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Why Wealth Ecosystems Matter to Multigenerational Families

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Recent headlines about a proposed wealth tax in California have reignited a familiar debate — will ultra-high-net-worth families stay, pay, or leave? The proposed **Billionaire Tax Act**, which might be added to the state's election ballot in November, would put a one-time tax of 5% on the wealth of California residents whose net worth is $1 billion or more. The proposal has not yet finished collecting the 90,000 signatures required to qualify for the November election. Even so, it has already sparked strong opposition from some of the state's richest individuals, as well as from Democratic Governor Gavin Newsom. A few tech billionaires, including Peter Thiel and David Sacks, have already announced that they've moved to Florida and Texas. The media coverage frames the issue as a narrow calculation — how to minimize tax exposure if the rules change. But for families thinking in generations rather than years, this moment invites a more consequential question:

What happens to the ecosystem that creates, sustains, and gives meaning to wealth when policy shifts — and how should wealthy families respond?

Wealth Doesn't Exist in a Vacuum

Extraordinary wealth is rarely the product of a single balance sheet. It is shaped by the environment in which it was built, with access to talent, robust capital markets, legal certainty, infrastructure, universities, and civic institutions. These elements form a *wealth ecosystem* — the interconnected network that enables entrepreneurship, innovation, and long-term value creation.

Tax policy is one lever within that ecosystem. It can strengthen public goods that support growth, or it can introduce uncertainty that influences where families choose to live, invest, and build. Either way, the decision set for families is broader than a marginal tax rate.

Why "Move or Pay" Is the Wrong Frame

The public conversation often suggests a binary choice: relocate to avoid higher taxes or remain and absorb the cost.

For multigenerational families, that framing is incomplete. Relocation decisions reverberate across many dimensions:

- **Operating businesses** that have workforce stability, regulatory continuity, proximity to customers, and innovation hubs
- **Human capital** where rising-generation family members are educated, mentored, and networked
- **Social capital** that builds community ties, philanthropic partnerships, and institutional leadership
- **Family governance** that provides shared identity and values shaped by place

A short-term tax optimization may create long-term complexity if it disrupts these foundations.

Place Matters — Especially Over Generations

History shows that durable family wealth is often deeply rooted in a specific locale. Cities and regions become centers of gravity where families invest not only financially, but also relationally — serving on nonprofit boards, funding medical or scientific research, supporting cultural institutions, and anchoring local economies.

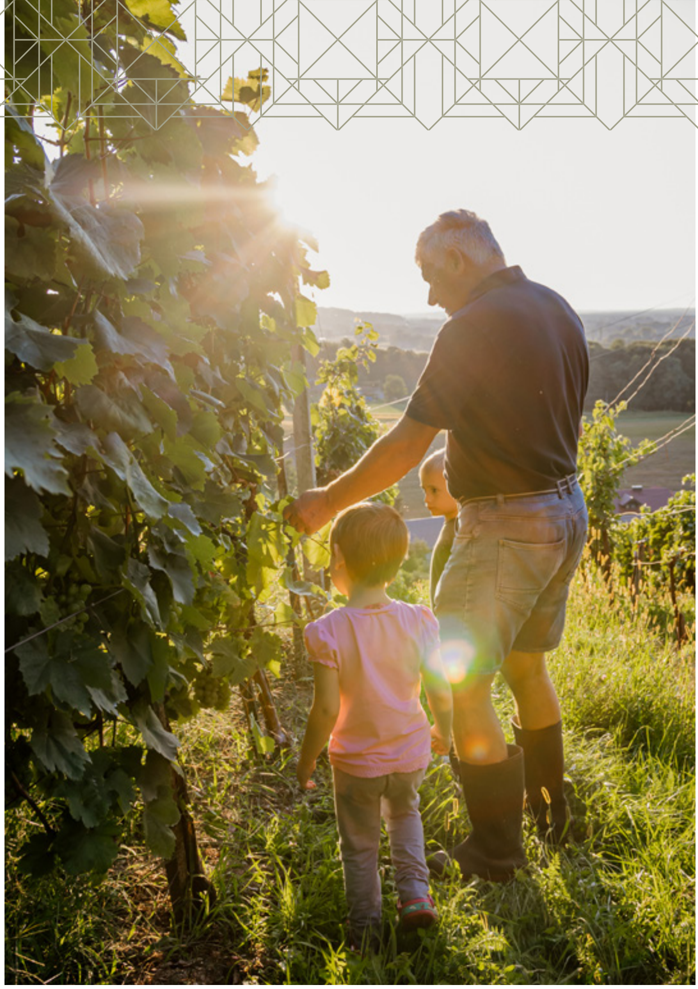
When families withdraw from these ecosystems, the impact extends beyond lost tax revenue. It can mean fewer philanthropic dollars, diminished civic leadership, and weaker networks that support future wealth creation. For families who view themselves as stewards rather than consumers of wealth, this tradeoff deserves careful consideration.

Stewardship in a Changing Policy Environment

For multigenerational families, stewardship is about aligning resources with values over time. That includes asking:

- How does our presence — or absence — affect the communities that supported our success?
- What responsibilities accompany our economic influence?
- How do we balance fiscal efficiency with continuity, impact, and legacy?

These questions are not ideological; they are strategic. They sit at the intersection of governance, values, and long-term planning.



A Broader Lens for Family Decision-Making

Rather than reacting to any single proposal, families benefit from a framework that evaluates:

1. **Total ecosystem value:** Taxes, yes — but also opportunity, stability, and long-term growth potential
2. **Continuity across generations:** Minimizing disruption to family enterprises and relationships
3. **Civic and social impact:** The role wealth plays in sustaining healthy communities
4. **Optionality:** Structuring assets and entities to remain flexible as policy evolves

This approach recognizes that wealth decisions shape not only portfolios, but also people, institutions, and futures.

The Opportunity in the Moment

Policy debates like a wealth tax proposal can create moments of stress — but also moments of clarity. They force families to articulate what they stand for, where they belong, and how they define success beyond accumulation.

For families committed to multigenerational stewardship, the most important question is not *"How do we avoid the next tax?"* It is: **"How do we ensure the ecosystems that sustain our family — financially, socially, and humanly — remain strong for generations to come?"**

That is a conversation worth having, regardless of how any single policy debate resolves.

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