Good Ancestor Movement

Wealth Management
Tradition Versus New Imperatives

Bridget Kustin, PhD

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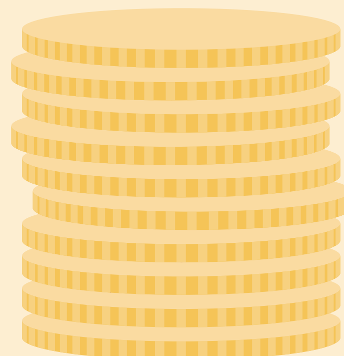

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About the Author

Bridget Kustin is an economic anthropologist (PhD, Johns Hopkins University), Research Fellow at the University of Oxford's Saïd Business School, and founder of Anthro Ltd, an anthropological research consultancy.

Her research, teaching, and consulting over the past 13 years focuses on wealth management and ownership at opposite ends of the wealth inequality spectrum, from financial inclusion for the world's poorest via Islamic microfinance, to the values and practices of global family-owned businesses with revenues above USD 1 billion, via her role as Qualitative Research Lead on the Ownership Project.

Bridget is a Fellow of the Skoll Centre for Social Entrepreneurship, and was a National Science Foundation Graduate Research Fellow; a Fellow of the Institute for Money, Technology, and Financial Inclusion; a Fulbright Scholar to Bangladesh; and the Irmgard Coninx Stiftung Fellow at the WTZ (Berlin). She has consulted for the Bill and Melinda Gates Foundation and Islamic Relief Worldwide, and studied Bengali full time in Kolkata, India for a year as a Fellow of the American Institute of Indian Studies.

Bridget teaches Capitalism in Debate, Racial Capitalism, and Strategies for Impact at the Saïd Business School, and previously taught at Johns Hopkins University and SOAS (University of London). She serves on the Advisory Councils of Millionaires for Humanity and IDEA (Increasing Diversity in Enterprising Activities), which is part of the Enterprising Oxford Initiative, and previously served on the World Economic Forum's Global Futures Council for Development Finance.

The Good Ancestor Movement

The Good Ancestor Movement is the UK's most radical advisory firm dedicated to supporting individuals and organisations with radical wealth redistribution.

We are a non-profit social-purpose business that exists to disrupt mainstream ideas about the economy and wealth stewardship towards the redistribution of resources and power in society.

We challenge harmful economic narratives and support the wealth advisory sector to play their part in creating a more equitable society. Our aim is to support individuals and organisations in aligning their wealth holistically with their values. Our clients are thoughtful, courageous, and values-driven wealth holders and custodians who want to stop accumulating wealth and start mobilising their resources towards the creation of a more equitable and regenerative future for all.

Our work is framed by an ongoing exploration into what it means to become 'good ancestors'. This exploration drives us to listen to, advocate for and take on long-term, intergenerational perspectives that take systemic inequalities into account, push for reparations, and direct us towards equitable and just futures.

Glossary

AML	Anti-Money Laundering
CIOT	Chartered Institute of Taxation (UK)
CRS	Common Reporting Standards
FATCA	Foreign Account Tax Compliance Act; US regulation
FCA	Financial Conduct Authority; UK's apex financial regulatory body
HMRC	HM Revenue & Customs; UK government body that, among other duties, administers and collects taxes
HNW	High Net Worth, describing those with above £1 million in investable assets, although that threshold is neither fixed nor uniformly agreed upon
KYC	Know Your Customer
Non-dom	Resident non-domiciled individuals
PSCs	People with significant control; all UK registered businesses are required to maintain a register of PSCs.
STEP	Society of Trust and Estate Practitioners
UB	Ultimate beneficial owner, e.g., of a trust
UHNW	Ultra High Net Worth, describing those with above £100 million in investable assets, although that threshold is neither fixed nor uniformly agreed upon

Introduction

The world's wealthiest are the subject of unprecedented international scrutiny. The release of the Panama Papers and the Paradise Papers have brought the scale of efforts to preserve their wealth into unflattering public view.

Wealth-holding campaigners are calling for wealth taxes.[1] Oxfam's annual reports on global inequality have taken on new urgency in light of the phenomenal financial returns that the Covid pandemic—an unfathomable crisis for so many—has delivered to the world's wealthiest.[2]

This focus on ultimate beneficial owners – a demographic that is easy to see, understand, and thus criticize – has wrought the unintended consequence of keeping the comparably esoteric field of wealth management largely hidden from public view.[3] Indeed, many of the private wealth practitioners interviewed for this report noted that the general public does not know they exist, or believe they exist solely to help the rich avoid taxes.

Wealth management and private client work—hereafter referred to as the 'private wealth industry'—is a broad field spanning financial planners, tax advisors, lawyers, private and merchant bankers, accountants, trustees, investment advisors, family office executives, and consultants specialising in family governance, succession planning, coaching, security, and philanthropy. Collectively, these professionals create the technical conditions of possibility for their clients' wealth to endure, and often to grow. Multimillion and billion-pound intergenerational fortunes could not exist without these labours.

And yet, when asked about the purpose of their work and their motivations, private wealth professionals were *not* united by a single goal. Motivations and rationales were diverse: some invested in the well-being of families and understand their work through this humanistic lens. Others were motivated by the intellectual challenges posed by complex, multi-jurisdictional estates. Some were motivated by remuneration. Yet others see their work as essential to the macroeconomy of the UK, as part of the machinery supporting and incentivizing entrepreneurs, job creation, and desirability of the UK as a lifestyle and investment destination.

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1 See https://www.taxmenow.eu/ (Germany), https://patrioticmillionaires.org/ (USA), https://www.patrioticmillionaires.uk/ (UK), and https://millionairesforhumanity.org/ (Denmark)

2 Oxfam. 23 May 2022. "Profiting from Pain." Oxford, UK: Oxfam. https://www.oxfam.org/en/research/profiting-pain; Oxfam. 17 January 2022. "Inequality Kills." https://www.oxfam.org/en/research/inequality-kills

3 The last major, in-depth ethnography of this demographic is six years old—Brooke Harrington's *Capital Without Borders: Wealth Managers and the One Percent* (2016, Cambridge, MA: Harvard University Press)—and is thus pre-Panama, Paradise, and Pandora Papers, pre Covid, pre EU and UK public beneficial ownership registries, and pre Criminal Finances Act 2017. The industry has changed substantially since it was written.

London's private wealth industry sells itself to its clients as trusted advisors invested in long-term relationships, but this presentation of stability belies the massive regulatory and cultural changes the industry has undergone in the past 25 years, and how nimble practitioners have had to be in response. As one interviewee, a long-time industry participant noted, "With the growth in individual wealth, the whole wealth sector has professionalized dramatically. The quality when I started…was just pitiful, as compared to now. It's much more client-centric."

> "With the growth in individual wealth, the whole wealth sector has professionalized dramatically."

Meanwhile, social and cultural norms shifted to prioritize transparency; regulatory interventions followed suit. Likewise complex tax structures were once standard; simplicity is now generally preferred for UK-domiciled individuals.

The rapid rise of environmental, social, governance (ESG) concerns, and awareness of national implications of high wealth and wealth inequality[4] are now further altering social and cultural expectations. Regulations and court rulings impacting greenwashing, accounting standards, and transparency topics, and ESG options for trusts are likely not far behind. *This report examines what these concerns and expectations mean for London's private wealth industry, and how the industry's professionals are engaging with these topics. The report also suggests how the industry can evolve to address issues raised by its professionals, and by other stakeholders of intergenerational wealth.*

4 OECD. 2014. "Focus on Inequality and Growth - December 2014." Brussels: OECD. www.oecd.org/social/inequality-and-poverty.htm

Why anthropology?

As the study of human cultures, anthropology is a useful discipline to cut through the political passions that wealth and taxes incites. Providing an outsider's description of the internal logics, shared understandings, disagreements, and emotions of the private wealth industry's professionals allows seemingly well-understood topics to be seen in a different light. Through this, new approaches and perspectives become possible. A starting point is the centrality of place: while firms and clients are of course international, London is unquestionably a unique hub; limiting this research to London's professionals[5] keeps the claims and observations of this report targeted and contextualized.

This report is based upon in-person and online video interviews and 'participant observation,' a classic anthropological technique used to observe communities in their own environments as they interact with each other. Over 45 hours of interviews and in-person observations, a review of relevant regulations, industry publications, and social media discussions are distilled into 10 main findings. These findings yield actionable opportunities and recommendations for private wealth practitioners and their professional associations. This report describes London's private client industry according to views of those who work within it, primarily at the senior echelons.

5 Some interviewees divide their time between different countries or cities, and one interviewee recently departed London.

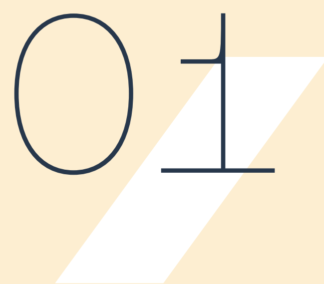
Acknowledgements

Thank you to all the individuals with whom I spoke for this report. I am grateful for your time, thoughtfulness, and trust. Thank you to Stephanie Brobbey of the Good Ancestor Movement for commissioning this report. This report was conducted in my independent consultant capacity, with complete research and editorial independence from the Good Ancestor Movement. Any errors are mine alone.

A note on anonymity

All interviewees are anonymous; identifying details from quotations have been removed or changed. When firms are named or quotations are attributed to named individuals, it is because the cited text originally appeared in public online databases or rankings or in published articles available to the general public, and does not imply their participation in the research, whether as interviewees or otherwise.

Opportunities and Actionable Recommendations



The private wealth industry accommodates dramatic changes; this presents a powerful opportunity for the industry to address relevant social and environmental challenges. Paradox defines the industry: it evinces steadiness and sells long-term relationships, but sea changes in transparency, compliance, and culture over the past 25 years prove that the industry excels at agility and nimble responsiveness. Frequent regulatory upheavals and private wealth firms and trusts that have existed for hundreds of years exist side by side. Disruption as a decades-long norm signals enormous opportunity when considering how the industry can adapt to the new, urgent concerns discussed in this report.

Adapt education and professional development to keep practitioners current with emerging knowledge about socioeconomic implications of preserving and protecting wealth. Interviewees widely shared the same frustrations with the media and the general public's presumption that they contribute to tax avoidance and evasion. By contrast, there was no shared understanding of what 'wealth inequality' refers to. Nor was there any consensus on how modern wealth inequality has been produced and maintained. Several interviewees stated that wealth is simply a historic, human, or cultural inevitability.

This indicates a wide gulf between how private wealth practitioners understand the implications of their work of wealth preservation and creation, versus implications as outlined in recent scholarship.[6] There is thus an urgent need for sustained, systematic knowledge transfer to the private wealth industry regarding wealth inequality. However, journalistic and campaigner materials are regarded as one-sided or sensational. There is thus an immediate onus upon professional bodies—e.g., the Law Society, STEP, CIOT, and their relevant subcommittees—to be a trusted filter and share balanced research on topics of wealth inequality and its implications.

Climate change is coming for private wealth, among other disruptions. 100% of interviewees believe that climate change is a grave concern, but only half discuss it with clients. Even then, those discussions can be infrequent or delimited, e.g., including climate risk in financial forecasting and scenario planning, or limiting climate and sustainability topics to investment advisors. There is not yet a clear route for family governance experts, tax advisors, trustees, lawyers, accountants, and coaches to bring climate into their work.

Private wealth professionals appear to manage this disconnect between their personal ethics and values, and their firm or profession's relative non-engagement with climate change by relying on an array of cognitive strategies and rationalizations, e.g., deferring to the positions of their professional associations. This poses long-term risks to the industry, particularly its ability to attract

6 For trends in intergenerational wealth transmission and changing taxation policies producing intergenerational wealth equality at historically consequential levels, see: Alvaredo, F., Chancel, L., Piketty, T., Saez, E. and Zucman, G., eds. 2018. *World inequality report 2018*. Belknap Press; Piketty, T. 2014. *Capital in the Twenty-First Century*. Cambridge, MA: Harvard University Press; Piketty, T. 2020. *Capital and Ideology*. Boston, MA, Harvard University Press; Saez, E. and Zucman, G. 2019. *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay*. W.W. Norton. For a discussion of economic mobility and intersectional inequalities, see Savage, M. 2021. *The Return of Inequality: Social Change and the Weight of History*. Boston, MA, Harvard University Press; Segal, P. and Savage, M. 2019. "Inequality interactions." Working Paper (27). London: International Inequalities Institute, London School of Economics and Political Sciences. For a discussion of elite migration in light of taxation and investment programmes, see Young, C., Varner, C., Lurie, I. and Prisinzano, R. 2016. "Millionaire Migration and the Taxation of the Élite: Evidence from Administrative Data." *American Sociological Review* 81(3): 421-446; Surak, K. 2020. "Millionaires and Mobility: Inequality and Investment Migration Programs." In *Money Matters in Migration,* de Lange, Tesseltje (eds.) Cambridge University Press.

and retain Millennial and Gen Z talent, who expect workplace values to align with their own and are less likely to sacrifice contentment for the sake of career development.[7] Indeed, three interviewees cited less interest among junior staff in sticking around to pursue a partner track, and expressed concerns about what this means for a field that sells deep experience.

There are other rumblings of discontent. Several interviewees referenced 'ethical' side hustles to help them find meaning in their day jobs, one described persistent gender imbalance at senior levels as "pitiful," and racial inequity is evident. Job loss due to the rise of AI was also referenced by two interviewees as already occurring in some fields.

04

Regulate tax advice. Tax advisors are not required to uphold standards or pass competency examinations. Membership in the Chartered Institute of Taxation is purely voluntary. This is a regulatory oversight that poses material problems for tax compliance, HMRC's tax gap (the difference between tax that is actually paid, versus the amount that is supposed to be paid), and for everyday taxpayers and the private wealth industry alike. An HMRC-convened commission that investigated this topic in 2021 did not ultimately propose any revisions or actions.[8] An HMRC report in 2022 focused on how to raise standards among agents, but still stopped short of mandatory tax advisor accreditation.[9]

7 Gabrielova, K. and Buchko, A. 2021. "Here comes Generation Z: Millennials as managers." *Business Horizons*, Vol: 64, Issue: 4: 489-499. https://dx.doi.org/10.1016/j.bushor.2021.02.013

8 HMRC. 30 November 2021. "Raising standards in the tax advice market: professional indemnity insurance and defining tax advice: Summary of responses and next steps." London: HMRC. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1037174/Raising_standards_in_the_tax_advice_market_-_professional_indemnity_insurance_and_defining_tax_advice_-_summary_of_responses.pdf

9 HMRC. 10 March 2022. "Raising standards in the tax advice market - HMRC's review of powers to uphold its Standard for Agents." London: HMRC. https://www.gov.uk/government/publications/raising-standards-in-the-tax-advice-market-hmrcs-review-of-powers-to-uphold-its-standard-for-agents/raising-standards-in-the-tax-advice-market-hmrcs-review-of-powers-to-uphold-its-standard-for-agents

05

Democratise the expertise of this industry to benefit a broader swath of society. Only three interviewees described using their knowledge and experience with U/HNWIs to assist broader society and non-U/HNWIs, for example via pro bono work. This doesn't mean such efforts don't exist—but rather that they were tangential, minimal, or otherwise too distant from interviewees' self-narratives. This is perhaps a comment on the priorities of corporate philanthropy (partnerships with Citizens Advice Bureaus, financial literacy initiatives, and clinics for tax advice, wills, and carers for vulnerable individuals seem like possibilities). However, the arguably greater need is creatively making the skills and expertise of this industry available for more than just the wealthiest. After all, as one interviewee said, "A lot of what we do is for normal people—everyone should have a will if they don't want intestacy rules to apply." HMRC would benefit from fellowships, sabbaticals, and secondments that place industry practitioners in HMRC for defined periods of time.

06

Traditional dynamics in the trustee/beneficiary relationship are poised for disruption. Millennials and Gen Z have increased expectations for transparency, control, support, and information. The degree to which trustees can account for what types of ESG considerations without breaching fiduciary duty will be a subject of increasing scrutiny and debate. Trustees' increasing governance burdens and risk exposure that may impact who chooses to become a trustee.

The status of tax policy as a political football is frustrating and a missed opportunity. As witnessed by the recent tax U-turns by Chancellors of the Exchequer in Autumn 2022, national tax policy is being reduced to short-term political wins. This is frustrating to practitioners—they distinguish between discussions meant to address problems in the system, versus posturing to notch quick, short-term wins. Because of the risk of frequent drastic changes, rather than a coherent enduring national strategy, a priority for professionals invariably remains risk mitigation for clients. This defensive posture is a missed opportunity to align the industry—and indeed wealth-holders—on a shared sense of meaning or purpose. There is at least one obvious cause for alignment: interviewees were uniformly concerned about climate change, and said that many of their clients are, as well.

Who should read this report

This report is for all stakeholders of private wealth. London's private wealth industry is a leader in the global industry; while this report is specific to London, it has global relevance. For industry practitioners, this is an anthropological study of their norms, practices, frustrations, and forms of fulfilment, and what they suggest for the future evolution of the industry.

This is a novel angle: everyone agrees that regulations, court rulings, and client preferences shape the private wealth industry. But practitioners are the industry's workers, managers, and owners. They shape the industry, too. Their behaviours and preferences matter.

For government entities and professional associations, this report takes the temperature of a senior, influential, engaged, and reflective segment of the industry, describing in frank terms how they are contending with regulatory changes, and where frustration and even resistance is brewing.

This report gives clients a glimpse behind the curtain: as in any client-facing profession, a degree of self-censorship from the practitioner is common. This report offers insights on practitioners' views on wealth inequality, their own public reputations, what gives them pride in their work, and what they struggle to reconcile.

For the general public, this report has empirical value. As many practitioners said in their interviewees, the public has partial-to-nil knowledge of private wealth professionals. This report helps to fill in this gap. The existence of wealth inequality, particularly in the face of 2022's cost-of-living crisis and the world's climate emergency, renders the general public a stakeholder in the topic of private wealth.

What this report does, and what it does not

This report is a *not* a comprehensive record or evaluation of relevant case law or regulation. Nor does it evaluate whether a predetermined hypothesis is true or false.

The organization that commissioned this research, the Good Ancestor Movement, focuses on “responsible wealth stewardship and radical redistribution,”[10] but my remit was simply to explore the current state of the industry. And so, per anthropological method, I followed my interlocutors to the places they chose to take me, listening as they explained the concepts that mattered to them. This yields unique insights into a community’s values, ethics, practices, taboos, and beliefs.

Accordingly, this anthropological study of private wealth professionals focuses on what these professionals mention—the case law or regulations that come up when they explain, rationalise, and reflect upon their work. What is top of mind, both good and bad? Does that give indications of what has been omitted from discussions? Such “social silences” are instructive, too.[11]

This report intentionally does not focus on individual professions within the private wealth industry, whether lawyers, accountants, or coaches. Instead, all practitioners are grouped together into the umbrella ‘private wealth’ category for several reasons:

First, to draw attention to the fact that power and influence over wealth-holders’ decisions regarding their wealth are not concentrated in any one profession. An unlicensed sole proprietor with a decades-long relationship with a wealth-holder as an influential coach can, and does, influence decision-making. A family governance expert who works closely with next gens is directly influencing future wealth-holders. An accountant bears responsibility for managing the interface between HMRC and a wealth-holder. A lawyer can establish case law. It is impossible to establish one of these professionals as more consequential when it comes to the preservation and creation of wealth.

> An unlicensed sole proprietor with a decades-long relationship with a wealth-holder as an influential coach can, and does, influence decision-making

Second, to draw attention to this industry as an integrated ecosystem. Interviewees generally could not talk about their work without mentioning external colleagues and firms. As one interviewee said, professionals “funnel” clients to each other; the strength of these professional networks is a selling point to clients. Wealth-holders are susceptible to their peers’ views and actions, and can be inclined to follow their peers’ example. At least two interviewees mentioned that what clients often value most is not necessarily the service provision they are paying for, but rather the introductions that the service provider makes between clients.

Third, to highlight that firms are increasingly offering different types of services to clients in-house. Whereas borders between professions might have once been strictly demarcated, many interviewees had multi-hyphenate roles and even professions. As integrated service offerings and single family offices become more common and change how wealth-holders interact and contract with external service providers, new borders will likely be drawn. Perhaps even a new class or subfield of professionals will arise. Referring to disparate, diverse practitioners collectively as ‘private wealth professionals’ is a provocation to the reader about the industry’s possible direction of travel.

10 https://www.goodancestormovement.com/

11 Gillian Tett, a fellow anthropologist, covers this concept in her wonderful 2021 book, *Anthro-Vision: How Anthropology Can Explain Business and Life*. UK: Random House Business.

The Data

Interviews

Interviewees were primarily sourced from three public, online databases and rankings of London-based private wealth practitioners who elected to provide an email address on their profiles, thus reasonably signalling an openness to the email equivalent of a cold-call.

In perusing hundreds of listings on these databases, it became evident that those listed generally are not selling one-off services, but the willingness to build close, long-term relationships with clients and become a "trusted advisor." The three public sources used were:

- Tatler Address Book, a "trusted network of influential private client experts, all at the pinnacle of their profession. From family lawyers to property advisors, our hub of elite practitioners have the gilt-edged expertise necessary to advise UHNW and HNW individuals. Here's where to find gold-standard guidance."[12] Individuals were sourced from relevant finance, wealth, and business-focused "Advisory" listings.
- The Spear's 500, which "publishes annual rankings of the top private client advisers and service providers for HNWs," which Spear's defines as "individuals with investable assets of £1 million or more."[13] The search was restricted to London, and individuals were sourced from relevant "Wealth and Investing," "Legal," and "Tax and Offshore" categories, such as the HNW Wealth Managers Index and the UHNW Wealth Managers Index, described as the "definitive collection of the finest talents in wealth management - private bankers, wealth managers, asset managers and more."[14]

12 https://addressbook.tatler.com/high-net-worth
13 https://www.spears500.com/ranking/hnw-wealth-managers?id=155
14 https://www.spears500.com/ranking/uhnw-wealth-managers?id=154

- The Legal 500 London rankings, which "reflect detailed analysis of law firm submissions and thousands of interviews with GCs and private practice lawyers, conducted by our team of experienced researchers,"[15] in the "Private Client—Personal Tax, Trusts, and Probate" category.

These listings were complemented by my own network of private wealth professionals, which drew from large corporates, midsize companies, and boutique operations and sole proprietors who function as consiglieres, coaches, and governance and succession experts. This 'trusted advisor' cohort can travel with their relationships and client lists across institutions, and is a less visible component of the private wealth ecosystem than their corporate counterparts. Their influence is significant and can last decades.

Across Tatler, Spear's 500, and Legal 500, 134 individuals were initially contacted; 16 individuals were approached from my own network. 33 interviews were ultimately conducted—a 22% positive response rate overall. Of those 33 interviewees, 27 (82%) were from Tatler, Spear's 500, and Legal 500, and 6 (18%) were from my network. 21% of the public databases approaches yielded interviews; 38% of my personal network approaches yielded interviews. This is unsurprising; trust was already established in my pre-existing relationships.

The sampling method and sample size means this report is not representative of London's private wealth industry. Apart from the diversity and specialisation within the industry, individuals approached via the public databases and rankings are those building a public profile and willing to be contacted. Among them, the self-selecting individuals who consented to an interview tended to express a positive bias toward academia, self-reflection, and curiosity about their field and their peers.

However, this report does not need to be statistically representative of the industry to make a significant contribution to knowledge about private wealth practitioners. The profession is built on discretion; practitioners do not typically speak freely about their profession to outsiders; even the most engaged interviewees were cautious-to-skittish about their participation. Despite an informed consent form guaranteeing anonymity, about half of the interviewees mentioned first clearing the interview with their communications, marketing, or public relations teams (indeed, several who declined to participate cited corporate PR, legal, and process concerns). Other interviewees transferred interview arrangements to their private emails, mobiles, or laptops. One interviewee prepared complete written answers in advance with a communications specialist. Several interviewees requested off-the-record informational calls before consenting to an interview, or delegated this informational call to communications or marketing staff.

> even the most engaged interviewees were cautious-to-skittish about their participation

Initial interviews were rich and generative, but were missing sidebars, repartee, and self-reflexive moments. To nudge interviewees away from self-policed, overly diplomatic responses toward more free-flowing conversation, I guaranteed interviewees I'd share their quotations that I planned to include in the report, so they could ensure the quotations were not identifying. Not every interviewee is quoted, but almost everyone who was quoted requested edits. A few anecdotes were removed because they risked identifying the speaker. Some interviewees corrected transcription or grammatical errors. Most interestingly, several edits reduced the strength of criticisms, frustrations, or a negative statement, often by adding mitigating words. I.e., "the general public cannot understand. . ." would become "the general public might not fully understand..." The pendulum swung from free-flowing conversation back to diplomacy and self-policing.

15 https://www.legal500.com/c/london/

This distinction between private speech (free-flowing conversation in an environment of trust) versus public speech (speech that, even if anonymous, will be in print in front of colleagues) means that there is a need, beyond the scope of this report, for private wealth practitioners to find ways to give their *sotto voce* utterances greater public expression, without endangering their jobs. If the difference between what people say versus what they *really* think grows too great, everyone loses out.

> Most interestingly, several edits reduced the strength of criticisms, frustrations, or a negative statement, often by adding mitigating words. I.e., "the general public cannot understand…" would become "the general public might not fully understand…"

About the Interviewees (n=33)

- 70% (23 interviewees) are male; 30% (10 interviewees) are female
- 85% (28 interviewees) are white; 15% (5 interviewees) are not white
- 70% (23 interviewees) of interviewees are ages 36-55; 15% (5 interviewees) are over age 55; 15% (5 interviewees) are age 35
- 91% (30 interviewees) are senior (partner, c-suite, founder); 9% (3 interviewees) are mid-career
- 76% (25 interviewees) are at firms with more than 100 employees; 24% (8 interviewees) are at firms with less than 50 employees
- Many interviewees have multi-hyphenate professional backgrounds, e.g. trained accountant and qualified lawyer. And, individuals across all four categories below serve as trustees. Interviewees' main, or current professions are:
  - Lawyer: 37% (12 interviewees)
  - Finance professional (private banker, investment manager, wealth manager): 27% (9 interviewees)
  - Accounting, tax, and advisory: 21% (7 interviewees)
  - Consultant, coach, behavioural specialist: 15% (5 interviewees)

Participant Observation

To observe and interact with private wealth and private client practitioners within their professional environments, I attended two events: a private London social event convened by a large corporation, and a daylong conference at a London hotel, sponsored by an industry organization discussing a range of private client topics, with many of the speakers sourced from the organizations financially sponsoring the conference. Despite the explicitly commercial aspect to many of the speeches (sales pitches for alternative investments, luxury property, and lifestyle offerings), attendance was high and held steady throughout the day.

Anthropologists value participant observation (also known as 'deep hanging out'[16]) because people speak more freely and express a fuller range of ideas and emotions (including ambivalence, annoyance, doubt, aspiration) when they are in their community, as opposed to the formal environment of an audio-recorded interview. Community speech allows one to pick up on a community's unique grammar: certain words, phrases, or metaphors might be obvious and unremarkable to insiders, but reference shared norms, beliefs, or values. In private wealth, this includes describing tax strategies as 'conservative,' 'sensible,' 'scheme-y,' or 'vanilla'; wanting clients to 'sleep well at night'; 'looking after' clients (more on that later); and being a 'trusted advisor.'

16 Rosaldo, R. 1994. "Anthropology and 'the Field'." Conference held at Stanford University and UC Santa Cruz. February, 18-19; Clifford, J. 1997. "Spatial Practices" In *Anthropological Locations: Boundaries and Grounds of a Field Science*. Eds. Gupta, A. and J. Ferguson. UC Press. p. 219.; Geertz, C. 22 October 1998. "Deep Hanging Out." *The New York Review*. https://www.nybooks.com/articles/1998/10/22/deep-hanging-out/.

London's Private Wealth Industry: A Brief Social History

In the past 25 years, the private wealth industry has transformed from a 'backwater' of wills and probate—the domain of the 'dead and dying,' the refrain at the time went—into a desirable growth industry now central to the debates and urgent needs of our time.

A 1995 article in *The Law Society Gazette* acknowledged the "stereotype of a pedestrian firm of solicitors servicing the county set and landed gentry," as it described the law firm Withers as a novelty: Withers was growing its private client practice while most others were scaling back. Despite the long historical antecedents of private wealth and family offices in the form of UK and European landed estates,[17] even the term 'private client' was, back then, new:

> "We have individual clients who we look after as private clients who may be involved in a buy-out or a quotation on the AIM market.' [. . .] as Withers continues to buck the trend by building up its private client practice in tandem with its commercial work, Mr Hall says: 'We have tremendous opportunities within our grasp which we are only just beginning to exploit.' Mr Mills predicts: 'We will choose today's winners who will be tomorrow's larger companies. As they expand we will expand with them.'"[18]

Withers' bet was right. The explosion in intergenerational wealth would indeed drive the growth of the industry in an unprecedented manner. Two years later, in 1997, *The Law Society Gazette* noted the rise in new specialisms that would segment and professionalise private client and succession work:

> "High street probate practitioners are being urged to cast off their dour image and find new ways of marketing themselves. If they don't, they may find their businesses falling victim to a new breed of licensed probate professional.
>
> Some are already feeling the squeeze from non-solicitor will writers, accountants and bankers doing estate work. [. . .] An early marketing exercise for [one solicitor] was in segmenting her market -- looking at the types of clients and referrers, and building marketing programmes that suited their needs. Separating out the high net worth individuals -- such as commercial clients and agricultural clients -- with high value estates and more complicated will, tax and trust requirements from the lower value clients was an important break-through." [19]

By 2000, the tides were turning. The work was becoming lucrative and shedding its "dying game" associations,[20] instead becoming linked to newness: entrepreneurs and wealthy arrivistes arriving in London:

> "Many of the major firms jettisoned their private client departments in the last few years. Do they now regret it? Should they all be jumping back on the bandwagon? [. . .] So-called 'high net worth' clients can, in some cases, pull in an income comparable to that made through corporate clients.
>
> Those firms that stuck by their private client departments at a time when private client work was deemed positively unsexy are now doing very nicely out of a crop of Middle Eastern businessmen and young entrepreneurs. This may have influenced global giant Clifford Chance in its decision to re-enter the private client arena after a lull of around nine years. The firm is at pains to point out that it has continued a private client practice for the past 30 years but it has not been, to say the least, one of its priorities.
>
> [. . .]
>
> Clifford Chance's decision to refocus on private client work makes it unusual among the top-ten City firms whose names - with one exception - are noticeably absent from the leaders in trusts and personal tax work. The exception is Allen & Overy, which stuck by its private client team when other firms its size were dropping them like hot coals."

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17 Friedman, L. 2009. *Dead Hands: A Social History of Wills, Trusts, and Inheritance Law*. Stanford: Stanford University Press; Beckert, J. 2004. *Inherited Wealth*. Princeton: Princeton University Press.

18 6 December 1995. "Enticing private lives -- private client practice, withers" [sic] *The Law Society Gazette.* https://www.lawgazette.co.uk/news/enticing-private-lives-private-client-practice-withers-/20167.article

19 11 June 1997. "The dying game -- is probate the last bastion of old-fashioned working practices?" *The Law Society Gazette.* https://www.lawgazette.co.uk/news/the-dying-game-is-probate-the-last-bastion-of-old-fashioned-working-practices-/20609.article

20 Ibid.

The golden growth period was freewheeling, and interviewees were uniformly critical of this era: “Regulation is important, and if you go back 30 years, you can see why it’s important,” one mid-career interviewee explained. Five interviewees mentioned “film schemes” as classic example of a “scheme-y” tax avoidance strategy that was perhaps technically legal but ethically unsound, exploiting loopholes and crafting complex structures. Three interviewees mentioned Paul Baxendale-Walker as an embodiment of the problematic norms of this era. As a tax lawyer, he advised the Glasglow Rangers Football Club to avail a tax scheme; it was deemed fraudulent in 2011. He was eventually disqualified from practicing law.

> “Regulation is important, and if you go back 30 years, you can see why it’s important,”

Ironically, both Baxendale-Walker’s fraudulent scheme centred on an employee benefit trust, and his book *Purpose Trusts* (Bloomsbury Professional, 1999) would be congruent with widespread themes in business today that focus upon stakeholders and purpose. It raises a question about whether industry veterans who criticise ESG and greenwashing oppose the intent of these interventions, or simply have a long memory.

A series of UK government inquiries and consultations that commenced in 2003 ultimately yielded a dramatic set of changes to the UK’s resident non-domiciled, or ‘non-dom’ regime in 2008.[21] Foreign rules were also consequential: they placed new data-sharing requirements upon UK financial institutions. The US government’s 2010 passage of the Foreign Account Tax Compliance Act (FATCA) required foreign banks to report banking details and personal information of any US citizen back to the US government’s Internal Revenue Service. Shortly thereafter in 2014, the OECD’s Common Reporting Standard (CRS)[22] began requiring “jurisdictions to obtain information from their financial institutions and automatically exchange financial account information with other jurisdictions on an annual basis.”[23] Cross-jurisdiction information-sharing of personal finances and related personal information—regardless of citizenship, behaviour, income, or risk factors—is now the norm. Interviewees, stressing their compliance, viewed FATCA and CRS as simply the new normal--but also frequently referenced FATCA and CRS as problematic overstepping in terms of personal privacy, given the sheer, undifferentiated approach to data collection and data sharing.

The UK’s 2013 General Anti-Abuse Rule sought to close loopholes that had allowed tax schemes to proliferate, to allow HMRC to address the yawning gap between the letter of the law versus the spirit of the law.

2016-17 was a profoundly eventful period. On April 3, 2016, the Panama Papers were leaked. **On June 30, 2016, the same day the German *Süddeutsche Zeitung* journalists who released the Panama Papers heralded “the start of the end of the tax haven,”**[24] the UK’s Companies House register listing all ‘persons of significant control’ (PSCs) within a company went live—a major step towards transparency of company ownership and influence.

On April 27, 2017, the UK’s Criminal Finances Act 2017 came into effect. Its provision regarding “unexplained wealth orders” rendered private wealth professionals first-line defenders against financial crime. Approving a new client, for example, would now require professionals to document the source of funds, in order to “recover the proceeds of crime, tackle money laundering, tax evasion and corruption, and combat the financing of terrorism.”[25] Industry observers have described it as a “guilty until proven innocent” scenario that “flies against the traditional basis of our legal system,” even while recognising that “many would argue that it is an essential approach if the government wishes to effectively counter concerns that the UK is a place where illicit funds can be laundered.”[26]

21 Seely, A. 6 October 2017. “Taxation of non-domiciles: the 2008 reforms.” Briefing Paper Number 4604. London: House of Commons Library. Chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://researchbriefings.files.parliament.uk/documents/SN04604/SN04604.pdf

22 https://www.oecd.org/tax/automatic-exchange/common-reporting-standard/standard-for-automatic-exchange-of-financial-account-information-in-tax-matters-second-edition-9789264267992-en.htm

23 https://www.oecd.org/tax/automatic-exchange/common-reporting-standard/

24 Obermayer, B. and Obermaier, F. 2016. *The Panama Papers: Breaking the Story of How the Rich and Powerful Hide Their Money.* Oneworld Publications: 313.

25 https://www.gov.uk/government/collections/criminal-finances-act-2017#:~:text=to%20the%20powers-,The%20Criminal%20Finances%20Act%20gained%20Royal%20Assent%20on%2027%20April,combat%20the%20financing%20of%20terrorism

26 Kapacee, M. 1 October 2019. “Time to Confess.” *Tax Adviser*. London: Chartered Institute of Taxation. https://www.taxadvisermagazine.com/article/time-confess

Changes to "deemed domiciled" provisions commenced on April 6, 2017[27], meant to fix the considerable confusion and too-wide room for interpretation of rules surrounding UK domicile and taxes. On June 26, 2017, the EU's Fourth Anti-Money Laundering Directive came into force in the UK, further strengthening the trend of ultimate beneficial owner registries: trusts were now required to be registered with HMRC. "Some of these [trusts] have been around for hundreds of years," one interviewee said, explaining the impact of this requirement. Suddenly, lay trustees were in the regulatory spotlight, and on a register with EU and UK authorities

"Some of these [trusts] have been around for hundreds of years,"

On November 5, 2017, the Paradise Papers began their steady release. By the end of this head-spinning 2016-2017 period, according to interviewees, trusts had well and truly started to fall out of favour for UK-domiciled individuals, transparency was now an established expectation, and the trend toward simplicity in structuring wealth was well on its way. Nearly all interviewees, when asked what new innovations define their work with UK domiciled individuals, described simplicity as the new preference of both clients and practitioners.

"Clients don't want too much complexity," one wealth planner explained. "The majority of clients don't want to have money tied up in [a] company, in offshore trusts—they want to be able to sleep at night. This is aligned with what we do. 90% of clients want to invest tax efficiently, but they don't want to complicate their lives."

While one interviewee maintained that trusts are not—and never were—a means of avoiding tax when used legally (although obfuscating ownership did use to be an intention), several more interviewees contended that trusts are now, post-reforms,

27 https://www.gov.uk/government/collections/deemed-domicile-changes-from-6-april-2017

being used for "the right reasons." This can include situations where there's an extremely high level of wealth, or the desire to protect beneficiaries, or for resident non-domiciled individuals.

The October 3, 2021 release of the Pandora Papers made it clear that leaks pertaining to private wealth activities could be expected to continue. While the Covid pandemic upended certain norms in industry, replacing suits with work-from-home attire and in-person client meetings with virtual options (changes that so far, have partially endured, according to interviewees), the next major earthquake for the industry was Russia's invasion of Ukraine on February 24, 2022. Five days later, House of Commons floor debate focused on whether the reforms of previous years were sufficient, or being robustly followed. Private wealth practices and professionals were then name-checked as structuring and protecting the financial interests of Vladimir Putin's oligarch allies.[28] "I am told by whistleblowers working for the big companies that they do not do proper client checks and that 'know your client' checks are non-existent for some of them," Conservative MP Bob Seely said during the debate. "Some actually have a list of people that they specifically do not do those checks on because they know that they are inherently corrupt and inherently criminal."

Interviewees did not mention this public naming-and-shaming. Instead, one explained a different day-to-day impact for the private wealth industry following sanctions on Russian individuals and Russian wealth: the spotlight was now on trustees. "The trend is on trustees themselves having to meet their obligations," one c-suite interviewee explained. "Trustees hadn't worked through beforehand what to do if you're sanctioned. A lot of them have woken up to the shock that the assets weren't being protected." Whether trustees are family members or professionals, he said, "It's been an easy life for a number of trustees."

This brief history is incomplete. Among other topics, I have sidestepped robust political debates regarding the future of non-dom status, the possibility of London as a 'Singapore-on-Thames' with minimal tax for the wealthiest, and the whirlwind tax reforms proposed in the Fall 2022 mini-budget, only to be rescinded weeks later. Whilst researching and writing this report, two new

28 https://hansard.parliament.uk/commons/2022-03-01/debates/6EF274E3-57A6-46ED-BFE2-348AEB926501/Sanctions

massive transparency interventions took effect. First, the UK's Register of Overseas Entities went live on August 1, 2022 via the new Economic Crime (Transparency and Enforcement) Act 2022.[29] Any overseas buyers who purchased UK property or land on or after January 1, 1999 in England or Wales are now required to register the beneficial owners and managing officers with Companies House. Second, on November 22, 2022, the European Union Court of Justice ruled that the EU's public beneficial ownership registers were at odds with the human right to privacy.[30] It is difficult to overstate the significance of this ruling, and the debate and court battles it will impact regarding data-sharing and public beneficial owner registries in the UK.

Interviewees reflected on the turbulence of these changes, questioning aloud whether or not London would remain a desirable domicile. Some were cautious, stating that changes to the non-dom rules would lead to an "exodus," with one interviewee referring to the post-Brexit reference of creating a low tax economy—the 'Singapore-on-Thames' concept: "The tax rate in Hong Kong is 15%. Why would [a wealth-holder] want to go to a 45% regime?"

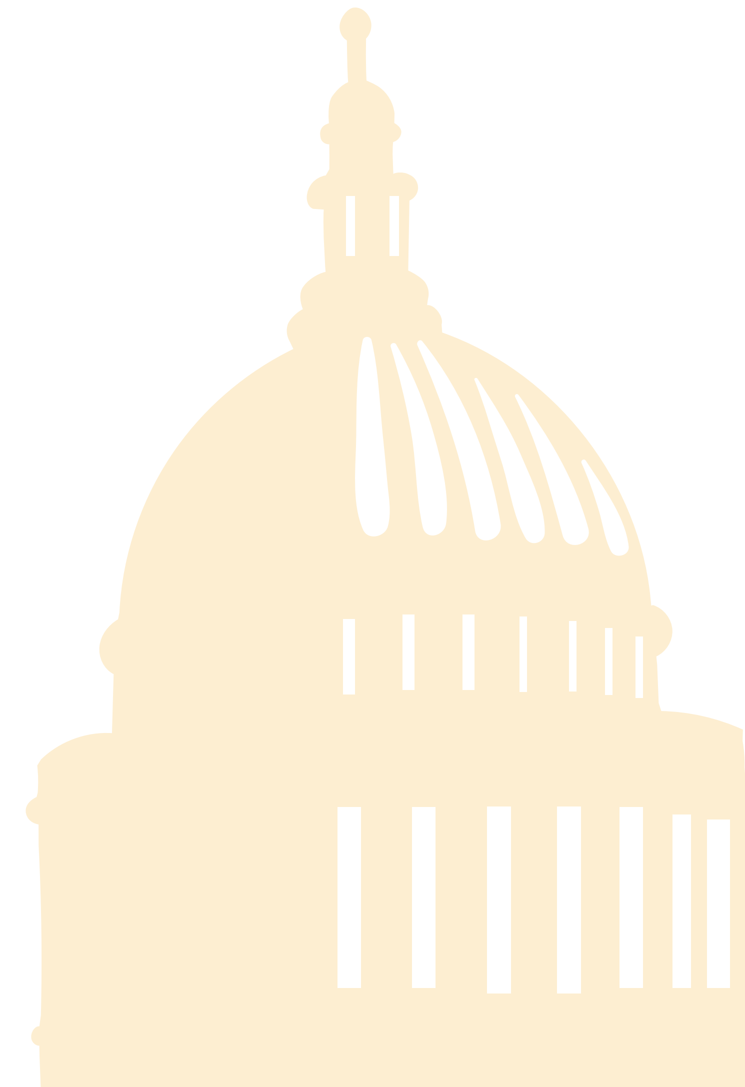
Another interviewee, referencing the 2018 general election, mentioned the "general nervousness among clients" that "Corbyn risk" and risk of capital controls induced: "lots of clients talked about re-domiciling for about nine months before that general election. But what clients discovered was that if you wanted to get out of that risk, you had to move assets, move your business, and move yourself—and moving all three was difficult." Portfolio assets, such as stocks and shares, are easy to move, whereas UK real estate, for example, is more easily taxable.

But others were confident, looking past regulatory changes to experience and talent: "In the private family space, what's more important is where is the talent…London's always had a lot of talent. They can attract and retain, so it will always be the centre for family offices."

29 https://www.gov.uk/government/news/the-new-register-of-overseas-entities-is-live#:~:text=Overseas%20entities%20who%20already%20own,are%20by%2031%20January%202023.
30 https://curia.europa.eu/jcms/upload/docs/application/pdf/2022-11/cp220188en.pdf

"In the private family space, what's more important is where is the talent…London's always had a lot of talent. They can attract and retain, so it will always be the centre for family offices."

Where interviewees were united was that growth prospects are not in the UK; excitement was reserved for Asia: as one interviewee said, "[we're] looking at where the next generation of wealth is coming from, and obviously its Eastwards. Hopefully when Mainland China opens up, we can assist families to protect their wealth in the region." A different interviewee echoed an identical sentiment, wondering "how aggressively do we pursue advancement into Asia, China in particular. […] We often are asking how to proceed."



Findings & Analysis: The Anthropology of London's Private Client & Private Wealth Professionals

1: Three main types of private client professionals

I interviewed three lawyers in short succession, all working in the same legal subfield, and all with an international UHNW client base. All interviews followed the same structure: an initial descriptive question ("what does your day-to-day work entail?)" followed by a question to prompt reflection, on a more macro level: "what's the purpose of your work?" For those who paused, I clarified: "Why do you do what you do? What makes you get out of bed in the morning?"

One individual focused on the human element, and specifically the privilege and responsibility of being entrusted with a client's vulnerabilities, to help redress human suffering or prevent it. Another emphasized his pride at being a problem-solver; clients come to him with an issue, and he charts the path forward. There was a straightforward relationship: he was paid to provide a service, and he provides it well. The third lawyer most valued neither a bilateral relationship with the client (as with the first interviewee), nor the client's problem (the second interviewee), but rather a trilateral relationship between himself, the client, and the law itself.

His commitment to this was clear as he described his aversion to the term, "wealth planning industry": "I don't like that term. I dislike there are certain magazines out there that sell wealth services as a commodity to wealthy people. Lawyer services, Chopard watches, yachts. My republican roots come out. Maybe it's me just salving my own conscious. Maybe I am just a commodity," he said, but then continued, "I like to think

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I'm *not* a commodity. [. . .] I like having a peer-to-peer relationship with a client where they appreciate that. . .[I] give a fearless view of the law instead of telling them what they want to hear. 'Succession planning' is a better term," he concluded.

Even when the work is roughly similar, individuals have different motivations and forms of fulfilment. Creating a typology of private client professionals to account for these differences does risk being overly deterministic, prescriptive, or normative. Borders between categories will be porous. Some will see themselves reflected in multiple categories. However, given the general lack of information about the diverse professionals who populate the private wealth industry, and the blanket negative stereotype (referenced in nearly every interview) that these professionals are motivated by a desire to aid tax avoidance, some steer is necessary, as a first step to account for differing motivations and goals.

The 33 interviewees generally fell into one of three categories:

The Humanist

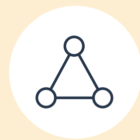
For **The Humanist**, one's work is not just a job. Instead, as one wealth manager explained, work is a human-centred "calling," akin to a social worker or psychologist. The Humanist derives satisfaction from helping people and families because, as many interviewees noted, wealth can destroy families if not properly managed. Amidst the UK's cost-of-living crisis where basic needs of food, shelter, and heating are going unmet, it's difficult to sympathise with wealth as inducing suffering. But from an anthropological perspective, this practitioner view is sensible: day in, day out, at extremely close range, many private wealth professionals witness the irreversible breakdowns of intimate relationships—between parents and children, siblings, spouses, and more—due to conflicts over wealth, or an ability to live healthily with wealth. Interviewees frequently expressed variations of the sentiment, "you wouldn't believe the kinds of things I've seen." Addiction struggles and mental health crises of young people are another common concern, again directly attributable to living with wealth. Within the closed community of practitioners and their wealthy clients, viewing wealth management as a strategy to help families and alleviate suffering is logical and arguably, even ethical.

While philanthropy was mentioned as a route for clients to find personal meaning and purpose, only one interviewee said he encourages families to determine "their number" – the amount of money they need to continue their lifestyle. No interviewees mentioned giving up most of the wealth as a strategy to alleviate suffering. But removing the cause of suffering instead of just managing it is a viable option. The omission suggests that this is an unexplored and underutilized opportunity for both the client and the practitioner. Normalizing the reduction of wealth to preserve familial well-being can be an option in the toolkit.

The Service Provider

The Service Provider believes it is not their job to give their opinion, but to serve the needs of the client or the party that is instructing them to undertake work, such as a court or HMRC. Not all clients are humans; particularly with offshore work, the client might be a trust corporation.

For those who do work with human clients, service provision and subsuming one's opinions does not mean the work is devoid of values-led interventions. On the contrary, according to one interviewee who stated that "I'm not there to tell them [clients] what to do, and that's why they value my role," service provision is entwined with values: "you can't talk about trust structures or offshore structures without talking about their [client] values—a soft conversation about 'what do you want from it?' Once we have those conversations, it became apparent that their tax advisors and lawyers prepared something that's not fit for purpose."



The Triangulator

The Triangulator is deeply connected to the guidance of his or her professional association, e.g., the Law Society, the Society for Trust and Estate Practitioners, or the Chartered Institute of Taxation. This individual understands themselves in an interpretative role between their professional association's requirements and guidance in light of regulations, policy, and case law, and the needs of the client. This individual tends to be invested in the intellectual puzzles and problem-solving nature of their work.

To be clear: these three typologies are not about the *type* of work undertaken, but rather the self-identities, motivations, and commitments of the diverse and highly specialised workers who collectively comprise the private wealth industry. Other motives surfaced: some acknowledged the industry as the route to their personal wealth: remuneration was a main purpose of their work, or the reason they chose their field over other interesting, but less well-paying options. But it would be inaccurate to reduce this workforce to stereotypes or caricatures. On the contrary, understanding what makes individuals tick can help shape interventions. One of the most urgent, as I discuss later on, is the disconnect between interviewees' strong views on climate change versus the slim-to-none presence of climate change topics in their work.

Contributing factors, from engagement with principals to family offices

One factor that shaped an interviewee's type was their degree of interaction with family principals or individual family members, as opposed to interacting more frequently with the broader family, family office professionals, or other private wealth professionals. Working more with principals or individual family members lends itself more to a consigliere role, in which one is able (and perhaps expected) — to offer one's opinion and provide productive critical feedback on areas outside a strict remit. For example, one interviewee explained that "advising trustees can be an ongoing relationship, opening up the possibility for advice. Other forms of wealth management, like estate and succession planning, can be more self-contained, one-off projects." Working with the broader family, by contrast, can require a more neutral approach, in order to balance family members' competing needs.

Interviewees also report that working more with family office executives or other private wealth professionals tends to replace wider-ranging debates, conversations, and feedback with more straightforward or one-off service provision. Interviewees explained that routes to impact within the family office can nebulous. For the largest, fully professionalised family offices with billions in investable assets, a private wealth professional will likely be one piece among many in a puzzle that won't even necessarily be fully visible to them. There are conceptual, mechanistic, or governance barriers that limit influence.

For example, one interviewee was tasked to implement an ESG strategy being launched by a next gen. Even though "an older gen has blessed the project," another obstacle arose. As the interviewee explained, "we have the family office and board level who say, 'well, we've always been remunerated on growth, and now you're saying we need to impede on that growth. It's all very good for owners to implement this, because they're already wealthy. What does it mean for our ambitions?'"

Another interviewee described the "increasing sophistication" of single family offices over the past decade as "profound. Family investment platforms are as sophisticated as any institutional investor." Those with five billion in assets under management who are making direct investments "see themselves as investors, and not wealth managers." She noted the rise of family offices as leading to an "element of convergence" in the typical distinction between wealth preservation versus wealth creation, explaining that "Goldman, JP Morgan—they are developing more and more family office and family platform advisory businesses. Some of how they cover a Blackstone or KKR needs to be applied to these family offices. A Goldman can provide the private client and wealth management work, but can also provide the deal flow."

Indeed, the value of a "one-stop shop," multi-services strategy was echoed across several interviewees as a growth strategy. A business model with integrated service provision allows professionals to introduce

topics that might otherwise seem unrelated. "Investments don't grow in a straight line," one interviewee said. "The wealth planning is the value add, that's the strategy" for the firm to attract and retain its clients. This is because clients "see the investment proposition as a given. You can do it, so can 50 others." Instead, "all the extra bits are becoming more important." Emphasising the human add-ons, such as family governance or wealth planning, also offers protection from AI-driven job loss: tech cannot replace human interaction.

On the flipside, one interviewee was frustrated with his firm's inability to pivot into this integrated, multi-services approach. Regulation has "progressively constrained [the] services we can offer. We used to be broader," he said. "We would like to provide different types of services. Family offices, accounting services, investment services. Multi-disciplinary practices are complicated from a regulatory point of view [. . .] Our business is about doing *more* things for the same people. There's no reason to *not* do that, except for regulation."

"I am being paid for my opinion" versus "I am not being paid for my opinion"

Some of London's private wealth firms are hundreds of years old; professionals advertise this heritage and their own long-term relationships with clients as a selling point. In Tatler Address Book, one listed professional "prides herself on the long-term relationships she has with her clients, a testament to the trust she has built with them."[31] In Spear's 500, another advisor "looks to build long-term relationships with families, across multiple generations,"[32] while a different lawyer explains, "I was attracted by an ability to take a genuinely long term approach which resonates with client families, who often think across generations."[33]

This emphasis on long-termism nods to the centrality of wealth preservation: the long-term timeframe of a wealth-holder concerned about wealth preservation is aligned with the long-term time frame of advisors, equipped to manage intergenerational wealth transfers.

31 https://addressbook.tatler.com/england/london/high-net-worth/olivia-west
32 https://www.spears500.com/adviser/6620/shamonie-barman
33 https://www.spears500.com/adviser/4356/charles-costa-duarte

Professionals similarly advertise their trustworthiness. In Spear's 500, one individual describes his firm as "always looking to be more than just pure tax advisers – we want to be their [clients'] trusted adviser."[34] Another professional in Spear's 500, explains, "My theory on private client work is that you end up advising people who get on with you and like you. It's symbiotic."[35] A third advisor's entry reads,

> "'As clichéd as it sounds, I like to see myself as a trusted adviser to individuals,' [. . .] 'Someone who can be relied upon to give clear and practical advice answering the questions posed. I believe the role requires much more than just technical ability,' she says. 'It is also vital to build up a good rapport with the client, in order to be able to advise them properly.'"[36]

Invocations of trustworthiness and the "trusted advisor" are commonplace ("clichéd," according to the individual above), but it's not immediately evident why. Are private wealth professionals subtlety atoning for the legally dubious schemes of the 1990s and 2000s that undercut trustworthiness? Are professionals respectfully acknowledging that clients are skittish about entrusting their wealth and personal information to outsiders? But if so, and trust is simply required because of sensitive, personal information, then trustworthiness is not a unique attribute worthy of being advertised.

The industry-standard emphasis on trustworthiness and long-term relationships suggests that there should be *more* room for professionals to offer their opinions, not less. Perhaps some professionals are abrogating more agency than their jobs require. Whether this is self-policing, firm-wide culture, or the result of some other impetus is an area for further study. It matters because the willingness of advisors to share their opinions will be critical to allowing the private wealth industry to address socioeconomically and environmentally urgent topics, from the fact that not every wealthy client engages in philanthropy, to private jet usage, to trustees unsupportive of a beneficiary's desire to engage in ESG investing.

34 https://www.spears500.com/adviser/5588/michael-lewis
35 https://www.spears500.com/adviser/6044/rosamond-mcdowell
36 https://www.spears500.com/adviser/5624/molly-wills

The interviews suggest that clients are segmented; some types are more amenable to the advisor's personal opinions and active guidance. According to one tax advisor,

> "The sweet spot is 20 to 120 million [GBP] net worth. Those families are still very active and transactional. They have a desire to do things with their wealth. Whereas those on the lower end are much more passive and focused on wealth preservation. [. . .] The billionaires have complex affairs. . .but it tends to be more passive and compliance-based, but they are not particularly transactional."

Another interviewee focused on the difference between "the entrepreneurially wealthy" versus inheritors: the former "are not used to letting go. The two to three-year period, post-business sale, is where they seem to be trying to find the next thing; it's in their nature. Where the wealth [is] inherited, you don't have any of that. They are happy to get the advice, be told what to do."

Several interviewees noted clients' interest in the behaviour of their peers. In other words, perception and group behaviour is critical.[37] Next gens are more frequently and publicly declaring discomfort with the role of their own wealth in perpetuating wealth inequality and related problems.[38] Wealth-holder activist groups such as Resource Generation and Generation Pledge will likely become larger, more widespread, and more mainstream.

37 This insight appears as well in Harrington, B. 2016. *Capital Without Borders: Wealth Managers and the One Percent*. Cambridge, MA: Harvard University Press.

38 Sherman, R. 2021. "Against Accumulation: Class Traitors Challenge Wealth and Worth." *Sociologica*, *15*(2), 117–142. https://doi.org/10.6092/issn.1971-8853/12558

2: Shared frustration with an unknowing public's negative perceptions

The intimacy of the work

The everyday, unremarkable industry-standard grammar of "looking after" one's clients is a small but clear affirmation of trust, intimate knowledge, and care for clients. Clients "come to you with their life, not with a carefully worded legal question to which they require a technically worded legal answer," one interviewee explained. Several interviewees said they can be the only ones, apart from the wealth-holder, with complete knowledge of all financial holdings, death and succession plans, and financial commitments to extramarital partners or children. Or, as another interviewee put it: "Every single human being has a complicated life that no one knows about, other than their advisors."

Over time, and particularly at the senior level when client relationships have lasted for years (if not generations), this can understandably produce an emotional and ethical relationship to the client. Many interviewees emphasized both that they tend to work with people they like, and that they've witnessed clients suffer in painful ways, whether at the hands of family members, the press, or even in extreme scenarios of kidnapping and murder. One interviewee described wealth-holders as a "vulnerable population" because their wealth renders them "an object, akin to an ATM machine."

Likewise, professionals may have witnessed at close range the positive impacts of clients' businesses or philanthropy. Interviewees' sympathy was real: several expressed in emotional terms that they believe their clients are unfairly persecuted by the press. The world is not fair to them. They have worked

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hard, sacrificed, and deserve their wealth. Their businesses and philanthropy contribute to national well-being. They deserve control over how their wealth should be deployed. They deserve access to the human right of privacy, no matter their net worth.

> "They deserve control over how their wealth should be deployed. They deserve access to the human right of privacy, no matter their net worth."

Practitioners can also be wealth-holders or aristocrats themselves. Several interviewees, when asked if they feel they contribute to wealth inequality, reflected not on their work, but on their own personal tax arrangements.

Others mentioned drawing on their first-hand experiences with succession, inheritance, and legacy topics to establish rapport with clients and demonstrate their embodied expertise. Practitioners-as-wealth holders is advertised as a selling point: the Spear's 500 profile of a lawyer notes that he "owns property [in France], so his take on continental thinking isn't the 'purely academic' exercise it is for other lawyers."[39] Another profile flags a company's name, referencing the 19th century, as a "nod to a period in which the family businesses of several of the firm's founding clients were established, as well as serving as a reminder to the importance of a long-term view."[40]

Indeed, several firms in the industry were founded by families, or have families as major shareholders or owners. This is a selling point, as with Cazenove Capital's entry in Spear's 500: "Being largely-owned by the Schroders family gives us the culture of a family business and the stability to take a long-term view."[41]

39 https://www.spears500.com/adviser/4673/edward-reed
40 https://www.spears500.com/adviser/5283/julien-sevaux
41 https://www.spears500.com/company/1084/cazenove-capital

A gulf starts to grow between practitioners who know their clients well and fully humanise them as good, interesting, responsible, talented, loving people, and between how the general public thinks about U/HNWIs, as winners of a skewed system that they work to maintain, knowable only as millionaires, billionaires, elites, or plutocrats.[42] When public critiques feel generic, one-sided, and thus unfair to the people that private wealth professionals know, the critiques can feel inaccurate and thus become ignorable.

And yet, many interviewees expressed deep concern with inequality and an array of social and economic problems. And all interviewees expressed deep concern with climate change. Private wealth professionals, campaigners, activists, and critics have common ground in terms of desiring a better future. Bringing these groups into productive conversation is an urgent priority, but a path forward will require significant bridge-building.

Media and an under-informed, unknowing public

Most interviewees expressed the belief that the media usually "gets it wrong" when it comes to reporting on tax topics, for two main reasons: first, the complexity of the subject matter is incompatible with short-form journalism: information is incomplete and over-simplified at best, cherry-picked and inaccurate at worst. Interviewees are extremely sensitive to, uneasy with, and even angry about the negative public perception that their work is either aiding illegal tax evasion or is legally, but unethically, exploiting loopholes to aid tax avoidance. Several said some version of the sentence, "in fact, I spend a great deal of time telling people how to pay tax, and ensuring they pay tax."

42 Giridharadas, A. 2018. *Winners Take All. The Elite Charade of Changing the World*. NY: Knopf;

Second, because tax is esoteric, technical, and dry, the media tend to superimpose dramatic story arcs onto tax, with scandals, villains, and victims. As one interviewee said,

> "When I started 20 years ago, tax would barely make it on the finance section of *The Sunday Times*. And [recently] it was front page news on *The Times* on a Wednesday. I remember it vividly! To make the headlines of the papers, you have to dramatize it, exaggerate it. To make a very dry subject like tax so dramatic, a lot of facts are missing."

Another interviewee reflected that public attention to tax topics and wealth redistribution is rooted in the "misunderstanding" that "comes from thinking that being wealthy is a bad thing." Versions of this sentiment were expressed by several interviewees, suggesting the need for better public discussion regarding problematic thresholds of wealth.

In response to the question, "What does the public get wrong about your work?" some focused on a lack of knowledge about specific aspects of their work or client base:

> "What they do get wrong, in the press particularly, is people using trusts to dodge paying tax...I love using trusts, there are so many practical and useful reasons to use trusts."

"I don't think the general public has a great understanding of different approaches to investing. It's therefore hard for the general public to distinguish between an impact investor and an oil and gas investor."

> "That children of affluence are entitled and overly privileged and have no problems. There are of course a small percentage of entitled children that aren't looking to move forward, but are focused on spending their wealth projecting an image of a lavish lifestyle [. . .] An average young adult does not have the weight of the world on their shoulders like ours do."

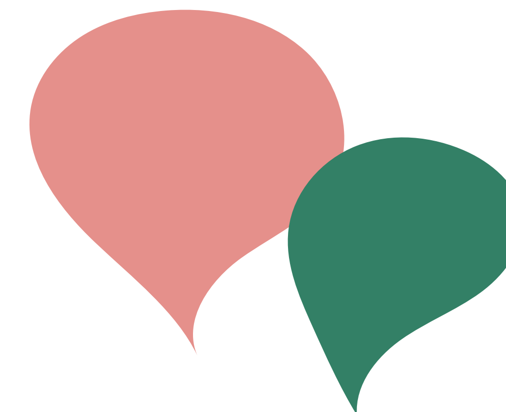
Others acknowledged that the general public does not know they exist, or does not understand the interlocking, systems-level view of how wealth is created, preserved, and grown—and how, at a certain level of wealth, economies of scale make the growth of wealth a self-reinforcing outcome:

> "Nowhere in particular, because we're not in the general public eye that often."

> "They just don't know what we do."

> "Does the public really know about my work? [. . .] Documentaries about country houses only show the public view. What we do is opaque."

> "The general public don't understand how interlinked and complex the ecosystem is. They know about a lawyer for the right structure, an accountant to minimize tax. But they haven't thought about governance, decision-making, control."



"I don't think people know how much people own. [. . .] People don't understand how wealth is created, or a concept of what is it to be a billionaire. To accumulate that level of wealth, it means other people have not had that wealth, or participated in it. There's a lack of understanding about what access means for wealth."

Others focused on empirical inaccuracies and negative perceptions regarding the tax planning spectrum, from criminal tax evasion to legal tax avoidance.

> "There's the things you read in the press. Perceptions date back 20-30 years. [. . .] The perception of the public is that this is very opaque, a closed shop."

> "Rich people buying favours. Privileged access to the UK. They connect that with tax advantages to non-domiciled people, and the thing they get wrong—wealthy people coming into the UK generates

wealth for the country by virtue of the money they spend on goods and services here and the soft power that gives the UK of being able to attract the wealthiest families in the world."

"People are much more familiar with the (different) distinction between tax avoidance and tax evasion…but because they are familiar with that distinction, they come to call anything that isn't criminal (evasion) 'avoidance' – and as such 'avoidance' comes to cover investing in an ISA at one extreme and some very provocative schemes at the other. If people appreciated that avoidance divides down into two further categories (avoidance and mitigation) – or rather that there are three categories (evasion, avoidance, mitigation) – there would be greater understanding all round."

"A lot of people assume the work we do is all about tax advantage. And while that's true for some people, for the vast majority it's just a consequence of what they do. They pay tax. They don't make decisions in order to reduce the tax bill. You make decisions because there is a strategic business reason for doing so, and the conclusion of that is that there are tax consequences, and those are a factor in whether you do or do not do something."

"If I spend too much time reading *The Guardian*, we are clever lawyers who find loopholes and run rings around what the government does, getting people to not pay tax. We are not more clever than them. I don't think it's fair. I think it was accurate 20 years when I first started. There was something of a game that was played between advisors and HMRC in term of how rules were written. The tax system was less developed then. There was a race to find a loophole and exploit it. There was a lot of after-the-event planning. This stopped in the mainstream in 2003, 2004, the Labour government made changes that made that more difficult. That kind of work moved to the fringes. It now exists largely as another form of mis-selling, along with transfer out of final salary pensions schemes and exotic forms of 'get rich quick' investments where the only person who ever really benefits is the advisor (mis)selling the scheme."

Public knowledge

Public knowledge is widely recognized as insufficient-to-critically inadequate,[43] but opinions vary on whether this is fixable, or is a structural inevitability. As one interviewee said, with frustration,

> "No one is taught in school about taxation—what it is, why we pay it, what's it for. […] I've overhead things—at a sports event, in a bar, I heard people talking about cryptocurrency: 'I made a few thousand pounds and I don't have to declare that, because I read that in a magazine.' That's just not true. HMRC's guidance is not the law, it's their interpretation about the law."

A broad lack of financial literacy is a serious, well-studied issue, but improvements are in theory possible. Another interviewee, by contrast, had a more fatalistic approach to the inaccuracy of public discussions concerning taxes, due to inescapable class resentment: "I don't think they'll ever unfold accurately and usefully because the people who have wealth are by far the minority, and the people who want that wealth are—there are many more of them. It will always be an unbalanced discussion. The people with wealth don't want to be dissected on the news."

> A broad lack of financial literacy is a serious, well-studied issue, but improvements are in theory possible

Some of the most publicly accessible and widely read forms of knowledge concerning wealth-holders were uniformly criticized, suggesting an urgent need for better public education about labours of wealth management itself: how wealth is protected, measured, and rendered visible or invisible. The Sunday Times' Rich List and Forbes' multiple Rich Lists are, according to interviewees, "loo roll," "fake," "pay per play," a "load of crap," "grossly inaccurate," and "awful," with many interviewees' clients striving to avoid these lists. As one individual said, "When my clients are in it, I just laugh. They pick up on what's interesting to the reader, but their guesses as to the size of the wealth

43 Apart from one individual, who remarked, "I don't think the general public gets anything wrong, unless a segment of them happen to be cynical by nature or are lawyer-bashers."

are way off. They look at what's in the public domain. They tend to round way down." The most generous assessments were that these lists were "interesting" or "fascinating."

By contrast, interviewees were split regarding the purpose of the knowledge gleaned from the Panama Papers and Paradise Papers, One-third of interviewees described the leaks as highlighting "a need for greater transparency," "necessary in a transparent world," and even "enjoyable." Another one-third described them as "[adding] to negative stereotypes," "misguided propaganda," and "ugly," gaining traction because of a media-manufactured scandal rather than mass wrongdoing or illegality. The remaining one-third, citing the complexity of the topic, hedged their answers, referencing the future inevitability of leaks, and wondering what, for example, the Delaware Papers might reveal.

Opinions regarding another accessible, widely-read source of public knowledge, The Sunday Times' Tax List, listing the 50 largest UK taxpayers, were varied: while many recognized the list is inaccurate, interviewees also reflected on the value of a list like this, in terms of promoting civic duty among wealth-holders.

Despite all these limitations of the publicly accessible information concerning private wealth, public education efforts were mentioned only twice. Once, at the daylong conference I observed, a speaker from a British economics-focused think tank noted that "people are passionate about giving to our think tank so children will learn about free markets and capitalism." The other mention focused on clients, and the need to educate and empower next gens and women.

Interviewees' reflections on the current state of public knowledge and perceptions did not engage with the ways the wealth management industry, pre-reforms, helped create and protect the accumulations of wealth that exist today. This interviewee's perspective was echoed by most: "We're all really used to FATCA and CRS, and my colleagues and I in this industry understand that there's a need for transparency and that's what the world needs. Without that, there are people that will not pay their tax, or will try and use structuring, and that's not right."

One question that's beyond the scope of this report, but would be useful for further study is the degree to which the problems flagged in the quotation above have endured into the present as historic legacies. People did not pay their tax. Structuring was used. If present-day accumulations of wealth have been shaped by those legacy behaviours, does the present-day industry hold ethical or socioeconomic responsibility? While today's professionals are not using structuring or aiding tax avoidance as they once did, how many of those historic practices or structures have since been unravelled, and how many endure?

3: Tax avoidance commands attention; wealth inequality does not

The fact that private wealth professionals are generally assured of their invisibility to the general public is borne out in the degree of publicly available reflections by these professionals online, geared toward prospective U/HNW clients.

Their reflections, while unremarkable for the world of private wealth, would likely surprise the general public in their boldness, as they confirm that the point of the work is to help the rich grow richer and minimize taxes paid. In Tatler Address Book, for example, one individual's profile reads, "'No two clients are the same," she says, "but most are focussed on preserving and growing their wealth in real terms, either for future generations or for their own futures."[44] Spear's 500 contains several more relevant profiles:

"Whatever the source of a client's wealth, [he] believes there is an opportunity to maximise its potential through wealth planning. 'Our principal aim is to protect our clients, advise them with integrity and make their lives easier.'"[45]

"[he] has a 'very eclectic' book of res non-doms. Many of his clients have been 'living and breathing' the UK for over fifteen years, but 'maintain structures and accounts offshore because it is efficient to do so'. It is [his] job to maximise that efficiency. 'What I enjoy about it is that it's very personal for res non-doms, more so than with general private banking.'"[46]

"[his firm] has never done 'racy' tax schemes. Legal tax avoidance is not as acceptable as it once was, and reputation matters more than ever. 'I've probably got clients who did legal but "schemey" things ten years ago. They wouldn't now,' he adds."[47]

These sentiments could be time-bound: several interviewees noted that it is not just next gens who are raising concerns about social issues, climate change, and the environment: their parents, in their 60s and 70s, now care as well. Or, perhaps there will be segmentation within the private wealth industry, with some firms affirming commitments alongside or even above traditional expectations of tax minimization and wealth preservation and creation. As one interviewee observed, "tax avoidance is now as grubby as tax evasion." Another interviewee, an industry veteran, likened journalistic coverage of tax avoidance to "an anti-smoking campaign: over time it became unacceptable [. . .] I know specific examples of an organization where I used to be involved and they did some, what I'd describe as artistic tax planning, where it was acceptable. And they were advised well. Now, there's no way you could get away with that."

Several interviewees described their approach to tax with the same phrase: they want their clients to "sleep well at night," safe from tax errors, omissions, or penalties, now or in the future with possible regulatory changes. One c-suite executive summarized his firm's approach towards tax advisory, as

"[risk] prevention, first and foremost. Secondly, you generally have a complex structure. Therefore, can we optimize it, from a tax perspective? From a UK standpoint, the interaction between all our taxes does not align very well. For example, how well set up are you for a liquidity event? Or if you're a business owner coming into the latter part of your life, you need to think about wealth transfer. Some clients are ambivalent—'I had nothing growing up, so my children should just get 60% of something.' Others say, 'I've paid tax in my lifetime and I don't want to have double taxation.'" Only

44 https://addressbook.tatler.com/england/london/high-net-worth/kate-leppard
45 https://www.spears500.com/adviser/5205/john-williams
46 https://www.spears500.com/adviser/4063/alexander-khan
47 https://www.spears500.com/adviser/5061/james-sykes

a minority, he said, “want the full 40% tax. Less than 10% are in that camp. My approach on inheritance tax is, it’s fine to pay a bit. We don’t do aggressive tax schemes, we’re not in that world. [. . .] you will pay a bit. That’s ok. At the 0% rate, even though we have clients who want to get there, how do we reduce it from 40[% tax rate] to 10[% tax rate]? And that’s where the bulk of our clients would sit. 2% are obsessive about getting to zero.”

> Or if you’re a business owner coming into the latter part of your life, you need to think about wealth transfer

While interviewees agree that tax schemes have fallen out of favour, and tax evasion is illegal and impermissible, the quotation above illustrates that a spectrum of orientations toward tax endures. ‘Tax avoidance’ can be rude but is acceptable; ‘conservative tax planning’ is sensible for the client who wishes to keep his wealth; ‘tax planning’ is for the client willing to part with his wealth.

“Do you feel you contribute to wealth inequality?”

Interviewees are keenly aware of public misperceptions of taxes, trusts, their professions, and behaviours of the wealthy. Very few, by comparison, demonstrated similarly specific knowledge of wealth inequality.

Oxfam’s reports on billionaires and inequality are a journalistic staple and widely cited by academics and inequality and tax justice campaigners—although they do rely on Forbes Rich List data that’s nearly uniformly described by interviewees as inaccurate. That being said, out of the 33 interviewees, only three have even heard of Oxfam’s reporting on billionaires and inequality, let alone read it. An additional three interviewees, while not familiar with Oxfam’s reporting, still wanted to share thoughts on wealth inequality: “the general description of wealth inequality is fair, it’s factual,” one interviewee said. “One component is missing—some billionaires couldn’t care less. A larger number say, hey, we’ve had extraordinary success. We’d like to find a way to help solve that problem.”

Interviewees’ responses to the question, “Do you feel you contribute to wealth inequality?” were roughly evenly divided between yes, no, and ambivalence. Interviewees who acknowledge that their work contributes to wealth inequality tended to rationalize it by invoking economic productivity or philanthropy:

> “It’s hard to say no. Because a fundamental element of what we do is helping [clients to] make a good business decision to grow their business, and increase their wealth...a core element of our purpose is to drive increased financial success for our clients. Do I feel bad about that? A strong no. I look at our client base, and what’ they’re working on, and I see what they’re adding to society.”

> “Blunt answer is a must do. If I didn’t exist, and all the clients I’ve helped over the years mitigate their taxes, would that money have ended up in the coffers of the government and used elsewhere? Yeah. Equally, the clients I’ve acted for have put money into social causes or started successful businesses—I’m trying to justify my existence—and dragged people out of poverty...this is me trying to get my pass into heaven maybe.”

> “Quite hard for me to say no, wouldn’t it. I certainly help rich people get richer. But this is the way I salve my conscience. Rising tides help the ships. I help businesses, which hire people. A lot of people care a lot about their employees.”

Others remained ambivalent, avoiding a yes or no answer.

> “It’s a great question.”

> “This is a fair question and one I’ve battled with over the years.”

> “I don’t really know how to answer it. Bottom line, there is wealth inequality. A lot of my clients do end up paying an awful lot of tax. They are paying tax, they’re paying a lot of tax, and I’m advising them. I don’t really know how to answer the question. There will always be some people who have more than other people. [...] The only way to not contribute is to advise people to give everything to charity. I may have personal views, which I do have sometimes when there are very wealthy clients who don’t want to give anything

at all, but so many do. They want to make a positive difference."

"I'm going to be honest with you, we do look after wealthy people and help them put their affairs in order, with often quite complicated lives, and we do struggle with it....the struggle sometimes is, for a lawyer, should I be doing something more worthwhile with your time, or a different sort of law? [...] You're involved in the machine. Different firms will find a different way. We've never done a lot of aggressive tax planning. That's never been our thing...We're more likely to be approached when the schemes have gone wrong."

The largest proportion said that they do not contribute to wealth inequality. Some invoke wealth inequality as a problem caused by, and thus only ameliorated by government. Others did not connect the question to their day jobs or the wealth of their clients, but to themselves as tax-paying citizens. That interpretation suggests the power of the boundary between the personal (do *I* contribute to wealth inequality via my own wealth accumulation?) versus the professional (do *my labours* at my day job contribute to wealth inequality?).

Others use the same logic as those who answered that they do contribute to wealth inequality, invoking clients' benefit to society via economic productivity and philanthropy:

"That question could be taken in different ways. I could pay more taxes... Whether it's about helping rich people stay rich, I don't think so. That's a societal issue, as to how government spends money and what they're prepared to put up with."

"When I think about it, I don't think I contribute to wealth inequality because I earn a living, I pay my taxes, I contribute to society. I positively contribute to society. I give where I can, from a charitable perspective."

"Obviously we wouldn't be winning much work if we told clients we'd lose them money - we do help the rich get richer, but so much of what we do isn't monetary or easy to quantify. The assistance we provide families in regard to philanthropy, giving back, values, etc. is vast and it's hard to put a value on that."

Two lawyers took opposing stances regarding whether they contribute to clients' wealth generation. This discrepancy illustrates less a difference of opinion than a lack of shared understanding regarding definitions of wealth generation and wealth inequality, and how the former feeds into the latter.

"I know what my son would say. *I* don't think I do. What I contribute to is wealth generation. As that capital trickles out to more families, that wealth gets used. £100 for someone who's 80—that won't get spent. £100 for someone age 30 will get spent. They have children, a business to invest in, their first flat. To quote John Major—it's important to have that trickle-down of wealth to the next generation."

"No, I don't think I do at all. I don't generate wealth for people. What I try and do is be Robin Hood. I try and get my clients to utilize their wealth for good purposes, because that's a win-win-win."

4. “Doing good” is mainstream and incomplete; redistribution is a frontier

In the main, wealth preservation is the assumed aim of private wealth work; achievement of social goals and ‘the right thing’ are distinct and discretionary add-ons.

Several Spear’s 500 profiles make this point: one professional’s “[specialism] is devising ownership structures to protect the wealth of his clients over several generations, while benefiting society. This often involves ‘instilling good long-term governance into those structures and prompting discussions how best to support philanthropic endeavours.’”[48] Another individual states that “clients are also considering ‘broader goals such as happiness and health.’”[49] A third professional “notes a growing interest in philanthropy (and on impact in particular) and in family stewardship when it comes to passing on wealth – ‘it’s not just about saving tax. It’s about doing the right thing bearing in mind the family’s personal aims and circumstances.’”[50]

These statements draw attention to the importance of the order of priorities: clients are pursuing wealth preservation (first) *and* something with broader benefit (second), or clients are pursuing both wealth preservation and broader benefit simultaneously. This ordering of priorities matters: many interviewees mentioned that clients are regularly requesting conversations on ESG topics; their firms have had to quickly scale up their own knowledge and offerings. Philanthropy is a “growth area” according to one interviewee. One interviewee suggested that redistribution is a topic whose time has come. The capacity for clients to consider forms of redistribution, the interviewee explained, “depends on where you made your money, and where you came from.” She continues:

> “If you were well-off 100 years ago, with hyperinflation and lived through two World Wars, your purpose was survival. You had to conserve what you had. And until you were stable, you couldn’t even think about doing something with that wealth. Only once you are stable can you think about growing it, and now you have the impact bit. Very few continental Europeans have multigenerational wealth as you do in the US, or with primogeniture in the UK. But those who earn a lot of money from tech. . .they are almost ashamed of it.”

Interviewees mentioned varied “doing good” options for private wealth, from philanthropy, to B Corps, to impact and ESG investing, to client decisions to voluntarily forgo some forms of tax avoidance, and accept a higher tax liability. When interviewees were asked about their understanding of ‘wealth redistribution’ specifically, they interpreted it to mean either tax or philanthropy.

However, interviewees also criticized the effectiveness of these options as genuinely impactful. Several interviewees described philanthropy as deeply meaningful for the giver, and a route to achieving personal purpose or meaning and uniting families toward shared goals. This was also echoed in the daylong practitioner conference I observed: when asked how much one should give to philanthropy, a speaker answered, “an amount that is meaningful *to you*” (italics added). But philanthropy—while deeply meaningful and impactful—is also individualistic, conditional with strings attached, and skewed toward the giver’s interests rather than social needs. Most importantly, it is variable and of course, voluntary. Many interviewees expressed admiration for their clients who engage in meaningful, community-changing philanthropy. Just as many interviewees, more quietly and often as an aside, noted with frustration or disbelief that some of their U/HNW clients engage in minimal, or minimally impactful philanthropy, or none at all.

48 https://www.spears500.com/adviser/6441/william-begley
49 https://www.spears500.com/adviser/5205/john-williams
50 https://www.spears500.com/adviser/4751/fiona-lewsey

Some interviewees, with annoyance and even disdain, singled out B Corps as driven by marketing, rather than changes to core business strategy. Others noted that, more generally, marketing, communications, and public relations are evolving faster than changes to actual processes, services, and products.

Some interviewees, with annoyance and even disdain, singled out B Corps as driven by marketing, rather than changes to core business strategy

Whether impact investing counts as wealth redistribution is up for debate—even as one interviewee confirmed that wealth-as-impact capital could have positive impacts, he granted it "is a hard concept to win on the streets." In any case, ESG topics were described by several as the domain of investment advisors, without relevance for others, such as tax advisors or lawyers. One area that will likely be a source of future litigation involves the increasingly common scenario of trust beneficiaries wanting trustees to engage in ESG and impact investing. Currently, this puts trustees in a difficult position, because of statutory or common law fiduciary duties. Education, upskilling, and support for both trustees and beneficiaries is an urgent priority to support this objectively positive development.

There are unexplored fronts: no one mentioned reparations or reparative wealth management or decolonial philanthropy—concepts that have been steadily gaining mainstream traction, particularly among younger wealth-holders,[51] who are clearly amenable to these, and related topics. The client demographics for another interviewee's impact investing practice, for example, are unusually young: half of their clients are female, and half are under 45, despite a practice that "never sought to proactively target a female or millennial demographic." Only one interviewee, a mid-career wealth advisor in his mid-30s, sounded robust concern for the industry's slow pace in accepting just how radically next gens are changing:

"There's an increasing number of private bankers [to whom] the children are expressing the views that all the money should be given away. And they [the private bankers] don't know what to do. There should be an educational framework of, 'what to do when a client says they want to give all their money away.'"

Pointing out "case studies of people who've done it before," he stated that advisors should more proactively offer well thought-out strategies for "a family to give their money away and have free agency to do so."

However, several interviewees maintained that anything seeking to structurally redress inequity can never come from individual wealth-holders: government bears ultimate responsibility. As one individual remarked, "The matter of wealth redistribution is extremely important and critical. If you leave the capitalist market to do what it normally does, you end up with a fraction of the population [holding wealth]." Instead, he explained,

"It's a matter for legislators and the executive part of the government to ensure the system does not work toward its natural end. So that the 99% get their fair share. They shouldn't be forced into an abject existence. The tax system is one way to achieving some kind of redistribution. With zakat[52], sincerely and faithfully applied, you don't have any poverty in Muslim countries. The problem is that zakat is not being taken and applied faithfully."

"The tax system is one way to achieving some kind of redistribution"

The point is subtle, but consequential: human beings are fallible, and so systemic correctives cannot be left to humans' individual preferences and decision-making.

51 Villanueva, E. 2018. *Decolonizing Wealth: Indigenous Wisdom to Heal Divides and Restore Balance.* Oakland, CA: Berrett-Koehler. See also the Decolonising Wealth Project (https://decolonizingwealth.com/).

52 In Islam, the obligatory redistribution of a set percentage of pre-tax income, toward specified categories of charitable causes. As zakat is a mandatory (and one of the five pillars of Islam), it is not considered charity.

5: Transparency is a frontier

Ultimate beneficial owner registries

Interviewees overall viewed transparency as inevitable in this digital era, broadly beneficial to society, and necessary to prevent financial crimes. UBO registries have been, as one interviewee said, "useful in terms of shaking out the bad actors," and reforming the secrecy of the Swiss banking industry. The concept of UBO registries being accessible to governments, law enforcement, and judiciaries was nearly uniformly supported. Expressions of ambivalence were with resignation. As one lawyer with an international client base said, "There were probably some concerns for some clients, but of course they could not do anything about it. They do not want to feel marked for being rich."

Whether access to UBO registries should extend to journalists and the general public provoked sharp disagreements. Several interviewees expressed a passionate belief that privacy is a human right, enshrined in multiple legal and multilateral declarations; inquiries from the general public into privately-held assets or wealth are thus unjustified. Others, particularly those with clients from outside the West, noted that clients' desire to ensure the "safety of funds and safety of families" was the reason they brought their wealth and lives to UK in the first place. Full public knowledge of clients' assets and wealth could pose personal safety risks. It could also risk the UK's status as a desirable location.

Others disagreed that greater public transparency via UBO registers would drive wealth-holders from the UK. The Companies House PSC register has not, for example, led to an exodus. Another interviewee explained public access to UBO registries as a symptom of broken system, rather than a corrective to it. "A functioning tax system in a democracy," he said, should not "need to rely on investigative journalists to [know] how people are structured. It should be better than that."

In terms of UBO registries' ability to tackle financial crime, a handful of individuals believed they would shift the nature of financial crime, rather than ending it. As one interviewee explained, a UBO registry

> "Shifts the point at which people start to lie. You end up with Putin's friends ending up owning billions of assets. The service provider is not conniving with Putin, they have instead put up a useful idiot to tell the lie. It puts us," meaning service providers, "in a more vulnerable position. If we suspect someone is lying, we tell the police [. . .] it happens a lot. If we suspect someone has a source of funds that's criminal, we can't do anything without police approval."

UBO registries "definitely help provide some additional disclosure," particularly in investigatory phases, but if someone really wants to hide something, they can still find ways to do so, according to one interviewee. In terms of addressing the shape-shifting nature of financial crime, one interviewee said that HMRC "working in tandem with private practice would be a more efficient way of doing things. They are under-resourced, they don't have the expert people. . .they just don't have the manpower." Even asset recovery can take "4-5 years on the biggest, most contentious, litigious cases, or it can be done in a year." A legal battle between HMRC and a client can drag on for a decade, another lawyer said.

Many interviewees flagged the need for more consultations and public deliberation, focusing on professionals' experiences with implementation. Wide-ranging discussions regarding ESG and impact investing are a useful counterpoint, demonstrating what happens when a topic is under a microscope. When I asked an impact investment specialist where misunderstandings arise with clients, he explained that "My whole investment proposition is a debate. It's so interesting and people have a view on it. . .everyone comes with a preconceived notion of what impact can be. I can't do my job if I don't understand what those notions are." Public debate can raise industry-wide competency in the different arguments and counterarguments.

6: Business pressures: fees and compliance

Interviewees uniformly expressed appreciation and gratitude for regulation, by recognizing its good and important intentions.

Regulation, in aggregate, has also massively increased the risk exposure of practitioners. Regulation has shifted risk burdens and penalties onto firms, and onto individual practitioners. The rise of risk departments has been a major evolution in the industry. Professional indemnity insurance premiums increased for some, and prompted conversations about what forms of risk were tenable for the business model. Interviewees described how they manage this risk, how it impacts their work, and what compliance looks like in practice:

Struggles with fees

For some, the transfer of financial crimes risk to professionals and their firms has increased insurance burdens, shifted priorities, and is otherwise shaping broader questions around growth directions. When asked about the biggest misunderstanding between themselves and clients, numerous interviewees mentioned that their fees are seen as inflated or suspect. Interviewees tended to frame this as disrespectful and even insulting: in a crowded landscape of practitioners, they are among the best. Wealthy clients should understand that top quality has unique value, and is priced accordingly. Anthropologically speaking, disagreements over monetary value are a classic sign of different value systems. It's worth considering whether a gap exists between what firms and professionals think they are providing in terms of worth and value, versus what clients think they are getting in terms of worth and value.

One interviewee, by contrast, had a more straightforward explanation regard client pushback to fees: "Some people are wealthy because they're willing to treat people in a particular way, and because they have different views of risk, lending, and debt."

An element of clients' reticence toward fees is arguably historic: fee structures have undergone their own regulatory changes to improve transparency; hidden fees were once the norm, but this has changed. Several interviewees recounted Middle Eastern families in particular that they had seen be overcharged or given bad advice by others.

One interviewee expressed concern about a specific type of "overregulation" with respect to fees, contained in the 2012 Retail Distribution Review (RDR). To increase transparency of client fees, the Financial Services Authority (FSA, predecessor to the FCA) decided that fees should be taken from a fixed percentage yield on investment bonds, While this is meant to protect the client, the interviewee explained that it reduces the possible income for the client from the investment bonds. It "harms the client," he said. "Everyone I speak to says this is not in the interest of the client, but whether anyone is listening…"

Some also acknowledge the tension between client-first versus firm-first imperatives: "The big issue in the industry is that most people are conflicted," one interviewee explained, noting that in previous roles, he "worried about my PnL as much as I worried about clients." Ultimately, one is selling products and services.

Compliance: KYC, AML, FATCA, and error

Strict compliance with KYC and AML regulations is a legal imperative; professionals are required to report suspicious activity to authorities. This is clear-cut. And yet, everyday implementation can bring quiet grey zones of interpretation and judgement calls by individuals, for example in the case of sprawling multinationals. The law cannot proscribe whether a whit more, or less, attention is paid at each step in compliance processes. Nor can the law resolve an inbuilt tension: to update risk is to potentially lose a client, but this can harm performance targets.

The degree to which AML and KYC regulations, while critical and necessary, are still a lowest-common-denominator form of financial crime mitigation arose repeatedly. "A gas bill doesn't prove they're not a terrorist," one interviewee remarked. It should be a "risk-based approach, but it's a tick-box approach," he said.

Or, in the words of a different, c-suite interviewee, "the regulator, in an effort to the protect the end client, can often bring it down to lowest common denominator, by regulating the lowest performing firms as opposed to the best performing firms."

Firms willing or able to absorb the new FATCA risk burden are not necessarily seeing it as a boon or a way to attract new clients. As one interviewee explained, "We're not selling it like that. We're inundated with our existing client base. This whole thing is an inconvenience—it's not the sort of work we want to be doing. Internally, people don't want to be doing it. It's compliance, it's form-filling." This echoes a point made across many interviews: the intellectually compelling nature of problem-solving keeps senior talent motivated and in the industry. The compliance burden has made the work tedious, a "headache," and one that is increasingly adding massive risk to practitioners.

> This whole thing is an inconvenience—it's not the sort of work we want to be doing. Internally, people don't want to be doing it. It's compliance, it's form-filling.

The frequency of genuine error also poses new risk to practitioners. The error is not necessarily theirs: clients can provide inaccurate or incomplete documents; firm compliance teams cannot always identify or prevent inaccuracies or incompletions.

> "A straightforward example would be the client who assumes that 'because I am [French] resident,' I am 'therefore not UK resident' for tax purposes. They may indeed be French resident, but that does not mean that they are not UK resident: it is possible, indeed common, to be dual resident. [. . .] The most common variant on this is the US client who assumes that because the US taxes on a citizenship basis, that that is the basis elsewhere. . . and because they are a US citizen and not a British citizen, they are not taxable in the UK – failing to recognise that Britain (and most of the rest of the world apart from the USA) taxes on a residence basis not a citizenship basis. Indeed I have seen written advice from an (otherwise reputable) US law firm which specifically confirms that because the person pays tax in the USA, taxes elsewhere in the world are irrelevant!"

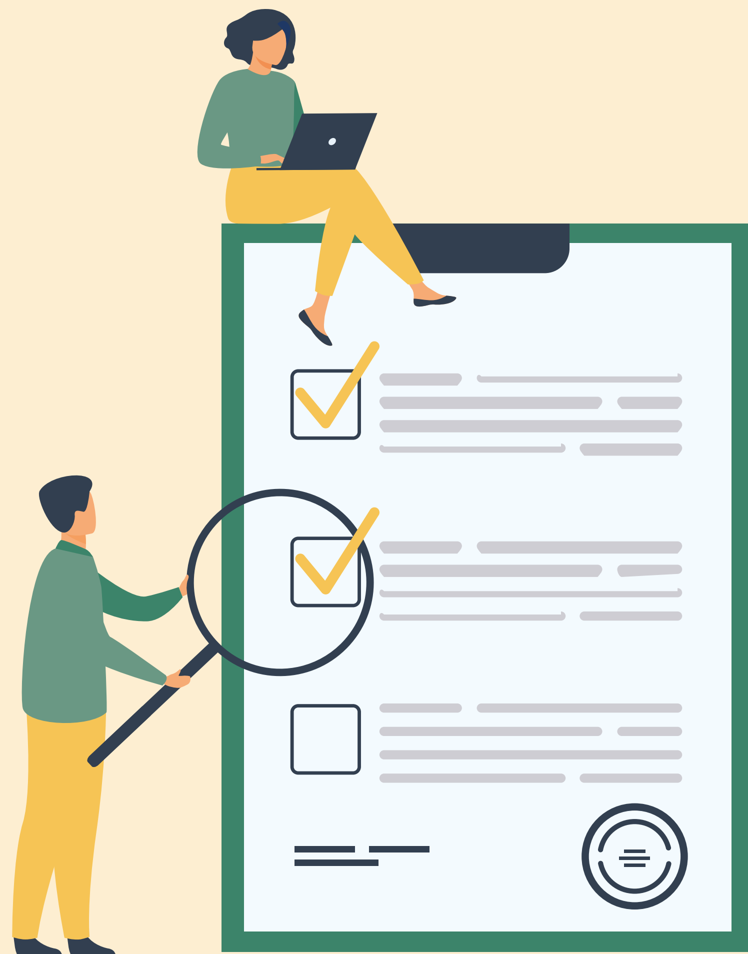
Another interviewee, an experienced trustee, pointed out that trusts and trustees are not the steady, largely risk-free proposition that they once were:

"The problem now is liability. There's a perception that you're personally exposed if you take on a trusteeship. If you're taking good advice and relying on it, then you should have a right to be indemnified from the trust fund, so the trustees are buying advice, from investment managers, surveyors, accountants, and so on. If that model works, trustees should not be personally liable. It can also be costly. It's not remunerated. Unless there's a charging clause in your trust document."

As a consequence, the interviewee explained, "it's increasingly difficult to find private individuals to act as private trustees once the current generation retires and they don't want to do it anymore. Because people have jobs. You're not rubber-stamping things."

> The problem now is liability. There's a perception that you're personally exposed if you take on a trusteeship.

In aggregate, these risk concerns raise the question of bandwidth: asking private wealth professionals to assume some level of responsibility for, or even awareness of the environmental, social, and economic consequences of intergenerational wealth accumulation is asking them to expand their responsibilities and obligations at a moment when their liabilities and risk exposure are increasing, creating real uncertainties and frustrations for them that are material and encountered daily.



7: An "us vs. them" mentality undergirds self-narratives and ethical sensibilities

As discussed thus far, interviewees are generally happy with tight regulations to prevent tax evasion, money laundering, and other financial crimes, and there is zero nostalgia for the industry from 20-25 years ago.

Several interviewees noted that the industry needed to be "cleaned up." Whether changing public attitudes propel regulations and court rulings, or whether changes to regulations and court rulings shape public attitudes is an ongoing negotiation. As one interviewee noted, "Attitudes towards what is acceptable have changed, as has some case law. In many other cases, the rules have definitely changed," while attitudes and cultural norms have not necessarily kept pace. One interviewee describes shifts in "the culture, the ethical compass" to explain present-day norms in wealth management and private client work:

"There was a famous case from the 1930s, about how the Duke of Westminster paid his gardener. The judge found for the Duke (judges tended to like people with titles): everyone is allowed to organise their affairs to minimise the amount of tax the state can take. This approach did change. Interpreting the law strictly enables the finding of loopholes. Whereas now, you look at the intent of the law. Whereas now, you look past the actual drafting. There's a real change in the mindset of our clients. The general body will move from seeing tax as something to avoid or escape at all costs. We don't maximize

07

it, but we are not tying ourselves in loops to avoid it. People remember the points where you could end up paying 98% income tax. We're at a happier balance of where tax should be, at 50%. We want to incentivize people in the right way.

[. . .]

It's harder for us to advise when there's a blurry line as opposed to a bright one. But it doesn't mean we can't advise. A lot more of our advice now is about the intention and spirit of it [tax legislation]. Most people don't want to sail right up to the edge, going back to playing a game, and finding loopholes. . .the government changed the game, they changed the board. And I have no problem with that. There's a lot of focus on individual tax evasion. There were criminal scams. Individual avoidance is now a very small part of it. HMRC publishes its tax gap. . .£32 billion we lose each year because people don't pay the right amount of tax. Of that, there's 9 billion worth of VAT—there's a lot of fraud in VAT. The tax gap for wealthy individual is 5% of the total, and that is put down to mistake rather than billable avoidance."

This view of the field raises an urgent question, however: where are the bad actors? Fraud cases and multi-million-pound fines are issued with regularity, after all. Certainly, bad advice tarnishes the reputation of the whole field, meaning that all professionals are invested in the actions of their peers. Across the interviews, an invisible class of "bad" actors was referenced elliptically, as a sort of bogeyman: existing, but unnamed and indescribable save for euphemisms. As one interviewee said regarding offshore funds, "we don't work with the non-preferred ones."

One known, problematic corner of the industry concerns the non-regulation of tax advice. Members of the CIOT must pass an exam, meet standards, and adhere to an ethical code of conduct – but membership is voluntary, and not required, in order to give tax advice. This is an urgent problem even for elite firms handling the affairs of the world's wealthiest because, as one tax advisor explains, "the quality of advice is vast." As wealth grows, an individual can "outgrow accountants," he continued, reflecting on the cases he's seen. "It's horrifying. . .Either you've had bad advice, incorrect advice, or [clients have] taken no advice at all--they've tried to do it themselves."

Another interviewee reflected on clients' problematic structures that he encountered and had to fix:

> "There were maybe some tax barristers who gave their blessings. . .it's probably not law firms that came up with these plans . . .there's now more regulation but there were people who were independent financial advisors who might look at something and come up with a scheme. [. . .] Sometimes when we've had to help people unpick these [structures], it's people who've made a lot of money without being in the private wealth world, but they had an accountant, agent, or advisor who say 'look, this is a great idea!'"

Beyond the non-regulation of tax advice, others pointed to the non-regulation of forms of advisory work as concerning. "I'd love more licensing requirements," said one interviewee, referring to wealth management, family governance, coaching, and family business consulting. "A lot of people [go] into this work because they are motivated by their own pathologies [. . .] There's a lot of ancillary people out there and they don't have a lot of formal training. . . they have personal experience that they think has value. But a lack of empirical quality." This is important because of the influence that these individuals can wield.

Others pointed to the non-regulation of family offices as a weakness:

> "Families grow. Non-professionals are in there, and people will be making decisions that are not [suitable]," one interviewee explained. The discipline that *should* come with that level of wealth is not always present.

8: Cognitive strategies to manage dissonance, because of conflicting views about wealth

Interviewees strongly disagree about whether extreme wealth—the kind that Withers couldn't fathom in the 1994 but suggested might exist in the future[53]—is ethically good or bad. Many interviewees pointed to the good in the world that the wealthy create, through jobs, innovation, entrepreneurship, philanthropy, and stewardship of heritage.

A few were concerned about how extreme wealth is acquired. Disagreements about such a fundamental point—whether the extreme wealth of UHNWIs is ethically tenable or not—consistently show up throughout the interviews. Interviewees employed a number of cognitive strategies to manage either dissonance between their ethical hesitations versus the needs of their job, or to minimise disturbances to a positive point of view.

First, exceptions or limit cases among one's client book tended to stand out or be drawn upon as examples, even if they are non-representative of the majority of the work. For example, stating, "I do have clients interested in giving the wealth away," but not indicating how many, or what most clients preferences are on this topic. Another example is stating "My clients actually do pay a lot of tax," without indicating how many clients avoid paying how much tax, or what the benchmark is for assessing "a lot."

Second, interviewees' explanations tended to presume entrepreneurial wealth or wealth from operating businesses, rather than intergenerational, inherited wealth. The former likely has direct, positive macroeconomic implications; the macroeconomic utility of the latter is less clear. One interviewee did caution against lionising wealth from entrepreneurial or productive activities by pointing out that the portfolios of the wealthiest clients are complex enough to allow the service provider to cherry-pick whatever narrative they prefer. For example, a company can exist to make losses for a tax write-off. Or one branch of a portfolio might win an ESG award, while another branch enacts harm. One can look through "a very narrow tube at one part of the enterprise, rather than expanding" the aperture to understand all that's owned by a single individual or family as a cohesive whole.

Third, what interviewees describe as ethical stances are often simply legal compliance, risk mitigation, and reputational protection. Refusing certain categories of clients (pawn shops, weapons) was cast as indicative of an ethics, instead of the equally likely probability that acting for such clients is high-risk for reputational and compliance reasons. Only a few individuals flagged truly discretionary personal ethical limits to the work they are willing to do: "Would I be happy acting for someone who made their money polluting rivers in India? Even if legal? No," said one interviewee.

Fourth, several interviewees rationalized their engagement with the ultra-wealthy by flagging their personal, ethical side hustles, from personal charitable donations and volunteering, to a willingness to ask clients to fund special philanthropic projects.

> "My personal mission," one interviewee said, "is to explore how to leverage my proximity to these people who have power and resources to see how I can help change the world."

53 6 December 1995. "Enticing private lives -- private client practice, withers" [sic] *The Law Society Gazette.* https://www.lawgazette.co.uk/news/enticing-private-lives-private-client-practice-withers-/20167.article

Another interviewee invoked Robin Hood. A third was more vague: "It's always difficult, but you have to do what you feel you can do. I try and do charitable work where I can."

Fifth, a tendency to defer to tax as politicized. Interviewees often noted that the politicization of tax is prioritizing quick political wins over genuine public good. New governments want to "put their stamp on things," meaning that changes to the tax code and non-doms are no longer about what is best, but rather, what needs to be performed in order to appeal to the news cycle and the electorate. This is materially harmful to private wealth work: the frequency with which policies can change, and the complexity of existing policies makes compliance a challenge, and increases the likelihood of error, which contributes to the tax gap.

The status of tax as a political football made several interviewees adverse to engaging with tax discussions, because it risked betraying their political beliefs, when they sought to project neutrality on such a polarising topic.

> Not taking a view on tax is a less-politically sensitive default, but causes public discussions on tax to miss out on voices most equipped to offer crucial insights.

9. Climate change is an urgent concern for 100% of interviewees; this holds untapped opportunity for the industry

100% of interviewees believe that climate change is a massive risk—this was often a passionately-held view. But half of interviewees bring climate conversations into their work with clients either *infrequently or not at all*:

> "[climate change] worries me in the middle of the night. Huge worry. Yes, I'm very, very lucky that with a few exceptions most families are philanthropic [...] people often want my opinion because they're looking for validation, or more importantly, they want to know what *other* families are doing. My number one goal is to get *their* opinions, I don't want to lead the witness. But they want to hear what others are doing."

"Does climate advice show up? Not really, unless the client is passionate about it. I wouldn't bring it up," explained an interviewee, noting the boundaries of his remit. Climate advice is "not a natural thing that comes up."

One individual, who views climate change as a "risk to humanity," noted also that the topic "is so far removed from my and my clients' work. It's never come up. At present therefore it's not relevant."

> "There is expertise within the firm looking at all sorts of risk, so yes. Am I close it so that it's at the top of my toolbox? No."

> "Yes. Do I? not very frequently," another said, noting that expertise elsewhere within his firm exists.

Bringing climate views into client conversations can difficult. Topics of death and succession are sensitive, and for the self-made whose business acumen is a given, any commentary that could be interpreted as criticism of their business choices is delicate: "I have to be careful that I'm not implicitly criticising them," one lawyer explained. "Much as I might think, why do you have a private jet, don't do that…I've never said, 'Have you done any offsetting?' I don't think they'd take kindly to it. Even talking to them about ESG principles around the business," can be challenging, unless the business already has stated ESG commitments, he continued.

But even within the normative view that climate topics are irrelevant or not a natural part of one's work, the interviews suggest a range of opportunities for expanding climate conversations, benefitting both clients and the industry.

First, as mentioned earlier, apart from legal and regulatory AML, KYC, or unexplained wealth orders requirements impacting the clients they can accept, firms generally have their own discretionary exclusions. These tend to track alongside standard ESG negative screens, such as weapons, tobacco, online gambling, and pornography. These firm-wide commitments are due for an update: firms can review their ethical exclusions to account for the urgency of addressing climate change, in ways that make sense to their services and client demographics.

Second, several interviewees report that their value to clients lies in being willing to speak frankly to them, if it takes a certain amount of boldness and high emotional intelligence: A c-suite interviewee pointed out that clients often "have very few people who would hold up a mirror. Most of them are surrounded by 'yes people' who are in their employ." A different interviewee, invoking "friction" in the "power differential" with a client, explains that he is constantly, "negotiating my identity in the system. I'm not an employee. […] I need to evince trustworthiness, and that's a dance. It's a challenge. ' Why are you here? For the money? Just another personal I can manipulate?' I'm the one who delivers the medicine, in terms of… change and new insights."

Third, discussing how clients and their wealth can tackle climate change can increase client engagement, which is an importantly opportunity, according to others: "I've watched people engage 99% of their passion and interest with 1% of their wealth, via their philanthropy", explained one interviewee. "That's because historically wealth management said, 'that's where you can engage your values,'" he continued, explaining that:

> "Wealth management is built on the idea that less engagement is good; I disagree - I want them to engage with [their wealth] because it's better for them, better for us, and the behavioural economics of it— they're less likely to sell it. And it's better for you as a banker because you have clients who understand more about what you are doing."

Half of interviewees *do* regularly bring up climate change topics with clients of their own volition. These interviewees tended to either embed climate change risk into their standard advice and risk assessments, or focus on the holistic nature of the advice they understand themselves as providing to clients, beyond a single, bounded service offering:

> "Yes. Because I look after a host of people who are worried about drought. There are lots of things to balance. Personal wishes of clients. The overall objective of preserving the estates across generations. The environmental impact of building on the land. This is even before you get into taxes. My voice is the strategic advisor, one of a number of them. Collectively we come up with a decision."

> "Yes, and I do. It's top of any strategy session. Climate change impacts our business […] I'm paid to think. I'm paid to advise on how to do something."

> "Yes. In providing them advice on what strategic directions to take, and providing information on our own investments. They don't pay me for my opinion," this interviewee noted, clarifying that "it's our job to talk about what [options] means for the economic and growth prospects of a company.

> My job is to say, 'These are the climate change aspects. Here's what you need to consider.'"

Clients drive conversations, and when 100% of all interviewees care about climate change, surely many clients do, as well. As one interview explained, "Things are already in motion that are being accelerated. Two or three years ago, we built into all investment committee processes an ESG assessment [. . .] It's going to accelerate because families care about it. If they care about it, we have to care about it."

10: Disruption is Coming for the Trustee/Beneficiary Relationship

While trusts have been subject to the several regulatory reforms over the years, the cultural conversation and assumed wisdom regarding trusts is evolving as well.

Some interviewees, taking the traditional approach, explained that the purpose of trusts is to structure and protect assets. But several others described the purpose of the trust as human; one must understand its purpose and impact by focusing on beneficiaries. "Trusts are absolutely still the most common way of protecting the next gen," said one interviewee – a formulation that starkly contrasts with the traditional assumption (and indeed the historical function) that trusts are meant to protect the assets held in trust. Indeed, a lawyer observed that in the UK and Europe, "trusts used to be a way of structuring assets." But now, given the implementation of new regulations over the past 25 years, "transparency trumps trusts."

From wealth managers, to family governance experts, to consultants, interviewees cited a range of encounters with trusts and beneficiaries that they described as problematic or even disturbing. In one example, the terms of the trust was preventing beneficiaries from accessing the trust document by which they were governed. One interviewee explained that trusts can produce

> "enormous insecurity. There is a power dynamic differential. Money can be used in highly manipulative ways. If it is tied to a trust, people can feel resentful, infantilised, and have a harder time negotiating their identity in the world. It has a specific influence

on their romantic relationships [and]... negotiating marriages."

Legal obligations of trustees can make the protection of both beneficiaries *and* assets difficult. Beneficiaries who wish to put their trust funds into ESG investments face a unique hurdle: even sound investments might not necessarily comply with the rules of trust documents. Other interviewees noted that young beneficiaries, and especially female beneficiaries, can be particularly disadvantaged in attempting to "do good" with their trust funds, if those funds are construed by the trustee as against the purpose of the trust: "Depending on the old school nature of the trust and who's running it," one interviewee said, "I've seen how they listen to their male versus female beneficiaries." The interviewee gave examples of female beneficiaries treated differently due to the presumption that they will eventually marry and have a male partner to support her.

This interviewee also noted with frustration the lack of "beneficiary education to help the beneficiaries understand their duties, and the duties of the trustee. Anywhere out there, with a formal relation like that—a banker, a lawyer—you'd expect to know what their duties are, and what yours are. I don't know why the area of trusts is so unclear. But that's a red flag." The interviewee suggested a corrective, explaining that the trustee

"should have a dialogue about why the money was created in the first place. What's the point of the trust—why isn't it just in a bank? How does a trust decide, and make decisions regarding their money? A lot of the young people I work with hate their trustees' decisions, point blank." A good starting point for beneficiaries, the interviewee continued, is

"just knowing the basics: this is what it costs you every time we transfer money. Or, this is what you need to know about investments."

In summation, trust assumptions were becoming outdated, the interviewee continued:

"'A trust is a fiduciary relationship,' but there are two words in that description that repeatedly get overlooked: trust and relationship. Too much emphasis is placed on the fiduciary. At the end of every financial decision and transaction is a human, and trusts, like family offices, would serve their clients well by preparing the humans for the money."

Gen Z and Millennial preferences, as described earlier in this report, combined with the rise of ESG and impact investing, make trust regulations and court opinions a frontier.

Conclusion

This report is precipitated by an inescapable tension between public good and private interest. Alongside growing concentrated ownership and intergenerational wealth accumulation is awareness that systems-level problems require collaborative interventions. Meaningfully addressing climate change, pandemics, threats to national energy security, invasions of sovereign countries, food insecurity, and stagnant social mobility unavoidably and necessarily pushes up against private interests and private ownership.

This report is meant to prompt conversation, and to shine a light on evolving ethical norms in the industry. I asked one of the younger interviewees, in his mid-30s, whether public and political discussions about tax topics and wealth redistributions are unfolding accurately and usefully. His reply was thoughtful: “Accurately no, usefully yes,” he said. “It’s useful if it prompts a conversation. And I think the way things are framed—they may be accurate...But they’ve interpreted it as illegal.

The word ‘hiding’ is an interesting one,” he explained, because it references “a boundary between what’s morally right and what’s legally right.”

Another interviewee echoed this sense of discombobulation, that whilst he was putting his head down and doing his work in full compliance with the law, social conversations and norms had since moved on: “There are some offshore bonds that are perfectly legitimate and HMRC was fine with them back in the day, and they were within the normal bounds of the tax rules of the time,” he explained. Others who work with offshores were similarly frustrated by working within the law, in light of the stigma that offshores equal tax evasion. Many of the industry’s professionals are finding themselves in this new grey zone of acceptability, separate from legality.

An industry in which perfectly legal work is being understood by the public as morally wrong or even criminal is evidence of a disconnect between this industry and the broader world. Over time, this becomes a challenge for the industry to recruit and keep the best talent: who will choose to go into this line of work, and stays in it? Future-proofing the industry requires presuming that public misunderstandings and hostility will grow, rather than reduce. The industry will likely require growing the segment of private wealth businesses that are able to engage with, and directly mitigate these criticisms.

In her masterful economic history trilogy, *The Bourgeois Era*, published between 2006 and 2016, Deirdre Nansen McCloskey intervenes in Piketty’s view that intergenerational wealth accumulation patterns are at the heart of present-day wealth inequality. In northwestern Europe, she argues, it was *ideas,* and *ethical and rhetorical change* that contributed to the startling rise in riches. The concept that commoners, including the bourgeoisie, were deserving of liberty and dignity was a powerful, history-changing notion.

The challenges of the present suggest it’s time for a similar revolution in ideas and ethics. London’s private wealth community, as the professional interface between great wealth and everyday society, has the ability to be at the heart of it.

Appendices

Interview Questions

1. Profession identification
    a. Private banking
    b. Investment management
    c. Financial planner
    d. Lawyer
    e. Trust & Estate Practitioner
    f. Consultant, coach, or behavioural specialist
    g. Accountant
2. Career level
    a. Junior
    b. Mid-career
    c. Senior
3. Age
    a. 35 and under
    b. 36-55
    c. 55+
4. Gender
    a. Male
    b. Female
5. What does your day-to-day work entail?
6. On a more macro level, what's the purpose of your work?
7. Who do you work with? Wealth holders, their next generation, proxies?
8. All jobs can be tedious. What's the most tedious part about your work?
9. What does the public get wrong about your work?
10. What do clients get wrong about your work? Are there misunderstandings or debates you find yourself having with them?
11. Could your field be differently regulated? What regulations do you wish would change, or disappear?
12. Any regulations do you wish existed?
13. What do you think about ultimate beneficial owner registries? Are they changing your work?
14. Do you think UBO registries are bringing about their intended change? What about *un*intended consequences?
15. Do you personally (in your private capacity) think climate change is a risk?

16. Are you able to bring that view into your work with clients?

17. Tell me what comes to mind, no more than one sentence, when I mention the following:
    a. Sunday Times Rich List, Forbes Rich List
    b. Panama Papers, Paradise Papers
    c. Sunday Times Highest Taxpayer List
    d. Oxfam's report on inequality and billionaires

18. Lots of public and political attention is being paid to tax topics and wealth redistribution. Do you think these discussions are unfolding accurately and usefully?

19. Beyond taxation, are there other discussions about redistribution that are impacting your field?

20. Beyond AML/KYC requirements, a philosophical and practical question: does the source of wealth matter?

21. ESG, impact investing, sustainability and purpose are now big topics. Is the following changing, in light of these topics:
    a. Wealth holders' preferences or practices
    b. Conversations between wealth holders and their next gens
    c. Are your clients starting to ask new questions of you?
    d. What does 'greenwashing' look like in your field?
    e. Do you think your field will evolve, in light of these topics? Do you think your field *should* evolve?
    f. Are there new risks emerging as your field adapts?

22. Any emerging trends regarding trusts or other ownership structures that you're encountering?

23. Is the business model for your work evolving? Do you think historic revenue sources will continue to be profitable, or is change coming?

24. Any other traditions or conventions in your field that are changing?

25. What debates or discussions are you having with your peers in your field?

26. Do you feel you contribute to wealth inequality?

Good
Ancestor
Movement