



# Woes of the Wealthy

by Etti Abramov / Yedioth Ahronot - Monday, October 16, 2017

**H**ow do you convince an offspring of a wealthy family to drive to university in a Mazda instead of a Porsche? Why selling a yacht is more complicated than you think, and how can you divide up huge inheritances peacefully? • Philippe Weil, a wealth management consultant, lives in a rented apartment on Rothschild Boulevard and drives a Toyota, yet is very familiar with the lives of the upper thousandth percentile and also wrote a book about it • Here he discloses the headaches of those who have lots and lots of money.

As fate would have it, the meeting with Philippe Weil, a former banker who is now an expert in managing the family fortune of the very rich, took place on exactly the same morning as the news that Shari Arison is selling half of her holdings of Bank Hapoalim. When I ask Weil about this, he responds spontaneously: “Mazal Tov.” I wondered whether this was an expression of his opinion, based on his personal familiarity with the topic, and this led to a clarification. “I know neither her nor the bank,” he says, “but when someone makes a decision, it is commendable. I love it. It is very difficult to make decisions about family wealth, because the family always tells you later: ‘Why did you sell the business? If you had kept it, we would have been rich today.’ But sometimes, you simply have to make the decision.”

Our meeting took place in his office on the 27th floor of the tower at 3 Rothschild Boulevard in Tel-Aviv. Despite the works of art on the wall and the spectacular view of the sea and of Neveh Tsedek, the most interesting thing in the room is Weil’s socks: colorful, happy stripes. “I really love buying socks. My shirt is 20 years old, and my shoes ...” (he points to his neatly polished shoes) “... are ten years old. I don’t wander around malls and try not to buy superfluous stuff. Last week I was in New York for 60 hours between landing and take-off, and no malls and no restaurants. What is this, shopping all the time? What? Every trip I have to bring something home?”

“”

*“I sit with someone and say to him: ‘This yacht costs you a lot of money. Do you really need it?’ and he says: ‘But what will my friends say? What? Have you run out of money? Are you broke? Are you having a liquidation sale? What? Are you no longer in our club?’”*

Yes, despite his 21 years in Israel, his marriage to an Israeli woman, three children (9, 13, 15) and an apartment in central Tel-Aviv, when at issue is money, mainly other people’s money, Weil – the owner of P.J. Weil Ltd., a family wealth management firm – remains the most un-Israeli there is. It’s not surprising, considering the fact that conferences where Weil is a guest lecturer are attended by VIPs like Lacoste and Rockefeller. Not the brands, but the actual people in person. “I was introduced once to Mr. Lacoste,” he says. “Wherever you go, people say: ‘Ah, you are the guy with the shirts.’ It’s not easy.”

His experience as a banker, as a consultant for people with vast wealth, and as a sought-after lecturer, led Weil recently, just a moment before his 50th birthday, to write a book about it. “Woes of the Wealthy” (Asia Publishing), in which, besides true stories about how to manage vast wealth, one can find advice and principles that are suitable for everyone, even the Israeli middle class. “A lot of my friends in the field have written books in English,” says Weil, “but in Hebrew, there is nothing. I thought to myself: What? Is the market too small? Are there no woes of the wealthy here? And then I understood that I have been in this field for 30 years and what turns me on is changing someone’s life for the better. And a book is a way to make a difference.”

## WEALTH PSYCHOLOGIST



Photo: Abigail Uzi

In his book, Weil explains how you manage the wealth of very rich families, what the problems are and what solutions he proposes, what significance and emotional value rich families attach to money, how you advise them to save their wealth and pass it on to future generations, and he also shares stories about wealthy families he worked and works with, while concealing their true identities, of course.

Weil. **“Rich folks love shopping. They simply collect stuff”**

“”

*“The rich are constantly shopping and have closets full of clothes and purses and shoes that they have never worn. Drawers full of new iPads. Rich folks love shopping. They simply collect stuff”*

So you can read and be amused, and even dream that we are a bit like those same multimillionaires, and you also might become very frustrated, after understanding just how much we, the ordinary mortal readers, really do not understand. What, for example? That vast wealth is not the state of your checking account in the bank, but rather, is a state of mind. Take notes and start practicing: the truly wealthy do not talk about their money, definitely not with strangers; they do not discuss economic dilemmas or problems with their friends; they do not get all excited about expensive items, but rather, simply buy them, and ... yes, they do not count big money, but rather small money – hundreds, they count, oh yes they do: “If you are super-rich,” explains Weil, “you have a tax advisor, an accountant, an attorney. Moving one centimeter costs you ten thousand dollars. That’s the way it is. You have a lot of expenses when you are managing a fortune. But if you realize that you are being charged an extra shekel and a half for a cellular call, you get pissed off (upset?), because there, you have control. And that same rich guy has to have that control for himself, so that he won’t be treated like a walking dollar sign. When you are rich, the isolation (loneliness?) up there is very difficult. You are constantly asking yourself: Are they leeches? Do they visit me only because I have money?”

The press is full of stories of family wealth as



a cause of disputes. Only just now, the owner of L’Oréal passed away, Liliane Bettencourt, the richest woman in history, whose only daughter had not spoken with her in her final years, just because of the gifts her mother had given to a photographer who claimed to be a close friend of hers.

“Yes,” he sighs, “Madam Bettencourt. So he took a billion. So what? Her daughter is receiving 44 billion. What’s the big deal if a bit went to her driver, to a photographer, to a friend? Did you see the film ‘The Untouchables’? If I had been the investment counsellor of the family, I would have fired the caregiver. But looking at the human side, there was a relationship there.”

### **PHILIPPE WEIL / WOES OF THE WEALTHY**

The rich have troubles. They are not simple and they deserve attention. “*Woes of the Wealthy*” offers practical and theoretical tools, as well as economic reviews, descriptions of circumstances and solutions – for every family, regardless of economic class – and guidance about how to communicate within the family.

To the same extent, I am sure that many were shocked at the time when they heard that Bill Gates and Sting had announced to their children that they will not be bequeathing them their fortune, but will donate it to social causes.

“”

*“If you are super-rich, you have a tax advisor, an accountant, an attorney, and moving one centimeter costs you ten thousand dollars. That’s the way it is. But if you realize that you are being charged an extra shekel and a half for a cellular call, you get pissed off, because there, you have control”*

“Gates’s daughter is not poor and will not end up in a soup kitchen. She is inheriting a house and shares of Microsoft. How much caviar can you put on a single roll? How many times can you fly in first class? These kids were raised in homes that believe in social obligations and giving to the community. The mindset of ‘I want everything for myself’ is the mindset of blind people. People who are blind to the downside of wealth, the side of too much Botox and drugs. So calm down a bit. The world is not so beautiful there. The wealthy may bequeath a fortune, but also social obligations and businesses that have to be managed. It’s great fun to go on a safari in South Africa for two weeks or even a month every year, or live in a villa in Thailand where everyone is pampering you. But what about your soul? After a week, you are sick of it and you fly to New York and do a week of shopping, when what you really yearn for is a real conversation. It’s fascinating to read about Angelina Jolie on a yacht, but it’s not real. It’s not real for them either.”

**Enough. Come on, seriously. Pretty soon we’ll begin to feel sorry for them.**

“I’ll tell you something. I really love cars – not necessarily Ferraris – I am more into design and retro. As a child, I used to travel to shows in Geneva. I see a huge Rolls Royce in London and I get excited, but I immediately say: Why do I need it? If I’m stuck in a traffic jam in Tel-Aviv, I can be sitting in a Toyota just as well. True, it’s a jeep, but a Toyota nonetheless. Every month, I do an off-road trip in it and that’s what we enjoy. There is no difference if I buy a school shirt for my child at Polo Ralph Lauren or at the Bezalel market. The kids still go to school in a shirt and get it dirty. At some point you need to say: Wait a minute. What for? This bag that costs five thousand dollars – why? Just because Hermes is written on it? The rich are constantly shopping and have closets full of clothes and purses and shoes that they have never worn. Drawers full of new iPads. Me too, by the way. I am a freak about gadgets, but such is life. The mistakes of the rich, Israelis too, whether it’s toys, yachts and all the rest. Rich folks love shopping. They simply collect stuff. So if you have money – go right ahead – spend as much as you want. But if, instead of buying school books for his child, the father buys himself a new watch – that’s a problem.”

## WOMEN ARE MORE CAREFUL

“”

*“The culture of seeking advice is foreign to Israelis, who think they know everything. Those that do retain advisors prefer someone from abroad. They don’t want to show their dirty laundry to someone in Israel. So they fly in an advisor from Chicago for a week every six months.”*

Before Weil introduces me to an existential woe, because, after all, in my humble opinion, being stuck in a traffic jam is more pleasant when you are sitting in a Mercedes – but maybe I am wrong – I try to understand the proportions of wealth: Weil tries to orient me. “A millionaire is a person with liquid cash of a million dollars. A centimillionaire is someone who has more than a hundred million. And then there is a billionaire, who has billions. Do you know what the difference is between 50 million and 500 million?”

### **Yeah so, what’s the difference?**

“With 50 million you can buy a few houses. With 500 million – also a plane and a yacht. With a billion, you can do everything.”

### **Let’s say that some centimillionaire comes to you. How do you tell him to begin cutting back?**

“I try to get him to arrive at this conclusion by himself. I sit with someone and say to him: ‘This yacht costs you a lot of money. Do you really need it? If you are not using it, then it’s a waste.’ And then he says to me: ‘But what will my friends say – What? Have you run out of money? Are you broke? Are you having a liquidation sale? What? You have nothing? Are you no longer in our club?’”

### **So did he sell his yacht or not?**

“Nope. Turns out that even if you have 600 million dollars in your account, you are still afraid of what the billionaire will say about it.”

### **And now that we understand how men don’t curb their spending, what about women?**

“Let’s put it this way: If they had called Lehman Brothers Lehman Sisters, they would not have gone bankrupt. Because men are peacocks. They need to flaunt ‘I can do that too’ to each other. Women may be impulsive shoppers, but they are prudent investors. If they do not understand, they do not buy in. Where is the over-indulgence? When they fly to Paris and go to Karl Lagerfeld and ask to design a dress for them for forty thousand dollars. And imagine this –they have a few of these in their closet. Now, I do not handle shopping compulsions. I handle capital matters. As an advisor, I say to them: ‘Your wardrobe is already a total loss, dead. Now enjoy it and don’t buy any more.’ A closet like this is trapped capital. At least the hanger doesn’t cost you anything, not like the slip fee for a yacht. A mansion in Kfar Shmariyahu is also trapped capital. Release it. Go buy yourself a small flat, or rent one.”

“”

*“I don’t wander around malls and try not to buy superfluous stuff. Last week I was in New York for 60 hours between landing and take-off, and no malls and no restaurants. What is this, shopping all the time? What? Every trip I have to bring something home?”*

Due to the rise in the life expectancy, Weil says that part of his expertise is knowing when the time is right to pass on the wealth to the next generation. And he is aware of the fact that there are definitely some grandchildren of the wealthy who are very angry with him. “If the child is a student and asks for a car to get to university, I recommend buying him a Mazda 2. He doesn’t need a Porsche Boxster. You explain to him that he’ll be stuck in the same traffic jam on the Ayalon whether he is in a Ferrari or in a Mazda. And if a Ferrari makes him happy for five minutes, so rent him one for a day. Or they say to me: ‘My grandfather died and I am supposed to get the money.’ Now, let’s think – if his grandfather planned his wealth when his grandchild was eight years old, what did he know about his future at the age of 21? Perhaps he will be down on drugs and in India and heaven forbid if he gets the money. On the other hand, maybe he’s a super-geek and needs that half a million to establish a startup? So you plan the trust so that the trustee has the discretion to observe the grandchild and say: in this specific instance, let’s give him a loan from the trust. You need to pamper him, but correctly. With balance.”

### **Who is your dream client – the Queen of England, Monacan princesses?**

“Actually, not the super-rich. I am too little (small?). Those people need a team of 30 people. I think that there are many people in Israel who don’t consider themselves rich and they don’t get help. The moshavnikim (members of a cooperative farm) have plots, lands, but they don’t think that they are rich and don’t act like it, and they are running the business and are enjoying it. You can sit with them and help them build a plan for the future, because one son wants to carry on the business while the other son does not, and how will the heirs be able to receive something. I love families who are connected to the land.”

### **Speaking of pampering, may I ask what you bought your wife for her last birthday?**

“A camera, because that’s what was needed. What will she do with a piece of jewelry? Sometimes, I buy her a drill because she loves it. If I were to buy her a yacht, two days later, it will have problems. And for whom? For me.”

### **Wait, wait. That means that a yacht was on the agenda?**

(Laughs) “No. I don’t have the money for a yacht. But if you already asked, for one of our anniversaries I took my wife on a vacation in Italy and I rented us a boat and she immediately got seasick. We are not mariners. The fact that you are rich does not mean that you have to have something sparkly. Even when you are a billionaire, you can go to the Carmel Market and squeeze vegetables like everybody else. I am not a billionaire, but I am happy.”

*“I really love cars, mainly retro. I see a huge Rolls Royce in London and I get excited, but I immediately say: Why do I need it? If I’m stuck in a traffic jam in Tel-Aviv, I can be sitting in my Toyota jeep just as well. Every month, I do an off-road trip in it and that’s what we enjoy”*

## “I COST MONEY”

So indeed, Weil is not a billionaire, but he is well off. According to him, he has real-estate assets and investments in Switzerland, but when I ask if, by any chance, he is hiding from me some small island in Greece or a hotel on the Alexanderplatz in Berlin, he bursts out laughing. In addition to his office on Rothschild Boulevard in Tel-Aviv, he has an office in Switzerland, where he personally handles his local clients. In total, his office handles about a dozen families (“from all continents, except Australia”) who sometimes have family wealth totalling more than a billion dollars, as well as a few individual clients. In the past, one of his clients was a very close crony of the Austrian royal family. Weil is a guest lecturer at universities and conferences in Israel and abroad, and he collects valuable antique clocks (watches?) and works of art, design and retro.

Weil was born in Switzerland, the youngest child of a Jewish family of four children. His father inherited a textile plant, but sold it due to a lack of profitability and a lack of personal interest, and moved on to run very successful oil businesses. Weil’s mother studied chemistry, but actually devoted herself to raising the children. Weil also has a remote familial connection to the Israeli Strauss family. “Hilda, Ofra’s grandmother, is my grandfather’s cousin. In other words, no connection,” he says, while avoiding the oh so very Israeli habit of namedropping and maybe boosting your image through your connections. “We come from the same village, but there is no financial or other connection. Every once in a while, they invite us to family events, because we don’t have much family in Israel.”

According to Weil, his parents never pushed him towards any specific career, and it was his own idea to study banking in Switzerland. When his parents passed away – and this is also one of the pieces of advice that he gives – he hired an outside advisor to distribute the family wealth among the children.

*“If the child is a student and asks for a car to get to university, I recommend buying him a Mazda 2. He doesn’t need a Porsche Boxster for the traffic jam on the Ayalon. And if a Ferrari makes him happy for five minutes, so rent him one for a day”*

Up until May 1996, Weil worked in banking in Switzerland and, concurrently, volunteered to take on the role of president of Keren haYesod – United Israel Appeal in Zurich, and engaged in recruiting donations. And then, just before he turned 30, he immigrated to Israel, spent three months learning Hebrew in an ulpan (intensive language course), was introduced to his future wife, Orly, a photographer (“A good friend of mine married a Yemenite guy and they introduced me to his sister”), and began working at Union Bank in the personal banking department – until he realized that personal wealth management suits him more. Sixteen years ago he opened his

office, which currently employs, besides himself, five employees, who manage accounts and specialize in various fields

“We take care of all matters pertaining to money and capital for wealthy families,” is Weil's description of his occupation, when he is not writing books. “Portfolio management, liquid assets, tax planning, planning for the next generation. I don't have pure-bred Israeli clients. My clients are Europeans or Americans who live in Israel, but not Israeli-born clients, and this is because, in Israel, most of the capital is still being held by the first and second generations. The troubles begin with the bequest to the third and later generations. Furthermore, the culture of seeking advice is foreign (unfamiliar?) to Israelis, who think they know everything, and better, all by themselves. Those who do retain advisors prefer someone from abroad. They don't want to show their dirty laundry to someone in Israel. So that rich Israeli flies in an advisor from Chicago for a week every six months.”

### **Do you accept every client?**

“I don't have an entry threshold, but I do cost money. If someone comes to me with nothing, it would not be logical for him to retain me. I don't accept a client whose finances are in good order. If someone is well organized with a good attorney and an excellent accountant, I am not needed. I am here solely to heal unhealthy financial situations. And if someone wants to write a will and needs a heart-to-heart talk, and not necessarily with an attorney, I have no problem sitting with him.”

### **So you are basically a wealth psychologist.**

“Yes. A psychologist once told me that they don't want to deal with money troubles. They only want to charge 400 shekels at the end of the session.”

Nevertheless, says Weil, there are a few clients that he consciously avoids. “I don't accept criminal elements. If money is deposited with a respectable bank, you get a sense that this is kosher money. On the other hand, a wad of wrinkled bills in a baggy looks bad. At the beginning of my career, people worked with cash. Today, they no longer come to me with cash. If a known felon contacts me, I won't accept his call. There are clients who treat me like they bought me, rich folks who think that they deserve it all. This is a global problem. I always say: we provide service, but we are not servants. They are used to pressing a button and everything gets done automatically. I don't throw them out; I educate them. I explain to them that we also have lives and families. Some of them want service for free because they are used to the banks that chase after them. You pay in a bank too, but zero point some percentage – you don't feel it. Clients pay a substantial sum to me and therefore, sometimes this bothers them and they decide not to retain me.”

For Weil, it is important to emphasize the psychological side of money to his employees. “I am constantly teaching them: ‘What you have in your wallet is money. What our clients have in their wallets is merchandise.’ We are a business where the merchandise is money. Furthermore, we must never get confused and think that if our client can fly tomorrow morning in a private plane, then we can also order ourselves a private plane. Most of our clients have two, three and four more zeros than we have. They are living in a different world.”

Weil is very familiar with the lives of the wealthy in Europe, but tries to live a life that is deeply steeped in the Israeli mentality. That doesn't mean that he didn't buy himself an expensive watch recently during a collectors' auction, or that he didn't take his whole family on a safari for two and a half weeks in South Africa as a Bar Mitzvah present to his son. Nevertheless, he totally tries to be a regular guy. Because he lives on Rothschild Boulevard, he got a first-hand look at the social protest demonstrations of 2011. "People peed in my yard," he laughs, "so instead of fighting, my children and I brought down tents for them on Saturday morning, and thermoses of coffee and cakes."

**But still, I am sure that, as a Swiss, there are Israeli customs relating to money that are shocking to you.**

"Yes," he sighs. "In Israel, everybody is constantly talking about money: 'How much?', 'How much did you pay?', 'How much did it cost you?', and this is embarrassing sometimes. You drive into a parking garage with your new car – how much did it cost you? Go to the catalogue and look it up – why are you asking me? Or somebody comes to your home – how much rent are you paying? And sometimes it's just a parent who is bringing or taking your child to a play-date: 'Wow! Such a large apartment! How much is the rent?'"

**Rent?? You??**

"Yes. I live in the area of Sheinkin-Rothschild, in an apartment, like everyone, but only larger. We are not 'filthy rich' and I don't play the rich folks' game. In my children's classroom, there are parents who are 'filthy rich,' who live with a doorman and swimming pools in towers. By the way, I know that Gil Shwed's son is in the class parallel to my daughter's, but at the school, Shwed is simply the father of ... I know him only from the economics pages. We have never spoken to each other and I don't know where he lives. We live in a Bauhaus building that is in desperate need of renovation, with peeling stucco and an air-conditioner that drips on the cars. And we rent our apartment because I am Swiss and, in Switzerland, you rent and don't buy. Here, the mantra is 'you have to buy' and even the culture of renting is different. Israel is a young country and there are a lot of things that still need to be learned here. At the moment, the prices of apartments in Tel-Aviv are very high and there is no justification for buying."

Another cultural phenomenon here is that every family has its story of the grandparent who sold lands in central Tel-Aviv for pennies and didn't foresee the rise in real-estate prices, and now, because of him, everybody is living in rented apartments in Petah-Tikva. Are you familiar with this?

"Everybody talks about this. The big block, the small block, the triangle of Neveh Tsedek. The apartment that I didn't buy five years ago was the best investment that I didn't execute. It is very difficult to hit the right time. Real estate is a profession. Your grandfather sold the place? Get on with your life and forget about it."

## NOT JUST FOR THE RICH: WEIL'S FIVE RULES OF THUMB

- **The Taster's Choice Index, or: sometimes big money hides in the small things.**

"I had a female client who complained about exorbitant expenses, mainly on Fridays after hosting guests. I asked her: Where do you buy your groceries? Here, she answered, at the grocery store on the corner, and this was in an expensive neighborhood. I said to her: 'You have a car. Why don't you drive to Hetzy Hinum (discount supermarket chain)?' My index is the Taster's Choice. In our neighborhood on Sheinkin Street it costs 49 shekels; in another store 39 and at the Rami Levy supermarket, 29. And it's the same vacuum-packed product. So we won't go to Rami Levy for every carton of milk or tomato, but cleaning products, toilet paper, what isn't perishable, you can buy in an inexpensive store."

- **The 11th ice cream rule, or: set limits and stick to them.**

"Something from our house: you give the kid an ice cream, and then he asks for another one and another one. When do you stop? Limits are an important thing. If you decided that one is enough, don't get sucked into giving him up to the 11th ice cream. Stop after the first. The same applies to business. Set clear limits in advance on issues of money and appointments, of who can join the business and who cannot. No nepotism. If we are a chemical company and you didn't study chemistry, then you cannot join our business. And don't suddenly change the rules."

- **The bicycle rule.**

"When I was a child in Switzerland, we received gifts twice a year: on Hanukah, we got gloves and on Passover we got a swimsuit for vacations in Israel. Today, you can buy all of Toys R Us with the same sum. But this is a matter of education. If the bicycle is malfunctioning, you can get it repaired. You don't need to run and buy a new bike."

- **Don't mix business and family.**

"If you have a family business, schedule a specific time for business meetings, separate from family get-togethers. And no – Friday night dinner is not the right time to tell your parents that there is no way that you are going to work for their business, or to tell your daughter that she is not a candidate for CEO."

- **Don't put all of your eggs in one basket.**

"I had a client, a father of seven, who worked in a major company and, in order to save money, he opted to get a company car rather than buy one. When the company closed, he found himself with seven children, no job and no car. The lesson: you need to diversify your investments. If I work at Osem, I don't buy shares of Osem, because that makes me totally dependent upon the company: if the plant closes – I lose everything."