

PASSING ON WEALTH WITHOUT LOSING IT ALL

The massive generational wealth transfer over the next two decades is staggering. To ensure that wealth lasts for generations, individuals must plan with a level of complexity that even sophisticated businesspeople and investors can find vexing. Here's an overview of the challenges ahead.



THERE'S A LOT OF MONEY INVOLVED

Amount of wealth transfers between now and 2045:

\$72.6 trillion
Directly to descendants

\$15.8 trillion
To charities

\$35.8 trillion

Amount expected to come from high-net-worth and ultra-high-net worth households

BREAKING IT DOWN FOR BOOMERS:

Baby Boomers (those born between 1946 and 1964) have \$78.3 trillion in assets, with most in equities, real estate and pensions or retirement plans:

Equities:	Private businesses:
\$19.1 trillion	\$7.4 trillion
Real estate:	Durable assets:
\$18.9 trillion	\$3 trillion
Pensions:	Other assets:
\$16.1 trillion	\$13.9 trillion ²



THE LOST GENERATION(S)

70%

Percentage of families losing wealth by second generation of successors

90%³

Percentage of families losing wealth by third generation of successors

WHY FAMILIES LOSE WEALTH



Inadequate estate planning:
Poorly constructed trusts or none at all

Their hearts aren't in it:
Not cementing family ties and responsibilities with heirs

Lifestyle inflation:
Successors can't handle wealth and live beyond their means

I'll do it later:
Individuals procrastinate estate planning until it's too late

FAMILIES ARE **NOT** HAVING THE CONVERSATION

64%

of wealthy individuals haven't discussed wealth transfer with family members

71%

of wealth individuals haven't discussed wealth transfer with advisors

5 THINGS YOU CAN DO NOW TO IMPROVE YOUR ESTATE PLANNING

1

Develop strategies to deal with estate tax changes, such as giving gifts or making sales to family members, buying life insurance to pay taxes.

2

Educate heirs on investing, asset protection, tax strategies, budgeting and getting involved in family businesses, foundations or trusts.

3

Periodically review estate plans with your advisor as trusts and plans can go stale, limiting their long-term effectiveness.

4

Don't wait to plan because you think laws or your lifestyle will change; estate plans can always be reworked.

5

To ensure estate plan stability and long-term continuity, use advisors who can do most tasks in-house and coordinate planning with outside professionals.

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¹ Cerulli Associates, "Cerulli Anticipates \$84 Trillion in Wealth Transfers Through 2045," January 20, 2022.

² New York Times, "The Greatest Wealth Transfer in History Is Here, With Familiar (Rich) Winners," May 23, 2023.

³ Nasdaq, "Generational Wealth: Why do 70% of Families Lose Their Wealth in the 2nd Generation?" October 18, 2018.

⁴ Fidelity, "Eight Strategic Imperatives to Address the Decade of Generational Wealth," accessed July 2, 2024.