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Wealthy Russian Families Lose Up to 75% of Their Income in 2015

By The Moscow Times

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Wealthy Russian families lost between 25 and 75 percent of their income in 2015, the Vedomosti business daily reported Thursday, citing the Russian Wealth Report 2016.

On average, families with an annual income between 15 million and 100 million rubles ($235,000 to $1.5 million) lost 45 percent of their revenue, according to the report prepared by the NICA Multi Family Office asset management company, the Aspire Lifestyles marketing agency and Savills and Tranio real estate companies.

There at least 100,000 families with such an income in Russia, and 84,000 of them are in Moscow, according to the report.

Among the hardest hit last year were families receiving passive income from their assets.

These families usually live abroad but have a source of income in Russia. Due to exchange rate fluctuations, a reduction in the profitability of Russian assets and the revocation of licenses

from Russian banks, they lost up to 75 percent of their revenues, managing partner at NICA Multi Family Office Kirill Nikolayev told Vedomosti.

The Russian economy plunged into deep recession in 2014 following the weakening of global prices for oil and Western sanctions imposed on Russia over its role in Ukraine conflict. As a result, the Russian currency lost over half of its value against the U.S. dollar.

The Russian Central Bank also started purging its banking sector, which resulted in more than 200 banks losing their licenses over the past 3 years.

The majority of wealthy families (60 percent) receive income from business activity. The Russian financial crisis led to a reduction in business activity and these families saw their incomes fall by about 50 percent.

The less affected are the families of top managers — accounting for 20 percent of wealthy households. According to the report, managers of commercial companies saw their revenues drop by about 15-20 percent.

Managers connected with state companies managed to avoid losses completely, Vedomosti reported.

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