

## **Luxury Institute: Evolving Values and Priorities of Ultra-High-Net-Worth Families**

**(NEW YORK) July 12, 2022** – Luxury Institute today published the executive summary of its recent research on the current values and priorities of Ultra High Net Worth (UHNW) individuals and families across generations in these uncertain times. The insights for this research were derived from a sample of one-on-one interviews and observations of UHNWs across the USA and Europe who are members of Luxury Institute’s extensive UHNW network, unique dialogue with CEO Milton Pedraza’s fellow investors and board members, plus interviews with several experts from family offices, multi-family offices, wealth managers, and other specialist firm executives who serve the needs of UHNWs. The research was partially conducted with the collaboration of [The UHNW Institute](#). The Luxury Institute acknowledges its gratitude to the UHNW Institute and its members who contributed to this research.

Investments are deliberately excluded from this lifestyle research. Today, as has been tradition, most UHNWs rely on trusted advisors for their major investment needs and feel they are well-served for the most part. They thoroughly understand economic cycles, risk profiles, and risk/return and asset diversification scenarios across generations. During this unfolding economic downturn, most UHNWs prioritize their spending and investments based on individual family needs and the life stages of the different generations. They see their investments as very important, yet not the most important elements of their lives. Below, Luxury Institute highlights the current and evolving values and priorities within the lifestyles of UHNW individuals:

### **Purpose and Values**

Despite the headlines related to a few outliers, most UHNW individuals and families, far more than ever, are seeking a noble purpose to their lives and their work. They wish to inspire the same in the lives of their children and the individuals and companies with whom they do business. Ethics and purposeful business practices, including proven, sustainable business models, top their list. These highly educated, mostly self-made individuals embrace emotional intelligence principles such as empathy, trustworthiness, and generosity, and expect these in themselves, children, and advisors. The younger digitally native generations of UHNWs are strongly influencing family purpose, values, consumption, investments, and philanthropy projects toward changing the world to be a far better place unlike any other previous generation.

### **Emotional Needs**

Across all generations, family and friends are more important than ever to UHNWs. They report that friendships are harder to achieve and maintain, given distances and life circumstances. They favor familiar places such as clubs and beloved hangouts where they grew up, created treasured memories, and can engage with familiar people and staff members to create joyful, memorable experiences. They embrace human connections where they are treated as individuals and unique human beings, and not as wealthy individuals. They welcome being introduced for social and business purposes, primarily by people they trust to people whom they can trust. An entire cohort of wealthy single and divorced women feel unappreciated and misunderstood, even by advisors such as doctors, attorneys, and wealth advisors. This marks an opportunity to serve this highly underserved segment of UHNWs. For older UHNWs, their sense of vulnerability, during the pandemic, and as they age, has inspired earlier generational wealth transfer and a desire to

handle family values and governance issues effectively, and with urgency. They seek to establish a successful family culture for future generations now. Older members of this group experienced loneliness during the COVID-19 pandemic and are still finding their way back. Some industry experts believe that most UHNWs have feelings of isolation and loneliness given their wealth. This may be one of the best kept secrets of UHNWs and is an opportunity for trusted advisors to provide not just expertise, but support, empathy, and kindness.

### **Privacy and Security Needs**

As they emerge from COVID-19's most challenging period, UHNWs find they require larger, more private indoor spaces as they spend more time at home. Homes cannot be either fully open-spaced, or compartmentalized. Living spaces need to be optimized for several adults and/or children who need abundant private spaces to play and work concurrently. They require digitally connected, sustainable homes updated with the smartest appliances, top tier electronics and entertainment equipment. UHNWs are once again embracing the gated community and private club model (country, yacht, and golf clubs) filled with familiar people, and with the most modern services, amenities, and activities. The pandemic made private, protected environments such as villas, farms, ranches, islands, jets, and yachts the most favored spaces, and UHNWs have continued to enjoy them.

Given that these individuals behave more like institutions, they and their advisors have become more cautious of physical and cybersecurity threats. Families have closed ranks on designing seamless physical and digital protections for all generations, especially the more vulnerable young members. They deeply resent surveillance capitalism, tracking, and selling of their data, and recognize that they and their loved ones need far more protection in the digital age where personal and business lives are highly exposed to digital fraud, identity theft, and other predatory risks. UHNWs do realize that too much privacy and anonymity can be isolating such that they are not being exposed to big opportunities of many types, not just financial. Striking a fine balance within carefully vetted tribes and groups is an essential skill for them and their trusted advisors.

### **Health, Wellness and Longevity**

For UHNWs personalized exercise, nutrition and wellness are now simply commodities. Their goal is to live a far longer and healthier active life. Concierge 24/7 access to doctors is no longer enough. Predictive, preventive medicine vs. reactive, problem-focused health care is the new platinum standard. These highly informed and curious individuals have a growing familiarity with advanced surgery techniques, genetics, advanced biomedicine, and other health care innovations. Group private jet journeys of discovery to longevity innovation labs and clinics across the world are more common (Sinclair at Harvard). They harbor as much passion for improving the health and longevity of others as much as they do in improving their own. They are eagerly seeking to invest in innovations that extend quality and quantity of life for all.

### **Careers and Philanthropic Projects**

Most UHNWs are founders, entrepreneurs, titans of industry, investors, and philanthropists. For newly minted UHNW individuals, many experience a sense of "what now?" following their major liquidity event. They are seeking to find purpose in their work in new ways. And while they want the work to be revenue generating, they passionately seek to fill a gap and prefer to address an unprioritized need in society. First generation UHNW individuals are thinking differently about what a "thriving business" means. While passion projects that drive passive income are still a

focus (vintage cars, wines, horse breeding, etc.), they are also investing in serious societal issues such as solving the opioid crisis and child care in local communities. Beyond climate change and sustainability, these UHNW individuals are looking to help solve urgent local and immediate societal issues, now.

Third generation, younger UHNW individuals eagerly want to contribute to their family's wealth replenishment while also wanting to find noble purpose in their work. They are seeking to find an optimum. However, the purpose aspect, in most cases, tends to outweigh the drive for immediate revenue generation. Many young UHNWs are focused on investing in areas that directly align with their values and purpose such as women-led startups, minority-led start-ups, sustainability, educational opportunity, etc.... UHNWs trust that, if managed effectively, these purposeful investments will drive long-term growth opportunities and revenue regeneration for all constituents.

Retirement is not an option for many of these healthy, energetic individuals. Being a respected expert later in life (state-of-the-art expertise vs. expired experience) matters deeply to these overachievers. Older UHNW individuals also highly enjoy helping younger generations build their own "something" such as wealth, a new brand, a tech platform, a philanthropy, a mission, etc. They have exceptional expertise, and experience, and want to help not only relay the wisdom, but to also learn from the next generation. In some cases, these individuals are working harder than ever before. While not necessarily revenue generating, this new work is sparking deep joy – a joy that many UHNWs may not have ever felt before.

Today, founders are running businesses alongside younger family members well into their 80s, and even 90s, if health permits. UHNW families often take charge of own private equity, venture capital and angel investments, driven by the fact that they trust their collective family morals, values and judgments more than they do those of some outsiders.

## **Travel and Leisure**

For UHNWs, private access to exclusive places/events are table stakes. Wherever they travel, they prefer to select sustainable travel venues, connect with nature, and engage exclusively with environmentally respectful brands. As they get older, and UHNW families increase in generations, they return with friends and family to destinations that are sources of joyous memories and seek to create new happy moments and experiences for the new generations. The need for security and privacy require that they travel within secure, protected environments (jets, yachts, islands). Simplicity matters more in customer experiences (authentic engagement vs formulaic, obsequious service). They are looking to be their casual, informal, genuine selves when traveling vs. formal or pretentious. There is a desire to meet equally successful peers, curated by brands and individuals they trust. The pandemic inspired travel to new destinations, and UHNWs love discovering new enclaves from trusted sources. They still favor the familiar and trusted brands and places most.

“As UHNW individuals and families’ values and priorities continue to evolve, so do the roles of their trusted advisors. More than ever, UHNWs across generations are looking for advisors who not only have exceptional expertise in their craft, but are, above and beyond, human beings in terms of their personal values and how they nurture, caretake, and advise. Luxury Institute’s expanding UHNW network allows us to gain close insight into the lives of these individuals and

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families. Ultimately, UHNWs are looking for great human beings who treat them as human beings,” says Milton Pedraza, Luxury Institute CEO.

“The UHNW Institute is extremely proud to have contributed to this important research conducted by the Luxury Institute,” says Steve Prozano, UHNW Institute Chairman of Board. “The comprehensive findings – especially during these uncertain times – are invaluable to the UHNW Institute as we strive to educate advisors and wealth management firms on how to best serve their UHNW clients. Thank you to the Luxury Institute for this exceptional work! We look forward to our ongoing collaboration.”

## **About Luxury Institute**

Luxury Institute is the world's most trusted research, training, and elite business solutions partner for luxury and premium goods and services brands. With the largest global network of luxury executives and experts, Luxury Institute has the ability to provide its clients with high-performance, leading-edge solutions developed by the best, most successful minds in the industry. In the last 20 years, Luxury Institute has served over 1,100 luxury and premium goods and services brands. Luxury Institute has conducted more quantitative and qualitative research with affluent, wealthy and uber-wealthy consumers than any other entity. This knowledge has led to the development of its scientifically proven high-performance, emotional intelligence-based education system, Luxcelerate, that dramatically improves brand culture and financial performance. Luxury Institute has also innovated the Advanced Personalization Xchange (APX), powered by DataLucent, to empower affluent consumers to license their digital platform data to premium and luxury brands they trust legally, securely and privately in exchange for fair value rewards and benefits.

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