World Class Education

A report on educational choices and opportunities for High Net Worth families in the UK and beyond



KEYSTONE TUTORS

Wild Search

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Preface



Education in the UK makes the second largest contribution to the economy after financial services. The potential for growth is immense, a fact clearly grasped by the USA, Canada, Australia and New Zealand who have all campaigned vigorously to attract students from abroad. In the UK, by contrast, we have raised VISA barriers, closed offices from which VISAs can be obtained and have sent the message that 'foreigners are not welcome'. Like tourists, international students bring value and create jobs, and government data shows that they overwhelmingly don't overstay their VISAs. What is more, international students can potentially bridge the UK's high-level STEM skills gap.

We need to open our eyes to the scale of the opportunity which awaits those with a positive approach to the opportunities. 10% of the population of the world lives in Europe, 60% in Asia, 15% in Africa. Asia is getting richer and in years to come Africa will get richer.

In 2020 the middle class population of Europe will be 0.7 billion (700 million) and in 2030 it will still be 0.7 billion. The middle class population of Asia is now 1.6 billion. By 2030 it will be 3.5 billion. That's 1900 million more than in 2020 – in only 12 years' time. That's **2800 million more middle class people in Asia than Europe** – one of the greatest changes in the world in our lifetimes.

So for activities that seek a global market, these are early days. The boom times lie ahead. The danger for those of us in the West is that we miss the opportunity of the largest expansion of middle and high-income markets in history which is taking place right now in Africa and Asia. The current UK market for good schools and universities is just a teaser for what could be coming next.

This booklet provides an excellent summary of the current context – why foreign students come to the UK, what they are like, and what we need to know to manage their future even more effectively.

Barnaby Lenon, Chair, Independent Schools Council

Welcome

It's a great pleasure to welcome you to our inaugural report looking at the attractiveness of UK education for overseas families.

Over the summer months of 2018, we surveyed and interviewed more than 150 people from the heart of the UK independent education sector including leading Heads, Directors of Admissions, education consultants and relocation experts. We also spoke to those in ancillary services such as immigration law and property. Taking into account the number of families these people work with on an annual basis, we hope that this report encompasses the perspectives of tens of thousands of families from many different countries and continents.

The result is a fascinating snapshot of UK independent education just months before (we think!) the UK officially leaves the EU in 2019. It is a positive portrait – with over 65% of respondents saying that the spectre of Brexit has had no impact on the attractiveness of the UK and only 16% saying that the appetite for international families to choose the UK has decreased in the past year. The survey also captures, as have many that have gone before it, the rise of China – both as a destination for UK schools looking to export their brand and as the leading source of students for UK boarding schools. With offices in Hong Kong and Singapore, we have seen at first hand this raw appetite for UK education from Asian families.

Why the focus on High Net Worth[1] (HNW) families? We know from reports such as the Knight Frank Wealth Report just how central education is to the movement of wealthy families around the world. We thought it would be interesting to ask what the UK's distinctive advantages are in serving this demographic. Uncomfortable as it may make many Brits feel, it is hard to get away from the fact that UK independent schools are some of the most expensive educational investments in the world. If this report is right, this is justifiably so; many of the families captured in this report are scouring the world for the best education that money can buy for their children and are – rationally – settling on the UK.

In chapter five, we ask a question that receives too little attention. Are there any particular educational problems to which very wealthy families are especially prey? We also ask where a UK education falls in Family Office planning for 'NextGens'. From what I hear of the conversation regarding the 'Next Generation' of HNW families, succession planning often only begins once a child has graduated from school or even university. Is it time that NextGen planning begins to consider where an inheritor of wealth or position will attend senior school (or even prep school or nursery!)?

[1] High Net Worth – someone with a net worth of over US$1 million excluding their primary residence. 2018, Knight Frank Report

It is a truism that we live in 'interesting times'. UK independent schools have long projected an image of excellence, continuity and reliability in this uncertain world. As this report makes clear, it is an image that continues to resonate with affluent families from all over the world. Our schools are not immune to global trends but we hope that their ambition, their dynamism and – perhaps above all – their independence means that they continue to capitalise on these trends rather than succumb to them.

If you would like to be in touch with Keystone to discuss your or your clients' educational needs, please do not hesitate to do so.

Will Orr-Ewing

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Global High Net Worth Education Trends

This chapter explores the global picture of education trends before later chapters examine the UK in more detail. The main story is that education is becoming increasingly global. The number of pupils at international schools tripled between 2002 and 2012,[2] and many of the top UK schools have a parent body that is more than 50% non-British. Overseas 'franchise' campuses of renowned British public schools, such as Wellington and Harrow in Asia and the Middle East are growing in popularity. 2017 was the first year in which the number of pupils attending these 59 overseas campuses exceeded the number of non-British pupils attending UK ISC schools.[3]

Despite this, HNW families are still placing preference on UK boarding schools, in part due to their excellent pastoral care and extra-curricular activities. Especially in China, some families take the view that education is a 'Western luxury' that should ideally be experienced in the West. It has been reported that more than half of Ultra High Net Worth[4] (UHNW) individuals in Africa were becoming more likely to look abroad for a good school[5] and 80% of Chinese millionaires plan to educate their child outside of China.[6] This corresponds with the findings of a survey of 400 bank advisors to HNW individuals, with 80% of respondents stating that UHNW individuals will be more likely to send their children to a different country for their education over the next decade, whilst only 4% said UHNW individuals will be less likely to do so.[7]

As well as correlating with the substantial 10% rise in the number of ultra-wealthy individuals (those with net assets exceeding US$50 million) in 2017,[8] the growing appeal of an overseas education to HNW consumers can be attributed to a variety of causes. The most prominent factors affecting the decision of UHNW individuals to send their children overseas is to broaden their perspectives, cited by 70% of global respondents in the Knight Frank survey, to receive a better education (68%) and to develop better prospects (42%).[9] Currency, quality of life and access to the best universities, as well as capacity to advise on both UK and US university applications, are also key trends augmenting demand for a British education.[10]

[2] 2017, Barclays, International Banking: Educating Your Child Abroad
[3] 2017, ISC Annual Report and Census
[4] Ultra High Net Worth – someone with a net worth of over US$30 million excluding their primary residence. 2018, Knight Frank Report
[5] 2017, Knight Frank Wealth Report
[6] 2013, Hurun Chinese Millionaire Wealth Report
[7] 2018, Knight Frank Wealth Report
[8] ibid.
[9] ibid.
[10] 2017, Knight Frank Education Report

Case Study: China

China, along with the UAE, is the fastest growing international school market,[11] with the greatest number of international schools in the world (over 550 in 2016-7).[12] Despite this, the majority of Chinese millionaires intend to send their children overseas for education before university age, with senior school age (11 or 13) proving most common. The most popular overseas options are the US, UK and Canada, with millionaires from China's largest cities tending to favour the US as a destination for education, while wealthy families from slightly smaller cities, such as Zhengzhou, prefer the UK.[13] At least 1 in 10 Asian UHNW individuals send their children to American universities, with the most popular choices for Asia's wealthiest young people being Harvard University, Stanford University and the University of Southern California.[14]

Demand is on the rise in China and it is estimated that by 2030, China will replace the United States as the country with the greatest purchasing power in the global economy.[15] One of the most widely-used services by HNW individuals in both mainland China and Hong Kong is private tuition, with data showing that nearly three quarters of secondary school pupils in Hong Kong used private tutors in 2012.[16] Chinese expenditure on education is expected to grow, as wealthy households move to spending proportionately more on services than goods. This is reflected in the 10% growth in Chinese urban household annual expenditure on education from 2013 to 2015.[17]

Case Study: Russia

In a study of Russia's wealthy in 2015, almost all had university-level education, and approximately two thirds of the children of this group were receiving at least part of their university education outside Russia.[18,19] Succession is perceived to be the greatest threat to wealth creation over the next decade.[20] A popular model for Russian HNW individuals looking to combat this risk is to focus on providing their children with quality education both in Russia and abroad, and financial support at the start of their career, rather than involving offspring directly in the family business.[21] 2017 saw a decline in pupils from Russia attending British independent schools for the second year in a row.[22] This is likely to be linked to a decline in the number of UHNW individuals in Russia.[23]

[11] 2017, RS Academics Report on 'Leading an International School in China'
[12] 2017, Statista
[13] 2013, Hurun Chinese Millionaire Wealth Report
[14] 2018, Knight Frank Wealth Report
[15] 2018, Ali Mirza, Luxury Society
[16] 2015, Louise Lucas, The Financial Times
[17] 2017, Julius Baer Asia Wealth Report
[18] 2015, Study of Russia's wealthy by the Moscow School of Management SKOLKOVO
[19] 2017, Julius Baer Russia Wealth Report
[20] 2018, Knight Frank Wealth Report
[21] 2017, Julius Baer Russia Wealth Report
[22] 2017, ISC Annual Report and Census
[23] 2018, Knight Frank Wealth Report

Why do High Net Worth Families Choose the UK? – Survey Results

Keystone Tutors and Wild Search conducted a survey in order to capture global trends regarding independent education in the UK. We received nearly 150 responses from private client advisers, education consultants, teachers and those working in school admissions.

The survey shows that the most popular age that HNW international clients choose to send their children to study in the UK is 16, followed by 13, then at university age - the least popular is under 11. So, the large majority would be educated in the UK before university.

The two greatest motivations for sending children to school and university in the UK are "quality of education" and "prestige of school/university name". For school, another important driving factor for parents is to better facilitate their children's chances in applying to Oxbridge or other top UK universities. For university, quality of culture and lifestyle is also significant.

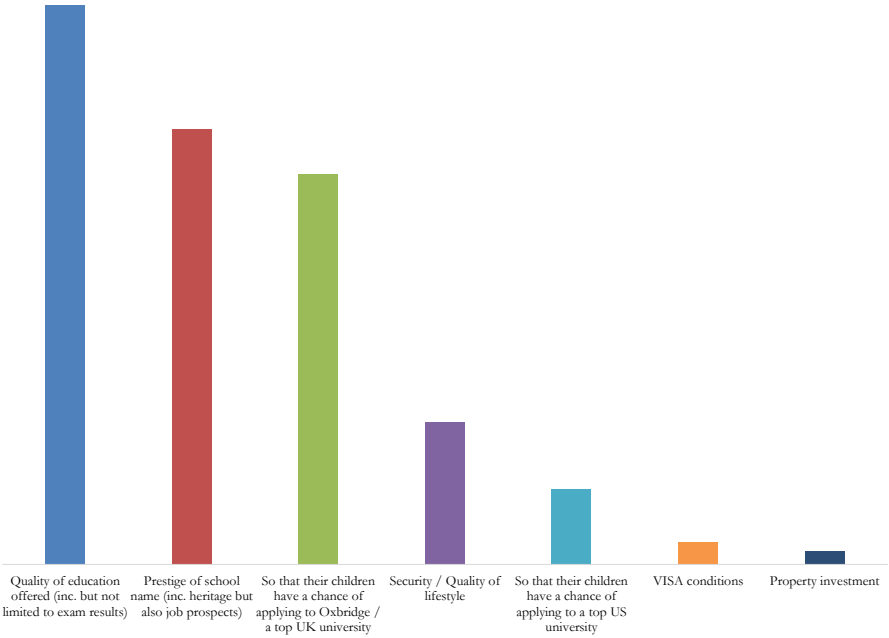


Chart showing motivations for HNW families sending children to **school** in the UK[24]

[24] 2018, Survey by Wild Search and Keystone Tutors - Quality of education: 88%, Prestige of school name: 68%, Chance of applying to UK university: 61%, Security/quality of lifestyle: 22%, Chance of applying to US university: 12%, VISA: 3%, Property Investments: 2%. (Top 3 reasons)

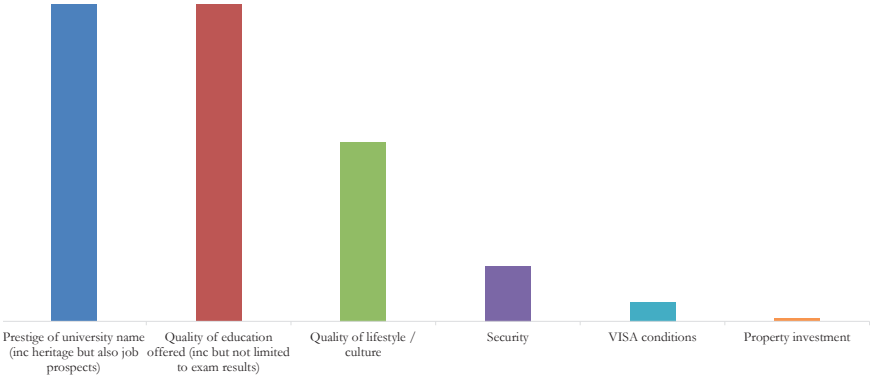
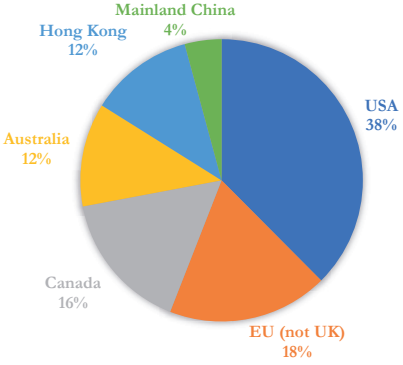
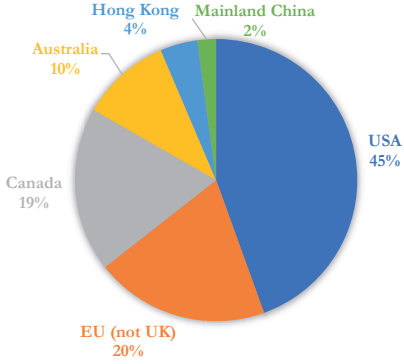


Chart showing motivations for HNW families sending children to **university** in the UK[25]



The UK's competitors: Non-UK destinations for **school** age children of HNW families[26]



The UK's competitors: Non-UK destinations for **university** age children of HNW families[27]

[25] 2018, Survey by Wild Search and Keystone Tutors - Prestige of university name: 79%, Quality of education: 79%, Quality of lifestyle: 45%, Security: 14%, VISA: 5%, Property investment 1%. (Top 3 reasons)
[26] 2018, Survey by Wild Search and Keystone Tutors
[27] 2018, Survey by Wild Search and Keystone Tutors

Besides the UK, the most popular choices of countries for HNW families to send children to school are the USA, EU countries, and Canada. After this, Australia and Hong Kong are also favoured destinations. The preferences for university are similar, with Canada, the EU, and Australia proving the most popular after the USA.

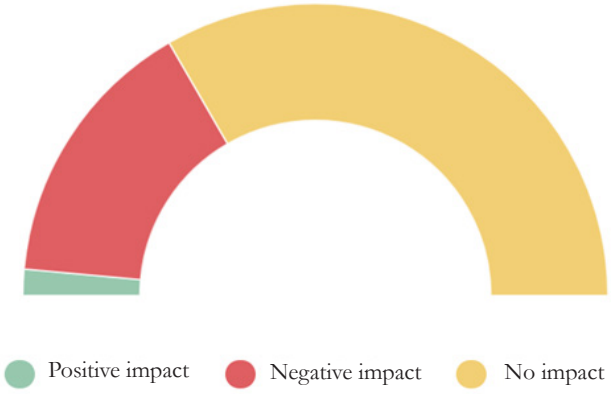


Chart showing the perceived impact of the UK's vote to leave the EU on the attractiveness of the UK for education for HNW families[28]

The vast majority of respondents (66%) identify "no impact" when considering the impact of Brexit on the attractiveness of the UK for education. However, 28% report a negative impact following the result of the EU referendum. 61% of respondents feel their clients' appetites to consider UK education have not changed in the past 12 months, whilst 24% feel it has increased, and only 16% feel it has decreased.

[28] 2018, Survey by Wild Search and Keystone Tutors

Why do High Net Worth Families Choose the UK? – In-depth Interviews

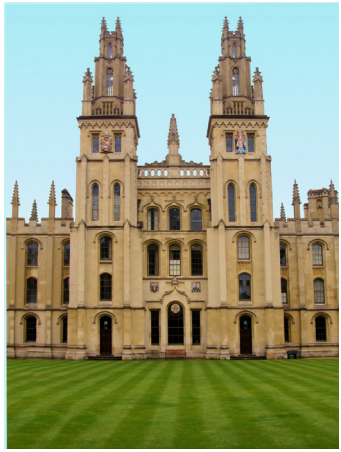
"The UK offers all of the points parents are looking for: reputation, location, top-quality education and security."

John Southworth, Principal (MPW London)

Although each family will have their own motivations for choosing a UK school or university for their child, John Southworth's list above makes for a good starting point. This chapter, based on interviews with leading UK education consultants, admissions officers and school heads, explores these and other motivations in more detail.

Key Motivations

Reputation



The UK's long-standing reputation for the education provided by its schools and universities is naturally the key motivating factor for families from across all regions. Names like Oxford, Cambridge, Eton, Harrow and Winchester are the leading educational brands in the world, synonymous with the very word 'education'. They and their ilk are some of the first names which ambitious international parents think of once they have decided to look overseas for their children's education.

The reputation of UK universities, of course, helps to shore up the reputation of UK schools. "The main attraction is university placement. Attending a prestigious senior school is the logical step to gaining a place at a prestigious university", says Andrew Shedden, Registrar at Winchester College. Mark Cottenham, Shanghai-based Director of VCP Advisors and previously General Manager at Times Education echoed this sentiment, saying "parents look to schools in the UK with a primary motivation of getting their child into great universities, we are seeing the age parents are sending children to the UK with this goal in mind is getting increasingly younger. For Chinese families, higher education is the ultimate goal."

Sarah Charters, former Principal and now an independent education consultant, also says that it is the "strong, world-class reputation" of UK universities that is most attractive, especially to her Malaysian and Chinese clients. "Students from abroad will only make applications to the universities which hold prestige in their home countries."

Ed Richardson, Director of Education at Keystone Tutors, suggests that, as a consequence of their long history and tradition, UK schools transmit a confidence in the education they provide. "The holistic nature of these schools ensures access to all opportunities. Parents are not necessarily motivated by one single factor." They also give "an extra polish and access to a social network," says Christine Leslie, educational consultant and former Headmistress of several top UK schools.

Top-quality education

Britain has been educating international students from ambitious families for many decades and successful graduates from top UK institutions are a testament to the education they received. Ed Richardson notes that UK universities are well-regarded by employers on an international level, and that the methods of teaching are respected and copied world over - for example the use of seminars and tutorials.

Felix Hamilton, an independent education consultant based in Shenzhen, adds that the turnover of teachers at many schools in China has led parents to look for UK or US schools which have more stability in their workforce. International families should not be encouraged to see UK schools and universities just through the prism of examination performance, however. These establishments are rightly seen to give children more than just an academic education. As Andrew Shedden commented, "UK boarding schools are not solely focused on grades. These schools offer more than academic study and allow children to develop and demonstrate a proper understanding of the world." Warren Johnson, Chief Academic Officer of HD Schools, China, believes that "many Chinese parents are drawn to the traditional broader British experience: they like the grounds, facilities and extra-curricular provision on offer." This emphasis on the extra-curricular is much harder to find in many top schools around the world. Felix Hamilton notes that, at least in China, it is often the parents who are required to organise the add-ons, and that they are, therefore, attracted to the 'all in' aspect of UK schools.

Finally, Felix comments that some Chinese children simply do not fit into the Chinese education system: "If a child is not strong in Chinese language or is not achieving good grades - perhaps due to the more formulaic style of teaching in Chinese schools, then families are open to see if the UK's educational system will add more value."

Location

Globalisation has afforded many more parents the flexibility to apply to schools in multiple locations and base themselves where the best opportunity is offered to their child. As Anke Gosch, of leading education consultancy London Pre-Prep, comments, "many HNW families are drawn to the idea of London as a hub, somewhere they can settle their family for a few years in order to explore Europe."

Access to London and international airports is often cited as a key factor when choosing schools and universities, particularly for parents who are remaining in their home countries and wish to visit their children in the holidays. James Burnett, International Director of MPW Sixth Form Colleges, comments, "proximity to London and/or Heathrow is one of the primary questions I am asked across Asia." Christine Leslie adds to this, saying that for her clients, proximity to an international airport was more important than accessibility to London, using Aberdeen Airport and its access to Gordonstoun as an example.

Security

"The UK is seen as a safe place to study, particularly the boarding schools based outside of big cities," says Mark Cottenham. "Whilst there have been some terrorist attacks in the UK, the country is still seen as one of the safest in the world. This is a big concern for Chinese families especially." Ed Richardson also mentions that international parents are often very aware of America and its independent schools, and that the same parents frequently comment on safety issues in the US. He adds, "there is a sense that the British model is safer, and that the pastoral systems in place at UK schools will provide better support for their children."

What are the Potential Threats to the UK's Attractiveness?

We also wanted to ask whether there are any threats to the UK's coveted position as such an attractive destination for overseas families. Three emerged:

UK Schools and Universities Expanding Abroad

Widespread franchising of UK schools and universities globally is not tempting huge numbers of HNW and UHNW individuals currently, as they acknowledge that these schools do not carry the same benefits as the original school or university. As Gary Phillips, Registrar at Oundle School, comments, "whilst they may have many positives, these schools are unable to provide an authentic British experience." James Burnett agrees, noting that "boarding school franchises are profit-making ventures and often have tighter business models. As such, they often do not offer as much as their UK based counterparts by way of additional educational support and advice, pastoral care, and extra-curricular activities." However, if the quality of these franchise schools continues to rise, they may threaten the flow of families to the UK. As more universities set up overseas franchises, the increase in in-country provision may lead to more students remaining at home for their studies. James Burnett uses the example of Newcastle Medical School's course in Malaysia, which offers the same programme with identical accreditation for approximately 40% less than in the UK.

International Numbers at UK Schools

Gary Phillips comments that the number of international students at UK schools is a big concern for both UK and international parents, "there will come a point where some schools will cease to become UK schools, and they will be international schools. This runs the risk of British parents being less attracted to the schools as they are no longer British, and international parents being less attracted as they are too international!"

James Burnett likewise notes that Chinese students often arrive in the UK and find themselves in international colleges with very few UK students, which is not what they knowingly bought into. Not visiting schools and solely relying on agents is a real problem as parents are unable to make a clear, informed decision. Mark Cottenham also mentions the risk of unreliable advice from Chinese agents, saying, "education consultants in China are very commission focussed so advice can be terrible as their primary motivation is to chase the commission."

Over recent years, schools and universities have become more proactive about visiting countries to recruit students directly. The risk remains that whilst top schools and universities are open about everything they offer, the less competitive institutions are less forthcoming about their offering as they are reluctant to draw attention to the things that they are unable to provide.

Brexit

Brexit does not appear to be an area of much concern - yet, Anke Gosch comments, "the only sector that may see a decline will be those parents who are relocating to the UK for work who may now be relocated elsewhere if a hard Brexit takes shape." Warren Johnson suggests, "British news is not that big in China, especially compared with what people see from the US with terrorism within schools - so there aren't many concerns about the UK from a Chinese perspective." Felix Hamilton adds, "the Chinese Government are keen to avoid news about Brexit as they don't want to parade the idea of 'rebellion.'" Both Anke Gosch and John Southworth note a small decline in European students, perhaps as a result of fewer parents being relocated to London for work.

University - Oxbridge vs Ivy League

We know from our survey that access to the best global universities is a major factor in making UK schooling so attractive. Many affluent families, however, are interested in both top UK universities and top US universities. How do the two systems compare? We spoke to leading advisors, ESM Prep (US), Elizabeth Rickards (UK) and David Hargreaves (UK) on the key considerations when weighing up the difference between Oxbridge and the Ivy League universities.

Curriculum

The universities are perhaps furthest apart on the type of degrees they offer. The UK system is specialised, with students tending to focus on just one subject; the US system is much broader, rooted in the tradition of a Liberal Arts education in which students can pick and choose from many more subject disciplines. "Many of the students I coach for the US are unsure what they want to study," says Josh Davis, a Yale graduate who directs the US advisory firm ESM in the UK. "I mean - they're Millennials! It can be intimidating to specialise so early. The big appeal of the US is that kids can sample particular subjects before choosing one, or even take a multi-disciplinary approach combining, say, STEM with Arts."



David Hargreaves believes that it is the decisiveness demanded in the UK that is Oxbridge's biggest strength: "Choosing a subject is, of course, a risk...but it is a salutary experience for a teenager to be forced to make a good choice. They need to learn to live by their choices and to make and recover from their mistakes. A good UK university ought to offer useful specialisation, depth rather than breadth. A high level of rigour in a Humanities or Science subject – in other words a really serious education – prepares a youngster to stand shoulder-to-shoulder amongst others. For the scions of the wealthy, this is not to be underestimated."

At Oxbridge, this specialisation is intensified by the teaching style centred on the 2-to-1 tutorial system. "It's not for everyone," comments Elizabeth Rickards, former Principal of DLD College and now a university consultant specialising in Oxbridge, "but it is an amazing experience to be face-to-face with some of the top brains on the planet in your particular subject." She makes the point that, as a consequence, the Oxbridge admissions process – with its interview and the substantial reading typically required in preparation – is more intellectually searching than Ivy League admissions, though less time consuming.

Extra-curricular Life

Beyond the curriculum, the two systems again differ enormously. Oxbridge often has more on offer than other UK Russell Group universities, but generally the UK finds it hard to compete with the facilities and provision typical of most US universities.

At Oxford and Cambridge, sport tends to be organised along the lines of UK boarding schools - with many of the fixtures 'intra-collegiate' (i.e. between colleges) rather than between universities. Oxbridge sport attracts plenty of funding and attention (some, such as rowing and rugby, more than others) but must always come significantly below a student's academic studies in terms of priority. UK universities do not, as a rule, seek to attract good sportsmen and women through scholarships in the same way that the US does.

It is hard to appreciate just how different the US picture is without actually attending a local college sports match. Where even the annual world-famous Oxford vs Cambridge "Varsity Match" at Twickenham struggles to draw more than 20,000 spectators, its counterpart in the US (say, the Harvard - Yale match) draws three times that crowd. A weekley match in the US, even at a local state university, will tend to attract numbers that would make many professional football teams jealous. "You can be sitting next to someone in Chemistry class in the morning, and then see them playing on TV that night," says Josh Davis who, as a basketball scholar at Yale, is well placed to know how much 'star factor' there is on US campuses. The funding for sports in the US is also considerable, and dwarfs that of UK institutions.

Beyond sports, one other difference is the scale. Much of extracurricular life at Oxbridge, whether music, drama, arts or sports, is student-run. The collegiate system, in which students live in a community of only several hundred, makes the experience feel more like a village than the metropolis that is most Ivy League campuses. Different temperaments will prefer these very different environments.

Treatment

That some parts of the Oxbridge experience are student-run gets to a third important difference.

"We are talking about private schools [universities]," Josh Davis underlines with regard to the Ivy League institutions. "They are going to do everything they can to make those four years the best they can be for you. You're in the centre of their mind and there are so many people looking out for you to ensure that you have the most positive experience." Of course, such high-touch service will be very appealing to affluent families who are used to being treated in such a way.

David Hargreaves cautions as follows, "Oxford and Cambridge have plenty of private endowments but remain state institutions. This means that students will live in fairly modest surrounds and mix with others from different and varied backgrounds." For David, following on from the point about the importance of choice in curriculum, the lack of 'cushiness' is important for undergraduates no matter what they have been used to growing up: "For every child, but especially those from privileged backgrounds, it is useful to learn that the world does not conform to you. I passionately believe that education is for the youngster (not their parents) and that it lasts for their whole life (not just for three years.) That is why I tend to recommend the UK over the US for my clients."

Preparation for Work

The level of service that Josh Davis describes goes beyond a student's time on campus. One of the biggest draws to the US for many families is the leverage which degrees from top universities can have with future employers.

"For affluent students, especially those based outside the US, an Ivy League education helps to 'internationalise' their CV," says Josh. "Through their alumni network, universities will arrange, sometimes even fund and sponsor, placements at top firms and organisations from around the world. This is crucial if a student is going to go on to have a global network to draw upon in their adult life." Elizabeth Rickards agrees: "Affluent families tend to be globally minded and know that their kids need to be too. Of course, CVs are impressive from both."

A good point to end on: both systems stake their claim to be the global ne plus ultra for the best university experience and are looked upon enviously by the Chinese state who hope to grow their own versions. Perhaps a family should count themselves fortunate to have a child be able to study at either.

Educating the NextGen

The term 'NextGen', used by professional advisors to describe their services aimed at younger members of UHNW/HNW families, tends only to target those family members in their 20s and upwards. This is a missed opportunity. Professional advisors should give much more consideration to younger children of affluent families, especially their education. Why? Why does it matter what sort of education the child of affluent parents receives, and are there any special considerations of which these families and their advisors should particularly be mindful? This chapter, based on interviews with some of the UK's leading education consultants, offers some suggestions.

Why Should Education be Considered by NextGen advisors?

"Clogs to clogs in three generations" goes the old saw. The observation that most of a family's wealth is lost in two generations is not new and has recently been borne out again by more analytical studies.[29]

It goes without saying (though is easily forgotten) that the children of school age are the generation that will go on to manage the businesses and other investments of their parents or grandparents, and will be doing so in a time of ever-increasing change and uncertainty. It is no wonder that so many fail to live up to the challenge; the raw technical and analytical skills involved in wielding so much responsibility are considerable, not to mention the requisite 'soft skills' such as empathy, communication and self-awareness.[30]

Education (both at home and school) has a crucial role to play in how a child is brought up to manage such responsibility. Therefore, where and how a child is educated will lead to different 'branching histories' of how that child will turn out – with consequences for all those who will depend on that child in one way or another. The education of a crown prince was always treated with the utmost care, and it is not stretching the analogy too far to say many affluent families and their advisors should apply a similar level of seriousness to the question. More pragmatically, because families around the world do treat their children's education so seriously, professional advisors will benefit from even a passing knowledge of their clients' educational considerations.

[29] "70% of family wealth is lost in the transfer from first to second generation, with more than 90% of the original family assets lost in the transf from second to third." 2013, Williams Group

[30] A 20-year study concluding in 2013 found that it was more commonly "relational" issues such as silence, frustration, conflict, poor communication and lack of cohesion that were most at fault for the loss of large family wealth. 2013, Williams Group

Below are three considerations:

Over-stimulated; under-motivated

Wealthy families and their offices increasingly resemble the courts of Renaissance princes, with a retinue of staff on call to help at every hour of the day. Within the household, this can often mean a host of drivers, nannies and other childminders. Unsurprisingly, many of these households' children have had so much done for them that they are left unable to do much for themselves. The effect is debilitating on the development of these young people's characters.

"Most wealthy families I advise 'outsource' as much as they can and are simply absent much more of the time than other families," Rhidian Llewellyn says. He has been advising families for the past 15 years after successful stints as headmaster of Papplewick and housemaster at The Dragon. He points to a lack of consistency for children who are simultaneously indulged when parents are present and given too much freedom when they are absent. "Their children are therefore far less willing to take personal responsibility." Jess McGawley agrees: "Some, though of course not all, may not feel any pressure to perform." Her firm, Dallington Associates, provides bespoke support and personal development services for UHNW/HNW families with children studying in the UK. "There are few repercussions and far too obvious a safety net."

That the children of affluent parents are lacking in self-motivation has also been noticed by Becky Quintavalle, an education consultant who grew up at a boarding school. "These children are over-stimulated but under-motivated," she notes. It is not just that they have had everything done for them, she says, but that they have never needed to impress anyone. "They have the cool house… the cool kit… they're often good-looking to boot. Everyone wants to be their friend. They've never had to try hard."

Of course, although children may not feel pressure to perform in the short term, most have an intrinsic and more existential need to perform in a wider sense – living up to the parent or grandparent who often made the family name or fortune. To leave children with a depleted sense of self-motivation should be a fundamental concern for all affluent families and their advisors. Children who grow up with a difficulty in directing and sustaining their will power (whether through disuse or misuse) are often the hostage to enduring listlessness or restlessness when older, which itself can lead to chaos in both professional and family life.

Some families provide models for how this sense of entitlement and of not having to try might be overcome. "It is tempting but wrong to generalise about the wealthy," Rhidian Llewellyn says. "Some have values; some don't." He cites a billionaire from Shanghai, born in very different circumstances, who makes a point of impressing on his children the extent of their privileges every day. "He reminds me of a Victorian philanthropist… his children are encouraged to do good works such as getting their hands dirty with charitable work every single day. Putting up with at least some hardship is no bad thing. Those values stay with you." Jess McGawley makes a similar point, "most families who get this right make sure that they keep their children in the conversation about the family wealth, where it's come from and which causes it is going to so that they are fully aware of the responsibilities that come with wealth." She also points out what a good job the UK has historically done with such families, "the UK has been educating the children of wealthy families for centuries... they normalise privilege so that children can be defined by more than just their parents' bank balance."

Finding Purpose and Finding Yourself

Mention of the more philanthropic aspects of a family's wealth is linked to another key consideration: that of helping wealthy offspring to find their own path. All the professionals consulted for this piece stressed the importance of a child, especially once they are a teenager, finding their own passion.

"The Japanese have a phrase called 'Ikigai'", Jess McGawley says, "which loosely translates as 'Reason for Being'. It is the heart of the four pillars of a happy life: Passion, Mission, Vocation and Profession."[31] Given that such children often grow up with the big personalities or reputations of their parents weighing down on them, it is important for them to find something they can truly call their own.



This interest could be academic - English aristocrats of an earlier age were often zealous patrons of the arts or scientific progress - or it could be something outside the curriculum. However, it should not be forced on children as supposedly 'useful' or 'relevant' by older members of the family. The UK is especially well placed to help in this area given the equal treatment it gives to the 'co-curriculum' of arts, sports, music and drama as it does to the academic curriculum - and Rhidian Llewellyn points to the range of external speakers invited into schools to inspire the young to "find their own niche." Advisors would do well to make this point to any parent who is overly preoccupied by a school's position in a league table.

[31] 2018, Thomas Oppong, Medium

Outside the school context, companies like Sotheby's and Christie's have responded to this appetite for developing a hinterland, putting on art history seminars targeting affluent teens and recent graduates. Jess McGawley sometimes takes her young charges to other informal places of learning such as the School of Life too.

A genuine fervour about something outside themselves, however offbeat or whimsical, also guards against what Becky Quintavalle sees as another of the chief pitfalls of affluent youth - simply, banality. "They are superficially worldly having been on some jolly nice holidays… but their conversation is unusually poor." She sees the profusion of smart phones, and their invariably limitless use, amongst the affluent young as exacerbating this problem:

"In the past, young people didn't know what their peers were thinking (thankfully) but now the memes of social media have replaced deeper reflection, meaning that everyone is reduced to the same banality. Fashionable positions on gender, LGBT, Trump or Brexit are generationally mandated; rebellion has all but disappeared. Their opinions are superficially 'open-minded' but actually very rulebound."

What is the consequence of this banality; can't they impress us with their wealth, rather than their character and conversation? Jess McGawley detects an acute problem of self-esteem amongst many of the families she comes across: "Self-worth and net-worth are not the same thing." The problem, again, is that there is often living, or recently deceased, a family member who created the family's position precisely by not just thinking or doing the same as everyone else. Children rarely even reach for similar distinctiveness.

One of the most common motivations for sending children to an 'elite' school is to give that child a chance to 'go further' (if not commercially then in some other way) than previous family members; how disappointing if the result is blander than staying to be educated in one's own country. It is not the fashionable opinions themselves that are wrong but the craven way in which they're adopted that worries these consultants. Do these children really want to live their lives sealed off in a wealthy bubble or do they want to stand out and contribute in some way?

Financial Education & Gender

Traditionally, many parents of UHNW families concealed their financial status from their children until they were 18 or older. "This is a mistake," says Jess McGawley, "If families can, they should educate their child slowly and at various stages of their development, helping them to understand the family's wealth, how it was created and the importance of preservation."

In the past, and in many cultures still today, financial education is skewed towards the male heirs in a family, leaving many daughters at the risk of exploitation once they come into their inheritance. Rhidian Llewellyn points to a number of schools, such as Pangbourne College, who have begun to put on regular 'financial literacy' classes to help their pupils understand financial basics such as stocks and shares, compound interest and more. Some even go so far as to give children virtual portfolios to manage. For children who do not attend such schools, Jess organises finance lessons with global industry experts for this very purpose. London-based education company The Profs offers the same.

For advisors, with this consideration as well as the others above, it is perhaps a case of asking families whether they have ever fully considered this question and have solutions and go-to people ready if they are looking for further discussion or external support.

Education & VISAs

Nadine Goldfoot - Partner and solicitor in Fragomen's London office

Nadine has worked in UK immigration law for 15 years and is considered an authority on HNW immigration. She focuses her practice on advising HNW individuals, entrepreneurs, third party advisors in the private wealth industry and governments on global citizenship and residency planning. Nadine was instrumental in establishing Fragomen's Worldwide Private Client Practice, which provides immigration advice to HNW individuals around the world.



She writes here on the UK as a destination for international students, as well as VISA options and challenges.

The United Kingdom as a destination for international students

As we head close to Brexit, we continue to see appetite from global HNW individuals for migration solutions within the UK for themselves and families looking to benefit from the UK's lifestyle and world-leading education system, with four of the world's top 20 ranked universities in the UK.[32] The UK is also home to some of the most sought after independent schools in Europe.

The UK's immigration categories have proved resilient against Brexit uncertainties and continue to fare well. Although the impact of Brexit on European students coming to the UK and the continued reporting of a potential no-deal Brexit is causing concern to those affected, the Home Secretary, Sajid Javid MP, has sought to reassure EU nationals studying and living in the UK that they will not be asked to leave the UK, even if no Withdrawal Agreement can be reached by March 29, 2019.

Future of EU Students - Impact of Brexit

With a Withdrawal Agreement in mind, the European Commission and the UK agreed in March this year that free movement rights would continue during the Brexit transition period, from March 29, 2019 through to December 31, 2020. On June 21, 2018, the Home Secretary announced a policy to grant settled and pre-settled status to EU migrants living in the UK before midnight on December 31, 2020. Under the scheme, those with five years of continuous residence will be able to apply for settled status. Those who have not been in the UK for five years by that date will be able to apply

[32] 2018, Times Higher Education

for a bridging pre-settled status, until they meet the five years required for settlement. Family members in the UK will be able to apply under the scheme, and close family members living overseas will still be able to join an EU citizen resident in the UK after the transition period, where the relationship existed on December 31, 2020 and continues to exist when the person wishes to come to the UK.

Looking beyond January 1, 2021, the UK government has outlined its vision for a future relationship with the EU, suggesting that the new relationship between the UK and the EU would include a mobility framework, so that UK and EU citizens can continue to travel to each other's territories and apply for study and work permits – similar to what the UK may offer other close trading partners in the future. This was followed, on July 12, 2018, by a White Paper setting out an overview of the UK's vision for these future mobility arrangements.

This includes an intent to help students and young people to enjoy the opportunities and experiences available in the UK and the EU – in line with the arrangements that the UK might want to offer to other close trading partners in the future, and to facilitate mobility for students and young people, enabling them to continue to benefit from world-leading universities and the cultural experiences the UK and the EU have to offer.

Options for non-EU Students

For students not falling under EU rules, the immigration options largely require sponsorship under the tiers of the Points-Based System: either of a parent working in sponsored employment under Tier 2 (giving a child the right to undertake schooling); or the child/young adult, through sponsorship by a school or approved institute of higher education under Tier 4.

Tier 1 offers effectively self-sponsored categories through the Investor and Entrepreneur VISAs. This gives greater flexibility to families and allows a parent to establish a child in education in the UK for the duration of the VISA without relying on sponsorship through a third party (as required for Tier 2 and Tier 4). By the same token, a Tier 1 Investor adult applicant has freedom to go to any educational institution, even those without a Tier 4 sponsor licence, whereas this flexibility is not available to Tier 4 students. The number of Tier 1 Investor VISAs granted was up 11% from last year with HNW individuals investing a minimum of £2 million in return for residency. This is significant as, unlike programmes in Malta or Cyprus, for example, the UK does not provide a fast route to EU citizenship. The statistics show that the UK remains a choice destination in itself, rather than a stepping stone to broader movement. Lifestyle, stability, location and in particular education all contribute to the UK's growing popularity amongst global investors.

The prospects for those coming to the end of their studies will depend on their original VISA. Those in Tier 4 may wish to continue with post-graduate studies. Those leaving education will need to look for sponsored employment through Tier 2, or switch to a Tier 1 category. The former can be challenging, due to the extra steps and costs required to hire a non-settled person through immigration sponsorship. Those in Tier 1 have far greater flexibility as, for example, Tier 1 Investors can choose to be either self-employed or take up a job with any employer including those without a sponsor licence, without going through the Tier 2 sponsorship process. This, of course, gives them access to a broader pool of employers.

Those endorsed as leaders or emerging leaders in science, engineering, humanities, medicine, digital technology, the arts or fashion can look at applying under the Tier 1 (Exceptional Talent) VISA. The government is keen to keep and attract entrepreneurial and bright students in and to the UK. A new start up VISA has been announced for Spring 2019 which will widen the applicant pool of talented entrepreneurs and make the VISA process faster and smoother for entrepreneurs coming to the UK. It will replace a VISA route which was exclusively for graduates, opening it up to a wider pool of talented business founders, requiring applicants to have acquired an endorsement from a university or approved business sponsor, including accelerators.

Planning for Long-term Residence

The VISA route chosen also impacts options for long-term residence. In general terms, permanent residence flows after five years' continuous residence in the UK. However, time spent as a Tier 4 student does not count towards this five year period, whereas time spent in the UK as a Tier 1 Investor does. A Tier 4 student who is looking to establish themselves in the UK permanently, would need to switch out of Tier 4 on completion of their studies and then clock up five years' residence, meeting the requirements of their chosen VISA throughout. An alternative is available for those who have 10 years' continuous residence in the UK, who can apply for permanent residence on that basis. However, the requirements are onerous.

The Migration Advisory Committee (MAC) have recently reported that international students provide a huge benefit to the UK economy. They have recommended to the government that they should continue to work with the sector to grow the number of international students, offering more time for students to switch from Tier 4 to Tier 2 and extending the periods of post-study leave granted to students.

All in all the UK offers a number of attractive options for students and families with school-age children, with access to some of the world's leading centres of education. Post-Brexit we may see further incentives to attract and retain graduates, also offering solutions for nationals of the UK's new trading partners.

Insights into Education Trends from Property Advisers

Tom van Straubenzee, Partner and Head of Private Office at Knight Frank Global Advisory



Tom has worked in the London property market for 15 years. He specialises in high-end residential and commercial real estate and has completed nearly one hundred deals for an international client base, including six properties valued over £40M. Knight Frank's Global Wealth Advisory Team is the London-focussed arm of Knight Frank's global super prime strategy. The Global Wealth Advisory team manages Knight Frank's HNW clients across both the residential and commercial service lines, focussing on London and linking with the wider global network.

We spoke with Tom about the relationship between property choices and education for UHNW/HNW individuals.

Tom observes that families with school-aged children almost always mention schools when discussing residential property with Knight Frank. Families usually wait for a firm place at a London school before buying, confirming that location of school is prioritised ahead of location of property, he explains. He provides the example of one Belgian family who wanted to buy a property in Kensington and Chelsea but, when a school in Battersea offered their child a place, chose to buy in Battersea instead. This is a common scenario, he adds, given the high competition for places at top British schools, particularly in London.

He notes that families who opt for a boarding education prefer to buy a residence near the school, rather than investing in a London property, although they may also buy a pied-a-terre in London. Towns like Henley, Ascot and Oxford, and properties in the near vicinity, are seen as particularly attractive owing to the quality of local independent schools. Tom says that more international families are now choosing to rent than buy property in the UK, owing to the rise in stamp duty and uncertainty over Brexit negotiations. Since the EU referendum result, British independent schools have become less popular with European families, who might currently find the idea of educating their children in their own country more appealing, he explains. Tom cites the example of a Swedish family who relocated to the UK for their children's education but have now moved back to Sweden and are selling their UK property.

However, UK independent schools remain popular with families from further afield, particularly Asia, Russia and Africa. Tom says that the driving factors for educating children in UK independent schools are quality of education and lifestyle, with a British education still viewed as the best in the world.

He distinguishes between wealthy Europeans, who are more likely to own a property in London for lifestyle purposes, and those from Asia, who see London property primarily as an investment.

Regarding higher education, Tom states that clients do not talk so much about university when discussing property location because, on the whole, they are happier for older children to be further away. He also notes that, for his clients, the US is at least as popular a choice as the UK for university. Tom raises the recurring theme of international families who buy London property when their children are young and use the rent to fund school and or university fees. This property might later provide accommodation for their children during or after university.

Fred Schiff, Co-Founder of Hathor Property

Upon completion of his Masters in Property Valuation and Law at Cass Business School, Fred spent seven years at Knight Frank where he qualified as a Chartered Surveyor. His training and subsequent practice focused on residential development, planning and valuation in the UK and Monaco. Having co-founded Hathor Property in 2014, Fred has maintained a focus on planning and development. Hathor Property Limited offers a bespoke property acquisition and project management service focussed entirely on the requirements of its clients.



We spoke with Fred about the relationship between property choices and education for UHNW/HNW individuals.

Fred agrees that international clients with young children frequently discuss education when buying residential property. He offers the example of a Chinese family who moved their whole family to London first and foremost for the sake of their children's education. They wanted to buy in London first and later in the country. Fred emphasises how Hathor Property's advisors spend lots of time with their clients, and education regularly comes up in conversation as a priority.

Fred notes that international families who elect to send their children to boarding schools are far more likely to buy a property in the UK if they are based further away, and sometimes buy a small property in London for children older than 16 to use for their own purposes. He raises the fact that wealthy European families tend to favour the London lifestyle and are often accustomed to owning London property in locations such as Chelsea, Notting Hill, Kensington and Marylebone. These European families then try to send their children to local independent schools in those areas.

He observes, however, that trend buyers from some areas – notably Russia and the Middle East – are drawn to certain affluent parts of London like Knightsbridge and Mayfair regardless of proximity to schools and are less influenced by education as a factor in their property decision-making. These families might also buy large country homes in the home counties or those on private estates, for example in Wentworth. In many instances, this is directly driven by school choice while also allowing them to live in a prestigious location. However, Fred highlights that there has recently been a decline in the number of HNW Russian families sending their children to British schools and an increase in Russian families selling their London properties, again highlighting the correlation between the two.

Commenting on the appeal of UK schools, Fred remarks that whilst academic prestige and quality of teaching are big draws, it is favoured more as part of a package to include a safe political and investing environment, good healthcare, and the general lifestyle and quality of life. He adds that since Brexit, continental destinations such as Paris have become more appealing to certain families, however speculates that London will nonetheless remain the primary destination for the aforementioned reasons. Other significant motivations for buying in the UK include tax, healthcare, the central time zone and the English language. For now, though, Fred says there has been a recent pick-up in the rental market as people view the property market with less confidence owing to Brexit and the high cost of buying property.

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About Keystone

Founded in 2007, Keystone Tutors has established itself as the pre-eminent provider of tutors in the UK. It is headquartered in London and has subsidiary offices in Hong Kong and Singapore. It is unique within the UK market in having a large number of tutors exclusively employed by Keystone on a full-time basis. All their tutors are graduates from the UK's leading universities (including Oxford and Cambridge) and have outstanding academic track records. Its reputation is based off its track record of helping children win places at the most competitive UK schools and universities, or success in top UK exams such as 11+, IGCSE, IB and A Levels.

Keystone also has a comprehensive knowledge of the UK private education and university system, and advises parents on their educational options. They have built up relationships with knowledgeable and respected members of the educational community, from leading heads to those who work in the Admissions Departments of top schools. They often work in partnership with other educational consultants to deliver the best service to their clients.



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