

Sizing U.S. Wealth: Who Has It Now; Who Will Inherit

Only 45% Customer Relationships Get any Combination of Advice and Service from Financial Firms; Market Not Getting Advice or Service Translates to \$11 Trillion

(Jul. 3, 2024, Rye, NY) –Most growth in U.S. wealth is concentrated in older households with the majority of wealth transfer over the next decade projected to be from the Silent generation to Gen X, according to a new market sizing report by [Hearts & Wallets](#), the independent data and benchmarking firm that specializes in saving, investing and financial advice.

Portrait™ of U.S. Household Wealth 2024: Sizing the Growth Prospects for Older Households and Categories of Advice breaks down current U.S. households by age, wealth, generation and lifestage with 5- and 10-year projections by age, lifestage and generation. A special section sizes current use and future demand for advice by customer advice experience categories. The report synthesizes the latest data from Federal Reserve Financial Accounts of the United States (“Z.1”), U.S. Census Bureau population estimates, Survey of Consumer Finances (“SCF”) and the Hearts & Wallets Investor Quantitative™ (IQ) Database, recognized as the largest single dataset with over 120 million data points on saving, investing and advice behaviors from 76,000 U.S. households dating back to 2010.

Where U.S. Wealth Is Now

Today, 131 million U.S. households make decisions about \$78 trillion in investable assets within the context of \$137 trillion of total wealth. Taxable and IRA assets are growing faster than defined contribution, but all three of these trail growth of net equity in real estate.

Older consumers, across a mix of generations, and increasingly at advanced ages, control more assets today and are the fastest growing age group. Today, 21.2 million households are ages 65 to 74, up from 13.5 million in 2011. Ages 65 to 74 control \$22.4 trillion, more than any other age range. The biggest group in household terms today is less than age 35, with 26.3 million, but these households control only \$2.2 trillion in investable assets, or about one-tenth the investable assets controlled by ages 65 to 74.

As markets appreciate, more households fall in higher-asset ranges than in the past, which results in changing definitions for “wealthy.” The top 2% of households started at \$2 million in 2011. Today, the top 2% starts at \$5 million. Today, 2.0 million households ages 55-plus with \$5 million-plus (1.5%), control \$32 trillion (40% of all U.S. household assets).

“Growing numbers of older households today means competitors should revisit earlier ‘retirement income’ ideas that were ahead of their time,” Laura Varas, Hearts & Wallets CEO and founder, said. “Wealth solutions will need to be improved for the increasing number of households with \$5 million-plus. Definitions will need to be revisited for asset-based segments and minimum thresholds for products and services in light of asset appreciation. And firms will need to develop ways to help lower-asset households gain exposure to equity asset class.”

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Wealth Transfer of Tomorrow

Going forward, U.S. household growth will be fastest in households age 75-plus. By 2033, 23 million households will be age 75-plus, up from 15.8 million today and only 12.6 million in 2011. By 2033, 12.8 million households will be over age 80, and 5.6 million will be over age 85. Overall, in 2033, 9% of households will be over age 80.

The aging U.S. population has implications for wealth transfer, although contradictory to the common focus on inheritances from Baby Boomers to Millennials. Over the next decade, the Silent generation will decline by 7.4 million households, from 10.5 million to 3.1 million. Boomers will drop 7.4 million, with 33.6 million remaining. Most wealth transfer, at least over the next 10 years, will be from Silent to Gen X, rather than Boomers to Millennials.

“The data show many households wish to discuss wealth transfer ahead of time to share important financial wishes and data that ease transitions,” Amber Katris, Hearts & Wallets Subject Matter Expert, said. “Silents and Gen X will be the most immediate opportunity in wealth transfer. With responsibility for funding retirements thrust onto individuals, wealth transfer has become a mass market problem that will be a major force throughout our society.”

Bigger Future Market for Advice and Service

Customers report getting both advice and service in only 45% of the relationships they have with stores, defined as banks, brokerage and retirement firms where they have accounts. Advice ranges from asset allocation to full service with estate planning. Service also has ranges, based on the level of human support. Focusing on the 129 million U.S. households with less than \$5 million and the \$41 trillion they control, the market for advice could be bigger than it is today in both households and assets. 46 million households and \$11 trillion in investable assets are not covered by any combination of advice and service.

“The market for advice experiences is potentially bigger than it is currently,” Varas said. “Consider if your firm should be covering more customers with advice experiences.”

Advice and service categorized in a 3x3 grid called the Hearts & Wallets Inside Advice® Grid helps firms to better understand gaps and opportunities in advice experience distributions.

Methodology

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About Hearts & Wallets

Hearts & Wallets is the data and benchmarking firm that specializes in powering growth for saving, investing and financial advice businesses. Leading firms rely upon Hearts & Wallets market intelligence reports, software and benchmarking to make strategic decisions that lead to growth by improving products, distribution, pricing, positioning and targeting. The power of 2.5x: over 70% of Hearts & Wallets subscribers experienced positive net flows in 2022 as compared to just 30% of non-subscribers. For more information, visit www.heartsandwallets.com.

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