



This is a repository copy of *Dynasties in the making: family wealth and inheritance for the first-generation ultra-wealthy and their wealth managers*.

White Rose Research Online URL for this paper:

<https://eprints.whiterose.ac.uk/220570/>

Version: Published Version

Article:

Higgins, K. (2022) *Dynasties in the making: family wealth and inheritance for the first-generation ultra-wealthy and their wealth managers*. *The Sociological Review*, 70 (6). pp. 1267-1283. ISSN 0038-0261

<https://doi.org/10.1177/00380261211061931>

Reuse

This article is distributed under the terms of the Creative Commons Attribution (CC BY) licence. This licence allows you to distribute, remix, tweak, and build upon the work, even commercially, as long as you credit the authors for the original work. More information and the full terms of the licence here:

<https://creativecommons.org/licenses/>

Takedown

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.



eprints@whiterose.ac.uk
<https://eprints.whiterose.ac.uk/>

Dynasties in the making: Family wealth and inheritance for the first-generation ultra-wealthy and their wealth managers

The Sociological Review

2022, Vol. 70(6) 1267–1283

© The Author(s) 2021



Article reuse guidelines:

sagepub.com/journals-permissions

DOI: 10.1177/00380261211061931

journals.sagepub.com/home/sor**Katie Higgins**

Department of Social Policy and Intervention, University of Oxford, UK

Abstract

The inheritance practices of the ultra-wealthy play a key role in reproducing socio-economic inequalities across generations. Given this role, we need a better understanding of the individuals and families who own, accumulate and pass on substantial amounts of wealth. This article asks two questions: first, how do parents with profound ownership or control over capital reconcile cultivating dynastic wealth with beliefs in meritocratic achievement? And, second, how do wealth managers justify their commercial value to first generation wealthy clients? The answer to both of these questions involves what I call a pedagogy of inherited wealth. Drawing on semi-structured interviews with first-generation ultra-wealthy parents and their wealth managers, it documents how wealthy parents and wealth managers construct risky futures around inheritance, and their strategies to manage those risks through the control of access to the family's wealth. In doing so, it explores how they produce two roles, termed here the 'good inheritor' and the 'good client'. Through examining various strategies to manage family wealth and inheritance, the article reveals the legitimating and enabling pedagogy surrounding this process and the paradox at the heart of this pedagogy – which promotes both the value of work among the next generation of inheritors and the preservation of dynastic wealth that will preclude their dependence on income-generating work.

Keywords

dynastic wealth, elites, family wealth, inheritance, super-rich, wealth elites, wealth managers, wealthy

Corresponding author:

Katie Higgins, Department of Social Policy and Intervention, University of Oxford, Barnett House, 32–37 Wellington Square, Oxford, OX1 2ER UK.

Email: katie.higgins@spi.ox.ac.uk

Introduction

I hope this is sufficient guidance to the Trustees to ensure that my future progeny are enabled then assisted, to lead quality lifestyles, contributing to society, devoid of extravagance or wastefulness. (Anthony, 70s)

In the above extract from his ‘letter of wishes’, Anthony, a wealthy business owner, instructs his trustees on how to manage the family’s assets once he has passed away.¹ He was driven by a widespread concern that his children’s substantial inheritance could be to their detriment. In our interview, he described sending his children on specialist training courses, setting up a family office and building a team of professional support for them, alongside a strategy of constraints and incentives when structuring access to the family’s wealth, to mitigate these concerns. Anthony’s various strategies point to the first of two questions guiding this article: first, how do parents with profound ownership or control over capital reconcile cultivating dynastic wealth with beliefs in meritocratic achievement? And, second, how do wealth managers justify their commercial value to first generation wealthy clients? The answer to both of these questions involves what I call a pedagogy of inherited wealth, an idea I expand on in the literature review. There have been calls from across the social sciences to examine the central role of inheritance, family and kinship in modern capitalist society (Beckert, 2007; Cooper & Mabie, 2018; Piketty, 2014; Yanagisako, 2018). Through analysis of how the ultra-wealthy and their wealth managers produce the figure of the ‘good inheritor’ and the ‘good client’, in this article I aim to better understand the management of inheritance for ultra-wealthy families, the legitimating and enabling pedagogy surrounding this process and the paradox at the heart of this pedagogy – which promotes both the value of work among the next generation of inheritors and the preservation of dynastic wealth that will preclude their dependence on income-generating work.

There is a common idea that routes to wealth have changed during the past two decades. For today’s wealth elites, it is argued, ‘self-made’ wealth has become more common, whereas the proportion among the wealthy who have inherited their wealth has declined (Freund & Oliver, 2016; Khan, 2012, p. 363). According to the *Sunday Times* Rich List, ‘Britain has been transformed into a country where the self-made can succeed . . . today 94% of those in the Rich List are self-made entrepreneurs’ (Watts, 2018). We should challenge both the ideological claims and measurements of such ‘self-made’ wealth (Schimpfössl & Monteath, in press), and there is compelling evidence for the continued importance of inherited wealth (Hansen, 2014; Piketty, 2014). Nevertheless, the process of managing inheritance for first-generation² wealth holders marks a novel and important point from which to understand processes of dynastic formation and the legitimation of inherited wealth. This article focuses on the ultra-wealthy founders of companies, who have experienced dramatic social mobility, and their wealth managers.

The inheritance practices of the ultra-wealthy play a key role in reproducing socio-economic inequalities across generations. Given this role, we need a better understanding of the individuals and families who own, accumulate and pass on substantial amounts of wealth. A growing body of work explores the cultural, intimate and affective work that goes into successfully managing dynastic forms of advantage among the wealthy (see, for example, Kuusela, 2018; Schimpfössl, 2018; Sherman, 2017) and their professional advisors (see, for

example, Glucksberg & Burrows, 2016; Harrington, 2016; Herlin-Giret, 2020; Sklair & Glucksberg, 2020). This article takes a new approach in analysing the concerns in relation to inheritance for both the wealthy and their wealth managers, alongside one another.

This article documents how wealthy parents and wealth managers construct risky futures around inheritance, and their strategies to manage those risks through the control of access to the family's wealth. The first empirical section – producing the good inheritor – examines parents' concerns that the family's wealth could undermine or corrupt the next generation, and their various approaches to mitigate those fears and to legitimate intergenerational transfers of wealth through strategies of constraint and incentive. The second section – producing the good client – explores how wealth managers continue this vein of pessimism about the influence of wealth on inheritors, but add to those concerns the risks of an overly-controlling or ill-informed client, and in doing so emphasise their own commercial value. The conclusion describes how advantage is legitimated and passed on in the family, the value of a conceptual framing of family wealth as a key pedagogical site and a final reflection on the role of family in the reproduction of inequalities.

Family wealth and inheritance

In the wake of the managerial revolution, the research gaze shifted from private wealthy owners to managers. More recently with the rise of financialisation, institutional investors and financial intermediaries have come under increasing attention (Kuusela, forthcoming; Kuusela & Kantola, 2020). Although relatively neglected in the social sciences in recent years, the individual and family private owner have enduring economic power and significance. As such, they are a topic of growing visibility in management and policy-oriented research (Villalonga & Amit, 2020). In the US, one third of listed companies can be categorised as family-owned (Carney & Nason, 2018), while in the UK, the Institute for Family Business (2020) claimed that 51% of medium-sized firms (turnover between £25 and £500 million) and 19% of large-sized firms (over £500 million in turnover) were family-owned (pp. 7–8). In his research with the richest individuals in Australia, Gilding (2005, p. 43) found that as family firms become larger and more complex there is a tendency for management and ownership to move out of family hands into looser structures, but rather than diminishing the significance of the family, this trend facilitates the dispersal of family fortunes among individual family members. We can infer from these broad-based surveys and qualitative research that family relationships have an enduring influence on both the accumulation and transmission of wealth.

Between 2019 and 2055, £5.5 trillion is expected to pass between generations in the UK (King's Court Trust, 2019). This trend has been dubbed part of 'the inheritance economy' (King's Court Trust, 2019), 'succession economics' (Davies, 2020) and 'patrimonial capitalism' (Piketty, 2014). The implications of appreciating asset prices, the increasing importance of intergenerational transfers of wealth and their role in perpetuating and intensifying inequality is by no means limited to the ultra-wealthy (Adkins et al., 2020). For instance, Shapiro (2005) has examined how the uses of family inheritance among middle-class families perpetuate racial wealth inequality in the US through transmitting it across generations. He argues that inheritance is more encompassing than

money passed at death, including, for instance, fees for education or help with buying a first home, which are crucial to secure class privilege. However, such transfers of family wealth are rarely recognised as ‘inheritance’ or as playing a role in unfair advantage, but rather downplayed by recipients as getting ‘a little help’ from their parents. In another example, for first-time homeowners in London who received financial help from their family, they reconcile belief in meritocracy with the receipt of unearned inherited wealth through downplaying their own, often privileged, upbringings and instead situating their subjectivity in working-class or upwardly mobile extended family histories (Moor & Friedman, 2021). As these examples illustrate, ambivalence about ideas of ‘unearned’ wealth, such as inheritance, is widespread in societies committed to meritocratic ideals of achievement based on an individual’s own abilities and efforts (Beckert, 2007).

Given the centrality of inheritance to inequalities, a growing body of work now interrogates the intergenerational transfer of wealth for affluent families. Whether a dynastic class of family business owners in Finland who participate in shared specialist training to ‘learn to own’ (Kuusela, 2018), affluent parents in New York City who draw on varied tools of constraint, exposure and opportunity to raise morally ‘good people’ with a legitimate claim to advantage (Sherman, 2017) or the various strategies, from schooling to philanthropy to ideas of genetic superiority, which wealthy Russians draw on to claim to be deserving of their inherited wealth (Schimpfössl, 2018), the institution of the family has been centred in qualitative studies of the reproduction of wealth inequality.

Wealth managers play a central role in the institutionalisation of the family as an accumulator of wealth (Khan, 2016, p. 4). Piketty (2014) argues that historically when returns on capital (r) have outstripped growth in income (g) from production ($r > g$) capitalism has a tendency towards the creation of a rentier class. One of the more compelling arguments to explain the enduring concentration of inherited fortunes is the wealth management industry, also named the ‘wealth defence industry’ (Collins, 2021). While tax avoidance and exclusive investment advice might receive the bulk of attention, Harrington (2016) argues that these only support the most structurally significant event of wealth management: the intergenerational transmission of wealth. This practice, which C. Wright Mills (1956, p. 107) calls the ‘[p]assing on to children of strategic positions in the apparatus of appropriation’, creates dynastic wealth. Following Harrington’s (2016) study of the professions’ global strategies and continuous adaptations to preserve elite family wealth, the role of wealth managers in perpetuating inequalities has come under increasing attention. For instance, wealth managers in the UK and Brazil encourage a sometimes reticent next generation of heirs to invest in the family’s wealth through participation in philanthropy, and in doing so train them in wealth management skills (Sklair & Glucksberg, 2020). Whereas for wealth managers in France, rather than reluctant heirs, clients who spend too much, or whose only aspiration is for endless accumulation, are the risks that shape their education mission (Herlin-Giret, 2020). This previous research has highlighted the crucial role of wealth managers in training, influencing and enabling their wealthy clients to secure intergenerational advantage.

In this article, I expand on previous research with ultra-wealthy families and their wealth managers: first, by considering the perspectives of both in dialogue to see aspects of where their views converge and where they diverge; second, by focusing on the particular experiences of first-generation wealth elites as they negotiate setting up new

structures that will ensure passing on the family's wealth; and, third, by exploring how family wealth and its management operate as a key pedagogical site for both affluent families and their professional intermediaries. If pedagogy is '[t]he art, occupation, or practice of teaching' (Oxford English Dictionary, 2021), in this article I use the phrase 'a pedagogy of inherited wealth' to describe the bundle of actors, norms and tools that educate, support and legitimate wealthy families in the pursuit of dynastic advantage. Working with a definition of inheritance as, 'a culturally valorised and legally-sanctioned conversion process through which intimate bonds and sentiments of family naturalise capital accumulation' (Yanagisako, 2018, p. 9), I describe a pedagogy of inherited wealth at work as affluent parents and their wealth managers convert intimate familial bonds into effective conduits for the reproduction of wealth.

Methods

The UK is characterised by deep-seated regional inequalities between North and South. London, historically and currently, comprises the majority of centres of wealth-making, residences of the very rich and headquarters of their firms (Rubinstein, 2016, p. 314). However, in 2012, it was reported that Greater Manchester had 374 'super-rich' residents, more than anywhere else in the UK outside London (Hennig & Dorling, 2014; see also Lynn, 2017; Robson, 2012). Bordering Greater Manchester, the constituency of Tatton in leafy Cheshire is one of only four out of 38 areas across northern England where household income per head was above, rather than below, the national average (Hazeldine, 2020, p. 188). The area's affluent suburbs can be dated back to the Industrial Revolution, as newly wealthy industrialists, financiers and merchants followed the transport links upwind of an increasingly polluted city and its impoverished residents to the south Manchester/east Cheshire region, building prime housing stock and amenities as they moved. Understandably, most literature on wealth elites to date has focused on global finance hubs or glamorous tourist sites. This project investigates a region that has come under far less scrutiny, the ultra-wealthy and their wealth managers in North West England.

The inclusion criteria for this research project was Ultra High Net Worth Individuals (UHNWI), defined as those with USD 30 million or more, in North West England.³ According to Wealth X, which claims to have collated the world's most extensive collection of records on ultra-wealthy individuals, there are 444 UHNWIs with residence or significant business interests in the region. Based on the Standard Industrial Classification of economic activities, the four largest primary sectors in which these UHNWIs generate their wealth are: wholesale and retail; manufacturing; administrative and support services; and arts, entertainment and recreation (author's own analysis derived from Wealth X in 2020).

I conducted 41 semi-structured interviews with members of wealthy families in North West England. The interviews ranged in length from 30 minutes to four hours and took place between 2019 and 2021. The majority lasted around one and a half hours. Eighteen of the interviews were conducted in person, usually in the participant's home or office, while the rest were conducted via video call or telephone, for the interviewees' convenience in two cases, and otherwise due to COVID restrictions. I identified potential

participants through Wealth X and regional Rich Lists. Twenty-six participants had founded the business on which their fortunes were based, and 15 had inherited wealth; in this article, I focus on the former. As part of a wider interview with wealthy participants exploring their life course, I asked parents to reflect on their concerns in relation to inheritance for the next generation, and whether they had any strategies to manage that. Given that they were responsible for setting up new dynastic structures, first-generation wealthy owners in this study were more likely than those who had inherited family wealth to reflect at length on their concerns and strategies around inheritance. The family wealth of first-generation wealthy participants ranged from £16 million to over £1 billion. Twenty-three were men, and three were women. Twenty were white and six were people of colour. Their age ranged from 42 to 80, with a median age of 58, and all of them but one had children.

In addition, I interviewed 19 wealth managers, including family office professionals, accountants, philanthropy advisors and private bankers, about their work, their UHNW clients and their clients' key concerns when consulting a wealth manager. Of these wealth managers, all were white, 11 were men and eight were women. UHNWIs living in the region no doubt seek financial services in London. For example, one wealthy inheritor explained that her family trust was based in London as she had a sense professional services were of a better quality there. However, she also worked closely with a local advisor, as that way, 'I don't feel like I'm being fleeced' by 'a shiny suit'. The close relationship and regular meetings required for wealth management have encouraged inter/national firms to open regional offices to serve the wealthy in the area, and these were the focus of this research. Given space constraints, I will further unpack the specificity of a northern regional identity, and how this operates for wealthy participants and their professional intermediaries, in future publications.

A note on the project's limitations. First, my status as a middle-income researcher aiming to publish, and participants' awareness of a wider context of economic inequalities, no doubt shaped their self-presentation. It is possible that wealthy parents whose inheritance plans fit a more meritocratic ideal were more likely to be willing to share these with me. Second, in an interview with a family lawyer he suggested that for wealthy Muslim and Hindu clients wealth may flow differently between family members leading to specific issues when valuing assets for a divorce, for instance. While participants of all ethnicities and religions shared concerns around inheritance, namely an emphasis on the importance of the next generation valuing work and philanthropy, it was mainly participants who were white and who identified as Christian or who did not mention their faith who went into detail about their strategies to manage the family's wealth. Future research is needed to better explore possible distinctions in inheritance strategies along ethnic or religious lines. The quotes included in the analysis below were chosen to best illustrate common themes and the variety of strategies among participants in relation to inheritance.

Producing the good inheritor

For wealthy participants, by far the most intensely felt and frequently articulated concern in relation to inheritance was the spoiled child or the local version of the 'Cheshire

Waster', as one Manchester-based property tycoon put it in an interview for the UK newspaper *The Times* (Scott, 2016). Risky futures were constructed around a common understanding of inheritance as potentially corrupting and undermining for the next generation. These concerns shaped the strategies they put in place to control access to the family's wealth in order to ensure their children were good inheritors. When asked about inheritance, wealthy participants' answers tended to avoid the uncomfortable moral issue of unearned inherited wealth, and instead focused on morally-acceptable themes. They emphasised that their children knew that they had to work and stressed the importance of them engaging in philanthropic activities.

Fred's⁴ PA arranged for his driver to pick me up at the train station closest to his Gothic country home. When we arrived at the tradesman's entrance, Fred greeted us at the door, calling 'You should have come to the front of the house!' He was in his 60s, had sold his first company over a decade before, and had invested in several more since then. He had three children ranging in age from young adult to still in primary school. In a pattern similar to several other interviews, when I asked if he had any concerns about inheritance, he answered 'Yep', before I could finish my sentence. As an initial step in deciding how to transfer the family's wealth, Fred had given his older children £1 million each to observe 'their actions, rather than their words' and was gratified that they were 'ultra-cautious'. Later, Fred outlined his use of trusts⁵ with specific constraints to address his concerns over inheritance for the next generation:

They know what they're going to get . . . but they're not getting it. They know it's in trust for them and the trust is quite specific. It could be used for their principal home, for education . . . they can have salary top up from it to a reasonable standard of living, and [for] any business thing they can go to the trustees. . . . It will be there to support you but not to limit your necessity of getting on. The trust is designed to see through them to the next generation and the next generation after that.

In the above quote, Fred reveals some of the boundaries of legitimate forms of family support, as well as the way the family's wealth moves in and out of visibility. Limiting his children's access to the family's wealth to money for a principal home, education, business or a salary top up is deemed 'not getting it', i.e. the family's wealth. In a wider pattern evident in interviews with many wealthy parents, putting constraints on his children's access to the family's wealth is downplayed as giving them money at all. He emphasised that the family's wealth should not limit the necessity of consequent generations 'getting on' and earning an independent income. Ultimately, he had dynastic ambitions to fund a 'private welfare regime' for several generations of his family (Albertini et al., 2007).

The day after selling the family business, Lawrence returned to work in his new office on an industrial site in the outskirts of Greater Manchester, where I met him a decade later. He was in his 50s and had four adult children. Like several other participants, he had split his fortune between trust funds for each of his children, and one for charity. As he explained, his children 'could use that money kind of like I'm the banker'. Through creating the equivalent of a family bank, he was able to fund long-term investments and risky ventures. His commitment to inspiring a work ethic in the next generation, and the

complications of potentially ever-expanding family shareholders, was partly what drove him to sell his first company.

My emphasis was always very much on not just the money, it was on the work. Having something to strive for. I'd rather have smaller businesses, have [my children] all run smaller businesses, so that they can all take pride in growing them, rather than one of my kids owning [the company], but actually only being a minority shareholder in it.

Family firms are usefully conceptualised not merely as profit-seeking enterprises, but as kinship enterprises, where the end of a particular family firm does not necessarily mean the end of the kinship enterprise (Yanagisako, 2019, p. 5). Lawrence contrasted setting his children up in business with giving his children access to the family's wealth without constraints:

The one thing that I would absolutely never do, and that's why I put money in trusts for my children, I didn't give my children money. I would hate the thought of my kids driving around in Ferraris and taking drugs and sitting on a beach. Don't get me wrong, we go on nice holidays, and nice cars, and nice. . . . But I would hate the thought, because you wouldn't be giving them a happy life, would you? When they have children, what sort of life are they going to have? Because they're not getting an example of work and normal life.

Putting the family's wealth into a trust with constraints on access, in this case funding for his children's business ventures, is framed as not really giving them money. Lawrence described each of his children's companies in detail. One of his children had worked their way into a senior role in a company Lawrence had founded previously, another had started a company independently in a sector broadly related to the family's original company and two had started businesses focused on leisure. However, he had some concerns over one of his son's 'lifestyle business that's never going to make fortunes', both because of his misgivings about the unusual sector it was based in and its lack of commercial potential, revealing the importance of both work and money.

I drove myself to Jim's Georgian country house. He was in his 60s, had sold his main company a decade prior, and had started others since then. He had two adult sons. Several years ago, when his eldest son got married, and wanted to set up his own business, Jim put some of the family assets into a new company to help him. Initially both of his sons worked together, but when they began to argue, he bought out the younger son's shares and offered him a role in another part of the family business to work his way up. When I asked whether he was concerned about the process of inheritance, he replied:

Yeah, I was actually, and I still am (laughs). I think I've addressed it, because what I've done, and this is really through financial means, I've- what's the word? Incentivised them. . . . Both of them are financially incentivised to make it work for their own benefit. I've done it through hard financial means. So they've not just been given anything. I'm still the main shareholder of the [company] but if certain things are achieved, I'll pass over some more shares, if you see what I mean. . . . But I still keep my eye on it, because it is very easy to fall into that trap of becoming a bit lazy.

Jim is currently the majority shareholder of both of his sons' businesses, with a plan to transfer shares to them gradually if they achieve certain commercial targets. These incentives vividly illustrate the way cultural distinctions between earned and unearned wealth shape economic activity, and exemplify one route towards integrating the logics of kinship and commerce in the succession of a family firm (Harrington & Strike, 2018).

Craig imagining what might happen if he were to suddenly die led him to plan how best to manage the transfer of wealth to his two school-age children. He was in his 40s and yet to sell his companies. When we met over a cup of tea at his sprawling country house, he shared the details with me:

So, my will: . . . that's probably trying to think, 'If you died tomorrow, how would you want your kids to be treated?' . . . So I've done things like [saying to them], 'Get a job. If you get a job I'll double your wages. So, if you're earning twenty grand a year, we'll double it to forty, so we'll accelerate it. If you get married, there'll be an allowance for that. If you want to buy a house, I'll help you with the deposit. If you have a kid, you can draw down a bit of cash.' So it's all linked to life steps. . . . And then at the age of forty, because some of it's in a trust structure, [they] can take control of the trust, assuming they've done certain accountancy exams. . . . I mean, as they're growing up into young men, and touch wood I'm around to see it, then obviously that will change and you'll react to how they are as boys, as men. What I do know is too much money will ruin them too early.

In the event of his death, Craig set up a trust structure that would control when his children could access the family's wealth and for what purpose. It would support certain life course events, such as marriage, having children or buying a house, as well as 'accelerating' their income, but without replacing the need for an independent wage. In this imagined scenario, when the next generation are assumed to have reached an appropriate level of maturity, and provided they acquire certain technical qualifications, then control of the family's wealth is passed over to them.

Whether intending to teach their children how to be a good company owner, a good shareholder or a good worker, through their various strategies to restrain, control and incentivise access to the family's wealth, the extracts in this section show it is a key pedagogical site for parents to teach inheritors the value of work and prudent spending. Even as they put in place plans to ensure advantage across several generations, the parents in this study can be understood as part of what Khan (2011) calls a 'new elite' who believe in meritocracy rather than status based on birth. The lessons embedded in their dynastic plans required institutional affordances, such as trusts, that provide a material grounding to ideas that the future can be managed or controlled. Trusts are part of a wide-ranging toolkit that the global wealth management industry draws on to manage risk for their clients and to enable them to make decisions that extend far into the future. The professional intermediaries who enable, and influence, these decisions are explored in the next section.

Producing the good client

Wealth managers continued the vein of pessimism about the potential influence of wealth on inheritors. Anne worked in a multi-family office with premises in the region. When I asked her about the key concerns among her wealthy clients, she was blunt:

A lot of our elder clients are worried about their kids having been ruined and not having the values that they have as the wealth creators. It's that sense that the parents would still 'turn right' in an aeroplane and they still care about their money and are not going to blow money on business, first class flights. Whereas the kids would happily 'turn left' and spend their money on the expensive holidays and cars and properties and things without the wisdom that comes with having earned the money and having the values that they were brought up with.⁶

Ambivalence around inheritance was oriented around the idea that without having earned wealth you can not properly receive it nor properly appreciate its value. Anne stressed that the transfer of wealth was always very personal and needed subtle handling: 'We're there to get to know the families well enough to be good guides', she explained.

Wealth managers described that there was a risk of inheritors losing drive and a sense of the value of money if access to the family's wealth is made too easy. Dave had a senior role in a multi-family office. He had worked in the wealth management sector for 40 years, specialising in ultra-high net worth divisions in the UK outside of London. He provided an unusually specific example of how an overly generous approach to sharing the family's wealth could have negative outcomes:

A client years ago he used to tear his hair out because he was saying, '[My son's] not worked for seven or eight years. He's in his late thirties, he doesn't do anything. He just sits around. He's unemployed.' I said, 'Well, how much do you give him?' 'Oh I don't give him much.' But then he worked through the numbers and he was like: 'Well, I pay his rent, it's about twenty thousand a year, I buy him a new car once a year, I pay for his holidays, I give him two or three thousand pound allowance.' We sat and totted it up and I said to him, 'Well, you work it all out, you'd have to be earning a hundred and fifty thousand pounds a year gross salary to maintain that lifestyle and you've just given it to him.' The client had never really done the maths to work that through. 'So why do you think he's not working? Because he's not going to get a hundred and fifty thousand as a salary, and why does he need to? You've just fed it to him.'

Dave's story emphasises the value of his expertise and an ability to build personal relationships to the extent he could act as a critical friend to his wealthy clients. It is of note that wealth managers shared stories of inheritors having easy access to the family's wealth, in a way that wealthy parents did not during interviews with me. However, even in this story, the client believed he was not giving his son very much money, confirming the pattern outlined in the previous section.

Stephen had worked for 30 years in the wealth management arm of an international retail bank with offices in the region. Newly fearful that they might not be around to see their inheritance processes through, COVID had brought inheritance to the top of the agenda among his wealthy clients, who, he explained, often hid the extent of their assets from their children, 'in case it blunts their ambition'. Stephen explained that for their peace of mind clients asked him to talk to their children and explain wealth management: 'How you manage money, what a bond is, what an equity is, just make it really simple.' This training reassured parents that their children could manage the family's wealth later on. Wealth managers claimed a key aspect of their role was as educators in how to manage, preserve and pass on substantial wealth.

While wealth managers were critical of passing on wealth too easily and undermining the next generation's work ethic and sense of the value of money, they also warned of the risks of not passing on control at all, as Dave explained:

One of the difficult things is that you will typically have a very powerful patriarch or matriarch right at the outset who is the founder and the generator of the wealth, and how do you get them to let go of the reins? How do you get them to pass over power at certain points? Because they're sometimes very, very loath to do it. I've got a client who's worth hundreds of millions and in a recent conversation we've been talking about what he was going to do in terms of various different things at a family generational level and the structures to own the investments. His driving point was: 'Dave, the structure has to give me control. The kids can have the economic benefit but I have to keep control of that.' You say, 'That's great, that's fine, but your kids are in their forties and fifties. At what point are you going to realise these are not kids anymore? If you don't trust them with any control at all at this moment in time, you never are. They're going to be in a mess when they inherit because they won't have the skill sets or the ability to manage the wealth.'

By telling stories that placed him at the centre of crucial family decisions, in several cases naming himself in remembered conversations, Dave also centred his commercial value. The sometimes-fraught navigation of transferring wealth neither too soon nor too late, of being neither too permissive nor too restrictive, was a prime point at which wealth managers could exhibit their worth to first-generation clients, as revealed in morality tales that illustrated cases where clients had got it wrong. Wealth managers were in allegiance with wealthy parents against the risk of spoiled children and spendthrift heirs, but as this example illustrates, they may also disagree with wealthy clients who fail to pass on control of the family's wealth at the appropriate time. In this way, their professional interest was in successfully stewarding the family's wealth while appeasing their principal client, rather than an overarching loyalty to any particular generation of the family.

For both the wealthy and wealth managers questions of who should control the family's wealth – whether the wealthy themselves, their children or their wealth managers, and when to surrender it – dominated discussions of inheritance. Alongside handing over control to their children, handing over control of their assets to wealth managers themselves was also framed as a concern for first-generation clients, as Stephen illustrates:

Let's say you've run a business since your twenties, and you've run it for thirty years, you are in charge of the business. . . . When they hand their money over to an investment manager, like myself, they've lost control of it . . . that's the biggest hurdle that entrepreneurs have to deal with, with coming to a wealth manager.

Most wealth managers explained that new UHNW clients came through referral. Given the kind of confidences shared with wealth managers, trust is vital in the sector. To build trust, Stephen talked with his clients about the various ways to invest and structure their money. He reeled off options including: onshore or offshore; a family investment company; an offshore bond; and putting the money in the client's name or their wife's (the vast majority of UHNW principal clients being married, heterosexual men). Stephen

sometimes also gave his clients with an entrepreneurial background things to do, suggesting that they, 'Take some money out and go and try and invest it,' to encourage their sense of ownership and involvement in the process.

Wealth managers highlighted the 'liquidity' event as a risk in the successful management of a first-generation family's wealth. A 'liquidity event' – also known as a business exit strategy – describes the moment when founders and early investors in a company cash out some or all of their ownership shares. Dave highlighted the risks if a client took the decision to exit at the wrong time. He told the story of a client with a successful business who turned down an offer for tens of millions because he was only 55 and did not feel ready to stop yet. By the time he sold the business a few years later, the margins in that particular industry had collapsed, 'literally overnight, and their entire family wealth went with it.' Joe, who had a senior role in a private bank, repeated a different variant of this cautionary tale, explaining that he would have daily conversations with clients about the risk of not diversifying from their business. 'If you've got 99% of your wealth in one company, it's a company which clearly they know and understand, but nevertheless it is a risk position. Companies do go bust, I'm afraid: it's as simple as that.' In this way, not only the heirs to family fortunes, but first-generation entrepreneurs themselves were framed as in need of being educated by wealth managers. Stephen said that the 'exit' and a sudden arrival of liquid assets could pose specific challenges for entrepreneurs:

They might have been in an industrial, in an engineering firm, they might have been in a medical firm, and now you're asking them to understand finance and stock markets and investments. . . . They come to suddenly receive all this money and it doesn't mean that they've got a skill or knowledge of managing money and investments.

The figure of the risk-taking entrepreneur who excels in their industry but is naïve about finance is leveraged here to justify the value of wealth managers. The circulation of cautionary tales of mismanaged wealth and ill-informed clients creates particular imagined futures of risk and vulnerability, which accordingly create a need and role for wealth managers. By playing to the anxiety of their UHNW clients, wealth managers emphasises their commercial value.

Wealthy family dynasties are 'dependent for their solidity and perpetuation on appropriate experts and legal artifice' (Marcus, 1983, p. 221). Wealth managers provide this expertise. In this section and the last, I outline some of the financial and legal structures wealth managers set up to constrain and incentivise access to the family's wealth, with the aim of encouraging heirs to 'earn' their inheritance. Aside from this technical expertise, wealth managers claim a key role in teaching their clients how to attach appropriate meaning to their wealth (Herlin-Giret, 2017). In their role training the wealthy in how to receive, manage and pass on substantial family assets, whether the heir to a family fortune or the first-generation wealthy themselves, wealth managers positioned themselves as trusted guides, expert confidants and professional mediators, all while providing 'a Rolls Royce service' (as one family lawyer put it) of constant availability and personal attention. Given this unique role, wealth managers have been described as providing a kind of 'personal capitalism,' as opposed to the 'managerial capitalism' of legal and financial fiduciary services in the commercial domain (Thornton et al., 2005, p. 135).

Wealth managers emphasised that each family was different and necessitated personalised strategies to manage their inheritance, and through this emphasis justified their considerable cost.

Conclusion

In an era of meritocracy, new repertoires of entitlement are necessary to legitimate advantage. Ideals that attribute success to hard work and talent seemingly have broad traction among the ultra-wealthy (see, for example, Khan, 2011; Schimpfössl, 2018; Sherman, 2017). For wealthy parents in this study, the distinction between earned and unearned wealth was central to discussions of inheritance. The framing of inheritance as morally acceptable took careful negotiation. It worked through two processes: first, through tying inheritance to the provision of financial security and key life stages for one's family, such as the money for a principal home, weddings and the birth of children, rather than items that were deemed frivolous luxuries; and, second, through tying inheritance to productive investments and work, such as education, business or even a salary top-up, rather than creating unproductive dependency. In their discussion of the competing logics that frame inheritance, Moor and Friedman (2021) refer to these two value systems as the 'domestic' and family oriented, on the one hand, and the 'civic will' of meritocracy, on the other. Through the dual framing of the process of inheritance explored in this article, not only could it be understood as reflecting natural family ties and kinship obligations, but unearned transfers of wealth could be transformed into earned. In fact, through a discursive sleight of hand that focused on constraints over gifts, the transfer of wealth could be downplayed as giving money at all. Once they had amassed enough wealth to provide enduring financial security for their families independent of the labour market, the wealthy's inheritance plans appeared to largely centre on motivating their children to work, whether for themselves or others. Work acts as the key legitimating device here.

However, at the same time, the family's wealth is carefully structured to generate ongoing financial security, in an implicit acknowledgement that the labour market may not provide everything necessary for what they view as a comfortable life. Wealthy families and wealth managers create institutions that mirror those provided by the state or the market, such as family banks and private welfare regimes, which can endure across generations. In this way, the labour market is constructed as essential but also as supplementary and not to be relied upon. A key paradox emerges between the precious nature of wealth tied to its ability to ensure a comfortable life and opportunity across the generations, and the widespread aim to teach the next generation the value of work and an independent livelihood.

Wealth managers echoed this tension between the moral value of work and the inheritance of family wealth, and sold their professional expertise on their ability to help clients navigate it through personalised financial structures. However, there were elements of convergence and divergence between the wealthy and their wealth managers. There was a strong shared interest in crafting the good inheritor through controlling access to the family's wealth, and putting in place constraints and incentives that encourage productive and prudent heirs. But wealth managers also differed from wealthy parents who resisted passing on control or knowledge of the family's wealth for too long, leaving the

next generations unprepared to be effective stewards. Wealth managers constructed risk-laden futures of both spoiled children and mismanaged fortunes that their expert guidance could secure against. In this way, wealth managers constructed a family's wealth as at risk from not only spendthrift heirs, but also the poor decision-making of the first-generation wealthy themselves.

Family wealth and its management was a key pedagogical site for parents and their children to teach, and to learn, appropriate ambition, discipline and behaviour. Dynastic wealth preservation and the sanctification of work are not inherent but learned and culturally produced. In this article, I analysed some of the social and cultural processes through which family wealth becomes inheritance for first-generation wealth holders. I tracked a pedagogy of inheritance at work in specialist technical training, a careful balancing of constraints and incentives to access the family's wealth, the construction of risk-laden futures, morality tales of spoiled heirs and mismanaged fortunes and the crucial power vested in the salvation of work.

In the current context of a hollowing out of social protection, increasing wage insecurity and the unaffordability of housing and education, through setting up dynastic structures first-generation wealth holders are able to overcome such conditions for their children, grandchildren and beyond. Several decades ago, Scott (1991, p. 85) argued that the children of entrepreneurial capitalists might be expected to form the rentiers of the future. More recently, Piketty (2014, p. 378) observed that 'wealth originating in the past automatically grows more rapidly, even without labour, than wealth stemming from work, which can be saved'. In a context of both vast accumulations of newly acquired wealth and the enduring significance of dynastic wealth, the question of whether and how profound family fortunes are dispersed or concentrated over generations continues to mark a crucial avenue of research on inequalities.

Acknowledgements

I am grateful to the members of the Feminist International Network of Elite Researchers, Laura Clancy, Katharina Hecht, Sarah Kunz, Hannah Kuusela, Ujithra Ponniah and Elisabeth Schimpfössl, as well as Rowland Atkinson, Greg Hollin, Margo Huxley, Jules Naudet and the anonymous reviewers, for their generous comments which improved the article considerably. Lastly, thanks to the participants for their time.

Funding

This research received funding from the Urban Studies Foundation.

Notes

1. The idea of a morally-sound approach to wealth and the 'good' inheritance that eschews waste and frivolity has a long history, seen clearly, for example, in Carnegie's nineteenth century 'Gospel of Wealth' (1889/2017, p. 12).
2. I use 'first-generation' to indicate the individual was the founder of the company through which they first accumulated substantial wealth.
3. One participant was included whose wealth was just below the UHNWI threshold.
4. All the names of participants in this article are pseudonyms and some identifying characteristics have been altered to preserve anonymity.

5. Trusts first emerged in medieval England as a means to preserve large private accumulations of wealth. While the context and kinds of assets trusts contain have changed dramatically, their purpose has not (Harrington, 2012). In brief, trusts 'are devices for protecting wealth from taxes, creditors and regulators' (Harrington, 2016, p. 173). They operate through a legal fiction that divides ownership into two components, with the benefits of ownership going to one set of actors, called beneficiaries, and the obligations going to another set, called fiduciaries. Trusts operate in common law jurisdictions, such as the UK, but citizens of civil law countries, such as continental Europe and the Middle East, can and do establish trusts in common law countries (Harrington, 2012, p. 205).
6. Here, the phrase 'turn right' indicates flying economy, while 'turn left' indicates turning to first or business class seats on a flight.

References

- Adkins, L., Cooper, M., & Konings, M. (2020). *The asset economy: Property ownership and the new logic of inequality*. Polity.
- Albertini, M., Kohli, M., & Vogel, C. (2007). Intergenerational transfers of time and money in European families: Common patterns different regimes? *Journal of European Social Policy*, 17(4), 319–334.
- Beckert, J. (2007). *Inherited wealth*. Princeton University Press.
- Carnegie, A. (2017). *The gospel of wealth*. Carnegie Corporation of New York (Original work published 1889).
- Carney, M., & Nason, R. (2018). Family business and the 1%. *Business & Society*, 57(6), 1191–1215.
- Collins, C. (2021). *The wealth hoarders: How billionaires pay millions to hide trillions*. Polity.
- Cooper, M., & Mabie, B. (2018, March 19). Family matters. *Viewpoint Magazine*. <https://viewpointmag.com/2018/03/19/family-matters/> (last accessed 16 November 2021).
- Davies, W. (2020). *Succession economics: Sustaining prosperity beyond death* (CUSP Working Paper 24). Centre for the Understanding of Sustainable Prosperity.
- Freund, C., & Oliver, S. (2016). *The origins of the superrich: The billionaire characteristics database* (PIIE Working Paper). Peterson Institute for International Economics.
- Gilding, M. (2005). Families and fortunes: Accumulation, management succession and inheritance in wealthy families. *Journal of Sociology*, 41(1), 29–45.
- Glucksberg, L., & Burrows, R. (2016). Family offices and the contemporary infrastructures of dynastic wealth. *Sociologica*, 10(2), 1–22.
- Hansen, M. (2014). Self-made wealth or family wealth? Changes in intergenerational wealth mobility. *Social Forces*, 93(2), 457–481.
- Harrington, B. (2012). From trustees to wealth managers. In G. Erreygers & J. Cunliffe (Eds.), *Inherited wealth, justice, and equality* (pp. 190–209). Routledge.
- Harrington, B. (2016). *Capital without borders: Wealth managers and the one percent*. Harvard University Press.
- Harrington, B., & Strike, V. (2018). Between kinship and commerce: Fiduciaries and the institutional logic of family firms. *Family Business Review*, 31(4), 417–440.
- Hazeldine, T. (2020). *The northern question: A history of a divided country*. Verso.
- Hennig, B., & Dorling, D. (2014). The shape of the nation's wealthiest. *Political Insight*, 5(3), 20–21.
- Herlin-Giret, C. (2017). Managing fortunes and privacy: Professional rhetoric and boundaries within wealth management. In V. Boussard (Ed.), *Finance at work* (pp. 210–222). Routledge.

- Herlin-Giret, C. (2020). Wealth managers, guardians of enrichment: The case of wealth managers in France. In M. Benquet & T. Bourgeron (Eds.), *Accumulating capital today: Contemporary strategies of profit and dispossessive policies* (pp. 196–208). Routledge.
- Institute for Family Business. (2020). *The largest family businesses in the UK*. IFB Research Foundation.
- Khan, S. (2011). *Privilege: The making of an adolescent elite at St Paul's school*. Princeton University Press.
- Khan, S. (2012). The sociology of elites. *The Annual Review of Sociology*, 38, 361–377.
- Khan, S. (2016). The many futures of elites research. *Sociologica – Italian Journal of Sociology*, 2, 1–11.
- King's Court Trust. (2019). Intergenerational wealth transfer in the UK. *King's Court Trust Blog*. www.kctrust.co.uk/partner-blog/infographic-intergenerational-wealth (last accessed 16 November 2021).
- Kuusela, H. (2018). Learning to own: Cross-generational meanings of wealth and class-making in wealthy Finnish families. *The Sociological Review*, 66(6), 1161–1176.
- Kuusela, H. (forthcoming). The rich and the powerful: A research agenda on wealthy owners and accumulated private ownership.
- Kuusela, H., & Kantola, A. (2020). The role of the owner in new capitalist accumulation processes: The case of Finland. In M. Benquet & T. Bourgeron (Eds.), *Accumulating capital today: Contemporary strategies of profit and dispossessive policies* (pp. 180–195). Routledge.
- Lynn, L. (2017). The UK's top 20 small towns that are home to the most multi-millionaires. *The Telegraph*. www.telegraph.co.uk/property/buy/uks-top-20-small-towns-home-multi-millionaires/ (last accessed 16 November 2021).
- G. Marcus (Ed.). (1983). *Elites: Ethnographic issues*. SAR Press.
- Moor, L., & Friedman, S. (2021). Justifying inherited wealth: Between 'the bank of mum and dad' and the meritocratic ideal. *Economy and Society*, 50(1), 1–25.
- Oxford English Dictionary. (2021). Pedagogy. *OED Online*. www.oed.com/viewdictionaryentry/Entry/139520 (last accessed 16 November 2021).
- Piketty, T. (2014). *Capital in the twenty-first century*. The Belknap Press of Harvard University Press.
- Robson, S. (2012). Boom city Manchester has more super-rich than anywhere outside London. *Manchester Evening News*. www.manchestereveningnews.co.uk/news/greater-manchester-news/boom-city-manchester-has-more-super-rich-695230 (last accessed 16 November 2021).
- Rubinstein, W. (2016). *Men of property: The very wealthy in Britain since the industrial revolution*. Edward Everett Root Publishers.
- Schimpfössl, E. (2018). *Rich Russians: From oligarchs to bourgeoisie*. Oxford University Press.
- Schimpfössl, E., & Monteath, T. (in press). The Sunday Times Rich List and the myth of the self-made man. In S. Burgum & K. Higgins (Eds.), *How the other half lives: Interconnecting socio-spatial inequalities*. Manchester University Press.
- Scott, D. (2016). Relative values: Michael Oglesby, the Manchester tycoon, and his son, Chris. *The Times*. www.thetimes.co.uk/article/relative-values-michael-oglesby-a-tycoon-based-in-manchester-and-his-son-chris-on-running-their-family-building-firm-5vx9dtrcq (last accessed 16 November 2021).
- Scott, J. (1991). *Who rules Britain?* Polity Press.
- Shapiro, T. (2005). *The hidden cost of being African American: How wealth perpetuates inequality*. Oxford University Press.
- Sherman, R. (2017). *Uneasy Street: The anxieties of affluence*. Princeton University Press.

- Sklair, J., & Glucksberg, L. (2020). Philanthrocapitalism as wealth management strategy: Philanthropy, inheritance and succession planning among the global elite. *The Sociological Review*, 69(2), 314–329.
- Thornton, P. H., Jones, C., & Kury, K. (2005). Institutional logics and institutional change in organisations: Transformations in accounting, architecture, and publishing. In C. Jones & P. H. Thornton (Eds.), *Transformation in cultural industries* (pp. 125–170). Emerald Group Publishing.
- Villalonga, B., & Amit, R. (2020). Family ownership. *Oxford Review of Economic Policy*, 36(2), 241–257.
- Watts, R. (2018). The Rich List: At last, the self-made triumph over old money. *The Sunday Times*. www.thetimes.co.uk/article/sunday-times-rich-list-2018-at-last-the-self-made-triumph-over-old-money-0qx8tqvjp (last accessed 16 November 2021).
- Wright Mills, C. (1956). *The power elite*. Oxford University Press.
- Yanagisako, S. (2018). *Accumulating family values*. Max Plank Institute for Social Anthropology.
- Yanagisako, S. (2019). *Family firms as kinship enterprises* (Kiel Economics Discussions Paper). Kiel Institute for the World Economy.