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Demystifying Financial Planning: Debunking Ultra-High-Net-Worth Planning Myths



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Financial planning is often misconceived as a mere exercise in budgeting, allocating investments or running retirement projections. However, for ultra high net worth (UHNW) individuals and business owners, financial planning is a comprehensive and ongoing process that encompasses multiple core areas. These include philanthropy, risk management, executive compensation and tax-efficient strategies as well as estate, liquidity and business succession planning. The foundation must be solid, and the details must be thoughtfully executed to create a plan that is not only holistic, but resilient in the face of challenges.

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Introduction

A well-constructed home capable of lasting for generations begins with an intentional planning process and a blueprint that paves the way for various skilled tradespeople who must partner together. That same concept applies to the financial planning process for UHNW individuals and business owners. Unfortunately, several misconceptions persist about the necessity and complexity of financial planning for those with substantial wealth. Addressing these myths is crucial to understanding why a comprehensive financial strategy is indispensable.

Common Misconceptions Surrounding UHNW Planning

Financial Planning Is Equivalent to Retirement Planning: One of the most prevalent myths is that the sole focus of financial planning is to determine *if you have enough money to retire*. Many individuals who have amassed significant wealth mistakenly assume, “I have enough money to retire, so I don’t need a plan.” In reality, primary goals actually shift from accumulation to wealth preservation and legacy creation. According to research from Cerulli Associates, wealth preservation (83%) is the most important objective, followed by tax minimization (64%) and wealth transfer (61%).

More Money, Fewer Problems: Another common misconception is that increased wealth reduces issues related to money. However, increased wealth can actually raise complexity based on access to more complex investment

vehicles, required tax reporting and accounting, and the maintenance and risk management of hard assets. According to Cerulli Associates, in 2024, affluent households received an average of up to 12 different proposed wealth management solutions, up from 10 in 2017, to address their growing needs.

Estate Planning Is Simply Paperwork: Another common myth is that estate planning is merely an exercise of drafting documents and that it can be done outside the context of a financial plan. However, without proper coordination, it can lead to fragmented planning, family stress, excessive estate taxes, lack of preservation for assets from lawsuits and creditors, and obstruction of business transfers.

Case Study: The Avery Family

Meet the Avery Family

The Avery family, founders of a multigenerational manufacturing company, have a quintessential UHNW profile. With a combined net worth of \$250 million, including operating business interests, real estate, private equity stakes and a growing art collection, the Averys viewed financial planning as synonymous with asset allocation reviews and retirement readiness. Their situation highlights the three pervasive UHNW planning myths and the truths that define effective wealth planning and stewardship at their level.

Exhibit 1: Meet the Avery Family



Source: Morgan Stanley Wealth Management Global Investment Office

Myth 1: Financial Planning Is Equivalent to Retirement Planning

The Avery Perspective: The Averys believed that once they sold the majority stake in their business, they would be "set for retirement" and that there was no need to create a financial plan because there was no concern about running out of money after their liquidity event.

The Reality: UHNW planning goes far beyond retirement readiness. At this level, the focus shifts from accumulating assets for retirement, which the Averys had successfully done, to wealth preservation and legacy. The better questions to ask were the following:

- Once we sell our business, how do we preserve purchasing power during volatile tax and geopolitical environments?
- How can we ensure our family's wealth supports future generations without eroding motivation or values?

The Result: Through advanced planning, the Averys' advisory team integrated family governance structures, philanthropic vehicles and tax-efficient gifting strategies to align their wealth with a purpose.

Myth 2: More Money, Fewer Problems

The Avery Perspective: The Averys assumed that as their wealth increased, their lives would simplify—that with abundant assets, they could just "invest conservatively and be fine."

The Reality: More wealth often brings more complexity, not less. The family's situation revealed an intricate web of risks that many UHNW clients face: overlapping entity structures, multiple residences across jurisdictions, concentrated equity exposure and family members with different levels of financial literacy.

The Result: Working with an advisory team that took them through a comprehensive planning process helped illuminate how wealth magnifies the complexity of decisions—every investment, tax or gifting choice entailed broader implications across trusts or entities.

The process also highlighted the importance of coordination among investment managers, tax attorneys, insurance specialists and family office administrators that managed liquidity and aligned reporting.

Myth 3: Estate Planning Is Simply Paperwork

The Avery Perspective: Initially, the Averys viewed estate planning as a legal formality of updating wills and signing trust documents every few years.

The Reality: For UHNW families, estate planning is a dynamic, ongoing strategy, not just a set of documents. It plays a crucial role in minimizing estate and generation-skipping taxes, preserving assets from creditors and lawsuits, and ensuring a smooth transition of wealth and leadership.

The Result: Through collaboration with their estate attorney and advisory team, the Averys restructured ownership of key assets into trusts and limited liability entities, enabling both tax efficiency and control, and created an annual gifting program. They also established a family foundation and a donor advised fund (DAF) account to advance their philanthropic mission while involving their adult children in the decision-making. Through the process, they gained a different perspective of estate planning, realizing it was a "living" plan that preserves, perpetuates and purposefully directs wealth.

Outcome

Within two years, the Averys' financial plan evolved from a static investment portfolio to a comprehensive, multidimensional strategy, encompassing the following:

- governance frameworks for family decision-making
- tax-efficient intergenerational transfers
- integrated asset-preservation structures
- purpose-driven philanthropy

The Averys now view their financial plan as their family enterprise blueprint, instead of simply a retirement spending model.

Key Takeaway

The Avery family's journey underscores that for UHNW clients, planning is not just about products, projections and paperwork—it is about purpose, preservation and partnership.

Conclusion

The Exquisiteness of a Well-Constructed Financial Plan

Once all the elements are meticulously crafted, the result is a financial plan that not only stands the test of time but adapts to life's inevitable changes. Financial planning for UHNW families and business owners is a multifaceted process that extends beyond mere numbers. It is about building a solid foundation, planning for the future and ensuring that wealth is preserved and passed on. By addressing core areas such as estate planning, tax management, risk management, executive compensation, education for children and business exit strategies, we created a customized blueprint for financial stability and growth.

Next Steps

Collaborate with your Financial Advisor to develop a personalized financial plan that aligns with your individual goals and lifestyle.

Consult with your Financial Advisor to identify which additional subject matter experts and professionals will be required to help implement different aspects of your plan.

Engage in regular reviews to update your plan based on individual life circumstances and external factors such as legislative updates, political risks and market volatility.

DEMYSTIFYING FINANCIAL PLANNING: DEBUNKING ULTRA-HIGH-NET-WORTH PLANNING MYTHS

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