

The Growing Opportunity for Wealth Transfer; Not Only for the Wealthy

Nearly 50 Million Households Expect to Leave Inheritances; 1 in 4 Households Currently Has Funded Accounts Registered to Trusts

(Apr. 12, 2023, Rye, NY) – Nearly two thirds of U.S. households are now involved in intergenerational wealth transfer with growth seen in both wealthy households and lower-asset households affected by the transition from defined benefit to defined contribution plans, according to a new research report by [Hearts & Wallets](#), the independent research and benchmarking firm that specializes in saving, investing and financial advice.

Wealth Transfer: Business-building Strategies as More Families Engage With Inheritances and Trusts examines intergenerational wealth transfer, including receipt and bequests of inheritances and funded trusts. The research sizes households involved in wealth transfer and profiles households who have received inheritances by amount, location, use of financial products and many other attitudes and behaviors. This report is based on a survey of 5,993 U.S. households in the latest wave of the Hearts & Wallets Investor Quantitative™ Database, recognized as the largest single dataset with over 120 million data points on saving, investing and advice behaviors from 70,000 U.S. households dating back to 2010.

Giving Generosity

Of the 129.4 million total U.S. households, 79 million (61%) have received, expect to receive, or leave an inheritance, up from 58 million (46%) in 2015. The biggest increase is in households that expect to leave an inheritance, 49.4 million in 2022, up from 34.4 million in 2015. Bequests in the next 20 years are estimated at \$17.5 trillion.

Involvement with inheritances is highest in higher-asset groups, but over half of households with under \$100,000 expect to be involved in inheritances, up from 39% in 2015. Most U.S. households have no prior experience with inheritances. Most (84%) of the households who expect to leave an inheritance would like to talk about it with their heirs.

“There is a growing appetite among households planning to leave an inheritance who want to talk about it with their families,” Laura Varas, CEO and founder of Hearts & Wallets, said. “This creates an opportunity for wealth management, asset managers and even retirement companies to open a dialogue with customers, especially those trying to balance a desire to leave an inheritance with the spending down of defined contribution plans toward an unknowable ‘end-of-plan’ date.”

Better Understanding of Bigger Inheritances

Inheritances of \$500,000 or more are concentrated in 4 major metro areas. Recipients of these larger inheritances feel more experienced with investing, are heavier users of taxable brokerage and have more net equity in real estate than the national average.

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Recipients of inheritances of \$500,000 or more are twice as likely to have “demands on my time” that lead them to delegate. They also value a wide variety of investment products but have more difficulty in determining a strategy to withdraw income. These insights and others about households with larger inheritances are generated through the target profiler features in Hearts & Wallets IQ Dataminer software feature.

Age of Recipients and Amounts

Wealth transfer is happening at older ages than in the past. About half of inheritances (52%) are received when the recipient is age 55-plus, up from 41% in 2015. Most inheritances received are under \$500,000, but 13% are over \$500,000, and 1 in 20 is \$1 million-plus.

Trusts

One in 4 households has funded accounts registered to trusts. Most households with a funded trust have not received an inheritance, suggesting the trusts are revocable ones for their own benefit. Households under age 45 with assets above \$100,000 are likely to be the beneficiaries of trusts. Surprisingly, few older households are availing themselves of the protection of trusts.

“Many firms may be surprised by how many of their customers report having funded trusts,” Amber Katris, Hearts & Wallets Subject Matter Expert and report co-author, said. “Funded trust accounts can have modest balances, but households of all asset ranges who use trusts put a significant portion of their assets into their trusts. The low penetration of trusts into households age 55 and up points to an unmet need to help more customers gain the benefit of the protections of trusts.”

Methodology

The *Wealth Transfer: Business-building Strategies as More Families Engage With Inheritances and Trusts* report draws upon the Hearts & Wallets Investor Quantitative™ Database (IQ Database). The latest survey wave fielded August 15 – September 15, 2022, with 5,993 participants. The full IQ™ Database is recognized as the largest single dataset with over 120 million data points on consumer buying patterns from over 70,000 U.S. households.

About Hearts & Wallets

Hearts & Wallets is the independent research and benchmarking firm that specializes in saving, investing and financial advice. Leading firms rely upon Hearts & Wallets research reports, software and benchmarking to make strategic decisions that lead to growth by improving products, distribution, pricing, positioning and targeting. For more information visit www.heartsandwallets.com.

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