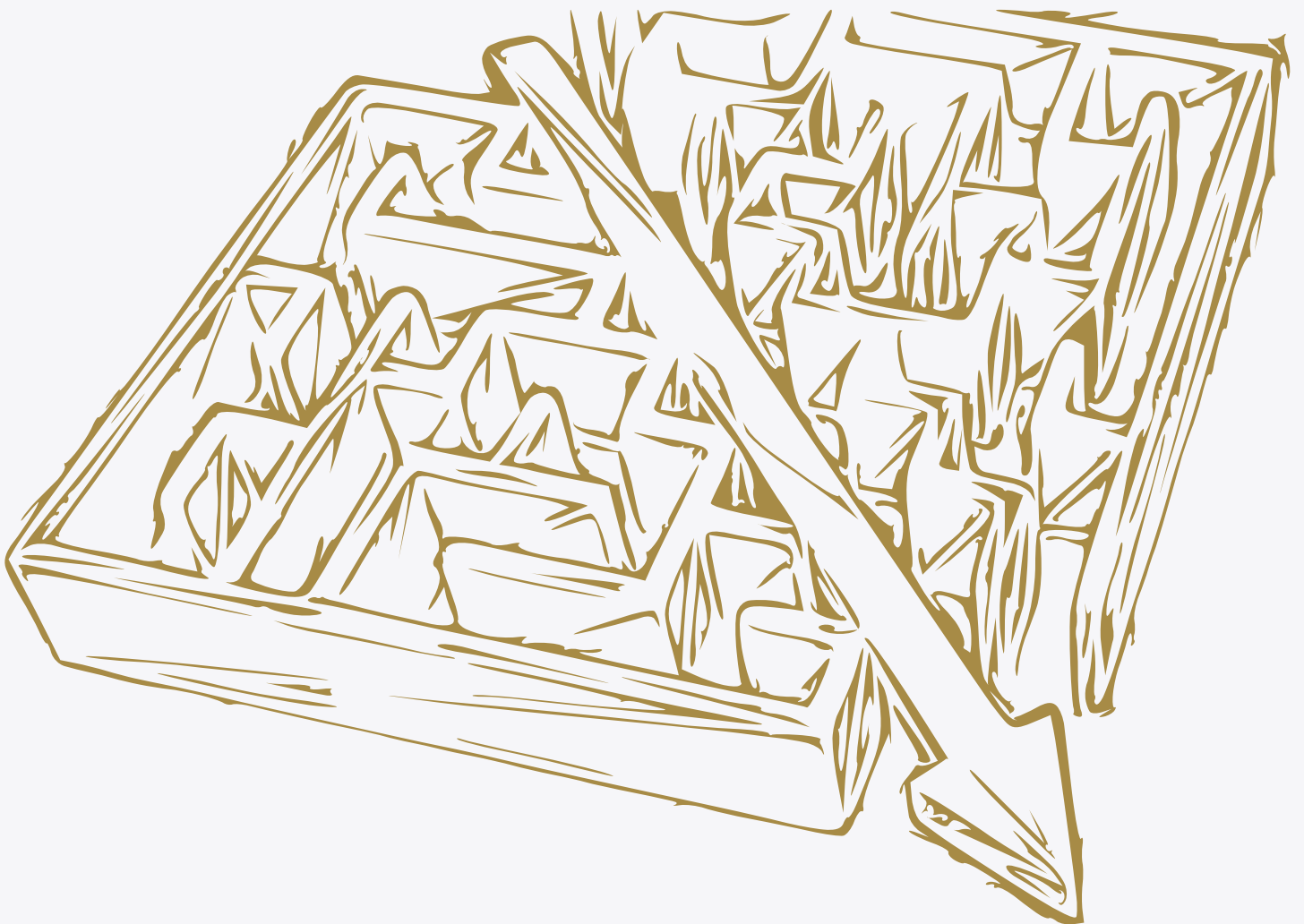
That is nearly 9 times more than the number of recommendation letters wealthy people issue to family offices or wealth consultants whose services they use. This is one of the problems for the industry professionals: very few ways to attract new clients.

Family office clients are held back by the same consideration we have described in this report: the fear of information spread and growing third-person involvement.

The referral rate in this industry is 4.25% on average (1.5% to 7% depending on the market type: developed, developing, default).

Our analysis, confirmed by focus groups, reveals that when capital founders are firmly convinced that those who receive their recommendation letters will not know the state of their affairs, they are much more willing to share data and information with friends. This is also confirmed by focus groups.

Summary: Occam's razor



This is not a problem at all, just work not done.

Man who inspired OwnerOne founder

In the 14th century, William of Ockham (Occam) formulated the principle most of us heard about. He declared that, “It is vain to do with more [assumptions] what can be done with fewer” and “A plurality is not to be supposed without necessity.”

We have got a great deal of information from the series of already-completed polls. And it keeps coming from new polls conducted in different countries.

All of them contain different questions and all of them are studying the same problem: family wealth and security of inter-generational capital transfer.

We are trying to understand how grown-up, successful people who are heads of families that have won acclaim, status, and wealth can at any moment find themselves in a situation where their families or other successors will get just a fraction of their hard-earned capital.

That should only be possible if there were some mistakes made earlier that led to the consequences that could not be seen up until the zero hour.

As our study shows, there could be a lot of such mistakes, not identifiable at the moment they were made. Many of them have been analyzed here.

We decided to use Occam's razor in order to determine the most important of them and shave off everything that is not a core reason. After a consensus analysis (the conclusions made by our team of analysts and confirmed by focus groups and personal interviews), we arrived at the following simplest and most self-evident reasons.

- 1 Information on capital and assets must not be transferred to successors before the capital founder decides to retire. Or before an emergency happens.
- 2 It might not be possible to transfer the information after that. For obvious reasons, if an emergency happens to the founder, that will be out of the question. If a planned capital transfer goes wrong, there are very few chances to roll it all back.
- 3 The only foolproof option is to transfer the information right on time. In practice, there is just no reliable way to figure out when that moment arrives and make the transfer right on time.
- 4 Changes that have rolled through the world in recent years, have had very little impact on the family capital industry. The requirements to asset paperwork relaxed (now you either do not need the documents or they can be re-issued). The requirements to information, on the other hand, tightened up (if you do not have detailed information on your asset, you will have trouble claiming it).
- 5 Both capital founders and their families show they have neither the qualifications nor personal expertise to handle capital preparation for a transfer. They also do not trust third parties to handle it.
- 6 Capital transfer is done once in a person's life, with no prior rehearsals. The capital founder gets no chance to test it, get some experience, and then try again. Once the transfer starts, it is either very hard (for a planned transfer) or impossible (for an emergency one) to change anything.
- 7 There is no reliable and effective instrument for transferring the information needed for the wealth transfer "right on time." Instruments that involve multiple third persons are not available to our target audience (there are no secure third-party offers for that range of wealth).

- 8 At the current stage of technological advancement, there are no algorithms or digital assistants to eliminate the need for third-party involvement. But they are expected to appear in the near future.
- 9 The amount of family wealth, its transfer, its distribution within the family — those are all sensitive and emotionally taxing issues. It is unpleasant work to do.
- 10 Structuring the capital and making it ready for the transfer in the family's best interest require significant personal effort from the capital founder. Some tasks are flat impossible to delegate because the capital founder is the one to hold all the lines of communication with third parties.
- 11 The subject of transfer of family capital and assets is associated fallaciously with retirement (a planned transfer). No one even wants to think of an emergency transfer.

As you can see from the summary and from the report itself, the majority of issues we have studied are not in the “problem,” but in the “work not done” category. But because of that work not done on time, 2/3 of families worth up to \$100 mln keep losing 1/3–1/2 of their wealth.

That is the blood, sweat, and tears of those having earned that money. That is why wives, sons, daughters, nephews, nieces, and other family members have to start over. From the beginning, not from the point their predecessors stopped at. Few capital founders wish their offspring had the same life they did.



18.03% of respondents gave positive answers when asked if they realized that even more details got overlooked. What about the rest (81.97%)?

P.S.

There is also common good to be found in preventing those risks from materializing: positive capital (that brings improvement to the entire society) accumulates among estates in that range: up to \$100 mln.

Countries preserving the capital that already exceeds the needs of their owners, but has not yet accumulated to the point of changing the society to fit its needs, have the best economies. Macroeconomic issues in that area have been studied in detail a while ago. They are outside the scope of our report.



1. Targeted audience

According to some estimates, there are about 55 mln individuals who can be classified as HN and UHN in the world. It is a common belief that those figures count only those recorded by official statistics and that the real HN and UHN count in the world is 1.9–2.2-fold higher (there are statistics failings, concealment of information, developing and default markets, nominal ownership, and other reasons why the figures can be misleading). Therefore, their real number in the world is 104.5–122 mln. That is not counting UMC (about 120 mln globally). Thus the target audience of our study – families worth \$3–\$99 mln – consists of about 224.5–242 mln people.

Respondents self-identified at the start of each poll, choosing the category to classify themselves as.

If someone chose the “none of the above” option, we apologized and tactfully eliminated them from the poll, blocking their IP address, if possible.

As an extra precaution, to eliminate “information tourism” by idle audiences, our team of analysts excluded aberrant answers that gave grounds to doubt if a respondent really belonged to one of the three categories and was not a “talented Mr. Ripley.” Among others, we eliminated all answers from people who told us they held 100% of their assets in real estate. All respondents who said that 100% of their assets were in a trust were also out. Also, for instance, we threw out answers from those who insisted they had a SoWE but did not know what KYC was.

<i>Acronym</i>	<i>AcronymTerm</i>	<i>Disposable capital and assets</i>	<i>Capital founders</i>	<i>Families and successors</i>
UMC	Upper of the middle class	up to \$3 mln	52,31%	46,71%
HN	High-net-worth individual	up to \$15 mln	24,91%	27,54%
UHN	Ultra-high-net worth individual	up to \$99 mln	22,78%	25,75%

Quantitative results of the research





13 500

persons

in total responded to digital polls

of which →

935

persons

*did not belong to the target audience;
eliminated from the statistics*

9 995

persons

fully completed polls

3 007

persons

partially completed polls

27

minutes

*average poll
completion time*



49

campaigns

*total number of polling
campaigns*



2 300

persons

*verified contacts of respondents
who provided feedback*

2 321

persons

*Sent links to polls to family and friends
to participate in the research*



5

poll types

of which →

3

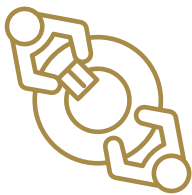
polls

for target audience:
"Founders"

2

polls

for target audience:
"Successors and families"



197

personal interviews

of which →

99

founders

41

family offices
lawyers, advisors

57

successors
and families

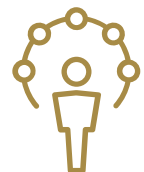
29



focus groups

863

persons



sent polls to family and
friends to participate in the
research

6 months



*spent on polls
included here*

December 2022

research started

October 2023

research finished

1 year

*total research series
duration*

February 2024

next Analytical Research

18

of which



countries

6

developed

9

developing

3

default



2 500

persons

the largest similar research

249

*sleepless nights spent by
the project team*

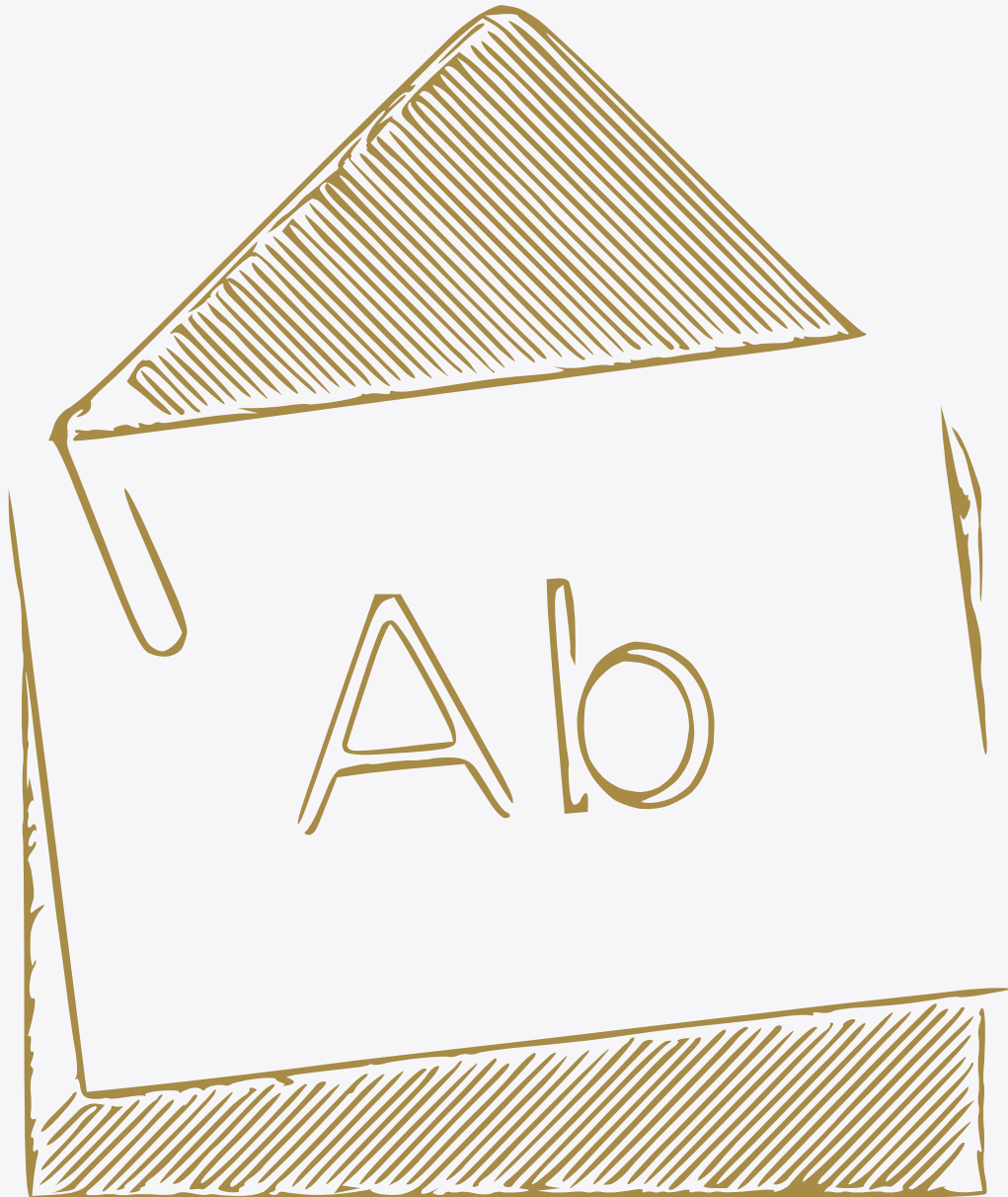
**November
2023**

*Owner.One Waitlist
opens*

**December
2023**

*Owner.One launch
opens*

Glossary



UHN – Ultra-High-Net Individuals - means people with disposable capital of \$15 mln to \$100 mln.

HN – High-Net Individuals - means people with disposable capital of \$3 mln to \$15 mln.

UMC – Upper-Middle-Class - means people with disposable capital of \$1 mln to \$3 mln.

TA (target audience, or “3-15-99”) – means UMC, HN, UHN taken together.

PEP - Politically exposed person - means an individual who plays an important part in the public (including private-public partnership businesses) or social life of a country or internationally. PEPs are treated as posing an increased risk of potential corruption exposure

AML – Anti Money Laundering - means measures to counteract money laundering that the financial companies operating in the EU and the US are obliged to adhere to.

KYC - Know Your Client - means the procedure for counterparty verification used by almost every agent vested with handling your money or assets: banks, brokers, managers, insurance companies; in many countries, also lawyers and auditors.

FATF - means the Financial Action Task Force, a group tasked with developing anti-money laundering measures.

SoWE – Source of Wealth Essay - means a characterization of sources and a chronological description of family wealth with spotlights on the key aspects and the most controversial data on 2–10 pages.

Zero hour means the time a scenario is to be launched.

UBO - Ultimate Beneficial Owner means the person who is a full ultimate owner of everything.

CTF - (counter-terrorist financing) - means counteracting financing of terrorism.



About Owner.One



Sometimes you need to go around the whole world to understand that the treasure is buried at your own house.

Paulo Coelho

Out of 105 people we asked to review the rough draft of this report, 89 asked us why we were doing that, not being a private capital management industry participant or a family office service company.

Owner.One is a project launched a few years ago by one UHN family, due to concerns brought in by growing economic and political risks. Because of ever less tranquility in the world, they wanted to solve their private problem of transferring their capital from the founder to family members. There was no singular all-encompassing reason, but force majeure events are meant to be unpredictable, that is why they are called “black swans.” The objective was to prepare the assets and capital for a transfer to children and family members at any time, independent of any subjective factors. Regardless of whether something happens or not. That is how the Owner.One algorithm was created. The project quickly grew from the “one family” format to the “friends & family” one.

Owner.One follows the WTaaS (Wealth-Transfer-as-a-Service) model, ensuring that capital founders can keep their assets ready for transfer at any time through minimal effort.

Owner.One enables you to quickly set up a blockchain server owned solely by the client. Then you enter certain assets there, specify the family member who will get all the detail on that asset, choose the disclosure algorithm (the scenario that must occur for the information to be sent to the addressee).

The information transfer is performed by algorithm alone, with no third person involvement. Owner.One is a digital solution fully powered by an algorithm, which enables you to transfer all the info required to claim the asset to family members and successors on time and with no risk.

Owner.One has about 200 various functions, but its main idea is being a “flying safe box” or a “judgment day envelope.”

The moment something happens to the capital founder, hundreds of envelopes spread around the world and bypass intermediaries and obstacles to deliver the required information to the person the capital founder wanted to deliver it to. It relieves family and successors from a bulk of ownership claim-related problems.

Smart contracts under the hood can serve as ironclad legal proof of the capital founder’s will, if needed.

The WTaaS operates based on the cloud blockchain server belonging to the capital owner. The data on it are not accessible to anyone, including Owner.One.

Since its inception, Owner.One has included a team of analysts tasked with studying the most popular market practices and relaying them to their beneficiaries.

By 2023, the number of third-party requests to join Owner.One has started growing exponentially. We were to choose: whether to turn everyone back leaving the service in the “friends & family” format or do a proper market launch.

Our beneficiaries asked the team of analysts to clarify if the problem was really not unique and topical for a bigger audience. How sensitive were those issues? The objective was to poll 500 respondents and conduct 20 interviews. But the situation got out of control quickly: the polls we launched started spreading uncontrollably, and soon we got over 8.5 thousand respondents from 18 countries, while the number of interviews and focus groups nearly reached 200.

That was how we got a huge statistical sample for our Research. As you can see, the results are way less optimistic than one could imagine, and most wealth transfers perspectives are murky at best.

As a result, we decided to open Owner.One to the market. As of the moment this study is published, the product is still not available for immediate purchase. The waitlist for those wishing to join is 2 to 3 months. Every month we open subscriptions for 100 families at most. The transition of our product from a blockchain geared towards 10 families to that capable of servicing thousands of families is quite a time-consuming task.

Not everyone is ready to wait for months. We prepared this Analytics Report to help every capital founder, their families and successors have a good objective look at themselves, compare their behavior against that of other people in similar situations. That would enable them to make the most urgent decisions aimed at improving their affairs as a result.



Owner.One is not owned by any financial or related market actors, it does not provide information to any third persons for marketing or other purposes.

Since its inception, the project has been financed solely by the founding family's investments. Please pay attention to the Legend section of the project showroom (www.owner.one) to better understand the founders' motives.

