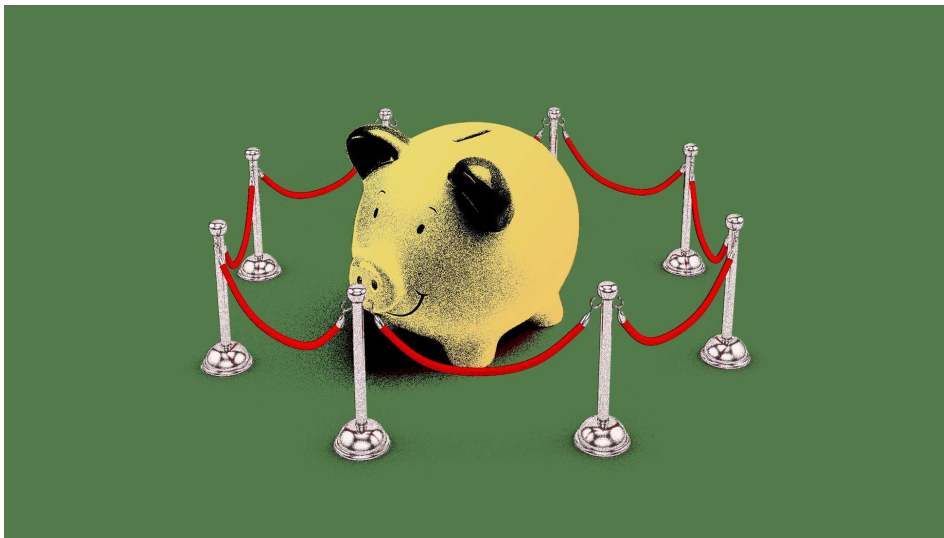


I Was Taught From a Young Age to Protect My Dynastic Wealth

A common ideology underlies the practices of many ultra-wealthy people: The government can't be trusted with money.

By Abigail Disney



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When ProPublica published its report last week on the tax profiles of 25 of the richest Americans, jaws dropped across the United States. How was it possible that plutocrats such as Elon Musk, Jeff Bezos, and Warren Buffett could pay nothing in income taxes to the federal government? What sneaky sleights of pen, what subterfuge, what acts of turpitude could have led to this result?

The shock stems, in part, from a disturbing reality: Nowhere does ProPublica assert that these men cheated, lied, or did anything felonious to lower their tax burdens. The naked fact of the matter is that not a single one of the documented methods and practices that allowed these billionaires to so radically minimize their tax obligations was illegal.

What's worse, these methods and practices—things such as offsetting income with losses in unrelated businesses; structuring assets to grow rather than generate income, then borrowing against those growing assets for cash needs; and deducting interest payments and state taxes from taxable income—are so downright mundane and

commonly applied that most rich people don't see them as unethical. The more interesting question is not how the men in ProPublica's report were able to avoid paying much or anything in federal income taxes, but why. What motivates people with so much money to try to withhold every last bit of it from the public's reach?

One factor is the common ideology that underlies all of these practices: The government is bad and cannot be trusted with money. Far better for the wealthy to keep as much of it as possible for themselves and use (a fraction of) it to do benevolent things through philanthropy.

My grandfather Roy O. Disney, who co-founded the Walt Disney Company with his brother Walt, was a fervent believer in this idea. He was so determined to prevent the government from taking any of the money he wanted to leave to his family that he created generation-skipping trusts to end-run the IRS. What he did back then was so effective that most of it is illegal today.

I will protest to my dying breath that he was a good man—one of the best, in fact.

But I will also add, at the very end of that dying breath, that he should not have been able to do that.

Practically speaking, the way the trusts were devised meant that I came into a significant amount of money at the tender age of 21. I became an asset manager before a lot of people get their first apartment. I'm 61 now, meaning I've been the recipient of four decades' worth of tax advice from the decent, good, kind men (yes, they were all men) who were put in place by my grandparents, and then my parents, to ensure that I wouldn't do anything stupid with what I had been given.

Every single method and practice outlined in the ProPublica report has been suggested to me at one time or another by these decent men as a credible, perfectly legal, and not-at-all-questionable way to manage my assets. And, over the years, I have said yes to many of those suggestions. So it's true: If you were to get a hold of my tax returns, you would find a record of a person who has adhered scrupulously to the law and, in doing so, has also taken advantage of the many holes our legal system has left wide open.

When you come into money as I did—young, scared, and not very savvy about the world—you are taught certain precepts as though they are gospel: Never spend the "corpus" (also known as the capital) you were left. Steward your assets to leave even more to your children, and then teach them to do the same. And finally, use every tool at your disposal within the law, especially through estate planning, to keep as much of that money as possible out of the hands of government bureaucrats who will only misuse it.

If you are raised in a deeply conservative family like my own, you are taught some extra

bits of doctrine: Philanthropy is good, but too much of it is unseemly and performative. Marry people “of your own class” to save yourself from the complexity and conflict that come with a broad gulf in income, assets, and, therefore, power. And, as one of my uncles said to me during the Reagan administration, it’s best to leave the important decision making to people who are “successful,” rather than in the pitiable hands of those who aren’t.

I took far too long to look with clarity upon these precepts and see them for what they are: blueprints for dynastic wealth. Why it took me so long is a fair question. All I know is that if you are a fish, it is hard to describe water, much less to ask if water is necessary, ethical, and structured the way it ought to be. As long as no one so much as raised an eyebrow about the ethics of the CRAT, the CRUT, and the credit swap, who did I think I was to query the fundamentals? I did not have the emotional courage to go down that path.

There was another reason for my inaction, and I am deeply ashamed to say what it was. But here goes: Having money—a lot of money—is very, very nice. It’s damn hard to resist the seductions of what money buys you. I’ve never been much of a materialist, but I have wallowed in the less concrete privileges that come with a trust fund, such as time, control, security, attention, power, and choice. The fact is, this is pretty standard software that comes with the hardware of a human body.

As time has passed, I have realized that the dynamics of wealth are similar to the dynamics of addiction. The more you have, the more you need. Whereas once a single beer was enough to achieve a feeling of calm, now you find that you can’t stop at six. Likewise, if you move up from coach to business to first class, you won’t want to go back to coach. And once you’ve flown private, wild horses will never drag you through a public airport terminal again.

Comforts, once gained, become necessities. And if enough of those comforts become necessities, you eventually peel yourself away from any kind of common feeling with the rest of humanity.

I tell you all this not to defend myself; that’s between me and my conscience. I am telling you this because human nature is a mighty force, and fighting it requires understanding it.

What has caused me to question my indoctrination has been ethics. Goddamn ethics. For many people, especially those most deeply embedded in the culture of having and getting money, ethics are a wispy and ineffectual nuisance—an abstract set of principles that can’t possibly stand up to the rigors of life lived fast, business conducted efficiently, and competitors devoured and cast aside.

The older I’ve gotten and the more clearly I’ve understood these things, the more the impulse to betray my own class has taken charge of my judgment.

What's shocking about the ProPublica report is not just that the tax bills are so low, but that these billionaires can live with themselves.

If your comfort requires that society be structured so that a decent percentage of your fellow citizens live in a constant state of terror about whether they'll get health care in an emergency, or whether they can keep a roof over their family's heads, or whether they will simply have enough to eat, perhaps the problem does not rest with those people, but with you and what you think of as necessary, proper, and acceptable.

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