



## Wealth Planning Report

# Could Your Family Have an Affluenza Problem?

**A**ffluenza. It's become a repulsive term used to describe the chronic bad attitudes and actions—sometimes horrific actions—of unruly children from highly affluent families.

While it's not an technical medical diagnosis, the label accurately fits a sizeable number of kids today growing up surrounded by substantial family lifestyles.

If you've got one or more such children living under your roof—or if you worry that a child or grandchild may be catching affluenza—it may be time to take action. There are many ways to fight affluenza—from simply regularly correcting negative behaviors and preventing them from recurring to repositioning your assets in ways that don't enable adding more fuel to the “affluenza fire.”

### Defining 'overprivileged'

“Privilege” has become a politically loaded word, so let's define our meaning of “overprivileged.” Different families will likely view this term differently, but we see that overprivileged children tend to act irresponsibly without considering the consequences. They somehow believe that society's rules don't apply to them. Often this leads them to hurt themselves and their families because of serious behaviors such as addiction or violence. In a few cases, their actions ruin the lives of others—such as when one affluent teen speeding in an expensive car killed four people in a well-publicized drunk-driving accident.

Such scenarios clearly go beyond the all-too-typical plain-vanilla attitudes of entitlement and superiority that exist in some affluent families.

Some of these kids' actions show up on social media. But most overprivileged children live out of the limelight—where they are freer to indulge in excess. They regularly get in conflict with the law, requiring their families to become involved with their child more than they would like.

Not surprisingly, they tend to be in their teens and 20s. When they pass the age of 30, the label of overprivileged “children” may go away—but their actions and attitudes remain the same as always.

There are some key demographic traits often seen among today's overprivileged children:

- They are the second generation or later scions of extremely wealthy families throughout the world who didn't earn the wealth.
- Given a choice between hedonism and hard work, they consistently choose hedonism. In fact, many appear to make a game of finding out how far they can go on self-indulgent, pleasure-seeking behavior.
- They have an excessive sense of entitlement, often due to some perceived injury.
- Many are narcissistic and tend to look down on those with less wealth.
- They don't believe society's laws apply to them as they apply to “other” people. One common reason: These kids have been in difficult, high-consequence legal situations from which their families rescued them more than once.

### Addressing affluenza

Often, parents find themselves reacting to problems created by a child with affluenza. Things went too far for too long. Effectively dealing with those issues is frequently conceptualized by behavioral professionals as a three-step process:

**Step 1: Crisis management.** Immediate issues must be addressed—especially if they present dangers to a child or others. For example, if the child was arrested, lawyers are required to arrange for bail or some other immediate resolution.

**Step 2(a): Situation problem management.** This moves beyond the previous step. The situation has been somewhat defused and action is being taken to mitigate and fix the problems created by the child.

**Step 2(b): Child problem management.** Next, the family takes action to get their child help, if needed. This should include corrective action so the situation does not repeat itself. For example, in the case of drug addiction, the child goes to a rehabilitation center. Or for repeated speeding, keys to the car taken away.

**Step 3: From overprivileged child to responsible adult.** A longer-term strategy should also be created and progressively implemented to help children become stable, well-functioning, responsible adults. The aim is to help them avoid repeating the actions that caused them and their family's serious problems.

Dealing with the problems caused by overprivileged children and pursuing ways to help them can be a complex, lengthy process involving traditional professionals—such as psychiatrists, psychologists and clinical social workers—as well as family consultants, life coaches, and family business consultants.

### Approaching wealth management

Families should be proactive in identifying affluenza early and short-circuiting its potential negative impact. That means wealthy families need to make careful plans for their assets. Think about it: Leaving money to a child who suffers from a terrible drug addiction could be their death sentence. The consequences of lawsuits could be confiscatory.

From estate planning to asset protection planning, it is wise to understand the issues and work to mitigate enabling overprivileged kids to cause problems due to easy money access.

There are a variety of wealth planning strategies that can be used to insulate the family and mitigate the impact of bad behavior. Example: using trusts that have built-in oversight of a child's inheritance. In certain instances, the wealth planning becomes more technically involved—say, for example, when there are overprivileged children *and* a family business.

**Important:** The most critical aspect to achieving the desired (and necessary) results is truly understanding what the expectations are and identifying possible action steps required in order to meet them. That means if the work involves a wealth management professional, they should be adept at uncovering your specific needs and goals, communicating with children, *and* bringing the appropriate solutions to the table.

### Conclusion

If you have significant assets, it makes sense to watch out for early indications of affluenza among your heirs—as well as to take some time to examine your own behaviors and the messages you signal about wealth, influence and values. By communicating regularly as a family, you can potentially set your children up to have a healthy, positive life-long relationship with money and have more peace of mind for your family.

This is an executive summary of our wealth management ebook. For a complimentary copy of our complete report, please [contact us](#).



**Paul Byron Hill**, MBA, MFP, MSFS, ChFC®, WMCP®, CFP® is a nationally recognized Certified Financial Planner™ professional and Wealth Management Certified Professional™ written about in *Fortune*, *Forbes*, *Bloomberg Businessweek*, and *Money*. Paul is the co-author of *Retire Abundantly*. Reuters AdvisePoint once recognized Mr. Hill as one of 500 “Top Advisers” in the U.S. and featured him in an interview on their website.

Paul founded Professional Financial Strategies, Inc. in 1993 as one of the first fiduciary planning firms that specializes in retirement and wealth management for affluent and aspiring families. Paul is a personal chief financial officer acting in best interest of clients. He brings together a proven process and a network of specialists for making informed decisions for systematic strategies, secure income, mitigating taxes, protecting assets, and preserving wealth for family and purposeful causes.

Mr. Hill received a BA with distinction from the University of Rochester and later an MBA in finance from its Simon School of Business. He earned an MS in financial services from The American College along with his Chartered Financial Consultant and Retirement Income Certified Professional designations, and then received an MS in financial planning from the College for Financial Planning (now at the University of Phoenix). The College for Financial Planning appointed him as adjunct faculty, and he taught at St. John Fisher College. Who's Who presented Paul with the Albert Nelson Marquis Lifetime Achievement Award, and featured him with others in *The Wall Street Journal* and other publications.

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