



THE SUNDAY TIMES

MONEY

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29.01.17

We are becoming increasingly reliant on inheritances, but large bequests can cause your children even larger problems

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I HAVE never thought giving your children a load of cash is a good idea — and it isn't just sour grapes because I don't have a large legacy to look forward to. The older I get, however, the more damage I see from passing wealth down from generation to generation.

In 2010, the Microsoft founder Bill Gates and his wife Melinda, along with the financier Warren Buffett, set up a campaign called the Giving Pledge. Its aim is to encourage the super-rich to donate at least half their fortunes to charity. Among the signatories are the Facebook founder Mark Zuckerberg and his wife, Priscilla Chan, who have promised to give away 99% of their shares in the company.

If you are going to publicly disinherit your children then you are likely to have thought it through far more clearly than the rest of us. Most of the 150 or so billionaires who have signed the Giving Pledge explain their reasoning in a short letter published on the campaign's website. And a surprisingly large number state that inheriting too much would be a bad thing for their children.

Another signatory, John Caudwell, the British entrepreneur who set up the mobile phone chain Phones 4u, writes: "I really don't think it is desirable for children to have such vast sums of wealth left to them. My philosophy is to encourage my children to forge their own success and happiness."

And there are a whole range of other quotes along the same lines: "Passing down fortunes from generation to generation can do irreparable harm"; "My choice was to ruin my son's life by giving him money, or [give] 90% plus to charity".

You may think these arguments are just for the super-rich but the issues apply to the rest of us, too, as the broadcaster Dame Joan Bakewell pointed out last year. She's a member of the "ski" set — that is, she is spending the Kids Inheritance — and has no intention of leaving pots of cash to her kids.

At the time, Bakewell, 83, a Labour peer, said: "I've already told the children that my interest is in spending as much as I can before I go. I've said I intend to spend their inheritance and they're happy about that. And I don't mind admitting that as I've grown older I've grown fond of posh restaurants, nice clothes, good handbags.

"I don't go mad and buy designer wear — if I spend £100 on a handbag it's a bit of an event — but I feel I've earned the right to indulge myself."

If inheriting wealth can be problematic then it will become increasingly so. Earlier this month, the economic forecaster the Institute for Fiscal Studies (IFS) published research that showed the next generation



After the birth of their daughter, Max, Mark Zuckerberg and Priscilla Chan pledged to donate 99% of their Facebook shares — worth \$45bn — to charity



Bill and Melinda Gates, above, the founders of the Giving Pledge, and Joan Bakewell, below, do not support leaving huge sums to children



A wealth of reasons not to leave the kids a fortune

will be more reliant on the wealth they inherit from their parents than ever before. Andrew Hood, a senior research economist at the IFS, said: "The wealth of younger generations looks set to depend more on who their parents are than was the case for older generations. Today's elderly have much more wealth to leave to their children than their predecessors did, primarily as a result of higher home-ownership rates and rising house prices."

Well, one of the first problems is that the parental giver can use money to control their offspring — he who pays the piper calls the tune. Yet becoming an independent adult is about creating distance from your parents in order to make your own life decisions. That can be difficult if you are still financially reliant on relatives. And the parental giver may also be unhappy because of a perceived obligation to hand over their cash, often with insufficient gratitude shown in return.

WHAT'S THE PROBLEM?

I know a family where the wife's wealthy parents pay for the private education of their grandsons. Very kind of them but it does mean the family visit the in-laws every Christmas, irrespective of whether the husband wants to or not. Keeping older relatives sweet because you are reliant on their cash is not a way to live a fulfilling and independent life. Nor can it be nice for the older generation to worry about whether their children are looking after them out of love, or because there is money to be inherited.

The second problem of handing over a load of cash to your kids is that they then make less effort with their own lives.

This is another theme in many of the letters on the Giving Pledge website. "I've met a number of people 'cursed' with large inheritances, many have lost all initiative to accomplish anything of their own and as a result have had much less fulfilling lives," writes one signatory. Another observes: "Giving wealth to young and future unborn children reduces or eliminates the character-building challenges in life that they would otherwise face."

I watched a documentary on BBC2 a couple of years ago entitled *The Last Dukes*. The words of one contributor, Lady Camilla Osborne, have stuck in my mind.

Her father, the 11th Duke of Leeds, inherited a substantial sum on succeeding to the title in 1927. She thought it did him no good: "He was not a happy man because he had absolutely no purpose at all except getting through the day."

On his death, Lady Camilla — who lives in a modest house in the suburbs, her father having sold the ancestral home — inherited some of the money and feels it has not done her much good either: "I appreciate enormously what I've got. But, like my father, I think if I hadn't had it, I would have had a happier life and a more fulfilled one. I feel I have had the same slightly aimless life that my father did."

Work gives us a purpose, a structure to the day. It tests us, helps us develop as individuals and teaches us resilience and new skills. It gives us a community and a place in society. It reassures us that we have value.

We all moan about work and have bad days when nothing goes right but working is far better than the alternative.

Diana Chambers is the daughter of an entrepreneur who was partially disinherited when he died and is now an agony aunt or counsellor to the super-rich, teaching them emotional intelligence when it comes to their finances.

Her advice to clients is that it is best to keep on working in order to instil a work ethic in the next generation — at least until the children leave home. "To be in a home where nobody is working says that working is not a valued dimension of our lives," she said. "And yet work gives us so much. Nothing is more empowering for a child than to know that they can take care of themselves financially. It is an important gift to give a child — the resourcefulness to provide for themselves."

After speaking to Chambers, I had a moment of self-awareness. I am

immensely proud of having made it on my own, with little financial help from my parents. And yet I have often told my children many times I will help them financially to buy a home. Chambers pointed out that I was effectively saying I didn't think they were capable of doing it for themselves. I was a bit shocked: this was not the message I had intended to send — that they couldn't replicate my success.

Inherited money can also bring out the worst in people. Born Rich is a 2003 documentary made by Jamie Johnson, an heir to the Johnson & Johnson fortune, based on interviews with his friends — extremely wealthy young heirs and heiresses. It features Ivanka Trump, the daughter of the new American president, Donald Trump, who actually comes out relatively well compared with the other obnoxious individuals boasting of having wealth they did nothing to create.

Close to home, my daughter had a school friend who delighted in telling her class quite how wealthy both sets of grandparents were. I am sure this was not what her parents intended.

And the curse of wealth has been tabloid fodder for decades. Billionaires Hans and Sigrid Rausing are third-generation heirs to the Tetra Pak packaging fortune. Sigrid used her inheritance to set up one of the UK's largest philanthropic organisations, has given away more than £250m to human rights causes, is the publisher of Granta Books and the editor of Granta magazine. Her brother led a more troubled life. He wrestled with drug addiction and in 2012 was stopped by police for driving erratically, after which the body of his wife, who had died of an accidental overdose, was found at their London home.

Sigrid Rausing described this "huge shock" on Radio 4's *Desert Island Discs* last year: "We went through all the addiction experts... specialising in wealthy families. All I can say is it doesn't help very much."

There are problems money cannot solve, and it may even be that inheriting large wealth can contribute to creating addiction in the first place.

Of course, inheritance can be useful, as Diana Chambers observed: "What money can help us to do is get more meaningful work, do things that are important but maybe earn little income."

It can be a temporary help if the family breadwinner loses his or her job. It can provide funds for IVF treatment or pay for building works on the family home. Creating casual day-to-day dependency is dangerous, though.

So some inherited money can be helpful but we need to think much more carefully about how it is given. We need to do a better job of talking to our families about money, in case we send out messages we do not intend.

And if you don't have an inheritance to look forward to, don't be jealous. It doesn't necessarily make life better — and can often make it a lot worse.

Your story
Do you think inheritance is a good or a bad thing? Email: money@sundaytimes.co.uk



Giving it away: right, entrepreneur John Caudwell with his son Jacobi and former partner Claire, and above, financier Warren Buffett with his daughter Susan