

EXECUTIVE SUMMARY

# NAVIGATING THE WEALTH TRANSFER LANDSCAPE

Key insights from some of the nation's most successful families to guide your wealth and inheritance strategy



In partnership with the Institute for Private Investors  
and Campden Research

## Methodology & Demographics

These insights on multigenerational wealth are based on data derived from a quantitative survey conducted by Wilmington Trust, Campden Wealth, and the Institute for Private Investors between April and July 2016. Survey respondents were drawn from Wilmington Trust clients who agreed to participate, as well as Campden Wealth's existing community of members in North America.

The study concentrated on members of families with a net worth of \$20 million. Nearly three quarters (72%) are members of families with upwards of \$50 million in estimated net worth.

One of the primary goals of this report is to examine and analyze the opinions and behaviors of two distinct groups. One group, the Wealth Holders, is comprised of individuals who have already received more than half of their expected inheritance. The other group, the Inheritors, is comprised of individuals who have received less than half of their expected inheritance.



## Wealth transfer: How and how much

Successful families face myriad challenges to growing, preserving, passing on, and sharing their wealth. From economic and geopolitical uncertainty to low investment returns and society's probing questions about income inequality, multigenerational families have a complicated maze of issues to navigate.

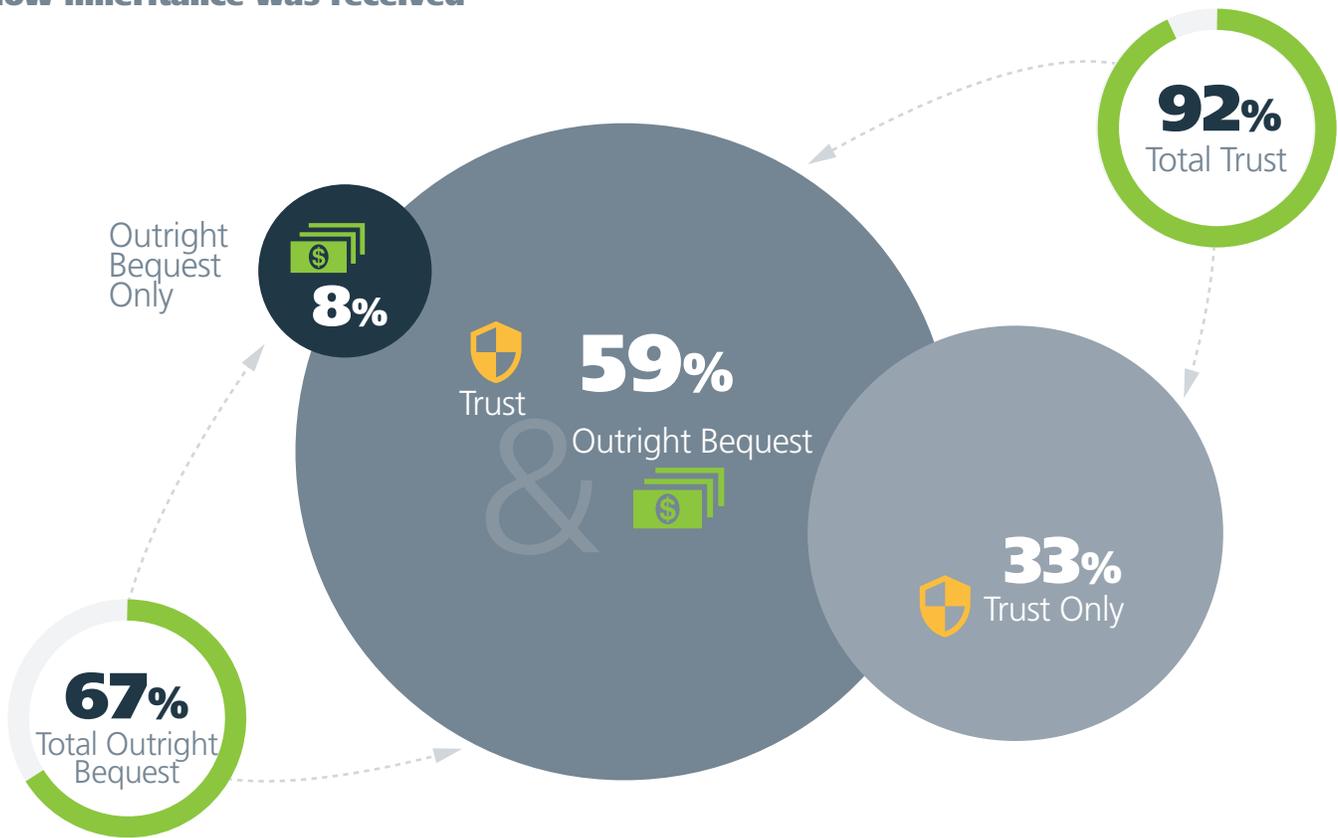
Contrary to popular belief, wealth transfer is hardly a singular event characterized by an oversized bequest upon the death of a Wealth Holder. Only 8% of respondents received all of their inheritance in an outright bequest, and only one-third received all of it via a trust. The majority of respondents have been involved in a hybrid approach to wealth transfer: 59% of them receive their inheritance via both a trust mechanism and an outright bequest payment.

However, the use of some type of trust was almost ubiquitous, with 92% of individuals identifying themselves as beneficiaries of a trust.

Trust distributions tend to come earlier in their lives, often from generation-skipping trusts. Outright bequest payments tend to occur when their parents pass away.

“Clearly, there is no one-size-fits-all approach to wealth transfer. Inheritance experiences are as different as the families themselves,” says Don DiCarlo, Chief Fiduciary Officer, Wilmington Trust. “Because each family has unique dynamics and goals, they should have a wealth transfer strategy customized for them to be effective over the generations.”

## How inheritance was received



## Imparting knowledge of wealth

While the survey showed a strong desire among all respondents to pass wealth on to succeeding generations, differences appear among families when it comes to how much information they share about wealth transfer.

Our survey examined how much Wealth Holders knew before they inherited their assets, as well as what they share with their heirs. One-third of Wealth Holders had complete knowledge of their inheritance before they received it, while 56% had general information.

A shift is happening in intergenerational information sharing. Wealth Holders share more information with their heirs than their benefactors shared with them. Nearly half of Wealth Holders (48%) say they share complete inheritance knowledge with their heirs, compared to 33% percent of Wealth Holders who received full information.

The primary reason Wealth Holders say they do not share information with their heirs is their concern over demotivating or disempowering them. Nearly one-third of individuals cite this as their top reason.

Despite these concerns of Wealth Holders, nearly 60% of Inheritors plan to continue working after receiving their inheritance.

More than nine in 10 respondents, both Wealth Holders and Inheritors, agree they have an obligation to ensure that wealth endures for future generations. An equal number agree that their inherited wealth compels them to develop a strong work ethic, while 89% feel they have a responsibility to help others and the community.

**Knowledge of inheriting:**  
(at the time of their inheritance)

**What Wealth Holders knew and what they shared with their heirs**

We compared how much Wealth Holders knew before they inherited with what they shared with their own heirs.

**What they knew**

- No Knowledge
- General Knowledge
- Complete Knowledge

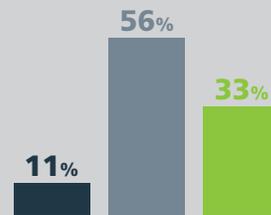
**What they shared**

- No Knowledge
- General Knowledge
- Complete Knowledge



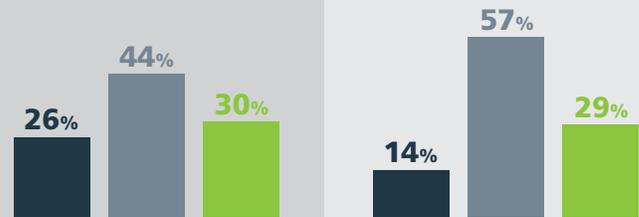
**Shared that an inheritance was coming**

Wealth Holders were more likely to share complete knowledge with their heirs that an inheritance was coming (48% vs. 33%)



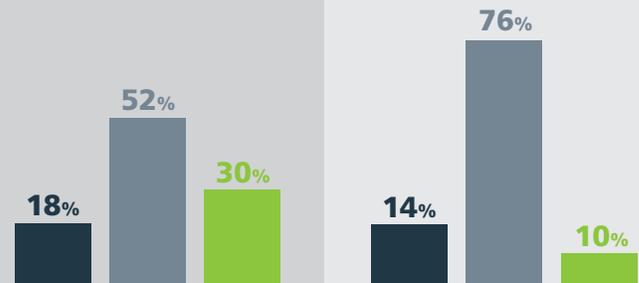
**Shared when the inheritance was coming**

Wealth holders and heirs were similar in sharing the details about when the inheritance would be coming. (30% vs. 29%)



**Shared how much heirs would receive**

Wealth holders were less likely to share the amount with their heirs than their family was with them (30% vs. 10%)



Strategic planning, communication, and education are the keys to successfully transferring wealth without extinguishing the desire for achievement that, in many cases, helped the family accumulate wealth in the first place.

*“Many Wealth Holders are focused on the best strategies for maximizing the amount of assets for the next generation, but they also need to plan so that their wealth will have a positive impact on the next generation.”*

**Sharon Klein,**

Tri-State Region (NY, NJ, CT) President

## Wealth brings complex concerns

Survey respondents' primary worry is simply others knowing about their money. Their secondary concern is that they will be targeted by predators and scams. They also worry over the misperceptions of wealthy people in general society and the media.

These worries further highlight the need for comprehensive family communication and education. The fact that 89% of survey respondents feel obligated to learn to manage their wealth opens the door for families to work with their wealth professionals on programs that focus not only on financial challenges families face, but also the “softer” issues.

### Concerns that wealth may bring



Which topics are you most interested in?	Wealth Holders	Inheritors
Managing family dynamics / decisions	60%	63%
Trust and estate planning	53%	85%
Complex investments	53%	52%
How to balance spending and preserving wealth	40%	37%
Philanthropy	40%	30%
Asset allocation	40%	30%
Addressing how wealth impacts relationships	40%	37%
Basic investments	30%	33%
Online account security	30%	26%

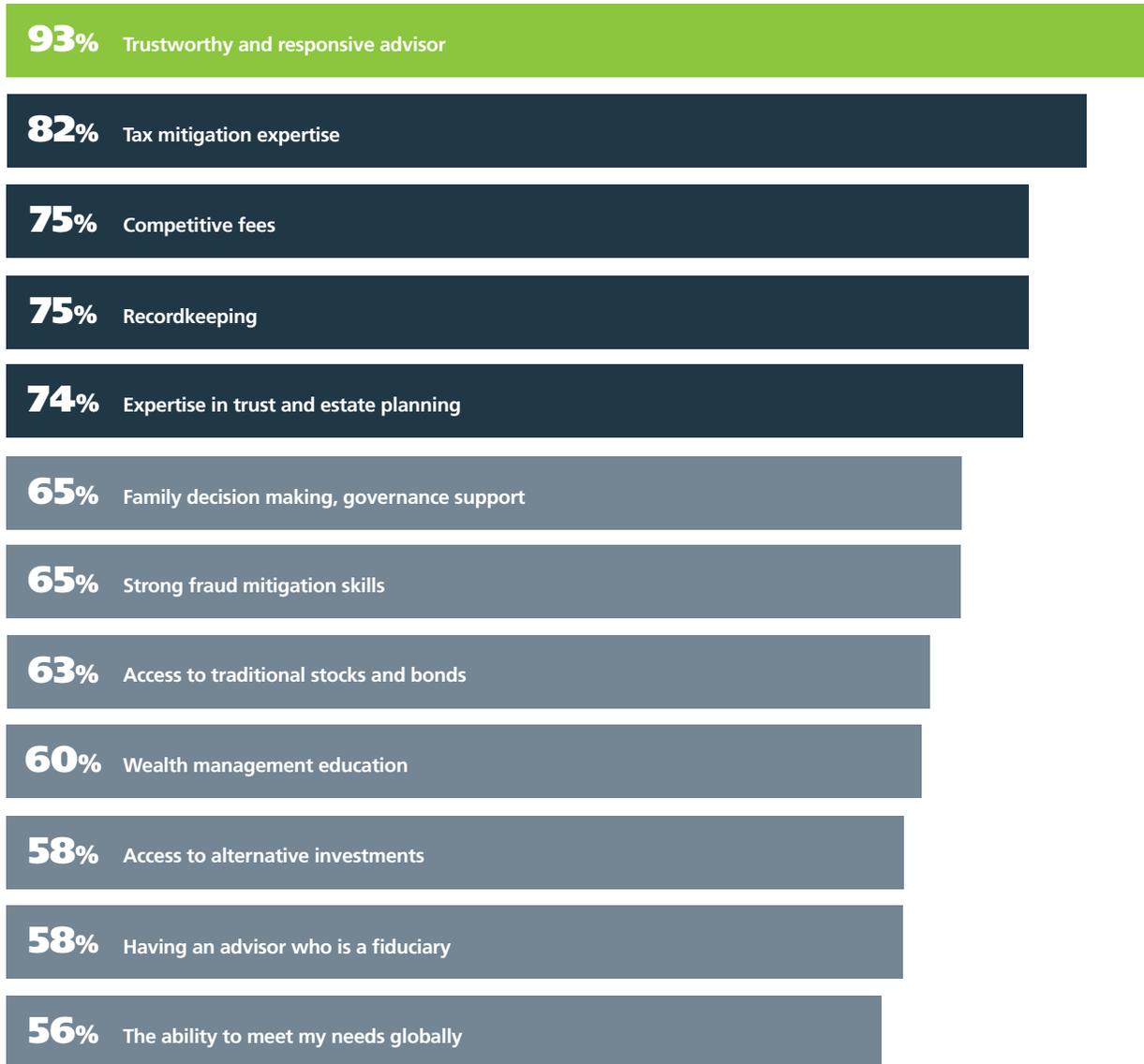
## Working with wealth professionals

When seeking assistance with managing their wealth, first and foremost, respondents want a trustworthy and responsive advisor. Tax expertise and competitive fees rank second and third, respectively, followed by recordkeeping. Trust and estate planning is fifth, followed by support for family decision-making and fraud mitigation capabilities.

In general, successful families seek a wide range of experience and abilities in their professional advisors and wealth managers, including confidential advice and counsel that they can trust unreservedly and quick and comprehensive answers to the questions keeping them awake at night.



## What is important when selecting / retaining a wealth management firm?



## In closing

The families that remain successful over multiple decades not only master their financial strategies, but are also strong in many other ways: open communication, continual education, well-defined values and, perhaps most important, a strong family culture that connects their history with their future. And they seek out sophisticated advisors to partner with in facilitating and supporting all of these crucial components.

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