



# Ownership Project Insights, No. 3

Beyond the Preserve and Grow Paradigm:  
Developing a Theory of Wealth

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Ownership Project 2.0:  
Private Capital Owners and Impact  
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Views expressed in Ownership Project Insights, a platform for diverse perspectives regarding private wealth, belong to the authors alone.



### About Ownership Project Insights

*Ownership Project Insights* is Ownership Project 2.0's publication series dedicated to practitioners. It is edited by Dr Sarah McGill. These action-oriented papers deliver critical analyses, data-driven observations, provocations, and playbooks for family offices, family holding companies, family businesses, family foundations, and those working closely with them.

### About Ownership Project 2.0: Private Capital Owners and Impact

Ownership Project 2.0: Private Capital Owners and Impact is a global research project driven by dual imperatives:

First, we are conducting high calibre research into family offices and family holding companies, and into the investment activities of family businesses and family foundations, and publishing it in top peer-reviewed academic journals.

Second, we aim to move the needle on practitioner behaviour, using our research to drive conversations and influence the strategy and goals of family-owned capital. Achieving this objective means translating our data and academic research papers into forms that practitioners – family members, non-family leadership and staff, and professional service providers – can actually use, day to day.

The project is led by Professor Marya Besharov, Principal Investigator, and Dr Bridget Kustin, Senior Research Fellow and Director.

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### Ownership Project 2.0

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### About Regeneration Group

Regeneration Group operates at the intersection of private wealth and impact to decrease suffering, increase flourishing, and decrease risk in the world. It is home to four entities: Generation Pledge, Polycapital Academy, Polycapital Advisors, and Regeneration Bank.

Generation Pledge is a global community of inheritors from ultra high net wealth families committed to using economic, social, political, and career capital for impact and to donating at least 10% of their inheritance within five years of inheriting or pledging.

Polycapital Academy, in partnership with Green Templeton College at Oxford University, offers world class education on strategic philanthropy, and wealth and impact.

Polycapital Advisors helps families design and implement high-leverage impact strategies.

Regeneration Bank, currently in development, will be the first impact-focused non-profit private bank, integrating values-aligned solutions with wealth management.

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# Foreword

Through our work and research, we have encountered a distinct demographic of ‘ultra high net wealth individuals’ (UHNWIs) – those with net assets above USD 30 million<sup>1</sup> – who have a ‘preserve and grow’ approach to their wealth, but cannot explain why. For this type of wealth-holder, preserve and grow is a default setting, not a strategy they have actively chosen or actively reconfirm.

Preserve and grow might sound subjective – how can we determine who falls into this category? The answer is simpler than you might think. As we’ve asked UHNWIs about the *purpose* of growing their already substantial wealth in our research, teaching, convenings, and community-building over the past seven years, some answers are inconsistent, unclear, or show a circular logic: we grow the wealth because its purpose is to grow.

Many of the UHNWIs with whom we have engaged express a clear desire to secure dynastic wealth for future generations, without end, but do not appear to have considered *why* they have this desire. For these individuals, wealth accumulation possesses its own internal momentum, and the idea of stopping the preservation and growth of their wealth would be deeply odd, difficult, disruptive, or even inconceivable.

This *Insights* paper is for this demographic.

This paper is organised into three parts:

**Part One** uses time-tested concepts to understand how preserve and grow has become such a common default setting for wealth-holders. As academics and practitioners trained in anthropology, philosophy, and psychology, we use these concepts to explain how, over time, unique family values and goals can be flattened into what we have seen as a frequently unquestioned, prevailing preference for and expectation of preserve and grow among UHNWIs:

- *Social norms*, which are expectations that seem so obvious and basic that one rarely stops to question them. They shape wealth-holders’ choices, consciously and unconsciously. They limit active decision-making and access to other possibilities.
- *Habitus*, or the ways individuals interact with social norms. Past experiences influence thinking and contribute to the formation and ossification of culture, impacting individuals’ ability to spot opportunities for innovation.
- *Institutional isomorphism*, which is the process through which diverse organisations (e.g. family offices) in a field or industry (e.g. wealth management) end up yielding similar outcomes.<sup>2</sup> The concept of institutional isomorphism helps us understand how unique family values and histories, which in principle should be shaping unique relationships to wealth, instead get flattened into similar outcomes. In the wealth management ecosystem, peer examples, institutionalised standards, best practices, and external mandates encourage and facilitate preserve and grow as a default setting for private wealth.

<sup>1</sup> There is no agreement, either among practitioners or academics, about the wealth threshold for an UHNWI. Some actors use net wealth, while other use investible assets, e.g., UBS’ threshold of USD 100 million in investible assets. See UBS (2024). Global Wealth Report 2024. In UBS Wealth Management. UBS. <https://www.ubs.com/us/en/wealth-management/insights/global-wealth-report.html#key-points>. Many online sources, from news articles to Investopedia, cite property manager Knight Frank’s threshold of USD 30 million – an example of how certain figures gain credence through sheer repetition.



**Part Two** offers an intervention that is a starting point for UHNWIs to actively consider the ‘why’ of their wealth: identifying one’s ‘wealth purpose’. Understanding different wealth purposes is the first step in challenging the preserve and grow paradigm, making alternatives possible. To illustrate, we show how a philanthropic vehicle can be used to produce different outcomes, depending on one’s chosen wealth purpose.

**Part Three** offers a plan for action for UHNWIs. We explain the value of establishing a personal ‘Theory of Wealth’, and conclude with questions for self-reflection and discussion within families and with professional service providers. We use classic theories of wealth and class drawn from the social sciences and humanities to inform action planning because we believe that theory can guide practice. Modern circumstances are unique, but time-honoured perspectives on wealth can help make sense of dynamics that might seem predetermined or inflexible. We learn from the past.

## What is a ‘Theory of Wealth’?

Actors in the field of impact work, whether non-profits, foundations, or government institutions, often define their ‘Theory of Change’ to describe and guide their work. Theories of Change encompass inputs, activities, outputs, outcomes, and impact that the organisation is trying to achieve, and have quickly become important elements for communicating purpose and guiding action.

Inspired by this concept, a Theory of Wealth links an envisioned deployment of wealth, both liquid and illiquid, to the creation of desired effects in the world. Adopting a personal Theory of Wealth is *intention with a blueprint for implementation*. So often in our work, we encounter sincere aspirations, ideals, or hopes for personal wealth – but without a plan to actually achieve them.

A personal Theory of Wealth acknowledges that ‘wealth’ takes many forms, whether shares in an operating business or liquid investable assets, and that the existence and creation of this wealth at scale creates observable impacts in the world. Through their personal Theory of Wealth, the wealth-holder can ask, ‘How does my wealth enact the purpose (or collection of purposes) I would like it to enact? And what are my specific plans to put this into practice?’

We will explain how, without the intentionality required by a personal Theory of Wealth, the general default tends to be toward a preserve and grow posture for one’s wealth. A personal Theory of Wealth – which is not limited solely to investment capital, but to the sum of liquid and illiquid wealth – is also a way to draw attention to the difference between what might be happening within a small part of one’s wealth (a carve-out), versus across the majority or even the entirety of the wealth. This matters because so often, impact investing or other values-based approaches to wealth management applies only to a small carve-out of the overall wealth.

## Why this matters

Diverse voices increasingly highlight the potential for private wealth to play a critical role in addressing urgent global challenges.<sup>3</sup> As a demographic, UHNWIs can be uniquely agile and relatively free from the short-term performance pressures which other capital providers face. But this potential cannot be achieved without reckoning with the social norm that the purpose of wealth is primarily to be preserved and grown.

We offer a holistic approach to asset owners' wealth in its entirety, across their foundations, businesses, and investment portfolios. Some UHNWIs and investment advisors have been working to set impact investing objectives or to undertake family-wide exercises to identify a family mission or purpose. Frameworks and sets of questions to guide these activities exist. We know from our research and advisory work that these can be powerful actions for families and their investment portfolios or foundations, but they are typically calibrated to either investing or philanthropy – not both.

This *Insights* paper will not apply to all UHNWIs in all parts of the world. Nor is the USD 30 million threshold for an UHNWI definitive. Ultra high net wealth status in some global regions can be higher or lower. Importantly, our paper also does not explore the ethics of wealth creation or political, regulatory, business, or tax phenomena that have increased intergenerational wealth inequality.

We focus on cultural dimensions: wealth-holders' relationships to their wealth, and how and why those patterns and habits matter, for these individuals and for the world. An upskilling of UHNWIs can help them to unlock the unique possibilities and understand the limits of their private wealth.

In our work and research, we have observed that many wealth-holders' values are significantly more pro-social and altruistic than the ways their portfolios are currently deployed. As one insider and critic has observed, the 'wealth defence industry' operates in such a way that wealth-holders can have significantly less agency than one might expect, in terms of shaping their investment portfolios.<sup>4</sup> Moving from this place of inaction to a place of intentional action can be beneficial for both wealth-holders and society at large.

What could happen if every UHNWI pursuing pro-social or pro-environmental goals had a clearly defined personal Theory of Wealth? How might this interact with and inform their Theory of Change? The purpose of this *Insights* paper is to introduce this consideration into current discourse and provide UHNWIs with a starting point to formulate their own Theory of Wealth.

While our core focus is on wealth-holders with net assets above USD 30 million, we expect this *Insights* paper to hold relevance for those at a wider range of wealth thresholds, sparking curiosity, self-reflection, disagreement, and new thinking.

3 United Nations Environment Programme Finance Initiative (2018). Rethinking impact to finance the SDGs. [online] UNEPFI. Available at: <https://www.unepfi.org/wordpress/wp-content/uploads/2018/11/Rethinking-Impact-to-Finance-the-SDGs.pdf>; UN Sustainable Development Group (2023). UNSDG | With trillions needed to achieve SDGs, world leaders urged to rapidly scale up investments. [online] unsdg.un.org. Available at: <https://unsdg.un.org/latest/announcements/trillions-needed-achieve-sdgs-world-leaders-urged-rapidly-scale-investments>; Oakley, D. (2024). World's rich channel more wealth into tackling climate change. Financial Times <https://www.ft.com/content/e0d1bd5b-3a0b-428f-a909-8e7638e26c8e>; Rickenbacher, P. (2022). Private investors are crucial to the future of ESG. Here's how they can find their voice. World Economic Forum. <https://www.weforum.org/agenda/2022/01/private-investors-esg-investment>; Barclays Private Bank. (2024). The path to effective philanthropy. Barclays. <https://privatebank.barclays.com/insights/2024/february/guide-to-giving/the-path-to-effective-philanthropy/#:~:text=Effective%20philanthropy%20entails%20a%20mixed>; International Finance Corporation. (2023). IFC 2023 Annual Report. <https://www.ifc.org/content/dam/ifc/doc/2023/ifc-annual-report-2023-building-a-better-future.pdf>

4 Collins, C. (2021). *The Wealth Hoarders*. John Wiley & Sons.



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Sid is a lifelong learner, facilitator, and social entrepreneur. As the co-founder & CEO of Regeneration Group, he helps UHNW families channel their capital for impact. He is a TEDx speaker with over 10M+ views and has taught positive psychology for over a decade.

# Introduction

## *‘If you’ve met one family, you’ve met one family.’*

This is an oft-repeated truism in the world of family businesses and family offices because it is true.

All families possess cultural, geographic, ethnic, religious, and gender difference. These differences are compounded by vast diversity in personalities, relationships, and family arrangements. Bespoke cross-border wealth management structures accommodating global lifestyles and domiciles of the wealthy set still further difference between families.

With so much difference, why do so many families’ wealth management goals end up being the same: wealth preservation and growth? It is standard for wealth managers to aim for above market rate risk-adjusted returns on investments. This is so that growth in wealth can outpace inflation and support families, which typically gain more members, over time.

Why is this ‘preserve and grow’ paradigm a de facto default setting? After all, families can and do make life-changing decisions regarding their wealth all the time,

within the family. They restrict inheritance or ‘prune the family tree’. Aware that wealth can be notoriously corrosive for some individuals, or even destructive to family dynamics, many families create trust structures and engage consultants and courses to protect younger generations from the harms of wealth.<sup>5</sup>

This *Insights* paper explains how building up wealth can lead to a loss of power or control over the management of that wealth. This is rarely a sudden, dramatic event; rather, it usually unfolds slowly over time. If the Chief Investment Officer of a single family office has a different approach to wealth management than the family, but those differences are never resolved, the wealth-holder might not have an active voice in the portfolio, or even understand fully what is happening in the portfolio.<sup>6</sup> As a social norm, preserve and grow flattens unique family preferences and values into often-identical outcomes. In this scenario, wealth-holders arguably do not control their wealth; the wealth controls them.



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<sup>5</sup> Marcovici, P. (2016). *The destructive power of family wealth: a guide to succession planning, asset protection, taxation and wealth management*. Wiley; Baron, J., Lachenauer, R., & Coutu, D. (2016). *When You’ve Made Enough Money to Cause Family Tension*. Harvard Business Review. <https://hbr.org/2016/01/when-youve-made-enough-money-to-cause-family-tension>

<sup>6</sup> Thank you to one of our industry peer reviewers who raised this point, based on their own work.

What if, instead, someone asked wealth-holders: What is the purpose of that growth? Does your portfolio need to grow? The answer might seem obvious. After all, isn't it absurd, even taboo, to say, 'I don't want more money,' or 'I don't wish to achieve or exceed the market rate of return'?

***If the existential purpose of a portfolio is not inherently to grow, what might that portfolio accomplish instead?***

World-changing impact involves risk and takes time to realise. Most investors (apart from governments) do not possess the ability to take on such risk and hold investments for decades, through ups and downs. But theoretically, private wealth can possess unique tolerances in the landscape of different types of capital. For example, unlike trillion-dollar pension funds, which cannot jeopardise the pensions of public servants like teachers and nurses, private wealth can tolerate much higher levels of risk. It also does not have to pay out in the short term, so can take the long view of investing.

These tolerances should make private wealth well suited for the kind of long-term investment and risk appetite needed to creatively address pressing challenges, from the development of life-changing vaccines to the climate technologies that will accelerate energy transitions and achieve net zero. Yet the theoretical possibilities of private wealth often remain theoretical.

To be sure, there are often good reasons for this. Improving communities and the world is hard to do well. Behavioural and structural factors matter.<sup>7</sup> How wealth was accumulated, and specifically whether a UHNWI is an entrepreneur who built the wealth, was born into it, or acquired it overnight (e.g., through an IPO or a divorce), matters.<sup>8</sup> Age and gender matter.<sup>9</sup>

Besides, UHNWIs' engagement in developing a wealth purpose might present a paradox: it could serve to further extend their power in society just as they are seeking to reduce it. Some believe that plutocratic power conflicts with democratic governance,<sup>10</sup> benefiting the self-interest of the few over the needs of the many.<sup>11</sup> Globally, the wealthy are already change agents via political donations and philanthropy, reshaping political and social systems in the process. As wealth-holders develop a wealth purpose beyond preserve and grow, it will be important to consider how this greater agency can be exercised responsibly and with accountability.

But as a starting point, UHNWIs cannot fulfil their potential to catalyse world-changing positive impact unless a silent majority of wealth-holders ask what they would like to accomplish with their wealth, besides growth.

7 Tantia, P., Tedesco, N., & Erickson, B. (2024). Overcoming Psychological Barriers to Giving. National Center for Family Philanthropy. <https://www.ncfp.org/wp-content/uploads/2024/07/Overcoming-Psychological-Barriers-to-Giving-July-2024.pdf>.

8 Entrepreneurs give faster and more compared to non-entrepreneurs, when faced with a similar wealth creating event, according to Clayton, P., Feldman, M., & Nwakupada, E. I. (2021). After the IPO: Entrepreneurs' transition to philanthropy. *Journal of Business Venturing Insights*, 15, e00236.

9 For a review on gender differences in charitable giving, see Wiepking, P., Einolf, C. J., & Yang, Y. (2022). The Gendered Pathways Into Giving and Volunteering: Similar or Different Across Countries? *Nonprofit and Voluntary Sector Quarterly*, 52(1). Regarding the growing generational divide in charitable giving, see Smith, S. (2012). MIND THE GAP. Charities Aid Foundation. <https://www.cafonline.org/docs/default-source/about-us-policy-and-campaigns/mind-the-gap-reportddffcb334cae616587efff3200698116.pdf>.

10 Mahbubani, K. (2020). Democracy or Plutocracy?: America's Existential Question. *Horizons: Journal of International Relations and Sustainable Development*, 17, 32–45. <https://www.jstor.org/stable/48590560>

11 Krugman, P. (2023, April 17). Opinion | Plutocratic Power and Its Perils. *The New York Times*. <https://www.nytimes.com/2023/04/17/opinion/plutocrats-power-trump.html>

# Part One: Concepts from the social sciences



## Wealth and ethics

Centuries' worth of now-classic ideas in the social sciences have attempted to understand the ethics of wealth. These theories examine wealth from both economic and social perspectives, analysing its flows and the processes and consequences of its accumulation. This includes studies of wealth and elite class formation<sup>12</sup> and distinctions between types of financial wealth,<sup>13</sup> such as new wealth versus intergenerational wealth.<sup>14</sup> In one foundational text for the modern Western social sciences, wealth resulting from labour indicated that one had been chosen by God. In other words, wealth was ethical in the context of work, and unethical in the context of pure leisure.<sup>15</sup> This idea has shaped centuries of thought, helping to legitimise extreme wealth as an aspiration for many.

Yet the ethics of wealth remains very difficult to pin down. One reason is because the threshold at which wealth shifts from being a desirable goal to a problem is unclear. For those focusing on poverty reduction and middle-class stability, wealth is a goal and positive moral imperative. To wealth inequality researchers and many politicians, on the other hand, wealth at the highest echelons is harmful.

What counts as 'wealth' in the first place is also debated. Wealth can be financial ('money wealth', e.g., cash, shares), or understood as tangible assets ('utility wealth', e.g. property, livestock). Historically, those with utility wealth had better protection against

adverse financial events such as currency depreciation. The intrinsic value of utility wealth ensured its ability to maintain tangible, real-world trade value, even when currencies fluctuated or lost purchasing power.<sup>16</sup>

Amidst these discussions, the 'Great Wealth Transfer' is changing the conversation. While global estimates vary wildly from USD 5 trillion to over 100 trillion,<sup>17</sup> huge amounts of wealth have started moving from baby boomers' hands to their children. This will continue over the next 25-30 years and will shape entire economies and societies. The Great Wealth Transfer is the result of a unique combination of tax regulations, demographic shifts, changes to the global business landscape, shifting patterns of globalisation, and the ability of the wealthiest to maximise tax advantages and minimise tax burdens.<sup>18</sup>

Families are at the heart of the Great Wealth Transfer. This means that the wealth under discussion is about more than just money. It is well established that a family's actions, motivations, and goals encompass both business concerns and kinship concerns. 'Socioemotional wealth' refers to elements of a family business or family enterprise that meet the family's needs beyond financial wealth. This includes identity, influence within the family, and the continuity of the family dynasty.<sup>19</sup> Socioemotional wealth is a powerful force guiding family behaviour and ethics.

12 Thompson, E. P. (1967). Time, Work-Discipline, and Industrial Capitalism. *Past and Present*, 38(1), 56–97, Mills, C.W. (1956). *The Power Elite*. Oxford: Oxford University Press; Domhoff, G.W. (1986). *Who Rules America Now?: A view for the '80s*. Simon & Schuster; Baltzell, E.D. (1989). *Social Class and Democratic Leadership*. University of Pennsylvania Press; Higley, S.R. (1995). *Privilege, Power, and Place: The Geography of the American Upper Class*. Rowman & Littlefield Publishers.

13 Veblen, T. (1979). *Théorie de la classe de loisir*. Paris: Gallimard.; Elias, N. (1973). *La civilisation des moeurs*. Pocket.

14 Aldrich, N.W. and Crawford, T. (1996). *Old money: the mythology of wealth in America*. New York: Allworth Press.

15 Weber, M. (1930). *The Protestant ethic and the spirit of capitalism*. Scribner/Simon & Schuster.

16 Shaw, A.V. (1925) 'Elements of investment safety', *Harvard Business Review*, 3(4), pp. 447–456.

17 Estimates include USD 100 trillion (Costa 2023; Alim 2023), GBP 5.5 trillion in the UK alone (Barclays 2021), USD 90 trillion in the United States alone (Knight Frank, 2023 Wealth Report), and USD 84 trillion in the United States alone (New York Times, 2023). These sources use different methodologies and timeframes: the New York Times and Knight Frank cite Cerulli Associates' report, which claims that USD 84.4 trillion in assets will be transferred by 2045 from 'older generations' (the so-called Silent Generation and Baby Boomers) to Millennial and Generation X heirs, in the US alone. Knight Frank's figure of USD 90 billion, published in early 2023, accounts for the increase in asset prices from January 2022 (when Cerulli published their report) to December 2022. Barclays cites a Kings Court Trust research paper claiming that over the next 20 years £5.5 trillion will be transferred in the UK alone. Notably, UBS' Global Wealth Report conducted their own research into the matter: they estimate USD 83.5 trillion will be passed within the 'next 20-25 years.' While this figure is similar to the Cerulli report, it estimates a global (not just USA) wealth transfer figure.

18 Smith, T. J., & Russell, K. (2023, May 14). The Greatest Wealth Transfer in History Is Here, With Familiar (Rich) Winners. *The New York Times*. <https://www.nytimes.com/2023/05/14/business/economy/wealth-generations.html>; McCaffery, E. J. (1994). The Uneasy Case for Wealth Transfer Taxation. *The Yale Law Journal*, 104(2), 283. <https://doi.org/10.2307/797006>

19 Gómez-Mejía, L. R., Haynes, K. T., Núñez-Nickel, M., Jacobson, K. J. L. and Moyano-Fuentes, J. (2007). Socioemotional wealth and business risks in family-controlled firms: Evidence from Spanish olive oil mills. *Administrative Science Quarterly* 52(1) 106-137.



A family desire to maximise socioemotional wealth can negatively impact non-family stakeholders, by prioritising the well-being of the family at the expense of others.<sup>20</sup>

We also know that families are deeply shaped by their national environments. Different inheritance laws in different jurisdictions offer clues as to what a society values. For example, Hong Kong's laws offer unlimited testamentary freedom (the legal entitlement to distribute one's assets to beneficiaries at one's own discretion) and no estate taxes, leading to a fast fragmentation of family assets but fostering a vibrant entrepreneurial climate.<sup>21</sup> French laws promote equal inheritance and have high estate taxes, in line with national *égalité* (equality), but arguably to the detriment

of the medium-sized family firm sector. In the US, meanwhile, trusts for flexible wealth management and estate tax provisions allow family firms to evolve with broad ownership and professional management while retaining some family influence. This lends itself to intergenerational growth: the US has one of the highest numbers of multi-billion-dollar family firms in the world.

To summarise, considerations impacting the ethics of wealth and wealth-holding are deeply complex. They have a profound influence on individual, family, and national preferences and expectations.

20 Cruz, C., Larrazza-Kintana, M., Garcés-Galdeano, L. and Berrone, P. (2014). Are family firms really more socially responsible? *Entrepreneurship Theory and Practice* 38, 1295-1316; Dekker, J. and Hasso, T. (2016) 'Environmental Performance Focus in Private Family Firms: The Role of Social Embeddedness', *Journal of Business Ethics*, 136(2), pp. 293-309; Kellermanns, F.W., Eddleston, K. A. and Zellweger, T. M. (2012). Extending the socioemotional wealth perspective: A look at the dark side. *Entrepreneurship Theory and Practice* 36, 1175-1182.

21 Carney, M., Gedajlovic, E. and Strike, V.M. (2014) 'Dead Money: Inheritance Law and the Longevity of Family Firms', *Entrepreneurship Theory and Practice*, 38(6), pp. 1261-1283.

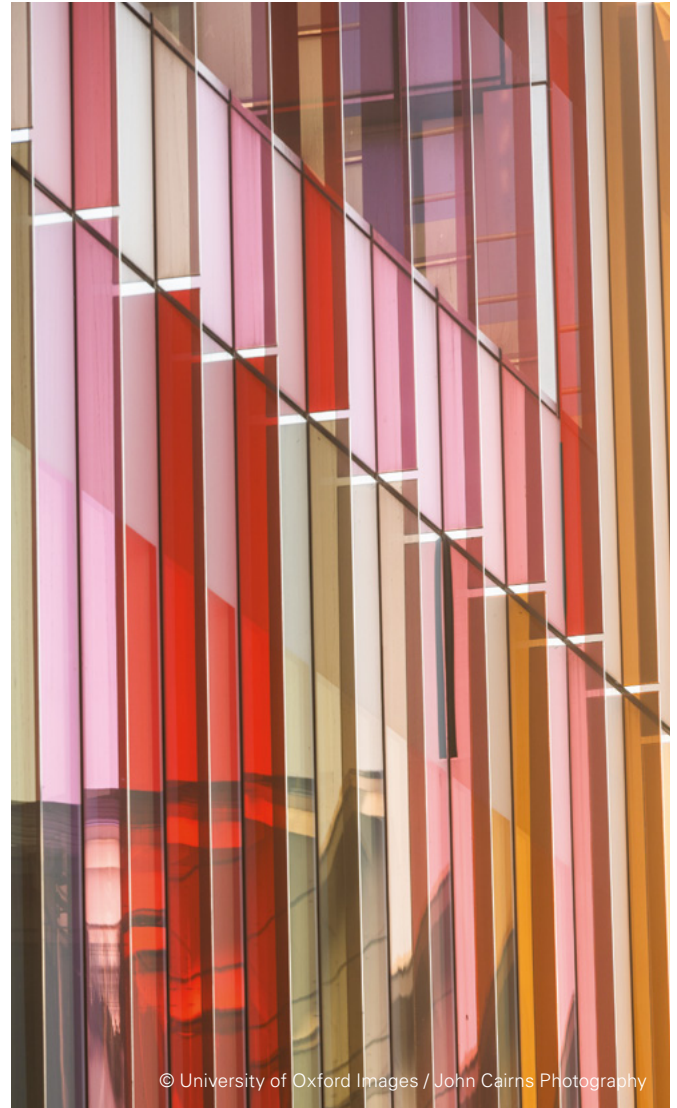
## Aristotle and the 'enough' question

*The quest to understand how much wealth is enough, and how much is excessive, is at least as old as ancient Greek philosophy.*

Aristotle distinguished between 'natural' wealth (*oikonomia*) and 'artificial' wealth (*chrematistike*). Natural wealth refers to finite wealth sufficient to satisfy finite human needs. Artificial wealth is infinite wealth, untethered from human needs and subject to continual pursuit and accumulation.

For Aristotle, artificial wealth was incompatible with virtue. He believed people should embrace natural wealth as sufficient for satisfying human needs and avoid the ethical pitfalls of the endless pursuit of artificial wealth.<sup>22</sup> To some, this makes Aristotle an enemy of business and entrepreneurialism.<sup>23</sup> Others think modern business has a moral imperative to support the 'good life' and not encourage pursuit of artificial wealth.<sup>24</sup>

Aristotle's dichotomy is striking in itself, because modern concepts of wealth ignore that there might be a distinction between sufficient and excess wealth in the first place. The preserve and grow paradigm is so deeply embedded in business, finance, and economics that the creation, preservation, and growth of wealth is often the expected goal of wealth-holding, whether through Milton Friedman's view that the purpose of corporations is to maximise shareholder financial profit<sup>25</sup> or standard industry assessments of how wealth is built over time (e.g., via firm performance metrics or executive compensation, taking account of inflation and risk).



Late 20th century theorists examined how, once one has wealth, one is motivated to retain it, whether to overcome precarity and fear of loss, 'win' for the sake of winning, or enjoy the power that comes with wealth.<sup>26</sup> This can be dangerous for both the wealth-holder and society. Pursuing wealth for extrinsic reasons can distract from the pursuit of intrinsic goals, leading to lower well-being<sup>27</sup> – a clear continuation of the ideas Aristotle was reckoning with.

22 Worden, S. (2009) 'Aristotle's Natural Wealth: The Role of Limitation in Thwarting Misordered Concupiscence', *Journal of Business Ethics*, 84(2), pp. 209–219.

23 Dierksmeier, C. and Pirson, M. (2009) 'Oikonomia Versus Chrematistike: Learning from Aristotle About the Future Orientation of Business Management', *Journal of Business Ethics*, 88(3), pp. 417–430.

24 Bragues, G. (2006). *Seek the Good Life, not Money: The Aristotelian Approach to Business Ethics*. *Journal of Business Ethics*, 67(4), pp.341–357. <https://doi.org/10.1007/s10551-006-9026-4>. Worden 2009

25 Friedman, M. (1970). *The Social Responsibility of Business Is to Increase Its Profits*. *The New York Times*. [online] Available at: <https://www.nytimes.com>

26 Elias, N. (1973). *La civilisation des moeurs*. Pocket.; Bourdieu, P. (1991). *Language and symbolic power*. Polity Press.; Genieys, W. (2010). *The New Custodians of the State*. Transaction Publishers. <https://www.nytimes.com/1970/09/13/archives/a-friedman-doctrine-the-social-responsibility-of-business-is-to.html>.

27 Swift, K. (2007) 'Financial Success and the Good Life: What have We Learned from Empirical Studies in Psychology?: Section: Philosophical Foundations', *Journal of Business Ethics*, 75(2), pp. 191–199.

## 'Preserve and grow' as a social norm and habitus

Every wealth-holding family is unique. Why are the wealth management goals of so many so similar to each other?

In theory, preserve and grow is a free choice families make through careful planning and consideration of all options on the table. If anyone were to have the widest array of wealth planning options, surely it is those who can afford the best advice. Similarly, finance, tax, accounting, and legal professionals should also possess their own free choice, within the constraints of the law and regulations, to produce tailored solutions for each family's unique goals and circumstances.

Decades of social theory foundational to philosophy, sociology, anthropology, psychology, and management delivers a different lesson: free choice is illusory. This is not because individuals – whether family principals or elite professionals – lack power or decision-making abilities; they clearly possess both. Nor is it because laws or regulations constrain options for action.

The answer is the power of *social norms*, or prevailing preferences that, over time, become tacit expectations. They are the unwritten rules of society that shape behaviour, which in turn shapes institutions such as law and government. Social norms might be subjective in their origins, but they have real force.

Understanding how humans relate to social norms is key to understanding how preserve and grow has become the default setting for so many wealth-holders. Systemic factors can curb the agency of individual wealth-holders over their wealth, shuttling wealth into a preserve and grow system.

In every client meeting, wealth advisors both create and reinforce the preserve and grow social norm every time they explain an option by noting that 'many clients do this'. Advisors who do not offer an option because they pre-emptively think it will not be appreciated are also creating and reinforcing powerful ideas about 'normal' or 'best' behaviours. The power of social norms and peer example among wealth-holders can even drive wealth-holders to work against their own self-interest.<sup>28</sup>

At the same time, individuals relate to social norms in unique ways, shaped by their attitudes, values, practices, and beliefs. The individuality of responses can be summed up by a second, classic concept of social theory, *habitus*, which refers to the internalised dispositions individuals develop as they engage with and interpret other social norms.<sup>29</sup> The diversity of habitus across different settings helps explain why we see such different relationships to wealth among wealth-holders: some are discreet in public (so-called 'stealth wealth'); others demonstrate their wealth publicly and invite the public gaze.

The wealthiest families are often globally mobile, residing and legally domiciled in multiple jurisdictions.<sup>30</sup> Their wealth and operating businesses may be domiciled in yet additional multiple jurisdictions. There is an emerging body of work on the habitus of a multi-jurisdictional global class that 'lives on airplanes' and is connected to multiple cultures and continents by virtue of a strategically acquired 'passport portfolio.'<sup>31</sup> The point is that geography, ethnicity, religion, or language are not necessarily the most important differentiating factors for global wealth-holders. The concept of habitus allows us to connect shared behaviours of UHNWIs across the globe.

Habitus, along with social norms, structures our decision-making by making only certain options viable. There are choices that have been made for you, even if you are not actively aware of it. Habitus is unconscious and acquired over time. Critically, this means that it can be changed. As we will see later, changing habitus is the first step to challenging the preserve and grow paradigm.

28 Harrington, B. (2016). *Capital without borders: Wealth managers and the one percent*. Harvard University Press.

29 Bourdieu, P. (1977). *Outline of a Theory of Practice*. Cambridge University Press.

30 Lowenhaupt, C. A. (2008). Freedom from wealth. *The Journal of Wealth Management*, 10(4), 17-23.; 1. Rosplock, K., & Hauser, B. R. (2014). The family office landscape: Today's trends and five predictions for the family office of tomorrow. *The Journal of Wealth Management*, 17(3), 9-19.

31 Surak, K. (2023). *The Golden Passport*. Harvard University Press.

## Institutional isomorphism: how difference is reduced to sameness

The field of organisation and management research has extensively studied the homogenising process through which diverse inputs become flattened into similar outputs over time – a process known as institutional isomorphism.<sup>32</sup> Scholars have identified three mechanisms through which this occurs: mirroring; norms and best practices; and external requirements. This section explains these mechanisms and examines how they operate in the wealth management industry.

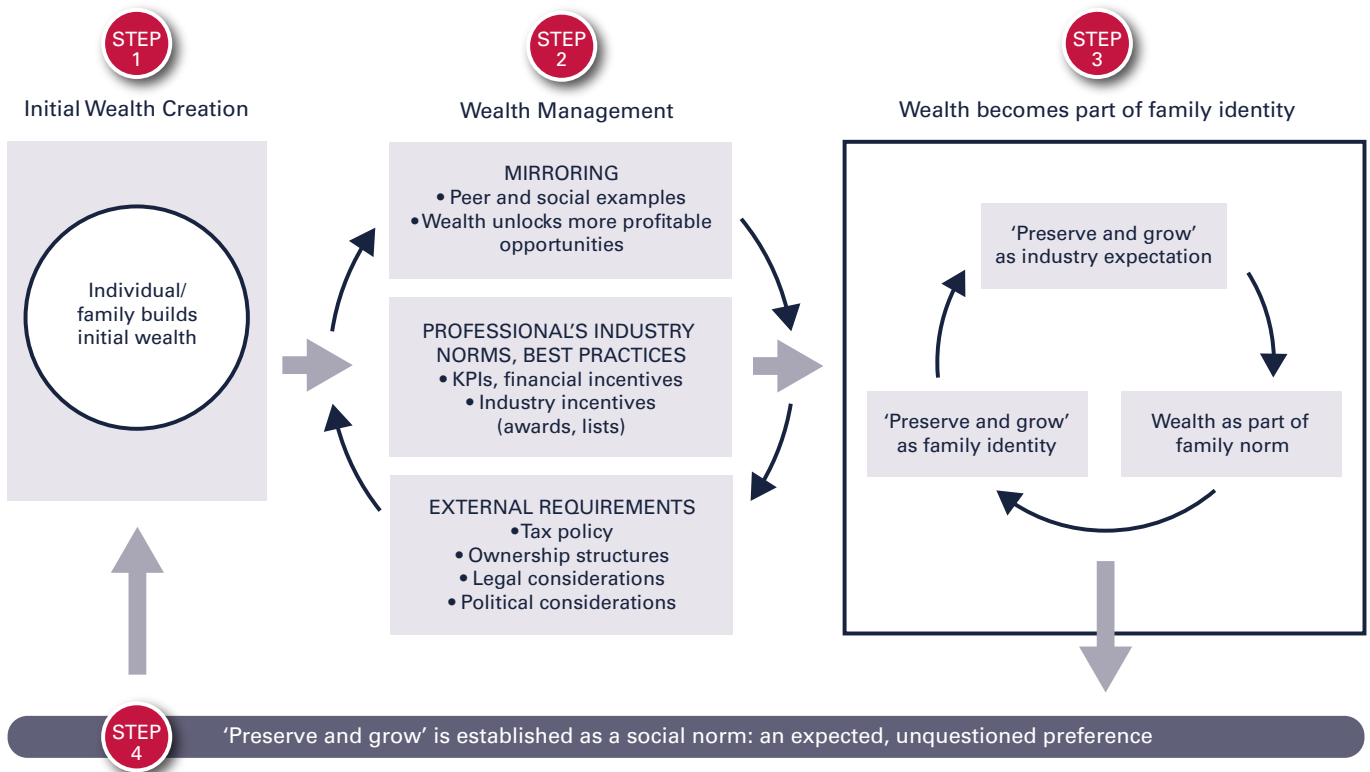


Figure 1: How 'preserve and grow' becomes institutionalised over time

32 DiMaggio, P. J., & Powell, W. W. (1983). The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review*, 48(2), 147–160. <https://doi.org/10.2307/2095101>

### Step 1: Initial Wealth Creation

In the first phase, an individual or family generates or receives initial wealth, whether illiquid (e.g. a family business) or liquid (e.g. via an IPO or business sale). Asset transfer or inheritance via a planned succession, marriage, or unforeseen death or divorce may also be causes.

### Step 2: Wealth Management

In this second phase, the wealth enters the wealth management industry. Individual preferences or values held by the wealth-holding individual or family encounter three flattening processes. This is institutional isomorphism in action: peer mirroring, industry norms, and external requirements exert powerful pressures on wealth-holders' preferences through the following mechanisms.

- **Mirroring:** To mirror someone or something is to copy what you think works. Both wealth management clients and professionals emulate processes of successful peers and organisations, seeking to align themselves with what is deemed acceptable or desirable by those they respect. This can be especially true for wealth-holders without financial expertise, who made or acquired their wealth without needing technical investment savvy. Mirroring occurs through professional networks, education, and socialisation events, including succession preparation when next gens learn how to carry on the family legacy. As UHNWIs learn, marry, socialise, and conduct business amongst peers, they can be influenced by peer example that preserve and grow is a desirable and standard approach.
- **Industry norms:** Wealth management is a desirable and thus competitive field to work in. Achieving excellence means excelling at the rules, not undermining them. Wealth management professionals and institutions have their own industry norms, best practices, and standards, which are powerfully reinforced by a wide range of mechanisms including key performance indicators, awards, and rankings as well as trade association guidelines and remuneration committees.

- **External requirements:** Not everything is up to the individual wealth-holder or wealth management professional. Laws and political considerations set rules of the game, even if one disagrees with them. Tax policies, ownership structures, and politicians' plans are homogenising forces. This makes such rules coercive (i.e. they are like 'sticks', not 'carrots'). Because different jurisdictions are subject to different regulations, wealth-holders' global mobility and access to best-in-class advice help them navigate these requirements to optimise for preserve and grow.

These social, industry, and regulatory structures can collectively promote preserve and grow as a default wealth identity for families, regardless of their diverse values and desires.

### Step 3: Wealth Becomes Part of Family Identity

Since preserve and grow is set as the default wealth management industry expectation, it feeds into a self-reinforcing cycle of expectations within wealth-holding families. In the third phase, a preserve and grow approach to wealth becomes an integral part of a family's identity. Over time, family members can perceive their roles and responsibilities towards their wealth as existing in a preserve and grow paradigm as well: their duty is to preserve and grow the wealth.

### Step 4: Preserve and Grow Established as Social Norm

Finally, over time and through cumulative processes, these mechanisms result in the establishment of a social norm that gains legitimacy and strength across families and industry professionals through the feedback loops depicted in Figure 1. The cumulative effect of these 'flattening' processes within the industry sphere limits wealth owners' agency in how they use their wealth, establishing preserve and grow as an unquestioned preference and social norm.

# Part Two: Creating alternatives to preserve and grow by identifying 'wealth purposes'



## Understanding wealth purposes

A wealth portfolio is the sum of all assets with direct or indirect financial value. A private wealth portfolio is usually governed by one or more strategies pursuing specific goals for the portfolio. In theory, wealth-holders can freely choose the goals of their portfolio strategies. But from our research, work, and personal experiences speaking with thousands of UHNWIs, family offices, and wealth professionals, most portfolios pursue growth.

As a social norm, preserve and grow leaves little room for other concepts to be understood as normal, prudent, or logical. Even if a portfolio adheres to Sustainable Finance Disclosure Regulation (SFDR) compliance or use of UN Sustainable Development Goals (SDGs), or environment, social, or governance (ESG) goals, it could still do very little to achieve any broader impact objective the wealth-holder might have. A fully acronym-aligned portfolio might still seek to preserve and grow.

Similarly, a portfolio does not need to demonstrate actual growth for it to be aligned to the preserve and grow paradigm: economic downturns, external shocks, 'black swan' events, investment choices, or mismanagement can yield static or negative growth, even if the intention was for growth.

The unquestioned preserve and grow social norm yields missed opportunities and clear harms. We know through our work and research that many wealth-holders do not want their portfolios to push against

### What do we mean by 'wealth portfolio'?

This is the sum of what is owned, both liquid and illiquid. 'Structuring a wealth portfolio' involves designing asset allocations of investable wealth, rethinking dividend policies of operating businesses, and rethinking the ownership of family businesses.

planetary and ecological boundaries. But we also know they often feel powerless to stop it and are unsure of how to entertain other possibilities. Equally, UHNWIs' frequently passive engagement with their investment portfolios allows preserve and grow to become a default setting.

But what other possibilities exist? In the figure below, we depict a range of 'wealth purposes': approaches to portfolio management that reflect distinct orientations toward wealth and its deployment. Each approach represents a set of choices and strategies that can be adopted independently or in combination, offering alternatives to the preserve and grow paradigm. These approaches are not mutually exclusive – indeed, they often operate in parallel within different or even the same segments of a portfolio – but understanding them as distinct helps illuminate the range of relationships between wealth and its possible purposes.

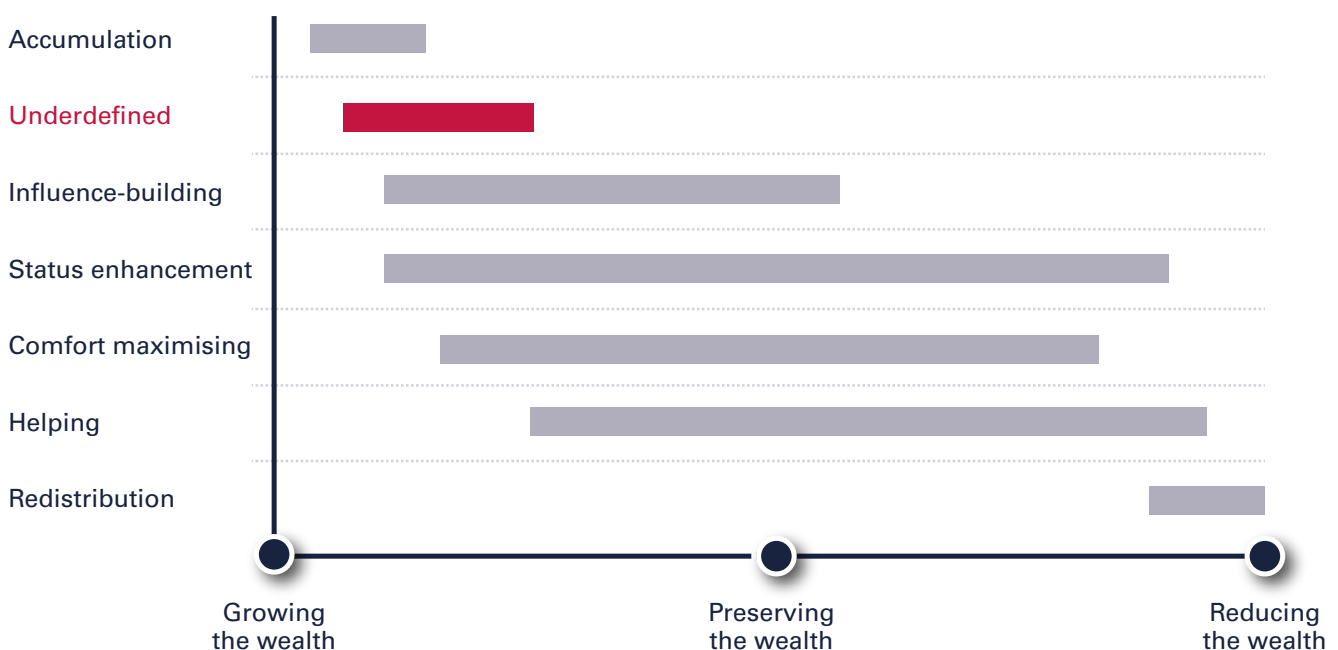


Figure 2: Wealth Purposes

### Accumulation

*The approach: this wealth purpose prioritises wealth accumulation.* Wealth-holders who choose accumulation as a wealth purpose can value accumulation either intrinsically or instrumentally. Those who intrinsically value capital accumulation can find inherent value in the direct purchasing power of wealth (e.g. to maximise their power to react to extreme future events posing highly unlikely but severe risks to well-being). Wealth-holders who value accumulation instrumentally believe that wealth will achieve other goals they are pursuing. This can mean they are pursuing other wealth purposes alongside accumulation.

*Growth trajectories for accumulation portfolios: an active choice for preserve and grow can create portfolios that hold clear expectations of strong growth (i.e. above risk-adjusted market rate returns).* Portfolios explicitly aligned with growth may outperform underdefined portfolios, as wealth-holders will work with professional service providers best suited to deliver maximum growth. This generally rules out options to accept lower risk-adjusted market rate returns or achieve non-financial gains.

### Underdefined

*The approach: underdefined portfolios do not have a clearly defined wealth purpose, meaning, the portfolio's purpose reverts to the default of the*

*wealth management industry, which is preserve and grow.* In the absence of a clear wealth purpose set by the wealth-holder, the purpose is defined by others. This can be for legal reasons: trusts, for example, can be significantly restricted in their flexibility by law, regulations, and trustee obligations. An underdefined portfolio can also result from practical challenges, such as diverging ideas and interests within shared ownership groups (e.g. families). Or perhaps the idea of assigning a purpose simply does not occur to the wealth-holder. From our experience, a majority of portfolios are underdefined in the absence of proactive decisions by the wealth-holders regarding a wealth purpose.

*Growth trajectories for underdefined portfolios: neither subjective nor neutral, but governed by preserve and grow and meant to grow at or above risk-adjusted market rates.* This generally rules out the option to accept lower (risk-adjusted) market rate returns or achieve non-financial gains, restricting pursuit of other goals that might not be compatible with overall portfolio growth. If no clear or active purpose is assigned, assets in professionally managed portfolios generally default to preserve and grow, either because financial professionals define the goal instead of the family, or because the family defaults to preserve and grow as a social norm and thus reasonable shared purpose. This leads to a portfolio governed according to standard wealth management industry practice.



### Influence-building

*The approach: this wealth purpose aims to maximise the wealth-holder's ability to shape outcomes in chosen spheres of interest, whether business, politics, or society.* Wealth-holders who choose this wealth purpose leverage their capital to increase their influence in organisations, institutions, and perhaps even national and international policy. This can be motivated by the belief that the wealth-holder can contribute positively if given more power – which garners well-founded criticism for consolidating power in the hands of the few. Like accumulation, influence can be valued intrinsically or instrumentally.

Wealth trajectories for influence-building portfolios: the purchasing power of wealth makes it a powerful force in human interactions and relationships.<sup>33</sup> In cases where influence comes from the scale of wealth itself, the portfolio will focus on growth and preservation, using the resulting financial power to affect societal outcomes. Where direct deployment of capital provides more leverage, the monetary value of the portfolio may decline as wealth is spent to build influence through strategic investments, donations, or relationship building.

### Status enhancement

*The approach: this wealth purpose prioritises status, i.e. acknowledgment by others.* Status enhancement represents a distinct orientation from influence-building, though the two share some features. Rather than seeking power over societal outcomes for the sake of wider change, status-enhancing portfolios prioritise a family's reputation, recognition, and social and symbolic capital<sup>34</sup>, typically through highly visible engagement with prestigious industries, cultural institutions, and philanthropic initiatives. Status building involves decisions that optimise the visibility of the individual or family.

*Wealth trajectories for status enhancement portfolios: wealth provides unique access to rarefied social and political capital.* Status can be built both by growing wealth and reducing it, especially if it is reduced with accompanying publicity. The wealth trajectory of the estate may show periodic large expenditures for

status-building projects, balanced against maintenance of a substantial asset base that itself confers status. There are exceptional cases in which a significant reduction in wealth led to a significant status increase and entire careers, and public personas are built around stories of drastic voluntary wealth reduction. Either way, the benefits of attaining status include access to elite, powerful networks and relationships, which in turn can facilitate better quality of life,<sup>35</sup> better legal representation,<sup>36</sup> and participation in financial markets.<sup>37</sup>

### Comfort maximising

*The approach: this impact purpose maximises comfort.* What counts as 'comfort' when it comes to lifestyle choices is on a personal, subjective spectrum. In an attempt to *not* be identified with the 'leisure class', perhaps because work and productivity are commonly understood as virtuous,<sup>38</sup> wealth-holders can struggle with the notion of assigning comfort as the purpose of a portfolio.<sup>39</sup> Comfort can be fraught: in one recent sociological study, New York City wealth-holders justify their comfort preferences by emphasising something other than lifestyle benefits, such as efficiency or logic.<sup>40</sup>

*Wealth trajectories for comfort maximising portfolios: comfort costs money.* These portfolios typically target growth sufficient to sustain predetermined lifestyle expenses while preserving core capital. The growth trajectory of a comfort portfolio is generally determined by how fast the portfolio grows relative to how fast money is expended on lifestyle costs, inflation, and any taxes. That said, in some cases, UHNWIs spent their wealth on comfort and are left with little to no wealth later in life – whether intentionally or not.

Regardless, maximum financial growth is not necessarily the most important goal of a comfort portfolio. The purchase and maintenance of private jets and yachts, for example, is very expensive. Even though they have a negative impact on the growth of the wealth portfolio, they are often justified as providing efficiency and privacy.

33 Dorling, D. (2014). Thinking about Class. *Sociology*, [online] 48(3), pp.452–462. Veblen, T. (1899). *The theory of the leisure class*. New York, NY: Macmillan. Marx, K. (1867). *Capital: A critique of political economy*. Volume 1, Part 1: The process of capitalist production. New York, NY: Cosimo. Weber, M. (1922) *Economy and Society*. University of California Press, Berkeley. Bourdieu, P. (1984). *Distinction: A Social Critique of the Judgement of Taste*. Routledge.

34 French sociologist Pierre Bourdieu (1984) conceptualised symbolic capital to encompass the resources and advantages that an individual gains when their honour or prestige are socially recognised and legitimised.

35 Grewal, I., Nazroo, J., Bajekal, M., Blane, D. and Lewis, J. (2004). Influences on quality of life: a qualitative investigation of ethnic differences among older people in England. *Journal of Ethnic and Migration Studies*, 30(4), pp.737–761.

36 Sandefur, R. L. (2001). Work and Honor in the Law: Prestige and the Division of Lawyers' Labor. *American Sociological Review*, 66(3), 382–403.

37 Bradshaw, M. (2004). The Market, Marx and Sustainability in a Fishery. *Antipode*, 36(1), pp.66–85

## Helping

*The approach: this wealth purpose prioritises helping others.* Wealth-holders who value helping see their wealth as affording them an opportunity to benefit others beyond their families. Philanthropy and impact investing are primary interests for some wealth-holders.<sup>41</sup> Through philanthropy, for example, private wealth can be used to provide crucial goods and services that communities need.

*‘Helping’ can often mean taking investment and philanthropic risks that other actors in society are unwilling or unable to bear.*

We are not making a judgement on whether the help itself is well executed or received. What counts as ‘helping’ can be in the eye of the beholder: those who believe they are helping, those receiving the help, and third-party observers can have divergent perceptions of whether ‘help’ achieves its intended purpose. It’s perhaps easy to be cynical or critical about the authenticity or impact of some helping portfolios, but others have led to significant developments in public health, improved systems for emergency response, and progress in fighting extreme poverty – all of which improved and saved millions of lives.

*Wealth trajectories for helping portfolios: strategies generally involve some form of spending.* The fields of philanthropy and impact investing have matured and generated many well accepted

practices, including formulating clear impact strategies, defining impact measurement and evaluation approaches, and focusing on outcomes. Many wealth-holders have become increasingly proactive and bold with their helping purpose. Helping portfolios can rely on philanthropy as a major building block, reducing wealth over time, or they can be optimised for financial growth, for example via pro-social investments in public or private markets, or a preserve and grow approach to an endowment.

## Redistribution

*The approach: this wealth purpose prioritises economic fairness via wealth redistribution.* Wealth-holders valuing redistribution object to and take action to reduce the concentration of significant wealth in the hands of a few wealth-holders. They are motivated to reduce the harmful effects of wealth concentration, which includes reduced resources for populations’ economic expansion, enhanced productivity, social mobility, quality of life, and ability to withstand economic shocks.<sup>42</sup>

*Wealth trajectories for redistribution portfolios: redistribution portfolios aim to reduce wealth.* Redistribution portfolios plan for deliberate wealth reduction through structured dispersal mechanisms. While some portions may maintain growth to fund ongoing redistribution, the overall trajectory is downward, whether through large-scale giving, transfer of ownership to employees or communities, or creation of public benefit structures. The portfolio requires clear timelines and mechanisms for wealth transfer, making it incompatible with perpetual preserve and grow strategies.

Understanding these distinct approaches enables wealth-holders to intentionally align their portfolios with their values and objectives, rather than defaulting to industry standards. Some portfolios successfully combine multiple approaches within a unified strategy.

38 Weber, M. (2003). *The protestant ethic and the spirit of capitalism*. Mineola, Ny: Dover Publications; Friedman, M., & Friedman, R. D. (1980). *Free to choose: a personal statement*. Harcourt Brace Jovanovich; Murray, C. A. (1984). *Losing ground: American social policy 1950-1980*. Basic Books; Fukuyama, F. (1995). *Trust: the social virtues and the creation of prosperity*. Free Press Paperbacks.; Harvey, D. (2005). *A Brief History of Neoliberalism*. Oxford University Press.

39 Note that scholars have established that happiness and comfort does not scale exponentially with income or household wealth. Above a certain income threshold, a happiness ceiling gets reached. Senik, 2014; Frey and Stutzer (2000); Killingsworth (2021) all show that well-being and ‘happiness’ rises with income and household wealth. Kahneman and Deaton’s (2010) famous study introduced the notion that happiness plateaus after an annual income above \$75,000, although this was later contested (Killingsworth, 2021). A later study found the flattening pattern only applies to the least happy 20% of the population (i.e., more money won’t make unhappy individuals happy, but in average individuals well-being rises linearly with income) (Killingsworth, Kahneman, and Mellers, 2022).

40 Sherman, R. (2019). *Uneasy Street: The Anxieties of Affluence*. Princeton University Press. 41 Imberg, M. (2023). *Billionaire Census 2023*. In *Wealth X*. <https://wealthx.com/reports/billionaire-census-2023>

42 Piketty, T., Postel-Vinay, G. and Rosenthal, J.-L. (2006) ‘Wealth Concentration in a Developing Economy: Paris and France, 1807–1994’, *American Economic Review*, 96(1), pp. 236–256.; Stiglitz, J. E. (2012). *The price of inequality*. W.W. Norton.; Zucman, G., Lavender Fagan, T., & Piketty, T. (2016). *The hidden wealth of nations the scourge of tax havens*. Chicago, Ill. London The University of Chicago Press.; Milanovic, Branko (2016): *Global Inequality – A New Approach for the Age of Globalization*. Cambridge, MA and London. World Inequality Lab. (2018). *World Inequality Report*. WIR. <https://wir2018.wid.world/files/download/wir2018-full-report-english.pdf>

The key is explicit recognition and balancing of multiple objectives through clear metrics and governance structures. Similarly, the wealth purpose of a portfolio can have unintended byproducts. For example, a helping portfolio can have status enhancing effects, even if that was not the intended purpose.

Different portions of wealth can be managed via different approaches. A wealth-holder might maintain several distinct portfolio segments: a core capital pool managed for preservation and basic needs using a comfort-maximising approach; a growth-oriented

investment portfolio with an accumulation focus; and a helping portfolio targeting specific social outcomes. Each segment follows its own objectives and metrics while contributing to an overall wealth strategy.

Preserve and grow doesn't need to be abandoned to pursue other purposes, but it does reduce options for pursuing other goals effectively. Wealth-holders who do not see preserve and grow as their main goal will experience more freedom in crafting portfolio strategies that advance their chosen wealth purpose(s).

## Some implications of wealth-holders' intentions for their wealth

In our experience, intention and implementation frequently do not land in the same place.

### *Defining one's personal Theory of Wealth entails first gaining clarity on one's intention, and then enabling an aligned implementation in a wealth portfolio.*

To show how profoundly intention can impact how wealth is deployed, consider the example of how a philanthropic vehicle can support different wealth purposes.

**Underdefined and Accumulation:** Many philanthropic vehicles exist as part of tax planning, which is a form of accumulation. Philanthropic intent is not an inherent part of a philanthropic entity, foundation, or charity, especially in cases where there are no (or minimal) disbursement requirements – while any deposit into them is fully tax deductible the moment it is executed. This underpins the critique of donor advised funds (DAFs) in the USA.<sup>43</sup>

**Influence-building:** Philanthropic vehicles can be optimised to strategically support certain causes or projects to build and strengthen key relationships or networks, increase social or political capital, or sway public opinion.

**Status enhancement:** A philanthropic vehicle can be optimised to promote status. A foundation can be an important part of individual or family identity or reputation, optimised to create positive stories and narratives that connect well with others. In some cases, however, a gap can exist between the *perception* that they help and the quality or scale of that help, especially when compared to the overall assets or net wealth. A philanthropic vehicle might also be established to 'cleanse' problematic wealth or reshape negative perceptions.

**Comfort maximising:** Even if there is also a 'helping' intent, a philanthropic vehicle can be optimised for comfort. Examples include family members becoming employees of the foundation and enjoying first class airfares, luxury hotels, and trips and conferences paid out of the foundation, or foundations purchasing artwork and displaying it privately at the family home. Intention matters: a non-profit entity shoring up comfort for family members could be following the letter but not the spirit of the law.

**Helping:** 'Helping' is perhaps what first springs to mind as the purpose of a philanthropic vehicle. A philanthropic vehicle that is truly optimised for society caretaking will have internal structures and processes which are optimised to help beneficiaries. The organisation's DNA will include elements such as an impact mission statement, disbursement plan, impact decision-making processes, impact quality control mechanisms, and monitoring and evaluation mechanisms.

**Redistribution:** A philanthropic vehicle optimised for redistribution could have a clear spend-down plan, or significantly limit the wealth-holder's influence over decision-making and governance.

43 Hurtubise, M. (2017). The Problem with Donor-Advised Funds – and a Solution. Stanford Social Innovation Review. [https://ssir.org/articles/entry/the\\_problem\\_with\\_donor\\_advised\\_funds\\_and\\_a\\_solution](https://ssir.org/articles/entry/the_problem_with_donor_advised_funds_and_a_solution); Flannery, H., & Collins, C. (2021). Fixing What's Broken with Donor-Advised Funds: Rewiring a Design Flaw that Encourages Warehousing of Charitable Assets: An IPS Inequality Briefing Paper. In Institute for Policy Studies. <https://inequality.org/wp-content/uploads/2021/12/Fixing-Whats-Broken-with-Donor-Advised-Funds-Policy-Brief.pdfreport-english.pdf>

# Part Three: A plan for action



Establishing a personal Theory of Wealth is a prerequisite for gaining agency over the growth trajectory of portfolios by making the question of profits and returns secondary to the question of ultimate purpose. In other words, a personal Theory of Wealth is intention with a blueprint for implementation.

It defines the purposes a portfolio is meant to pursue overall, how important each purpose of the portfolio is in relation to other purposes, and which assets are meant to pursue which purpose specifically. A personal Theory of Wealth then governs all assets under autonomous individual ownership, while a shared Theory of Wealth governs all assets under various forms of shared ownership, or at least shared stakes in the assets, such as in a family context or among co-owners of assets.

This is easier said than done: the translation from intention to practice is usually not straightforward or self-evident. However, clarity on one’s Theory of Wealth can enable UHNWIs to take a broader perspective on their portfolios and understand different forms of return beyond the financial. This allows UHNWIs to choose which types of return they wish to prioritise in financial planning.

Practically speaking, preserve and grow will likely remain necessary for assets meant to cover current and future costs of living. Because a Theory of Wealth will likely not apply to these parts of a portfolio, the first and most important action in restructuring a portfolio to align with a Theory of Wealth is distinguishing between personal needs and other purposes that the wealth might serve.

## *A personal Theory of Wealth is intention with a blueprint for implementation.*

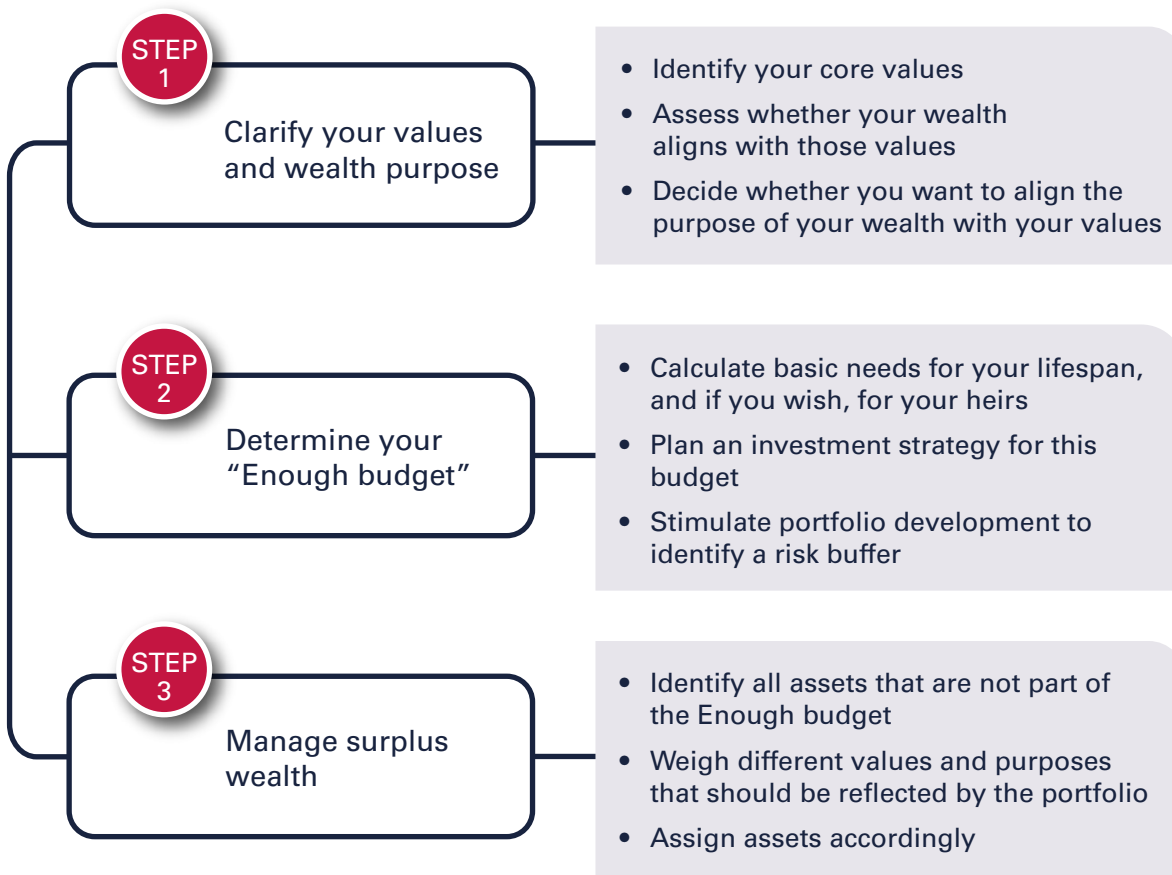


Figure 2: Establishing a personal Theory of Wealth

## Creating a Theory of Wealth consists of three steps:

- ***Clarify your values and the wealth purpose or purposes they inspire.***
  - Identify how you want to show up in the world. To understand this, identify your core values.
  - Assess whether your wealth is currently pursuing a purpose that aligns with your values.
  - Decide whether you want to align the purpose of wealth with your values.
- ***Identify the share of your wealth that covers your and your dependents' basic needs. The Enough Project has called this the 'Enough budget'.***
  - Identify current and projected budgetary needs for your lifespan, and if you wish, for children and grandchildren.
  - Define an investment strategy for this budget.
  - Simulate portfolio development under your chosen investment strategy to identify a risk buffer.
- ***The remainder of your wealth is the surplus. Structure the surplus according to the different purposes you want to pursue. Surplus capital can tolerate more risk and illiquidity.***
  - Identify all assets that aren't part of the Enough budget.
  - Weigh different values and purposes that should be reflected by the portfolio.
  - Assign assets to values and purposes to reflect their aspired weight in the portfolio.

The implementation of a Theory of Wealth is rarely straightforward and can be overwhelming when attempted alone. Supportive networks will likely be essential. Choosing and developing a Theory of Wealth is essential and challenging work, but it is not an end in itself. It is the foundation for the practical work of structuring a wealth portfolio, to move beyond the preserve and grow default.



## Further pathways out of the preserve and grow default

Figure 1 demonstrated how families, despite their distinct values and circumstances, end up with similar outcomes that cement preserve and grow as the most obvious or expected choice. As wealth passes through the cycle in Figure 1, preserve and grow is established as a social norm that ultimately structures individuals' and families' relationship to wealth and influences how professionals operate.

The creation of a personal Theory of Wealth, summarised in the steps above, is a first action to challenge the preserve and grow social norm.

*As the implementation of a Theory of Wealth will be complex and take time, it may be helpful to consider, in parallel, some additional pathways out of the preserve and grow cycle.*



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Through our work with families, we have identified additional strategic interventions that empower UHNWIs to claim the agency to challenge the default preserve and grow imperative.

### **Intervention 1: Initial wealth creation**

The first intervention starts with a holistic questioning of values and purpose regarding oneself and one's wealth. Even if your wealth is currently illiquid, reflecting on its purpose can impact its future management. Supportive change networks can jumpstart this self-reflective exercise, foster connections with others on similar paths, and share knowledge and resources where you can acquire education and meet like-minded individuals who are either seeking change or eager to share their successful journeys.

### **Intervention 2: Wealth management**

*Mirroring processes:* When assessing peers or organisations, focus on understanding their decision-making. Understand which Theory of Wealth aligns with their portfolio and adapt it to your unique circumstances. Education courses for UHNWIs offered by an increasing array of universities and private organisations can broaden your understanding of valuable opportunities. Identifying your Theory of Wealth enables you to take a broader perspective on what counts in a portfolio, understand non-financial returns, and revise your decision-making processes accordingly.

*Industry norms:* Work with service providers whose norms and incentives can operationalise your Theory of Wealth. If impact is important to you, ensure your service providers not only claim to care about impact, but have aligned their internal processes, KPIs, and incentives to demonstrate this. What is their stance on impact-linked compensation, for example? How do they answer the question 'Are you incentivised to present me with any opportunities that do not target a risk-adjusted market rate of return?'

To help change industry norms, support the creation of new incentive structures, professional certifications, and networks. This encourages best practices that support wealth purposes beyond preserve and grow. By fostering new forms of desirable industry recognition and expertise, you support depth and breadth of new competencies in wealth management, which will shape the options presented to other wealth-holders.

*External requirements:* Wealth-holders' relationships with lawyers, accountants, and tax preparers can span decades. It is uncommon for these professionals to ask wealth-holders about their views on tax on a regular basis, and so assumptions are made over time. Initiate a conversation with professionals to discuss your tax preferences and ensure they align with your Theory of Wealth. Similarly, ownership structures should serve your Theory of Wealth. Evaluate whether your trust, foundation, or charitable and philanthropic vehicles are aligned with it, and revise any letters of wishes regularly. If someone is being paid to structure or manage your portfolio, make sure they are serving your values and purposes, within the constraints of laws and regulations.

### **Intervention 3: Wealth becomes part of family identity**

Industry expectations influence family norms, ultimately shaping a family's identity and relationship to their wealth. As families go through the process of defining and enacting their Theories of Wealth, they can shift norms within the institutional environments of their service providers and within their own family. While this can cause tension and even rifts, it can also be a very positive experience. We have learned from our experiences that these processes are best undertaken gently, over months, not days. It is not a trivial effort to move a family away from preserve and grow, especially when making sure there is cohesion and agreement between different family members and professionals. We can recount several examples of family offices and entrepreneurial ventures that started when a family member could not align the broader family with a vision that departed from preserve and grow. When norms within families shift, so can family identity.

### **Intervention 4: Preserve and grow is established as a social norm**

When families move beyond preserve and grow as their default choice, they create space for other families to follow. Over time, with critical mass, this broadens societal expectations and opens pathways for more diverse approaches, challenging the unquestioned preserve and grow preference.

### *In summary:*

Moving beyond preserve and grow as a social norm is inevitably a journey. This journey does not just involve the passage of time. Our work suggests that families can facilitate the journey through a sequence of steps.

- The family takes stock of their values and goals. This could be done independently. In our experience, this is best done with the help of qualified advisors not steeped in the preserve and grow paradigm.
- They question longstanding patterns or seek to change working assumptions of their wealth manager or other wealth professionals, which can be a shocking or deeply disruptive act.
- They engage with professionals with financial and related expertise that aligns closely with their wealth goals.
- As an initial step to enact their goals, they may start with a pilot or carve-out, taking a discrete pot of funds and directing them towards a new strategy with a defined time horizon.
- They create different entities that focus on different purposes, to comport with their Theory of Wealth. As existing structures are usually optimised around preservation and growth, new structures might be necessary to support wealth purposes not pursuing the same goal.

## Questions for reflection and action

The questions below can help wealth-holders start on their own journey to identifying and acting on their personal Theory of Wealth. If you don't know the answers to some questions, consider what you can do to find out.

### 1 Regarding oneself:

- What do I think about the preserve and grow paradigm? How does it impact my life?
- Does the preserve and grow paradigm diminish my agency or active decision-making in ways I find uncomfortable or difficult?
- Do I feel that the effects my wealth has on the world are my responsibility?
- Do I feel responsible for the positive effects of my wealth?  
What about the negative effects?
- What do I value most in my life?
- Is my investment portfolio aligned with my values?
- Have I taken any steps to align my portfolio with my values?
- What obstacles have I encountered in attempting to align my portfolio with my values?
- Have there been specific situations when preserve and grow diminished my ability to freely make decisions about how to manage my wealth?

### 2 Regarding one's overall portfolio:

- Do I know my approximate net wealth?
- Do I know the approximate sum of my assets under management?
- Over the past 10 years, how much has my net wealth been growing, year on year?
- If the answer is complicated, what makes it complicated?
- How does this growth compare to other comparable wealth portfolios (e.g. stock indices like the S&P 500, Dow Jones, Nikkei, or other national or international large cap indices for investment portfolios)?
- If my wealth continues to grow as it did over the last 10 years, how wealthy would I be in 5, 10, 20, 30, or 50 years?
- What would that wealth mean to me then, at those future points in time?

### 3 Regarding elements of one's wealth:

- Can I describe my wealth, including any operating businesses, investment portfolios, philanthropic portfolios, and/or mixed portfolios?
- Can I explain to another person how my wealth is structured, governed, and operationalised for investments?
- Do I know the people who understand how my wealth is structured, governed, and operationalised? Do I have open lines of communication with those people?
- Over the past 10 years, how much have the different elements of my wealth been growing, year on year?
- What are all the ways in which different elements of my wealth can grow?
- How would I envision my wealth to be structured in a year from now? How about in five years? What must I do next to get there?

### 4 Regarding knowledge of one's tax status:

- Which parts of my wealth are subject to which types of taxes?  
When does taxation take place?
- Over the past 10 years, what was my overall annual effective tax rate?  
How has my wealth grown, relative to my actual income?
- How does my overall annual effective tax rate compare to local income tax rates in my country?
- Is my effective tax rate higher, lower, or roughly as expected?  
Do I think the finding is fair?
- Are decisions about the tax structure of my portfolio made in alignment with the values of my family?

### 5 Regarding how one's wealth impacts economies, the environment, and communities:

- Can I remember a time when I realised that something I own was affecting others, positively or negatively?
- How do I see preserve and grow impacting my community? What about my country? What about the world?
- What are the effects of my asset allocations upon the world?
- Who benefits from the growth of my wealth?
- Who is harmed by the growth of my wealth?
- If I asked someone I trust to give me honest feedback about the consequences of my wealth growing in the ways it has, what would they tell me?



Ownership Project 2.0: Private Capital Owners and Impact is housed in the Skoll Centre for Social Entrepreneurship at Saïd Business School, University of Oxford. The Project leverages the Skoll Centre's convening power, network, and capacity to translate and disseminate research findings to a broad public audience.

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**Regeneration Group**

Regeneration Group is a United States registered 501(c)3 non-profit organisation. Regeneration Group was created for the purpose of mobilising people to make decisions and take actions, in all aspects of their lives, to create a positive impact with the goal of improving the world.

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