

60% Of Inherited Fortunes Do Not Survive The Second Generation and 90% the third.

"A US study by Merrill Lynch's private banking arm this year found that, in two out of three cases, family wealth did not outlive the generation following the one that created it. In 90 per cent of cases, it was exhausted by the end of the third generation – illustrating the “clogs to clogs” adage.

But the research also found people were unrealistic about the level of spending adequate to allow them to sustain their wealth. Some 39 per cent believed their money would last for ever with an annual distribution rate of 6 per cent; in reality the richest families should spend no more than 2 per cent a year, the data suggests."