Marucci family

Bianca Benoit recently transitioned to a relationship manager role at a single-family office dedicated to serving the Marucci family in the country of Novaria. The Maruccis have investable assets equivalent to approximately USD 45 million. Benoit has worked primarily with mass affluent clients in the past, so to prepare for her new responsibilities in serving an ultra-high-net-worth (UHNW) client, she consults a team colleague for information and insights concerning the characteristics of UHNW families.

Fabio Marucci (age 45) is married to Taylor Marucci (age 43). They have identical twin daughters, Susan and Louise (ages 20). Fabio is a managing partner at a public accounting firm, and Taylor is the founder of a clothing company, which she recently sold to a strategic buyer for USD 35 million. After the sale, Taylor and Fabio established the family office to advise the family on its financial affairs and to establish a foundation that promotes sustainable fashion production.

Benoit gathers qualitative information on each individual to better understand the Marucci family's dynamics. Fabio grew up in the neighboring country of Xanadia, where the culture emphasizes obedience and gives little respect to self-reliance. To this day, Fabio visits his parents weekly and follows their advice—even if he disagrees with it. Fabio followed in his father's footsteps and pursued a career in accounting. Despite amassing significant wealth, Fabio does not like to spend money and is very secretive about his finances.

Taylor grew up in Eldoria. The Eldorian culture stresses entrepreneurship and personal accomplishments. Taylor moved away from home when she was a teenager and chose to start a business instead of going to college. She worked countless hours in her 20s to grow her business into a national competitor. Due to her financial accomplishments, Taylor believes that she is a better-than-average person, and that wealth equates to happiness.

Susan and Louise were born in Novaria. The Novarian culture stresses living in the moment and enjoying the present. They prefer spending most of their day browsing social media and playing video games rather than worrying about adult life matters. They have also expressed feeling a bit neglected by their mother as she works all the time to make more money. As a result, the twins harbor some negative feeling toward money.

After better understanding the family members, Benoit drafts a family constitution to support family governance and reviews it with the Maruccis.

Question 1.1

The single-family office established by the Marucci family is *best described* as a(n):

A. Founder SFO.

B. Optimizer SFO.

C. Entrepreneurial SFO.

Question 1.2

Based on Benoit's discussions with her colleague, which of the following is *most likely* a unique feature of working with UHNW clients compared to working with mass affluent clients. UHNW clients typically:

A. have longer time horizons.

B. are charged higher AUM fees on a percentage basis.

C. generate a significant portion of wealth through tax-deferred, defined contribution plans.

Question 1.3

Applying Hofstede's framework on cultural context and the family insights Benoit gathered, which of the following is *incorrect*?

A. The Novarian culture focuses on short-term goals.

B. The Eldorian culture heavily emphasizes individualism.

C. The Xanadian culture is rated lower on the power distance index.

Question 1.4

Using the Klontz framework, which of the following *best describes* the money scripts associated with each family member's attitude toward wealth?

A. Taylor's money script is money status.

B. Fabio's money script is money avoidance.

C. The children's money script is money vigilance.

The Edwards Family

David Edwards, 52, inherited a substantial fortune from his late father, George Edwards, who built a real estate empire. David never worked in his father's real estate business and has instead chosen to focus on his passion for environmental conservation. David has generously shared his inheritance with his family. He and his wife, Sophia, 47, met while attending university in London and have been married for 25 years. They have two children: Henry, 23, and Emily, 18.

Henry recently graduated from university and would like to pursue a career in business. He has feelings of guilt associated with the family's wealth and thinks he should, perhaps, focus on conservation efforts like his father. Emily, who is preparing to attend university, has expressed concerns about her personal safety and the motives of her peers, often retreating into a small close-knit group of family members and close friends.

David and Sophia, who have been living on the income generated by family trusts, are worried that their children are having challenges in finding a balance between benefiting from the family's wealth and forming their own identities. They feel uneasy about educating their children on responsible wealth management.

David serves on the board of the Edwards Family Foundation, which supports global environmental conservation initiatives. The foundation was started by George, and David continues to work closely with the foundation, though he is unsure whether his children are interested in contributing to the foundation's work..

The Edwardses have approached Sarah McMillan, the family's long-time adviser, to discuss how they can support Henry and Emily in understanding the family's wealth and philanthropic responsibilities. Henry has shown apprehension about managing money, and Emily has expressed concern over how the wealth was accumulated by her grandfather. David and Sophia hope that Sarah's guidance can help Henry and Emily develop a more positive relationship with wealth and align their personal goals with the family's environmental mission.

Question 2.1

Which of the following *most strongly* influences Henry and Emily's decision-making?

A. General indecisiveness that is normal for their ages

B. Their desire to be financially independent and make their own choices

C. The restrictions the family's wealth has placed on their capacity for independent decision-making.

Question 2.2

What underlying issue is *most likely* contributing to Emily's sense of isolation and distrust of her peers?

A. Her peers have actively alienated her due to jealousy of her family's wealth.

B. Her parents have limited her social interactions to protect her from external influences.

C. Her social withdrawal is likely due to fears that others only like her because of her family's wealth.

Question 2.3

The *most likely* explanation for Henry's anxiety over his future and ability to manage wealth is that he:

A. is wondering what he should do with his life.

B. does not want to be pressured into working for the Edwards Family Foundation.

C. believes he does not have the skills to handle his portion of the family's inherited wealth.

Question 2.4

Which of the following strategies is *most likely* to help Henry and Emily find personal fulfillment? David and Sophia should:

A. allow the children to decide how to use the family's wealth with few restrictions.

B. encourage Henry and Emily to explore philanthropic activities of the children's choosing.

C. require Henry and Emily to become financially independent but assist them financially if they need help.

Demers Family

The Demers family is navigating complex dynamics surrounding their significant wealth. Claude Demers, 58, was a senior executive at a publicly-traded company who built his wealth through stock options while also running a small family business raising bees for honey. He manages the family's $15 million liquid portfolio, but as he approaches retirement, he is reluctant to change the asset allocation. Claude and his wife, Louise, 57, are particularly worried about the lifelong care needed for their daughter with special needs, Andrea, 18.

Louise, once a marketing consultant, now works part time and is concerned about the family's financial situation despite an upcoming $5 million inheritance from her mother, Irene Belanger, who has dementia. Irene recently expressed a desire to modify her will to leave part of her estate directly to the Demers' three children, Luke, Dirk, and Andrea. While growing up, Louise witnessed arguments between her parents concerning who would manage the family's money.

Luke, 22, dropped out of college and rejects the family's wealth, but he lives at home, supported by his parents. Dirk, 16, is academically ambitious and wants to attend a prestigious university to learn about managing a business and pursue a corporate career. He sees himself building his own wealth through his career but also wishes to continue helping his father with the family beekeeping business. Andrea, due to her special needs, will likely never live independently.

The family's wealth advisor, Gabrielle McKenzie, is helping Claude and Louise navigate the financial planning for their inheritance decisions, their children's education, and Andrea's lifelong care. Tensions are rising around the control of Louise's inheritance, as she wants to manage the money herself but fears that Claude will take over. Furthermore, Claude is concerned about funding Dirk's university education, which is estimated to cost $100,000 a year.

Question 3.1

Which of the following *best describes* how the Demers family operates based on the characteristics of family systems?

A. A centralized power structure

B. A decentralized power structure

C. A power structure in which major financial responsibilities are shared equally

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Question 3.2

According to the FIBER scale, which dimension is *most relevant* to Dirk's involvement in the family beekeeping business?

A. Family control and influence

B. Identification with the family business

C. Emotional attachment of family members

Question 3.3

Claude's reluctance to make changes to his portfolio as he nears retirement is *best* described by which of the following behavioral biases?

A. Anchoring bias

B. Disposition effect

C. Confirmation bias

Question 3.4

Which factor *best* explains Louise's concern over managing her own inheritance without Claude's involvement? Louise's:

A. Personality

B. Cultural beliefs

C. Identification in the family operating system
