

sundayherald 01 November 2009  
**business**

**NATIONAL LOTTERY**  
Since launch  
it has  
produced  
**2,300 MILLIONAIRES**



**SALE OF FAMILY BUSINESS**  
The chance to champion  
their daughter's  
professional golfing career  
**A CHERISHED GOAL**



**LOADED WITH RESPONSIBILITY**  
Simon Bain's tips for lottery winners  
**PERSONAL FINANCE**  
**PAGES 44 & 45**

**EXAMINING  
THE FLOW  
OF WEALTH**  
lifestyle-linked  
financial planning



**£s**

**THIS BOOK IS THE FIRST  
FINANCIAL LIFE PLANNING  
TOOL OF ITS KIND**



Wealthflow LLP  
**inthenews**

**Life coaching a  
two-way street,  
Nemeth tells  
advisers.**

Financial planners  
keen to develop  
strong customer  
relationships should  
allow their clients  
to coach them,  
according to life  
coaching guru  
Maria Nemeth Phd.

BY CITYWIRE.CO.UK

**S**PEAKING at the  
Institute of Financial  
Planning's regional  
conference, in Solihull,  
Nemeth told delegates  
the coaching relation-  
ship between  
planner and client  
should work both ways, with  
clients coaching advisers  
on what they needed help  
with and advisers coaching  
clients on how to go about  
meeting these needs.

"When your client comes in  
to see you and starts talking  
about their relationship with  
money, it is a kind of dance,"  
she said.

To illustrate the point,  
Nemeth showed delegates an  
extract from the 1981 docu-  
mentary Survival Run charting  
the progress of blind marathon  
runner Harry Cordellos as he  
competed in the cross country  
Dipsea Trail near San Francisco.

In the film, Cordellos completes  
the seven-and-a-half mile race  
over difficult terrain while  
sighted running partner Mike  
Restani holds his hand and  
shouts instructions. At times  
Restani shows signs of fatigue  
but Cordellos shouts words of  
encouragement and motivation,  
challenging preconceptions of  
a traditional coaching hierarchy.

"We could see that they were  
both coaching and supporting  
each other and that is really  
what helps in a coaching  
relationship," said Nemeth.

"The client is coaching you  
in what is important to them."



People tend  
to be most  
fulfilled in  
their life when  
they are living  
in accordance  
with their  
values and  
purpose.

Nemeth urged advisers to help  
clients identify their personal  
financial goals using a  
"life's intentions inventory"  
– a check-list of 23 possible  
goals accompanied by boxes  
ranked from one to five.

Phrases in the life's intentions  
inventory included; physically  
fit and healthy, a visionary  
leader, a contributor to my  
community, an adventurer, and  
a successful communicator.

"People tend to be most ful-  
filled in their life when they are  
living in accordance with their  
values and purpose. When we  
don't do this, we often feel  
frustrated and dissatisfied with  
ourselves and our life," said  
Nemeth.

"Life's intentions represent  
underlying purposes that give  
meaning to our goals and dreams."

Advisers were encouraged  
to ask clients to complete the  
inventory to help facilitate a  
more meaningful relationship.

Nemeth added: "Life's inten-  
tions don't in themselves point  
to specific actions, they never-  
theless give us a sense of  
possibility. This can be a source  
of strength and resilience, no  
matter what is happening in  
physical reality. When you  
discover your life's intentions  
you gain stability in a world of  
complexity and change."

Find out more about Maria at:  
[www.wealthflow.com](http://www.wealthflow.com)



**Your wealth  
management  
partner**

[www.wealthflow.com](http://www.wealthflow.com)

**B**ASED in Edinburgh with satellite offices in  
Glasgow and London, Wealthflow LLP are  
wealth management experts.

Duncan Glassey, founder of Wealthflow, has  
developed the unique Sudden Wealthflow programme  
– a phased approach to handling not just the finance of  
sudden money but also the associated emotions.

In a nutshell, the Sudden Wealthflow programme is  
an unbiased, independent fee-based wealth management  
and financial life planning  
service for recipients of  
"sudden wealth", follow-  
ing particular life  
events, e.g. from share  
options, the sale of a  
business, inheritances  
or winning the lottery.

Glassey believes that  
more than ever before in world history, large transfers  
of wealth are now taking place and that there is nothing  
more important than being prepared for the life-altering  
journey that begins with a Sudden Wealthflow event.

Within their portfolio of services, Wealthflow LLP  
also offer Personal Family Office and Private Wealth  
Manager.

Personal Family Office is about "Supporting the  
financial needs of your family group."

"... we will develop and expertly manage a Financial  
Plan that fits your lifestyle and works for you."

Private Wealth Manager deals with "Supporting your  
individual financial needs."

"For individuals with wealth exceeding £1 million in  
net worth, Wealthflow can provide expert advice on set-  
ting goals and priorities. We look at how you want your  
wealth to empower you, your family and community."

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[www.wealthflow.com](http://www.wealthflow.com)



**OFTEN WITH A FAMILY BUSINESS  
THE MOST DIFFICULT DECISIONS  
ARE NOT BUSINESS RELATED**

**For many people, a Sudden Wealthflow event  
marks the start of a life-altering journey**

**FINDING OUT  
WHAT YOU WANT  
TO ACCOMPLISH  
WITH SUDDEN  
WEALTH**

**Their daughter  
is a talented  
golfer with very  
little interest  
in taking over  
her father's  
business**

**W**HEN Sam McGhee  
first approached  
Wealthflow his in-  
tention was "to pull  
some cash out of the business."

He was ready to reap some  
rewards from his work and  
was looking to Wealthflow for  
recommended investments.

Sam made his career as a fish  
restaurateur and over the years  
built one of the most success-  
ful restaurant chains in England.  
He had built a business that was  
in healthy shape to hand on to  
the next generation but, as is  
so often the case with a family  
business, Sam's most difficult  
decisions were not actually  
business but family related.

Wealthflow's approach was  
not to offer investment oppor-  
tunities in isolation, but to find  
out what Sam actually wanted to  
accomplish with his wealth.

Through conversations with  
Sam and his family, Wealth-  
flow discovered underlying  
reasons behind wanting to take  
money out of the business; Sam  
had grown tired of running the  
business, and had concerns about  
their daughter taking over.

Their daughter is a talented  
golfer with very little interest in  
taking over her father's business.

Knowing all the facts,  
Wealthflow were much better  
placed to advise and through the  
Sudden Wealthflow programme

Sam and his wife gained a new  
perspective.

Ultimately they decided to  
sell the business. Proceeds of the  
sale enabled them to realise  
a cherished goal – the chance  
to champion their daughter's  
professional golfing career.

As well as having robust  
financial planning in place, the  
Sudden Wealthflow programme  
has given the McGhees enduring  
peace of mind, something which  
had eluded them for years.

Case study, client  
confidentiality protected.

**Alternative  
outlook may  
not be best.**

BY DUNCAN GLASSEY

**A** RECENT magazine cover  
showed a dejected business-  
man sprawled on a pavement,  
an open briefcase beside him  
and a thought bubble over his head  
proclaiming that "shares suck".

The premise was there are better  
places to invest than in the stock  
market and the article promoted the  
attractions of managed fund futures,  
commodities, foreign exchange  
speculation, stamp and wine collect-  
ing and ... gambling at the racetrack.

Now while some get lucky betting  
on currencies, commodities or horses,  
this is speculation, not investment.

Among the other alternatives in  
vogue are managed futures. These  
create an opportunity to speculate on  
"trending" markets, those exhibiting  
signs of upward or downward  
momentum. The trick is to pick the  
turning of the trend, but if it is so easy  
to time the market, why isn't everyone  
doing it?

You should not be considering  
a change simply because the  
stock market has fallen sharply.  
Drifting off into exotic, illiquid and  
high-risk alternatives just risks  
compounding your losses and  
ensures you miss the rebound.

The rules of investment don't  
change in the bad times. Markets still  
work, risk and return are still related  
and diversification across risk factors  
that offer a reliable reward is still the  
best strategy.

Stamp collecting and betting on the  
horses are fine, if that's your idea  
of fun. Just don't confuse it with  
investment.

# Winning big is everyone's dream ... but are you ready for it?

PERSONAL FINANCE BY SIMON BAIN

**I**N harsher economic times, the lure of a life-changing windfall has even more sparkle. The National Lottery is this month celebrating its 15th anniversary, with licensee Camelot staging parties for past winners all round the UK, including a gathering at Hampden Park for some of Scotland's 436 big winners, among them 190 millionaires or multi-millionaires since 1994.

Lotto winner John McGuinness, however, was a notable absentee from the Scottish prizewinners' bash.

McGuinness, 45, one of the earliest and biggest winners in the UK when in January 1996 he picked up £10,055,900, said last month he was broke.

Lottery winners are not the only people who come into sudden wealth. Ordinary folk with an unexpected pay-out from inheritance, insurance, or divorce, along with budding sports or entertainment stars, and business owners or entrepreneurs who are made an offer they can't refuse, can all find themselves rich overnight. But what are the dangers awaiting those who may have too much money, rather than too little?

Even the savviest entrepreneurs are prey to seeing millions disappear. Transport tycoons Brian Souter and Ann Gloag claim they are owed £18 million by City financier Nick Levene, who last weekend emerged from hiding to say he was seeking treatment for gambling addiction and was co-operating with Serious Fraud Office inquiries. Levene promised his clients big profits from his "special access" to investment opportunities, and the pitch landed £10m from Souter and Gloag.

Lord Jacobs of Belgravia is one of Britain's richest men, with a personal fortune of more than £100m, a long and distinguished career in business, and a reputation as a philanthropist.

Yet he has admitted to being among the roll-call of glitterati who handed over millions of dollars to the convicted New York fraudster Bernard Madoff.

Scottish-based financial planner Duncan Glassey has built a business on advising the suddenly wealthy, and steering them away from becoming almost as suddenly poor again. "We are all capable of making the wrong investment decisions based on greed and naivete," Glassey says.



"One lady came to me having lost her lottery win on a fraudulent investment scheme. She had invested £750,000 won by her fiancé, on the promise of a 50% return on her investment. The lady was knowledgeable on financial matters and had a successful private practice as a psychologist. But what she knew didn't influence her behaviour."

He goes on: "People who receive sudden wealth often suffer great frustration over how to deal with such a large amount of money. For some this results in a painful inability to identify real needs and longings, or to connect with meaningful work or occupation. Others find it difficult to establish authentic and trusting friendships."

An international survey found that 35% of lottery winners turn out to be bankrupt within 10 years.

## NATIONAL LOTTERY

- Ticket SALES up 12% in five years
- £25m for GOOD CAUSES every week, £23bn since launch
- 28% of revenue to good causes, 12% to GOVERNMENT
- Giving £2.2bn to LONDON OLYMPICS
- CHIEF EXECUTIVE Dianne Thompson paid £1m plus £792,000 bonus last year
- Since launch it has produced 2,300 MILLIONAIRES
- SIXTH BIGGEST lottery sales in world but 66th biggest average player spend - only £3 PER WEEK
- £35BN in prizes since launch

"In drawing up a plan we often find that if they buy the lovely house that they have always dreamed about, get the cars they want, give the gifts they want to brothers, sisters and close family, then the money will run out after about five years," Glassey says. "The first mistake people make if they win £1m or £2m is they think they can live a millionaire's lifestyle."

Only a month ago, nine regulars at the Doon Inn in Blantyre scooped a £4,525,058 win from their lottery syndicate, triggering windfalls of over £500,000 for each of them. But is that enough to retire?

An Aberdeen-based deep-sea diver on six-figure earnings consulted Glassey after a big lottery win. "He said, 'unless I can go to Portugal every weekend and play golf and not have to work, I am going back to work on Monday'. He was aware he couldn't otherwise maintain his current lifestyle - it's unusual for someone to be so level-headed."

Since their £2.9m syndicate win in February 2007, the staff of Smile hair and beauty in Burnside, Lanarkshire, have all paid off their mortgages and bought new homes and cars. But though two have retired, Wendy Brown, Natalie McGuire, Lorna Alexander and Megan McCann all still work together at the salon.

But most dramatic was the winner who Glassey encountered while advising in Edinburgh on behalf of Ernst & Young in the lottery's early days.

"He owed his best friend £500 and couldn't pay him back, so he tried the lottery. He won £1.5m, paid his friend back, and came to see E&Y. He said he was going to give all the money to the Salvation Army, and had made the decision not to tell his wife or his children. He was an Irishman with a big family of seven, they were incredibly close and he was terrified this money was going to influence them."

Glassey recalls: "In many ways I really respected the guy. But the downside was that he never took any advice. Today, I would probably try a lot harder to persuade him to put money in trust for children or grandchildren's education, to take a long-term view."

**M**CGUINNESS was a hospital porter who blew most of his £10m win on sports cars, luxury holidays, a mansion in Lanarkshire, and ploughing cash into Livingston Football Club, though he gave £3m away to family and friends.

"I thought I'd plenty of money and what was a few million to invest in a football club," he said in a recent interview. "Now I'm worried about how to pay for the shopping."

Glassey observes: "For many people whose experiences were not positive, much of the damage has its roots in non-financial matters. Many simply did not

know how to handle the attention and emotions involved, and they were not prepared to make the decisions and set the boundaries that were necessary ...

"Many people have stories of scams, bankruptcies, and unexpected losses. Lottery winners have told me about spending binges and how they hid money from their spouses. There is often an unbalanced relationship with money which can manifest itself as shame, guilt, anger, fear, rampant materialism, hoarding and all manner of addictive or compulsive behaviour."

Camelot has a panel of 10 financial advisory firms and 10 legal firms standing by every week for all winners of prizes over £50,000. "The IFAs are all assessed on their independence, their charging structure and their expertise and knowledge," says Camelot's Rob Dwight.

That definition would appear to rule out going to the bank for advice. "We see winners before everyone else, in the privacy of their own home - though understandably you may get winners who shout it from the rooftops, and a bank or building society may see an opportunity to push their services forward."

Glassey recalls: "We came across horror stories where the winner said the bank had contacted them, and they had put all the money into a with-profits bond. Luckily, on some occasions it was within a 14-day cooling-off period - but on some occasions we arrived too late."

He adds: "In those days Royal Bank of Scotland was known to send round a limousine to pick up a (lottery-winning) client for a meeting with the bank manager - for some people that is a wow factor."

So what is best advice for a newly minted millionaire?

"It goes from the very practical, to changing the telephone number and organising a PO box number, in case people are trying to contact them remotely or track them down, to giving them the first advice - do nothing for 12 months, yes, you have hit the jackpot but what do you want to do with it?"

Next comes a gradual initiation into financial jargon, the meaning of risk, and building a life plan. Investment would be "low-

risk in the first couple of years until they become more knowledgeable". A typical spread at the outset would be 70% in gilts, high-quality corporate bonds and cash spread among different institutions in £50,000 chunks, and 30% in equity funds with very widely diversified holdings.

Advisers should charge on the basis of ongoing service, not products.

Glassey concludes: "Money is the single most transformational substance in our society. It is seductive, alluring, fascinating, and perceived as greatly desirable. It is everyone's dream - but you must be mentally prepared."



## INVESTOR PRINCIPLES

Wealthflow provide objective, independent advice with uncompromising integrity and complete confidentiality. If you follow these Investor Principles, then together we will maximise the probability of achieving everything that is important in your financial life.

**I am an investor.** I do not trade my assets frequently - that's speculation, not investing.

**I invest regular amounts every month,** in both rising and falling markets. I know I cannot time the market highs and lows. If I receive a windfall - a bonus or gift - I gradually feed it into my regular investment mix.

**I know that equities are risky in the short run,** so I hold in equities no money for which I have a likely need in the next five years.

**I am also a saver,** fuelling my investments with continuous savings from current income.

**I don't pour more money into hot markets** nor completely cash out of plunging markets.

**I accept that equities are less risky in the long run.** They have out-performed all other commonly traded assets over periods of 15 years and longer.

**I know that every kind of asset entails risk** - even cash, which can be eroded by inflation.

**I spread my investments** among several asset classes, in a mix fitting my timeframe and tolerance for investment risk.

**Foreign equities account for at least 15% of my asset allocation.** I believe that developing economies will enjoy much higher growth than the UK in the decades ahead.

**I know that higher returns entail higher risk,** in every kind of asset.

**I rebalance my portfolio each year.** If the stock market plunges, pushing my equity allocation way below its target percentage, I sell bonds and use my cash to buy equity-backed investments.

**I stick with my game plan.** I intentionally do not review the value of my investments every day or even every week.

**I regard my home as a place to live,** not as an investment. It is not a substitute for retirement savings.

**I force myself to sell high and buy low** something that is intuitively difficult for most private investors.

**I try to keep my cool** when others are losing theirs.

**I have an investment plan** and an asset allocation strategy.

I remind myself often - **I am an investor not a speculator.**

Wealthflow's "Investor Principles" is based around an investment strategy that emphasises asset allocation and minimum trading, this does not involve speculating with individual shares. The result is a portfolio that aims for a solid long-term rate of return whilst minimising expenses and taxes.



In those days Royal Bank of Scotland was known to send round a limousine to pick up a (lottery-winning) client for a meeting with the bank manager - for some people that is a wow factor



## Professional Adviser Awards 2010 Wealthflow shortlisted for best IFA website.

Awards ceremony held at London Hilton, Park Lane on Thursday 21st January 2010.

The Professional Adviser Awards profile the very best providers to the IFA market.