



The Wilson Group at Morgan Stanley

Eric S. Wilson, CIMC®, Family Wealth Director

“Strangers in Paradise: How can the newly wealthy find their footing?”

By Eric S. Wilson

Have you ever wondered why the affluence of certain families survives longer than the proverbial “three generations”? In his book, *Strangers in Paradise*, James Grubman, PhD, offers a fresh perspective on that question. Inevitably, one person creates the wealth and generations to follow receive it.¹ But these two very different experiences bring with them varied values and expectations, which I’ve witnessed among my own clients over the past 20 years. Grubman frames the discussion of these differences around a metaphor of “immigrants” and “natives.”

Specifically, Grubman calls the newly affluent, “immigrants” and their children, “natives.” If you stop and think about this analogy, it helps deepen your understanding of your family’s wealth and status. For if you come from lower-middle class roots, but through, for example, marriage, divorce, the sale of a business or stock options find yourself with far more zeroes in your net worth than you ever imagined, your experience is comparable to that of someone immigrating to another country.

You don’t know the language

(“wealth speak”), you don’t know the customs and you don’t know the etiquette—all things that an immigrant must learn, but not the next generation. Instead, their children will be natives who enjoy their parents’ newfound prosperity.

In the book’s foreword, Dennis Jaffe, PhD, Grubman’s partner in this work, states that: “Some of the difficulties in sustaining family wealth seem to arise because wealth acquirers grew up in an economic culture that was poor or middle class. After they acquired wealth, they often did not know how to act or what to do, all the while trying to raise children who are native to that wealth.”

“These ‘cultural’ differences led the different generations to different ways of seeing work, risk, opportunity and life goals,” Jaffe continues. “Further, the children of wealth acquirers grow up where the skills and values of their parents may seem less relevant to their experiences and needs.”

This cultural perspective gives rise to a host of challenges, many of them so difficult to address that numerous families move themselves back to their former land, where they were

poor or middle class, by the end of the third generation. Grubman says his research has shown that people are streaming out of the metaphorical “land of wealth” at a much faster pace than they are pouring in. “With wealth,” Grubman states, “each generation must renew its citizenship—they must remain wealthy.”

Acculturation—how newcomers to the land of wealth personally adjust to becoming wealthy and make crucial choices that set the direction for the family—is as important as adaptation to the land itself. This is a key point because these immigrants are living as members of a demographically small minority (the wealthy), embedded within a demographically larger majority culture (the middle class). They must be prepared to navigate this, not with knowledge drawn from their past, but from exposure to their peers and how they live today. In effect, they are “strangers in paradise.”

Grubman’s fresh perspective on family wealth and dynamics has given us new insight into how families prepare heirs for the transition of wealth. Look for part two of this article in the next issue of *Worth*. ☺

“Grubman frames the discussion of generational wealth differences around a metaphor of ‘immigrants’ and ‘natives.’”

—Eric S. Wilson

How to reach Eric S. Wilson

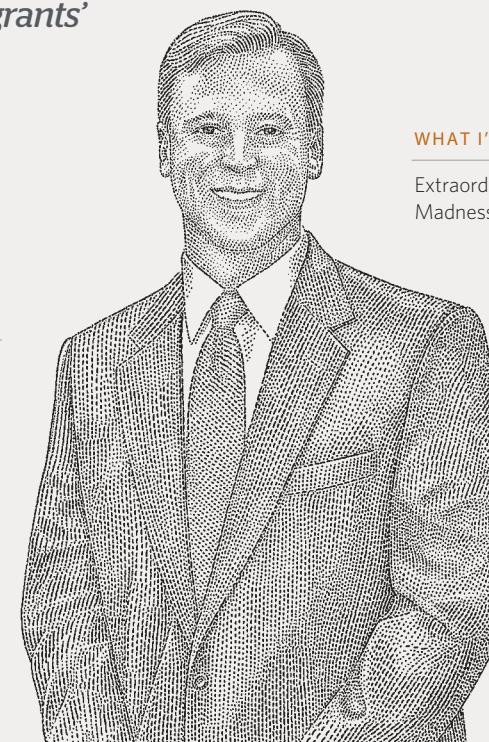
Families may reach me with questions or with interest at 877.442.5445 or eric.s.wilson@morganstanley.com.

WHAT I’M READING NOW...

Extraordinary Popular Delusions and the Madness of Crowds, by Charles Mackay

MY HOBBIES ARE...

Being a husband and a father, playing tennis, upland hunting and reading



WHAT MAKES A GOOD CLIENT...

A first- or second- generation family of wealth that desires to improve the odds of the successful transition of its wealth to subsequent generations

About Eric S. Wilson

Eric S. Wilson is a wealth advisor and senior vice president at Morgan Stanley, and for the past 20 years he has served the varied needs of families whose wealth has the potential to change the essential nature of their descendants’ lives. Mr. Wilson began his career at Merrill Lynch in 1994, where he served until joining Morgan Stanley in 2010. For his work with affluent and high net worth families throughout the southeastern United States, he has been specially designated at Morgan Stanley as a family wealth director. Achieving this prestigious designation meant adhering to stringent quantitative and qualitative requirements set forth by Morgan Stanley and now provides him with customized and dedicated resources from around the firm, which benefits his clients by providing them with many of the same services offered by family offices. Mr. Wilson is a Certified Investment Management ConsultantSM (CIMC®), an Accredited Investment Fiduciary Analyst (AIFA®) and is a member of the Association of Professional Investment Consultants. He serves on the advisory boards of the Community Foundation of Central Georgia and Children’s Hospital of Central Georgia. He and his wife, Cindy, are proud parents of four sons, ages 13, 13, 13 and 6.

Assets Under Management
\$2 trillion (Morgan Stanley Wealth Management, as of 8/31/14)

Minimum Fee for Initial Meeting
None required

Minimum Net Worth Requirement
\$5 million (planning services); \$2 million in investable assets (investment services)

Largest Client Net Worth
\$25 million+ (as of 7/31/14)

Financial Services Experience
20 years

Compensation Method
Asset-based fees and commissions (investment and insurance products)

Primary Custodian for Investor Assets
Morgan Stanley Smith Barney LLC

Professional Services Provided
Planning, investment advisory and money management services, advanced wealth transfer planning and liability management

Association Memberships
IMCA, Fiduciary 360 (www.fi360.com)

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ILLUSTRATION BY KEVIN SPROULS

¹Grubman, James, PhD. *Strangers in Paradise: How Families Adapt to Wealth Across Generations*. Turners Falls, MA: FamilyWealth Consulting, 2013.
Eric S. Wilson is a Financial Advisor/Private Wealth Advisor with the Wealth Management division of Morgan Stanley in Macon, Georgia. The views expressed herein are those of the author and may not necessarily reflect the views of Morgan Stanley Smith Barney LLC, Member SIPC, www.sipc.org. Morgan Stanley Financial Advisor(s) engage Worth to feature this article. Eric S. Wilson may only transact business in states where he is registered or excluded or exempted from registration, www.morganstanleyfa.com/thewilsongroup. Transacting business, follow-up and individualized responses involving either effecting or attempting to effect transactions in securities, or the rendering of personalized investment advice for compensation, will not be made to persons in states where Eric S. Wilson is not registered or excluded or exempt from registration. CRC 1053823 11/14