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Dan Page

Upper Class: Why the Rich Are Heading Back to School

As Managing Wealth Grows More Complex, Many Seek To Sharpen Financial Savvy

By RACHEL EMMA SILVERMAN

THE WEALTHY are flocking back to school to learn how to be rich.

As investing and estate planning grow ever more complex—with labyrinthine trusts, derivatives, hedge funds, structured products, complex philanthropic options and ever-changing tax laws—wealthy individuals increasingly want to get a better handle on what to do with their money.

Often, the students are successful business owners who have recently sold out and are struggling with how to invest their windfall. In other cases, they are women who have been widowed or divorced and may not have handled tough financial decisions before. And a growing number of fortunes

are passing into the hands of baby boomers, who are more apt than their parents to reach out for help in understanding how to manage their finances.

To that end, they are signing up for courses offered by universities and business schools, financial-services companies and independent firms that focus solely on wealth education. In addition, peer-education groups are sprouting up, allowing wealthy individuals to meet regularly and learn from each other and from guest speakers.

Sandra Fox attended a wealth-management course at the University of Pennsylvania's Wharton School this past November with her two adult daughters, one of whom has an M.B.A. and oversees the family's investment portfolio. Ms. Fox's husband had operated a large real-estate brokerage business but had sold the firm several years ago.

"The nature of our wealth had changed," says Ms. Fox, 65, of Medford, N.J., who had worked as an interior designer and

holistic health teacher. "Suddenly we had liquid assets. Although we knew how to manage a real-estate business, I did not have the background to know what to do with liquid assets."

The five-day course, which is organized by Wharton and the Institute for Private Investors, a networking group for wealthy families, has enrolled 352 wealthy investors from 21 countries since its launch in 1999. Offered twice a year, the course focuses on investing and family governance, and is so popular among wealthy families that it consistently has a waiting list.

This June, the University of Chicago's Graduate School of Business is launching a four-day private wealth-management course for high-net-worth individuals and families. The curriculum addresses topics such as selecting advisers, estate planning for multiple generations and effective philanthropy. (Participants must sign a confidentiality agreement before joining the course.)

Financial-services companies, meanwhile, are turning to education in order to cement relationships with clients and their heirs. Most private-banking divisions of major firms, such as **J.P. Morgan Chase & Co.**, **Citigroup Inc.** and **Merrill Lynch & Co.**, now offer extensive "next generation" financial-training programs for adult children of their wealthy clients, with sessions on investing basics and trusts.

At the same time, some family offices—small companies built solely to manage the fortunes of super-rich families—are hiring specialized educational directors, in charge of orchestrating how the family learns about investing, estate planning, philanthropy and responsible stewardship of wealth.

Private firms, such as IFF Advisors, that offer wealth-management education say business is booming as clients find themselves overwhelmed with the variety and complexity of financial-services products. And peer-education groups, such as **Tiger 21** and **CCC Alliance**, report having no trouble attracting members. Tiger 21, for instance, whose members must be self-made and have at least \$10 million in investable assets, now has 109 members in New York, San Francisco and Los Angeles, up from 63 members in New York alone a year ago.

The cost for the educational programs varies. Wharton's five-day residential program costs \$8,755 per person, for tuition, room and board, while the shorter University of Chicago course will cost \$6,975, which includes course materials and meals. An evening wealth-management course at the University of Miami's Division of Continuing and International Education costs just \$99 for tuition and course materials, while the wealth-management certificate program at New York University charges \$295 to \$695 per course. Seminars offered by private banks are generally free for clients and their families.

Often, people turn to wealth-education courses after having been coddled for years, without having to make substantial financial decisions. Elizabeth P. Anderson, who runs her own boutique wealth-management firm in New York—Beekman Wealth Advisory—recently led a private seminar for three generations of a client's family. The senior generation consisted of two brothers who had founded a family business, but their wives and offspring “had always been taken care of,” says Ms. Anderson. The second generation “was really frustrated—they didn't know what was going on.”

Some of Ms. Anderson's clients say they are frustrated with their experiences at larger private banks. “One thing that Wall Street sometimes does is deliberately talk over people's heads to make their financial consultants sound smart,” she says. “Much of what is called education is actually disguised product sales.”

Banks, for their part, say they offer a wide range of educational seminars, including estate planning and alternative investments. **Northern Trust Corp.**, for instance, recently held programs on such subjects as family limited partnerships and surviving an Internal Revenue Service audit, and even one on investing in pearls. Still, some banks say their wealthiest clients prefer customized educational programs—often held in fancy retreats or at the client's vacation home—rather than group seminars, which can be time-consuming and less private.

The classes and seminars don't teach the secrets of how to become rich; instead they focus on how to handle the money that the participants already have. As a result,

Learning How to Be Rich

A sampling of courses and programs that help teach the wealthy how to manage their fortunes:

| Program | Cost | Comment |
|---|---|---|
| IFF Advisors www.iffadvisors.com | Varies, but roughly \$10,000 for a customized weekend course | Creates specialized wealth-management courses for wealthy families, addressing such topics as choosing financial advisers and helping heirs prepare for their inheritances. |
| New York University School of Continuing and Professional Studies "Certificate in Wealth Management" www.scps.nyu.edu | Courses range from \$295 to \$695; eight courses are required for certificate | Courses include "Introduction to Hedge Funds," "Asset Protection Planning" and "Estate Planning for Wealth Management." Open to both advisers and wealthy individuals. |
| Tiger 21 www.tiger21.com | \$25,000 annual membership dues | A peer-education group for high-net-worth investors. Members learn from each other and from guest speakers. Groups meet once a month for a full day in confidential meetings to discuss investing, estate planning and family dynamics. |
| University of Chicago Graduate School of Business www.pwm.chicagosexec.net | \$6,975 for four-day program, includes course materials and meals | New program, to be offered this June, includes sessions on investment strategies, selecting advisers, philanthropy and multigenerational estate planning. |
| University of Miami Continuing and International Education "Preserving and Transferring Wealth" www.educationmiami.com/wealth | \$99 for two-night evening class | Addresses investing and estate planning, including alternative investments, such as hedge funds, and life insurance. |
| University of Pennsylvania Wharton School/Institute for Private Investors www.memberlink.net | \$8,755 for the five-day course; includes tuition, room and board | Rigorous curriculum that focuses on investing and family governance, and includes a case study featuring a fictional family. Open only to wealthy families; a separate course is available for wealth advisers. |

Sources: the schools and companies

they are all geared to those who anticipate having taxable estates and who can afford to invest in hedge funds, private equity and other investments generally open to accredited investors. Although none of the courses have hard and fast wealth thresholds, the University of Miami course, for instance, is targeted toward individuals whose family holdings are at least \$4 million, while many students at the Wharton program have at least \$25 million in family assets.

Those who teach wealthy clients say the topics most in demand are some of the most basic, such as choosing a financial adviser and deciphering cryptic bank and trust statements. “The biggest question we get is, ‘How do I know if my adviser is doing any good?’” says Douglas Freeman, chairman of IFF Advisors, which offers a variety of wealth-education programs. (A customized educational program for a family would cost about \$10,000 for

a weekend course.) “We teach them how to monitor and measure performance.”

Andrew Menachem, who teaches the Miami class, says that many of his students this year were major South Florida real-estate developers who have recently sold some of their holdings. “Even though they have been very successful in real estate, they don't really know the public capital markets,” says Mr. Menachem, who is also a financial adviser with Morgan Stanley.

Lawrence S. Forman, who runs a successful health-care management firm, recently took the Miami class. He wanted to make sure that his wealth lasts after he retires and to communicate more articulately with his financial adviser.

“When I see terminology I don't understand or I look at a prospectus for a hedge fund that he wants me to invest in, I want to be able to talk at the same level that he does,” says Mr. Forman, 59.



TIGER 21

For more information on TIGER 21, please contact Laurie Ridgeway at (212) 360-1700 x100