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FLASH REPORT

COULD YOUR FAMILY HAVE AN AFFLUENZA PROBLEM?

Affluenza. It's become an all-too-common term used to describe the extreme bad attitudes and actions— sometimes horrific actions—of some children of affluent families. While it's not an official medical diagnosis, the label accurately fits some kids today growing up surrounded by sizable family wealth.

If you've got one or more such children living under your roof—or if you worry that a child or grandchild may be headed down the affluenza path—it may be time to take action. There are many ways to fight affluenza— from trying to correct negative behaviors and prevent them from recurring to positioning your assets in ways that don't add even more fuel to the “affluenza fire.”

DEFINING 'OVERPRIVILEGED'

“Privilege” has become a politically loaded word in recent years, so it makes sense to first get a handle on what it means to be overprivileged. Different families will likely define this term in various ways, but generally we see that overprivileged children tend to act recklessly without considering the consequences. Often this leads to them hurting themselves and their families because of serious problems such as addiction or violence. In other cases, their actions ruin the lives of many—such as when one affluent teen killed four people in a well-publicized drunk-driving accident.

Such scenarios clearly go beyond the plain-vanilla levels of entitlement that exist in some families.

Some of these kids' actions appear on social media. But most overprivileged children are living out of the limelight—where they indulge in excess. They regularly are in conflict with the law, requiring their families to come to their rescue in one form or another.

Not surprisingly, they tend to be in their teens and 20s. When they are over the age of 30, they might lose the label of overprivileged “children”—even though their actions and attitudes remain the same as always.

There are some key demographic traits often seen among today's overprivileged children:

- They are the second generation or later scions of extremely wealthy families throughout the world.
- Given a choice between hedonism and hard work, they consistently choose hedonism. In fact, many of them are seemingly striving to continually raise the bar on self-indulgent, pleasure-seeking behavior.
- They have an extreme sense of entitlement.
- Many are narcissistic and tend to look down on those with less wealth.
- They don't believe society's laws apply to them in the same way they apply to other people.

One common reason: These kids have been in difficult, high-consequence legal situations from which their families have “saved” them.

ADDRESSING AFFLUENZA

Often, parents find themselves reacting to problems created by a child with affluenza. Effectively dealing with those issues is often broadly conceptualized by behavioral professionals as a three-step process:

Step 1: Crisis management. Immediate issues need to be addressed—especially if they present dangers to a child or others. For example, if the child was arrested, lawyers are required to arrange for bail or some other speedy solution.

Step 2(a): Situation problem management. This is an extension of the previous step. The situation has been somewhat defused, and action is being taken to mitigate and fix the problems created by the child.

Step 2(b): Child problem management. Next, the family takes action to get their child help, if needed. Some corrective action should also be taken so the situation does not repeat itself. For example, in the case of drug addiction, the child goes to a rehabilitation center.

Step 3: From overprivileged child to responsible adult. A longer-term strategy should also be created and implemented to help children become stable, well-functioning, capable adults. The aim is to help them avoid repeating the actions that caused them and their family's significant problems.

Dealing with the problems caused by overprivileged children and pursuing ways to help them can be a complex, lengthy process involving traditional professionals—such as psychiatrists, psychologists and clinical social workers—as well as family consultants, family business consultants and life coaches.

WEALTH MANAGEMENT ASPECTS

Families should also be thinking proactively when it comes to identifying and short-circuiting affluenza and its potential impact. That means wealthy families need to make careful plans for their assets. Think about it: Leaving money to a child who suffers from a terrible drug addiction could be their death sentence.

From estate planning to asset protection planning, it is wise to understand the issues involved and work to mitigate the ability of overprivileged kids to cause problems because of easy access to money.

There are a variety of wealth planning strategies that can be used to insulate the family and mitigate the impact of bad behavior. Example: using trusts that have built-in oversight of a child's inheritance. In certain instances, wealth planning becomes more specialized—say, for example, when there is both a family business and overprivileged children.

Important: The most critical aspect to achieving the desired (and necessary) results is truly understanding what the expectations are and identifying possible action steps required in order to meet them. That means if you work with a wealth management professional, they should be adept at uncovering your specific needs and goals and bringing the appropriate solutions to the table.

CONCLUSION

If you have significant assets, it makes sense to be on the lookout for indications of affluenza among your heirs—as well as to take some time to examine your own behaviors and the messages you put out there about wealth, influence and values. By communicating together as a family, you can potentially set your children up to have a healthy, positive relationship with money throughout their lives.

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