

Great Expectations for Inheritances; Positive Impacts of Partner Planning in Wealth Transfer Unmet Appetite for Discussions on Family Wealth

(September 10, 2019, Rye, NY) – More U.S. households expect to receive inheritances, with families saying they have unmet needs in discussing family wealth, and couples saying partner planning for retirement can cut worry in half, according to a new report by [Hearts & Wallets](#), the source for retail investor data and insights.

The **Wealth Transfer & Family Discussions: Growing Generosity, Desire to Discuss, and Benefits of Partner Planning** Report reveals the latest consumer trends in wealth transfer, tracking inheritances (planned and received) and amounts, incident of funded trusts, conversations about inheritances as well as family discussions and partner planning.

Written by Hearts & Wallets subject matter experts with decades of operating experience in retail finance, consumer packaged goods and technology development, and acumen honed at the nation's finest business schools, this report is drawn from the latest fielding of the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database). The IQ™ Database is recognized as the largest single dataset with 72 million data points on consumer buying patterns from over 45,000 U.S. households.

Growing Generosity

Over half (57%) of U.S. households expect to be involved in inheritances during their lives – either having already received, expecting to receive or expecting to leave an inheritance – up 11 percentage points from 2015. Most growth is driven by households that expect to leave inheritances, with 38% of all households saying they expect to leave an inheritance, up 10 percentage points in 3 years. Even households with less than \$100,000 in investable assets hold high expectations for legacies, most likely through real estate. At the same time, many households with \$500,000 in investable assets seem to have received a significant portion of their assets through an inheritance.

Younger Consumers Spark Conversations

The report reveals an unmet appetite to discuss inheritances among people who expect to leave them. 38% of people who expect to leave an inheritance say they have “not yet [discussed it], but would like to.”

Only a little over one third (38%) of accumulators (families still building wealth) have “talked with their children” about their finances. Younger people, who are more comfortable discussing money,¹ say they have more conversations with their parents about their parents' post-retirement finances, including 38% of 28- to 39-year-olds, up from 22% in 2015.

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¹ Hearts & Wallets Explore Qualitative Talking Finance with Friends report (July 2018).

Great Expectations: Growth in Inheritances/2

"Firms can provide more structured giving programs to support the mass affluent," Laura Varas, founder and CEO of Hearts & Wallets said. "Firms can also lead the way with advice for recipient households and ways to help older people initiate conversations with potential heirs."

Funded Trust Accounts and Value of Advice

Funded trust accounts are widespread, with 1 in 5 households being a beneficiary. Often these accounts are modest in amounts, with half being under \$100,000, as can be the case with inherited IRAs. Even a small funded trust account increases the likelihood of a consumer "seeing value in paying for professional financial advice."

"In contrast to popular perception of 'trust funds,' the reality is that there are a lot of funded trust accounts and most are small," Varas said. "This is another way that families share their legacies across generations."

Power of Partner Planning

In partner planning for retirement, altruism is the driving force for many couples. More people are worried about their partners managing without them than they are worried their own future as a single. Importantly, retirement planning together cuts in half the worry about a spouse/partner not being able to carry on if their partner predeceases them.

"These insights are telling us that interactions with financial services and wealth transfer are incredibly valuable to consumers," said Claudia Loiacono, subject matter expert and co-author of the report. "Consumers with small funded trust accounts recognize the value of professional advice. Couples are saying partner planning for retirement dramatically lessens their worry about how their spouse will cope if left alone. Financial services firms can make vital contributions to the lives of consumers dealing with wealth transfer."

Methodology

Wealth Transfer & Family Discussions: Growing Generosity, Desire to Discuss, and Benefits of Partner Planning is a Timely Topic, one of the rotating reports on emerging trends that change each year, and is drawn from the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database). The report analyzes wealth transfer: involvement in inheritances, inheritance amount, incidence of funded trust, inheritance discussions as well as family discussions: family discussions and partner planning.

About Hearts & Wallets

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision making. Combining a consumer marketing framework with financial services operating experience, the company is a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery. For more information visit www.heartsandwallets.com.

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