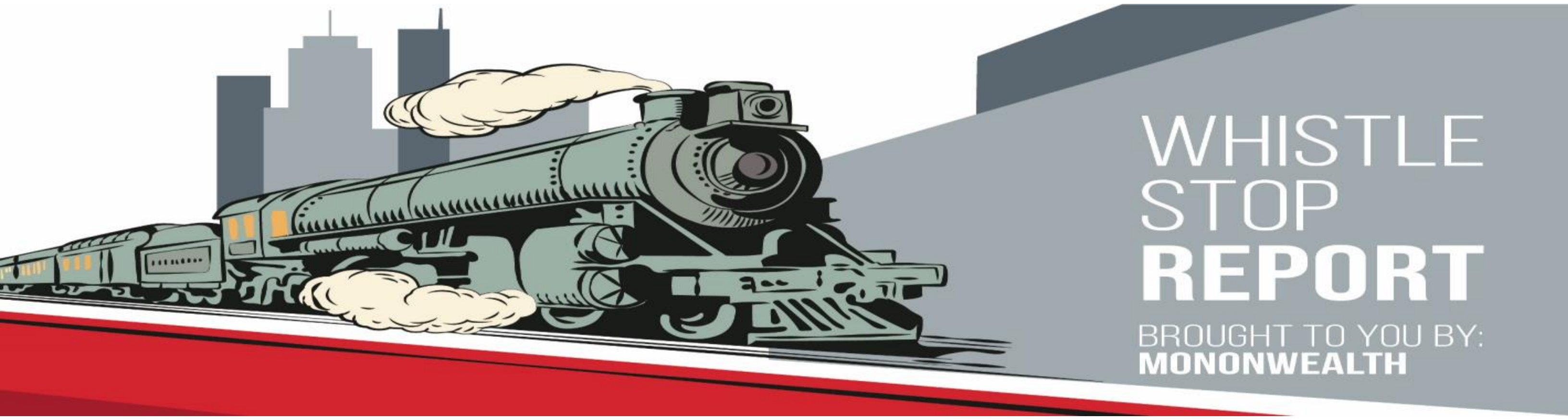

Big Wealth Mistakes the Super Rich *Don't* Make

No one is perfect—not even the smartest or most famous among us. But some people veer closer to perfection than others.

Take the self-made Super Rich—a group we define as those with a net worth of $500 million or more that they earned through efforts such as starting a business. These extremely wealthy individuals aren't immune to making mistakes with their wealth. But we find that they do tend to avoid certain crucial errors that might otherwise impact their bottom lines and financial futures. What's more, these are the same mistakes that can trip up investors and families at just about any level of wealth.

The message: Sidestepping errors consistently can be just as important as making a lot of winning moves. You can potentially help yourself and your bottom line by learning what the Super Rich *don't* do with their wealth!

With that in mind, here are three of the biggest financial blunders that the Super Rich make a point to watch out for so they can avoid them.

1. Losing sight of goals

The Super Rich are generally very skilled at developing and spelling out their goals and even determining their deeper philosophies and beliefs about wealth and values. They might, for example, craft a family vision statement about the family's optimal outcomes and the reasons (both practical and psychological) for wanting them. Then they create a mission statement and a plan with the steps to take to realize that mission.

From there, all decisions about wealth are made only after considering the family's vision, values and action plan. Any moves or changes should reflect those underlying factors. By having systems in place to never lose sight of their key goals and the factors underlying those goals, the Super Rich do a superior job of not chasing hot investments or "opportunities" that don't amount to anything.

That doesn't mean the Super Rich are rigid and inflexible when it comes to their wealth planning. When goals change significantly enough, they make adjustments.

The big lesson: Be very clear about what you want to accomplish. While it is important to be flexible, any decision to make adjustments or large shifts in strategy should be deliberate and carefully considered. Likewise, your decisions should certainly not be the result of a lack of guidelines for making smart decisions or because you've discovered a "shiny and new" investment product that has nothing to do with your financial goals, values and philosophy.

THE MISTAKES TO AVOID

2. Working with professionals who are subpar—or worse!

The Super Rich know better than most that there are far too many "professionals" who are actually pretenders (who have good intentions but lack necessary skills), predators (who want to steal from them) or exploiters (who promote overly aggressive solutions).

That's why they take specific steps to help confirm they are working with consummate professionals:

- **Look for leading authorities.** The objective is to work with recognized experts—such as industry thoughtleaders.

- **Rely on referrals.** The most consistently effective method is to garner referrals from high-qualityprofessionals they are currently engaging.

- **Pay for quality.** While the Super Rich make a concerted effort to minimize costs, as we all do, they don'tforgo desired results simply because pursuing those results might require them to spend some money.

The big lesson: By turning to leading authorities—thought leaders—and soliciting referrals from high-caliber professionals you already know and trust, you can potentially greatly increase your chances of working with truly skilled professionals.

3. Failing to get second opinions and do stress tests

Remember "Trust, but verify"—the phrase made famous by Ronald Reagan when talking about the Soviet Union? The Super Rich take that message to heart. They are fully aware that even the top professionals they tend to hire can make mistakes. They also know that changes in their lives or the world at large can impact how a solution they have in place will behave.

Therefore, the Super Rich rely on second opinions and stress testing.

Ideally, a second opinion occurs *before* action is taken. Example: Say you're considering a particular tax mitigation strategy. You might get a second opinion from another noted leading tax authority to be certain about the validity and viability of the strategy. Second opinions are commonly sought whenever there is any question or any sense of uncertainty, but really they can be done at any time.

Stress testing is typically done when the Super Rich want to evaluate an existing strategy that's already in place. It is a check to see whether what they implemented in the past remains (and is likely to continue to remain) both viable and valid—that things are working as predicted. Stress testing is like an annual medical checkup. There may not be anything wrong, but it is a very good way to catch a problem before that problem becomes severe.

The big lesson: No matter your level of wealth, getting a second opinion when you are unsure or uncomfortable about a strategy or idea or product is usually worthwhile. Similarly, periodically stress testing your overall wealth plan or aspects of it can enable you to avoid problems now or down the road.

Adopt best practices

By and large, the self-made Super Rich have proven that they know what to do—and what not to do—in order to create, grow and maintain sizable wealth. By avoiding major slipups on your own path to wealth creation, you can potentially encounter fewer financial potholes along the way.