

Beating *the* Midas Curse Q & A

Q: *I'm intrigued by the title of your new book, "Beating the Midas Curse?" What is the Midas Curse, and why should I be worried about beating it?*

Well, you probably remember the ancient Greek myth. King Midas was a good man, but he loved gold. He loved to acquire it, hoard it and just sit and look at it. According to the myth, Midas did a favor for one of the Gods, and in gratitude, the god granted him one wish. Midas wanted more gold, so he asked that everything he touched be turned to gold. He got his wish. Unfortunately, when he asked for everything he touched, he forgot things like food, pets, and most important of all, people. His own daughter was turned to gold when she ran to hug him.

The lesson of the Midas Curse is that if the most important focus in our life is acquiring and protecting money, we may end up losing the things that matter most to us- especially when it comes to our families.

In my experience, and this has been proven in study after study, if we don't put our family before our money when we do our planning, we will probably end up losing them both.

Q: *Your book describes some of the problems that can occur when children are not taught a healthy relationship with money, and when the focus of estate planning is money and taxes, and not the things that families truly need to stay strong across generations.*

A: Yes, maximizing assets and minimizing taxes has been the objective of traditional estate planning for hundreds of years. It is an important part of the planning process, but it falls far short of meeting the needs of most clients. People might be surprised to know that, in practice, about 90 percent of traditional estate plans will fail the very families they were designed to protect.

Q: *Fail in what way?*

A: For first generation wealth earners, two-thirds of their families will lose the family wealth by the second generation, and ninety percent of families will be broke by the third generation. Even worse, the families themselves are often torn apart by the problems which often accompany sudden wealth. Many heirs don't realize that most larger estates are made up of real estate and stock-not cash. So, it's pretty common for brothers and sisters to suddenly find they are partners in the business their parents founded. And, if they didn't have good strong communication among themselves *before* they inherited the business, they're

really going to face major problems when they find themselves running a company together.

Q: *That's incredible. How do you account for such a high failure rate?*

A: For a number of reasons. For example, a lot of people do not involve their children or other inheritors in their planning process. Sometimes the children haven't the slightest idea that they will be receiving a large inheritance. The receipt of sudden wealth by people who are unprepared to handle all that money can lead to tremendous problems, and many people believe that if they come into piles of money their problems are solved forever. The truth is, we are the same people the morning after we get showered with money as we were the day before. Money does not improve character- it reveals it. So, we often see inheritors who blow their parents or grandparents hard-earned money on cars and boats, partying and drugs. Or who have personal, emotional, financial and spiritual problems because they never learned how to relate to wealth. It's a huge problem- and not just for rich people.

Q: *So what can be done about it?*

A: That's what *Beating the Midas Curse* is about. The fact is, when it comes to preserving the health of the family, and protecting its financial wealth, your values are just as important as your valuables, perhaps more so. Most wealthy people in this country earned their money. They started a business, invented something, or just worked hard and saved. But, surprisingly enough, wealth earners often make no effort to pass *along with their assets* the values that helped earn it. Values such as a strong work ethic, creativity, persistence, initiative, faith, honesty, integrity, and philanthropy were probably crucial while earning the wealth in the first place.

In order to combat that 90 percent failure rate, Perry Cochell and Rodney Zeeb, the co-authors of the book with whom I worked, created what has become known as The Heritage Process. Our book describes this process, and shows the benefits of passing your values along with your valuables.

Q: *And this "cures" the problems you mentioned earlier?*

What we have discovered is this: When we show people how to put family before fortune in their planning, they greatly increase the odds that both will survive across generations. We show how philanthropy can be used as a means not only to support certain causes, but to build a lasting legacy which enhances family unity. We help them discover and articulate a shared vision for the future and then we establishes resources to help perpetuate the family legacy for generations to

come. The Heritage Process is not therapy. But it does give families a whole host of tools to improve family communication, and that can make a huge difference in whether or not a family can remain strong across generations.

Q: *Some people might see the message of this book as, "Rich people have problems, too." Isn't it hard for most folks to sympathize?*

A: Well, rich people have the same kinds of problems that everyone else does--with the possible exception of being able to pay all their bills. But the kind of potential problems we describe in the book are not limited to the wealthy. The total size of the estate is not the real issue. Studies have shown that the one thing people fear more than death is insignificance. People really do want to leave something important behind when they go to their great reward, and doing all they can to protect and strengthen their family is always the number one legacy people want to leave. The issues in the book are relevant for anyone who is concerned about leaving a meaningful, lasting legacy to generations of their family, no matter the size of their estate.

Q: *So, the principles of your book relate to people who don't have estates worth millions?*

A: Yes, they really are issues that effect everyone. Or, as I said, anyone who is concerned with leaving a legacy. If you planted a tree outside your house that might take twenty or thirty years to grow into a shade tree, you have left a legacy. If you took your niece or nephew under your wing a little bit when your brother and sister-in-law divorced, you have left a legacy.

That is part of what we help people to realize, a legacy is not merely about financial assets. It may not be about money at all.

Q: *So, if I have a traditional estate plan already in place, did I waste all of that time, effort and money? Does the Heritage Process force me to go back to square one?*

A: Not at all. Taking care of the financial side is still important. It always will be. Our conclusion is that if you only plan for the future of your money, and not the future of your family, there is an overwhelming probability that both will be lost. With The Heritage Process, a certified advisor like myself often works with a client's existing advisors to enhance their existing plans. This is a real team effort.

Q: *How many families have gone through this process?*

A: That's a good question. Thousands of people, from average net worth folks to some worth billions of dollars, some of the wealthiest families in America, have

experienced The Heritage Process. It's not about the money. It really is about the people, about the desire most of us have to do everything we can to keep our families healthy and intact after we're gone.

The bottom line is this: if you love your family, and want to make sure they remain strong long after you're gone, make sure you help them to create a vision for the future that is solidly grounded in the values that you share as a family. In fact, we can sum it up in just 4 words: "family first, fortune second."

Q: *If our listeners [viewers] want more information, where can they go to get it?*

A: **(Your information here)**