

Estate Planning and Wealth, a Perspective

By

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A major financial institution recently commissioned a study which was designed to pinpoint individuals with investable assets of \$1 million or more. The study estimated that worldwide approximately 9.5 million individuals and families fall into this category out of a worldwide population of well over 6 billion people.

Based on net worth including approximately \$1 million in investable assets, these individuals net worth is probably between \$1.4 and \$2.3 million based on the study. In the United States, probably 3 million of these individuals or households are residents here and there are approximately 4 million households in the United States whose net worth technically qualifies them for the definition of millionaire.

These statistics, when viewed against the background of both worldwide population, where these wealthy people constitute a little less than 2/10 of 1% of the population or in the United States where these individuals constitute approximately 1.5% of the population, represent a group who by virtue of hard work, a modicum of luck and success in their chosen business or profession have accumulated such wealth. It is interesting to compare and contrast both ends of the spectrum against this group of individuals who are already members of a very small elite worldwide and a relatively small elite even in the United States, which by a great many measures represents the wealthiest country presently in existence.

In the extreme upper end of the spectrum worldwide, there are approximately 600 to 700 individuals who can properly be labeled with the title of billionaire. In terms of net worth of \$10 million or greater there are probably between 50,000 and 100,000 households in the United States, and perhaps 2-1/2 to 3 times that number worldwide who occupy this very rarified level of wealth.

It is interesting to note that these 9.5 million individuals, while they represent a relatively small fraction of the population, exert a disproportionate influence on any number of spectrums because of the wealth which they control. This wealth represents more than 30% of the wealth which is presently available worldwide and in the United States these individuals who are counted as high net worth individuals represent probably closer to 35% of the available wealth.

We should compare and contrast these interesting statistics on the so-called rich with the economic reality which exists both worldwide and in the United States. In the United States median household income is still in the approximate range of \$45,000 per year and this median income is vastly greater than the median income in many, if not all, of the other countries in the world. There are countries in Europe where the median household income still is well below \$10,000 per year and even in the wealthiest countries, whose economies are well developed, and whose populace enjoys a relative prosperity, median incomes ranging from \$20,000 to \$35,000 U.S. dollars are quite commonplace.

Very often in the business of estate planning we regularly represent and manipulate both technically and for planning purposes wealth that is measured in millions. It is well to keep in mind, however, how difficult it truly is to accumulate wealth on the level that we routinely deal

with. As a consequence, we should always be aware that first, the individuals whom we represent, at least from a financial perspective, are individuals who have been highly successful and whose hard work has resulted in the accumulation of the assets for which we do planning.

We should not lose sight of the fact of how hard won the wealth which our clients have accumulated really truly is. In doing the planning which we often do for our clients, they are entrusting us with assets which have very often taken a lifetime to build and we take pride in the special trust which our clients bestow in allowing us to assist them with the estate planning process. We are always happy to assist our clients and help them deal with any of their matters and, as this article demonstrates, wealth is always a matter of perspective.

Regardless of the size of your estate, it ought to be properly planned and we at Wolcott Rivers Gates are happy to help you with that objective.

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