



Common Missteps Among the Ultra Wealthy

Significant wealth creates opportunity - but it also introduces unique challenges and complexities.

EVEN AMONG THE MOST ACCOMPLISHED FAMILIES AND SOPHISTICATED INDIVIDUALS, WE OBSERVE FIVE RECURRING MISSTEPS.

Overconcentration in Personal Real Estate

Luxury real estate is often an emotional purchase - but overexposure to such properties can quietly erode wealth and weaken a balance sheet. High-end residences, vacation homes, and bespoke properties:



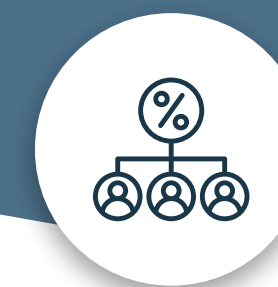
Tie up capital in non-productive assets, are capital inefficient, and carry significant ongoing costs such as property taxes, insurance, staffing, and maintenance, while also introducing a continual management burden



Are highly illiquid, making them difficult to sell quickly and exposing owners to additional market risk



Rarely generate income and can become underutilized over time



Can present estate tax complexities, complicating inheritance, generate liquidity issues for heirs and lead to family disputes



Often fail to appreciate as expected

When residential real estate comprises a disproportionate share of the family balance sheet, it often signals lifestyle choice rather than an intentional financial or investing strategy.

Excessive Exposure to Private Investments

Private investments - particularly early-stage opportunities – can be alluring, but they carry significant risks:

Valuations are often opaque, inflated, and highly uncertain



Liquidity is limited, and may be unavailable for a decade or longer



Due diligence is frequently inadequate and managing private holdings requires specialized expertise and active ongoing oversight & monitoring



Capital commitments can escalate faster than anticipated



Without a disciplined allocation framework, private investments can exceed their intended role and introduce unintended volatility.

Lifestyle Inflation and Liquidity Blind Spots

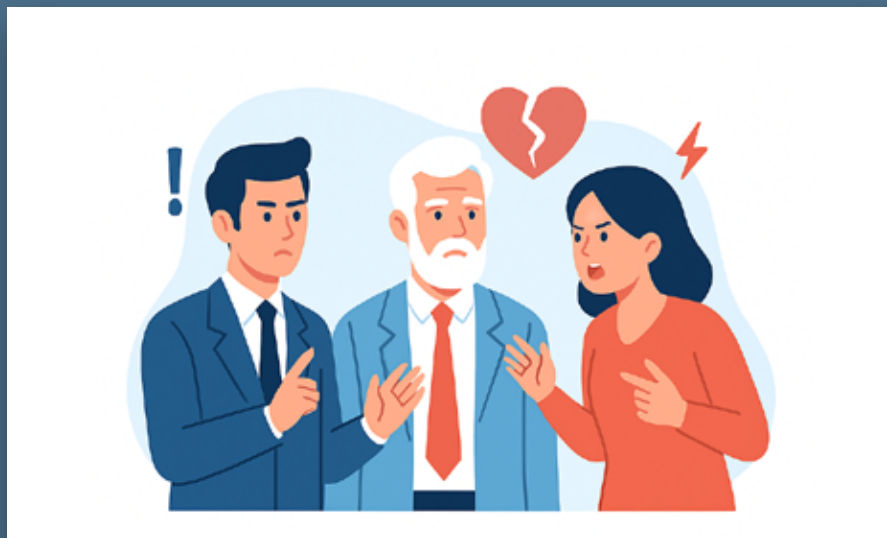
As wealth grows, spending often grows with it. The gradual shift toward larger jets, more staff, additional homes, and increasingly complex assets can:

Result in a permanently elevated burn rate - it's easy to scale up, but difficult to scale down	Introduce multi-generational pressures as future generations may normalize lavish spending without appreciating the effort or capital discipline that created the wealth
Drain liquidity faster than expected, reducing overall financial flexibility	Lock up capital in depreciating or non-productive assets such as luxury homes, aircraft, yachts, etc.
Create a lifestyle that becomes increasingly difficult to sustain or unwind	Come across financial blind spots, where a high reported net worth can mask that too much wealth is tied up in illiquid assets/investments
Create cash flow mismatches	Expose clients to possible "Fire Sale" risks where valuable assets may need to be sold at distressed prices to meet immediate cash needs

Discretionary spending, if left unchecked, can significantly limit financial flexibility and limit long-term optionality.

Underinvesting in Family Office Governance

Many families postpone the transition from an informal structure to a institutionalized Family Office (FO), which can lead to several issues:



Misalignment among generations or key decision-makers, leading to family conflicts and ultimately undermining long-term wealth preservation



Unclear roles, inadequate reporting, and a lack of accountability, ultimately resulting in poor decision-making

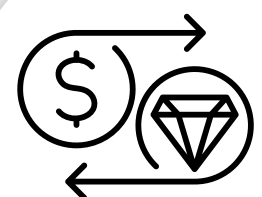


Gaps in risk management, compliance, or execution

Establishing a professional family office - with the right talent, systems, and governance – transforms complexity into cohesion and lays the foundation for long-term continuity and stewardship.

Insufficient Tax & Estate Optimization

Wealth preservation is as much about thoughtful structuring as it is about investment performance. All too often, families:



Overlook opportunities for generational wealth transfers, resulting in unnecessary tax leakage



Operate without a cohesive estate plan that aligns both current objectives and future needs



Postpone key planning steps until regulatory changes or life events force reactive, and often suboptimal, decisions

Proactive, integrated planning, across income, estate, gift, and philanthropic strategies, is critical to maximizing after-tax outcomes and ensuring long-term intent is fulfilled.

Let's Talk

Avoiding these common pitfalls requires more than just awareness - it demands a thoughtful, integrated, and forward-thinking approach tailored to your unique circumstances.

At TwinFocus Capital, we specialize in guiding ultra-high-net-worth families and individuals navigate complexity, preserve capital, and unlocking long-term opportunity.

If you're looking to bring greater strategy, structure, and clarity to your wealth, we welcome the opportunity to start a conversation with you.



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