MICHAEL A. COLE

MORE THAN MONEY

A GUIDE *to* SUSTAINING WEALTH *and* PRESERVING *the* FAMILY

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Dedicated to my son Daniel, whose time with us was cut way too short yet his impact was larger than life itself. Life is about so much more than money, and I would give any amount to have him back.

Preface

Creating substantial financial resources requires a combination of skill, luck, and timing. Very few people are successful at creating and accumulating wealth that provides more than what is necessary to maintain their standard of living and sustain them throughout their lives. A gifted, fortunate few build levels of wealth that have the potential to last well beyond their lifetime and create impact far beyond their earthly existence.

For these fortunate few, it is an incredible gift and a substantial burden to enjoy, manage, transfer, and sustain the fortunes they have created or inherited. Several studies document the fact that 70 percent of the time significant wealth evaporates by the third generation. In addition, only 12 percent of family businesses are still in operation by the third generation. How many successful entrepreneurs think of the business they created as their legacy that will survive over time and generations? The fact is only one in nine family businesses survives the test of time and succession.

If these unique and exceptionally talented individuals and families have been so successful in creating great wealth, then why are so many of them failing at long-term wealth management and sustainability? Is it poor investment performance, inadequate tax planning, ineffective legal structuring, or substandard advice? Certainly, all these aspects play a part in the preservation of wealth over time. However, extensive research demonstrates that 95 percent of the failures are due to other causes, including poor communication and lack of trust among family members, inadequate preparation of the next generation, and the absence of a shared mission or vision among the family.

Families that have accumulated great wealth are still families and interact with each other based on emotions, including love, passion, anger, resentment, jealousy, and fear. Yet, given the wealth they have created, they also often display many of the characteristics of operating businesses, such as centralized management, shareholders, and employees. They have family leaders, who are the equivalent of the management team; they have family stakeholders, who are equivalent to shareholders; and they have family members and nonfamily members who work in the business of running and managing the family. These people are the equivalent of employees.

The challenge that the larger majority of wealthy families face is that they do not take a strategic approach to the business of family wealth management. They tend to be tactical, focusing on the core, traditional wealth management issues such as investment management, tax planning, estate planning, and cash flow management. All of these aspects are critically important, but by themselves they will not provide for successful wealth management and positive wealth impact throughout multiple generations.

The focus on this book is to provide families the view of their wealth as more than money and to take a strategic approach to managing wealth and the impact that it has on the people and issues that matter to them most. It is not intended as a deep technical guide. Instead, it provides a high-level overview of strategic processes and basic tools for consideration. It also provides stories of families I have had the pleasure to work with over the last thirty years. Each story is an amalgamation of several families to illustrate the challenges and opportunities that come with managing resources effectively as a family enterprise. From the families I have consulted with throughout my career, I have learned as much as if not more than I have been able to give to them.

Acknowledgments

When I was first approached to write a book, I gave it considerable thought and finally came to the conclusion that it was too important an opportunity to pass up and I really did have something meaningful to communicate. However, given that I had never done it before, I had no idea how difficult a process it is to complete. It takes shifting one's mindset out of the day-to-day "bits and bytes" of the modern world and focusing so you can deliver your message in a profound and effective way. Although a lot of the actual work is done alone, I could not have taken on or accomplished this endeavor without a lot of help and support.

I want to start by thanking my writing partner, Gretchen Hirsch. Not only is she an exquisite and creative writer, she has the most positive attitude of anyone I know. During the process of writing the book, she dealt with some significant personal challenges that would have caused most people to quit. Gretchen is just not most people. She is a cut above, and a consummate professional. This book would never have been completed without her.

Along with Gretchen, I need to acknowledge and thank my support system, which mostly includes my amazing family. The people who read this book will likely do so because they want insights about managing wealth. However, the foundation of the book is really about family, and my family provides the foundation of my existence. They give me the ability to try things, and even if I fail, I know that they will still be there for me no matter what.

It starts with my two amazing children, Daniel and Ellie. Although, at the age of sixteen, they are far beyond anything that I could learn from the parenting manual and at times push me beyond my limits, they give me much more than they can ever appreciate or understand. I love them completely and could not imagine my life without them.

Along with my two children, my love, Alicia, encourages me to seek the best of every day and live with passion and joy and be present so that I do not miss a moment. I love her spirit and am so fortunate that our paths came to be one.

My mother, Gloria, has been my greatest fan since the day I was conceived, and she is unwavering in her support of me even when it is unwarranted. She also inspires me in so many ways, including as a writer, a journalist, a feminist, a mother, a grandmother, a friend, and a believer in the possible—or sometimes the impossible.

My two sisters, Loren and Suzy, are truly the core of my foundation. More than anyone else, their commitment to family, to me, and to each other provides the inspiration for this book. They made me appreciate and realize that a strong family bond can withstand adversity, pain, and anger, and rise above it and provide strength, hope, commitment, belief, and joy. I am so proud of both of them for who they are and the wonderful families they have created and continue to foster. Due to them, we have remained a very tight-knit family. I am so honored by and proud of all my nieces and nephews, including Becca, Jake, Ben, Elijah, and Madeline. As they have grown into capable young adults, I am confident that the next generation of the Cole family will have a "wealth" of wonderful family experiences and will make the world a better place.

I also want to thank my cousin John. He is my brother from another mother. His compassion, creativity, and commitment to family above all else helps me stay focused and true and that has motivated me to stay on course in my life and my career.

In addition to my family, I need to acknowledge all of the terrific team members and partners I have the incredible honor and pleasure of working with every day at Ascent and at US Bank. The Ascent leadership team is the best in the industry. Through their incredible work and the efforts of the other members of the Ascent family, they are changing the wealth management industry for the better and helping great families do great things for themselves, their family members, and their society. In my mind, nothing could be a nobler calling.

I would like to also thank and acknowledge the incredible support I have received from the US Bank Executive Leadership team. In particular, my friend, my leader, and my mentor, Mark Jordahl, has created the environment that allows me to develop and grow as I never could have done under another leader. Along with Mark, Richard Davis, Andy Cecere, and Terry Dolan provided unwavering support, which has been amazing in an effort to complete this project.

There are many other people who have guided, inspired, and motivated me. There just is not enough space to cover them all. Nevertheless, this book is a product of all of the influences and events that have touched my life and my career, and they all have their place in this journey.

About the Author

As the president and founder of Ascent Private Capital Management of US Bank, Michael Cole is fulfilling one of his family's core values.

"My parents taught me and my two sisters that we are all citizens of a larger planet and that we needed to look for ways to give back," Cole said from his San Francisco office. "For me, the greatest way to give back is to empower people who have great wealth to use their resources—both financial and personal—to do great things for themselves and their families, live great lives, and make a positive impact on the planet."

Through Ascent Private Capital Management, Cole and his team provide ultra-high-net-worth clients with a unique and distinctive suite of wealth-management services that combine traditional wealth management offerings—financial planning, investment consulting, financial administration, private banking, trust, and estate services—with cutting-edge "wealth impact" services that help some of the country's wealthiest families with governance, risk management, education, stewardship, family leadership, and communication.

Ascent, since its creation in 2010, has won numerous industry awards and recognition, including:

- *Private Asset Management* magazine's 2014 Best Private Wealth Manager—Client Service
- *Private Asset Management* magazine's 2014 Best Private Client Investment Platform—Client Service
- *Private Asset Management* magazine's 2015 Best Multi-Family Office Service Provider
- *Private Asset Management* magazine's 2016 Best-in-Class: Private Banking Client Service
- Family Wealth Report Awards 2014 Best Brand Launch
- Family Wealth Report Awards 2016 Best Alternative Asset Manager
- *Bloomberg Markets* magazine's Annual Family Office World Ranking—2nd Fastest Growing in 2012, 5th Fastest Growing in 2013, 5th Fastest Growing in 2014

A Student of Success

From the time that he was a twenty-three-year-old financial advisor selling pensions and employee benefits to wealthy businessmen in the New York City area, Cole has been a student of success. "I learned early that 'knowledge is power' and that I needed to learn everything there was to know about my work—from the technical side of the business to rapport with people," Cole said. "I also learned what it took to succeed and what the activities were that led to success."

Cole was such a student of success that when he was only thirty-five, Merrill Lynch named him president of Merrill Lynch Trust after working at the firm for just two years. He then went on to even greater professional success at Wells Fargo, where he held senior wealth management positions and was selected to build, develop, and serve as national director of the Family Wealth Group and the Wealth Planning Center at Wells Fargo. The Family Wealth Group, which was subsequently rebranded as Abbott Downing, is now one of the largest multifamily offices in the United States.

Today, Cole spends the majority of his time sharing his vision of how Ascent Private Capital Management can help families with exceptional net worth act strategically to make an impact with their wealth. "I believe there is no higher calling than to help people move forward in a direction that creates a positive change in how they manage their wealth and impact the world," he said.

Cole also spends a great deal of time interacting with clients and working with his team. He prides himself on knowing how to hire great people and empower them to execute his vision. "My management style is to have fun and be passionate," he said. "I find it exceptionally rewarding and challenging to work with clients and team members in a business where you interface with interesting, successful people who have the resources and abilities to do amazing things."

Cole earned a bachelor's degree from Emory University in Atlanta, Georgia. He is also a Certified Financial Planner and holds Series 7, 9, 10, and 66 licenses from the NASD.

Cole resides in Los Gatos, California, with his family.

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Contents

PART I

The Meaning of Wealth