

RETIREMENT

I'm a Financial Adviser: You've Built Your Wealth, Now Make Sure Your Family Keeps It

The Great Wealth Transfer is well underway, yet too many families aren't ready. Here's how to bridge the generation gap that could threaten your legacy.



The most significant wealth transfer in history, an estimated \$84 trillion, is underway as Baby Boomers pass on their fortunes to their Gen X and Millennial heirs.

But most families aren't ready, and the cultural divide between generations may make it more complicated than ever to preserve that legacy.

Until recently, Baby Boomers enjoyed unprecedented generational dominance, not only as the wealthiest generation but also the largest generation by population.

While Millennials have since come to outnumber the Boomers, the postwar generation still represents the wealthiest generation in U.S. history, holding more than 50% of the nation's household wealth.

As Baby Boomers continue to exit the workforce, the wealth they've built — fueled by decades of substantial salaries and asset growth — is beginning to move to their children and grandchildren, with ripple effects across family dynamics, the economy and the wealth management industry.

Odds are stacked against families

From business succession plans to charitable giving, the impact of this "silver tsunami" will create economic waves that will reverberate for years. Boomers want their success to become a legacy. But turning wealth into lasting prosperity is easier said than done.

Studies have shown that 70% of families will lose inherited wealth by the second generation, and more than 90% of families will have lost their wealth by the third generation, a conundrum known as the "third-generation curse." The odds are stacked against them.

If Boomers want to beat the odds to become a part of the elite 30% — so that not only their children, but their children's children may benefit from a lifetime of accrued wealth — they need to understand that it's more than meticulous planning that will get them there. Building multigenerational wealth requires multigenerational engagement.

And that starts by understanding multigenerational differences.

Lasting wealth starts with early preparation

While across the generational divide finances are a top concern for Americans, how each generation approaches money is shaped by their collective experiences.

Gen X (born from 1965 to 1980) and Millennials (born from 1981 to 1996) have been shaped by the economic trauma of coming of age during the 2008 financial crash.

Gen Z and the upcoming Gen Alpha (those born from 2013-2024), meanwhile, appear to be increasingly skeptical about financial planning, given their experiences shaped by COVID-19 and natural disasters.

It's not easy to get a hypercautious Millennial on the same page as a "why save?" Gen Zer, neither of whom may have the same sort of economic values or plans as their Baby Boomer relative.

But building lasting wealth depends on it.

While wealth planning is a deeply personal decision for families — one in which individual family values and norms can weigh just as much, if not more, than fundamental economic factors — there is growing awareness that lasting wealth requires preparing family members early.

Basics, such as teaching financial literacy, can be introduced early in children's lives, while more specific wealth planning information can be shared as they grow into young adults.

A three-part plan is your path to success

However, truly bridging the generational gap requires bringing younger generations along in the wealth planning process and mindset, a shift in the traditional wealth planning process that wealth managers have been more than happy to accommodate.

Both wealthy individuals and their wealth managers have become increasingly invested in creating a comprehensive wealth management plan. A plan that covers all three bases:

- A financial plan for their entire life
- A break-the-glass plan for life's emergencies
- And a legacy plan for future generations

From an individual's perspective, it's a way to build peace of mind, ensuring that their family members have all the necessary information and access in the event of an emergency.

Seventy percent of individuals who inherit wealth switch wealth advisers after the inheritance — a significant drop-off for managers overseeing and managing these assets.

While some of this drop-off comes from younger generations wanting to "do it their way," a bigger factor is that many wealth firms have failed to build relationships with these future clients.

Historically, the industry hasn't been set up to serve younger generations — and too often, their needs have not been prioritized.

This generational drop-off is a significant factor in why the industry is now evolving to focus on the sort of holistic, personalized services that younger generations are seeking.

More firms are pushing to become certified fiduciaries, changing the decades-old wealth management practice of product-based sales.

While the generations may have different approaches to money and wealth more broadly, it's becoming increasingly apparent that more want a holistic approach to their wealth; 52% of high-net-worth individuals are now looking for holistic services — a stark increase from 29% in just 2018.

It's all good news for families, who can use this newfound focus on this part of the wealth management industry to their advantage, connecting their children and grandchildren with wealth managers early on to help bridge the gap between generations.

Summing it all up

Here are nine steps you can take to get ready for your wealth transfer:

- Start early and define your family's goals and values
- Communicate openly with family members about your plans
- Take inventory of assets and organize essential documents
- Create a solid estate plan with wills, trusts and powers of attorney
- Minimize taxes through strategic gifting and trusts
- Choose the right people and advisers to carry out your plan (executors, trustees)
- Educate and prepare your heirs
- Plan for special assets or circumstances (like a family business or international issues)

- Review and update your plan regularly

Helping young people to see the value of wealth management, with a personalized, tangible plan, benefits not only future generations but their wealth manager as well, who is incentivized to help a Gen Zer understand the value of saving for a car or a house, or create a low-risk investment portfolio for a market-cautious Millennial.

This massive wealth transfer is occurring as the wealth management industry begins to recognize its business potential. Families should lean into that shift — because the industry already is.

NYSUT NOTE: Wealth transfer can get complicated. That's why it's worth getting an expert's assistance. The NYSUT Member Benefits–endorsed [Legal Service Plan](#) gives you legal guidance on everything from estate planning to dealing with traffic violations. Help is just a toll-free phone call away.

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Brandon Summers serves as Executive Director of Wealth Planning at First Western Trust, bringing over two decades of experience helping clients navigate complex financial landscapes. With a background that includes leadership roles at Goldman Sachs and Charles Schwab, Brandon specializes in comprehensive financial planning, investment management and tailored strategies for high-net-worth individuals and families. His approach blends deep industry insight with a commitment to personalized service, ensuring each client's goals are met with precision and care.

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