



EQUITABLE

WSJ INTELLIGENCE

How to Plan for
**THE GREAT
WEALTH
TRANSFER**





Introduction and **EXECUTIVE SUMMARY**

By 2030, trillions are expected to flow to today's pre-retirees, Gen Xers and Millennials.¹ It also will transfer to surviving spouses — predominantly pre-retiree women. Called “the Great Wealth Transfer,” it represents a seismic reordering of wealth among generations. It also creates an enormous opportunity for financial advisors (FAs) to build, grow and strengthen their practices. The more FAs understand about the characteristics and goals of the people set to inherit and gain control of this unprecedented wealth, the better positioned they will be to attract and retain them as clients.

To help provide insight into these beneficiaries of the Great Wealth Transfer, Equitable commissioned an online quantitative survey of 500 retail investors from WSJ Intelligence. These investors were evenly split among pre-retirees, Gen X and Millennials, and 3 in 5 respondents were women. In general, they're high earners, with 65% reporting annual income of more than \$150,000 and 45% reporting household net worth of more than \$1 million. And their net worths are anticipated to rise in the coming years: More than 2 in 5 investors expect an inheritance or primary benefit of more than \$1 million — and the majority of those investors intend to use an FA to help them as they manage their wealth.

For FAs, the survey results yield a critical insight: **Millennials (both men and women) and surviving spouses (predominantly pre-retiree women) are expected to take control of the bulk of the assets changing hands in the Great Wealth Transfer.**

These groups each have particular preferences that FAs can help support. As women investors prioritize retirement planning, they tend to look for FAs who understand their goals beyond finance (90%). Moreover, 1 in 3 look for an FA who actively strives to build strong relationships with their clients. Meanwhile, despite being more self-directed, Millennial investors overwhelmingly trust the advice and choices of FAs, and most (83%) would have an FA help them as they manage their inherited wealth.

FAs who understand these trends and tailor their approaches accordingly are likely to build rewarding, durable practices founded on deep relationships with these investors and their families.

1 - Eisen, Ben and Anne Tergesen, “Older Americans Stockpiled a Record \$35 Trillion. The Time Has Come to Give It Away,” The Wall Street Journal, July 2, 2021.

Among the key findings **FROM THE SURVEY:**

- Millennials will be among the biggest likely beneficiaries of the Great Wealth Transfer, with 57% of respondents expecting to inherit \$1 million or more and 26% expecting to inherit \$3 million or more. These benefits outstrip those expected by older generations, including Gen X and pre-retirees.
- Women are expected to control much of the trillions that will be transferred. Some will come via inheritance, but much of that wealth is likely to come in the form of a benefit following the death of a spouse. Currently, 54% of women surveyed use FAs to manage their investments. They also overwhelmingly want to be heard: They want their advisors to understand their unique needs and goals, even when those goals go beyond finances and investments.
- More than 8 in 10 of all survey respondents (81%) plan to use an FA to manage their new wealth. Only 33% plan to keep working with the same FA they have now, providing substantial opportunities for FAs able to establish relationships with them.
- More than 2 in 3 (67%) surveyed have a written financial plan to govern their long-term investing. Only a third of those with a financial plan worked with an FA to develop it, however, leaving an opening for FAs who take the time to understand their needs and offer additional refinements and recommendations.
- For more than half (55%), trust is the most important factor in selecting a financial advisor.



Understanding the **BENEFICIARIES**

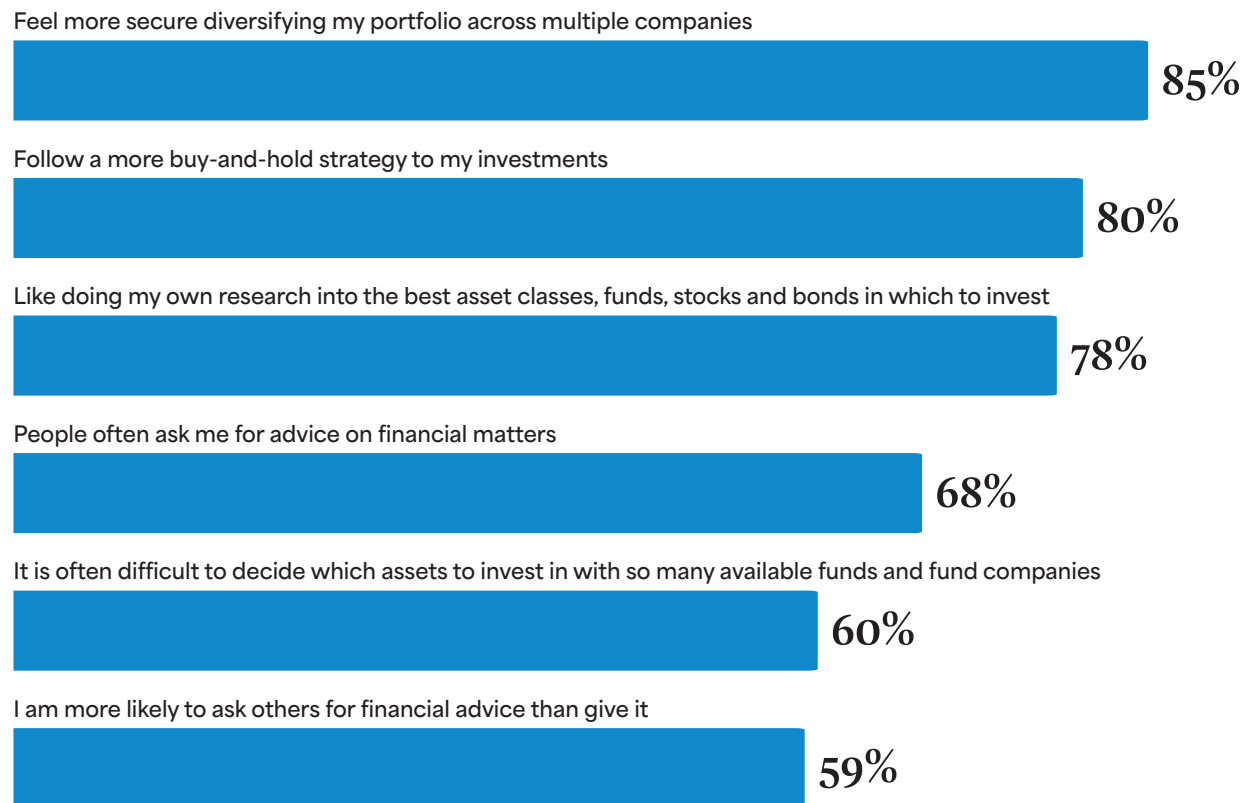
The good news for financial advisors is that investing is not a new concept to the groups most likely to benefit from the Great Wealth Transfer. Most of them already feel secure constructing a diversified portfolio and following a buy-and-hold strategy (Figure 1).

Broadly speaking, these investors believe in diversifying their portfolios across multiple companies (85%) and prefer a buy-and-hold strategy (80%) over a more active strategy. They are also engaged with the process, with 78% indicating they like doing their own research into their investments.

But there are generational and gender-related variations in these numbers. For instance, Millennials are more likely to take a more active investment approach (76%) compared to Gen Xers (64%) and pre-retirees (42%). Meanwhile, women aged 55 and above are much less likely to do their own investment research (68%), while younger women between the ages of 35 and 44 are more interested in taking control over that aspect of their financial lives (81%).

But among these variations, and even taking into account the high levels of confidence in investment strategies, there are many areas where FAs can play a crucial role. In particular, 60% of respondents say they often find it difficult to decide which assets to invest in.

FIGURE 1
Investing Philosophies of Beneficiary Groups



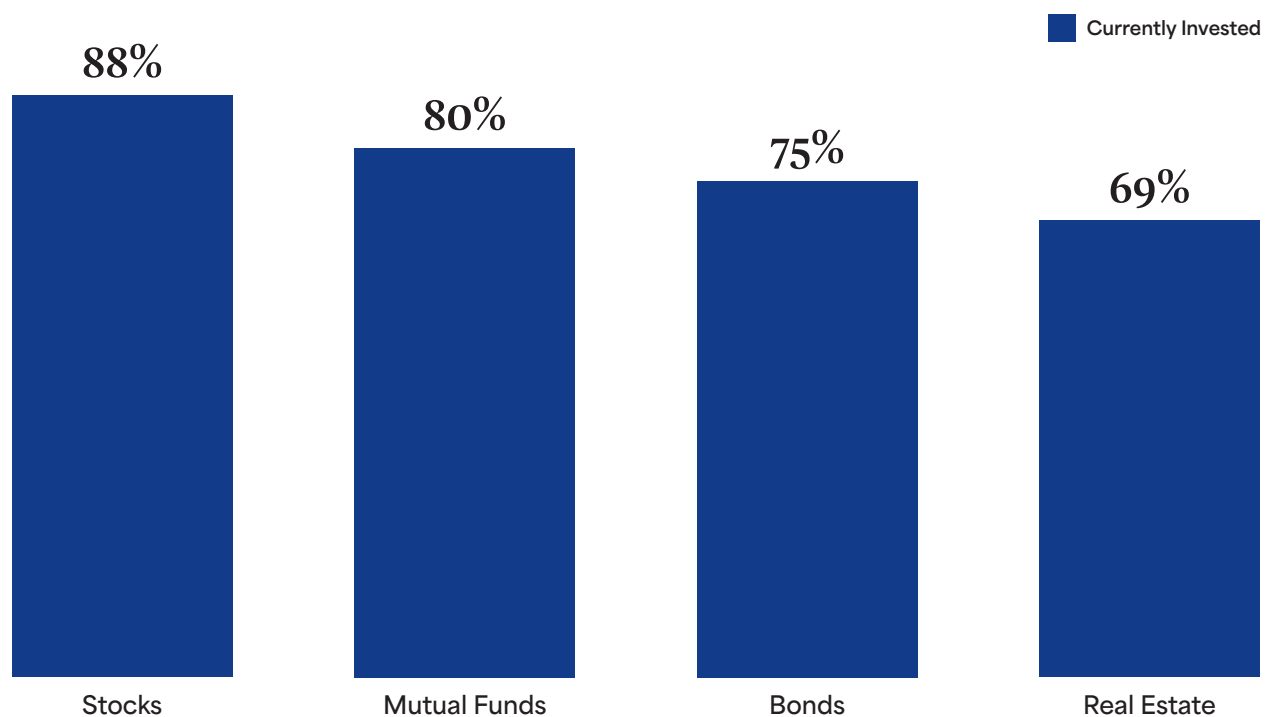
Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Total respondents, n=500; Men, n=200; Women, n=300; Millennials, n=167; Gen X, n=167; Pre-retirees, n=166. Q. In thinking about your overall investing philosophy or style, please indicate your agreement with the following statements:

Long-term planning also is an area where FAs can deliver valuable guidance. The most commonly stated investment goals among those surveyed reflect a relatively patient, longer-term focus. Respondents are most interested in financial independence (60%), gaining control of their financial future (60%) and preparing for unforeseen expenses (50%). Beyond those big-picture goals, respondents' reasons for creating a financial plan also include more specific aims such as achieving compounding

appropriate investment choices, especially those with a tendency to react to market shifts in ways that could wind up working against their stated long-term goals. Consider that nearly 3 in 4 Millennials reported frequently changing their investments based on new information or changes in the market.

With the potential to offer meaningful support to investors at every confidence level, FAs have

FIGURE 2
Most Investment Allocations Go Toward Mainstream Asset Classes

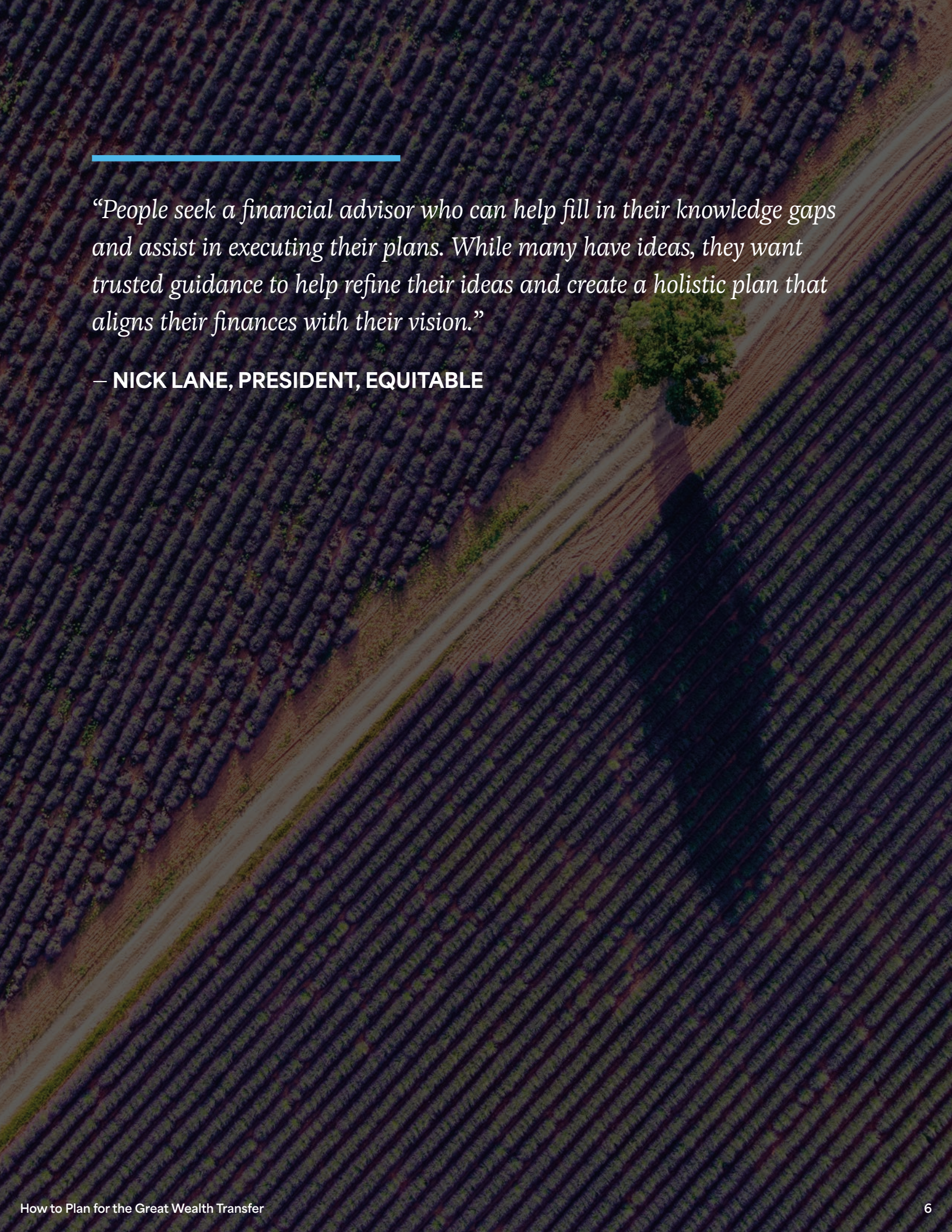


Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Total respondents, n=500. Q. Below is a list of investment vehicles that you may or may not invest in personally. How do you anticipate a change to your portfolio allocation in the future for each investment?

returns (48%) and preserving purchasing power against inflation (44%). Although these investors aspire to diversify their holdings broadly over time, the majority remain focused on holdings in mainstream asset class categories, such as stocks, bonds, mutual funds and real estate (Figure 2).

For FAs, it's important to note an investor's confidence does not necessarily mean they make ap-

openings across the board to tailor the way they engage with investors to match their unique combinations of investment styles and desired outcomes. In fact, there are signs investors are receptive to this type of support, even today: Nearly half (47%) currently engage an FA to help with their investment strategy, with an additional 34% planning to start a relationship with an FA to manage the wealth they expect to take control of in the coming years.

An aerial photograph of a vast lavender field. The rows of purple lavender plants are neatly spaced and stretch across the landscape. A dirt road winds through the field, and a single tree stands near the road. The lighting is soft, suggesting late afternoon or early morning.

“People seek a financial advisor who can help fill in their knowledge gaps and assist in executing their plans. While many have ideas, they want trusted guidance to help refine their ideas and create a holistic plan that aligns their finances with their vision.”

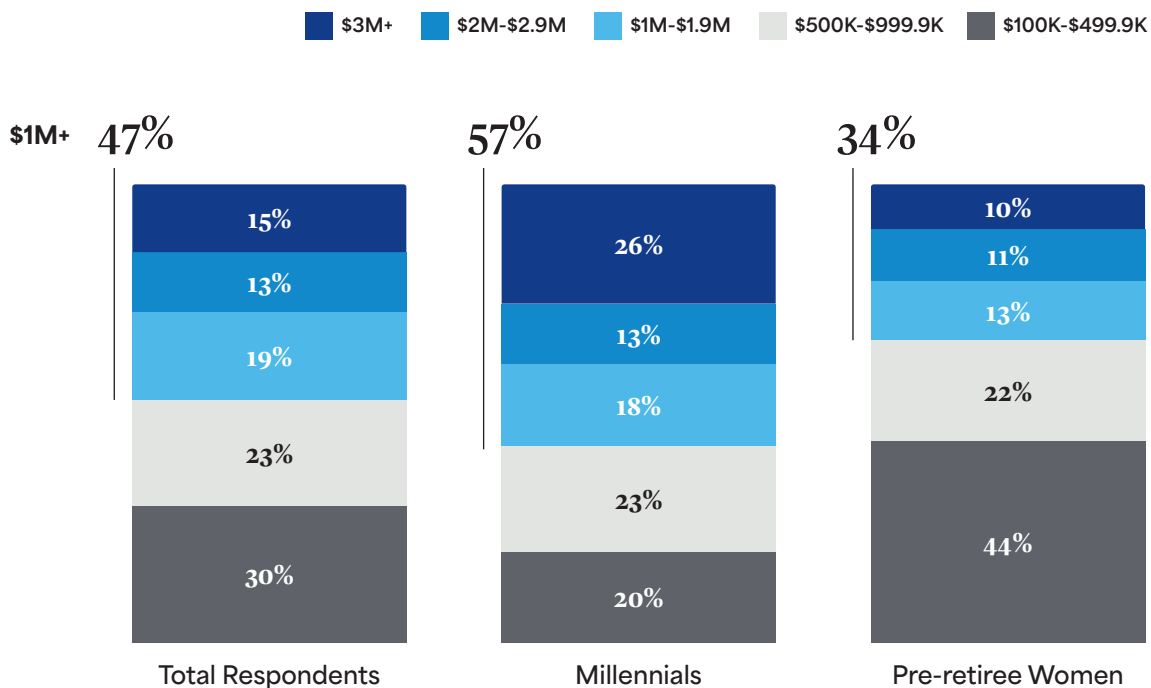
– NICK LANE, PRESIDENT, EQUITABLE

Allocating an INHERITANCE



While Millennials and pre-retiree women who are surviving spouses are the groups expected to receive the bulk of assets from the Great Wealth Transfer, they're not the only groups that expect to receive considerable benefits. Nearly half of all respondents (47%) plan to receive more than \$1 million via inheritance or primary benefit. Overall, men have higher expectations for these large inheritances than women (Figure 3), with 57% responding that they expect to receive more than \$1 million. By contrast, 34% of pre-retiree women expect to receive more than \$1 million. These inheritances are largely expected by all respondents to arrive through wills (62%) and trusts (44%).

FIGURE 3
The Value of Expected Inheritance/Primary Benefit



Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Total respondents, n=500; Millennials, n=167; Pre-retiree women, n=114. Q. You stated that you plan on becoming a primary beneficiary or expect to receive a substantial inheritance of at least \$100K, now or in the future. Please estimate how much you can expect to receive or manage.

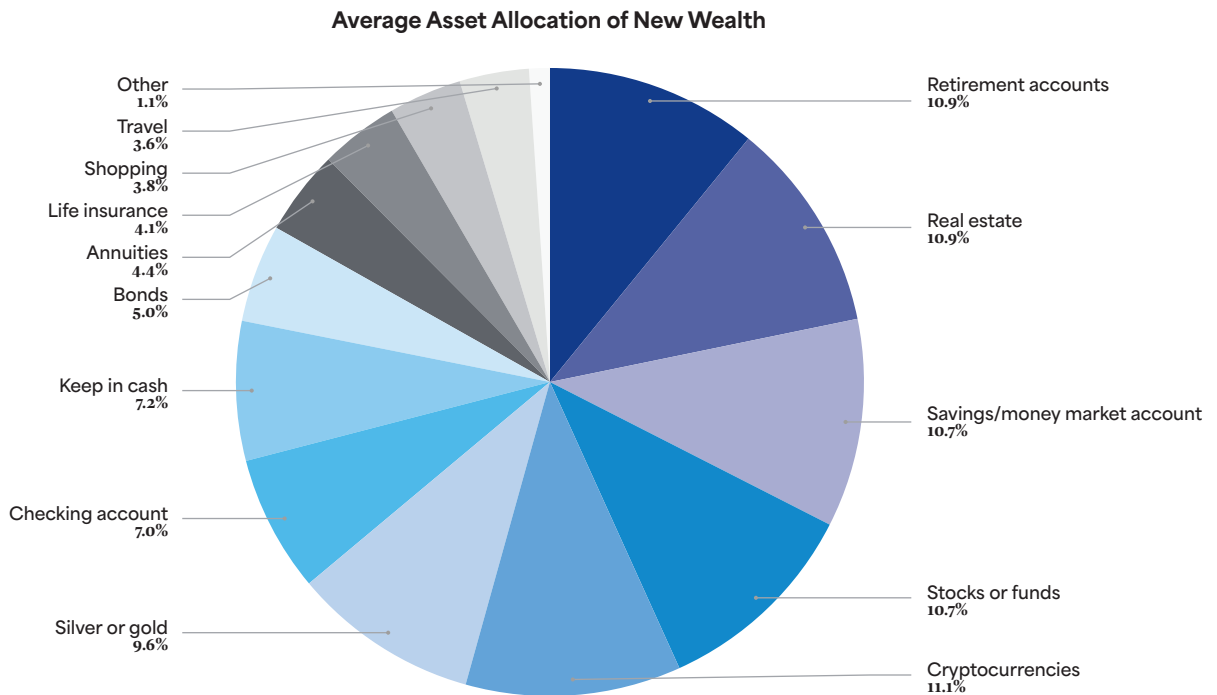


Portfolio diversification is a high priority for these inherited funds. Respondents report they intend to deploy these assets across a wide variety of asset types (Figure 4).

The breadth of diversification contrasts strikingly with the bulk of these investors' current holdings, which, as noted above, more commonly sit in mainstream vehicles. In addition to spending on

travel and consumer purchases, survey respondents expect to spread their new assets beyond traditional investments to areas such as cryptocurrencies. While crypto investing may seem more popular with younger generations, the survey reports that interest in cryptocurrencies is relatively consistent across the board, from Millennials to pre-retirees and between both men and women.

FIGURE 4
Respondents Expect to Diversify the Wealth Across a Variety of Asset Classes

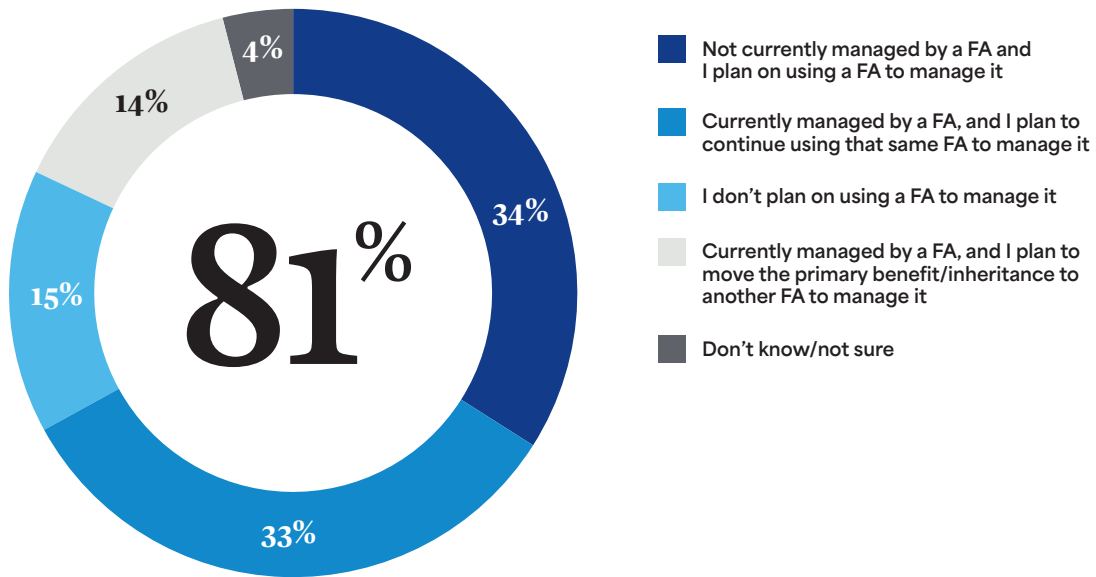


Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Total respondents, n=500. Q. How would you allocate those funds? For each option, enter what percent of your primary benefit or inheritance you would allocate to that option. If you don't wish to allocate anything to an option, you can leave it blank (it will count as 0%).

However, gaining access to a diverse range of asset classes safely and cost-effectively could prove difficult for investors — and present opportunities for FAs to offer valuable guidance and support. What’s more, FAs can play a key role in helping clients incorporate this type of broad diversification into a portfolio attuned to their individual goals, time horizon and risk profile.

The good news is that the survey respondents already see the value of working with an FA. Indeed, 81% of respondents intend to use an FA to manage their new wealth (Figure 5).

FIGURE 5
Seeking Help for Managing New Wealth



Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Total respondents, n=500. Q. Which of the following best describes how you will seek help in managing this wealth? The primary benefit/inheritance is...



Nearly half (48%) intend to engage an FA to help manage their benefit or inheritance but are not currently with the FA they plan to use after they receive that money. This represents a substantial opportunity for FAs to establish and build sustainable relationships with them, setting up their practices for growth in the coming years.

What Investors Want from Financial Advisor **RELATIONSHIPS**

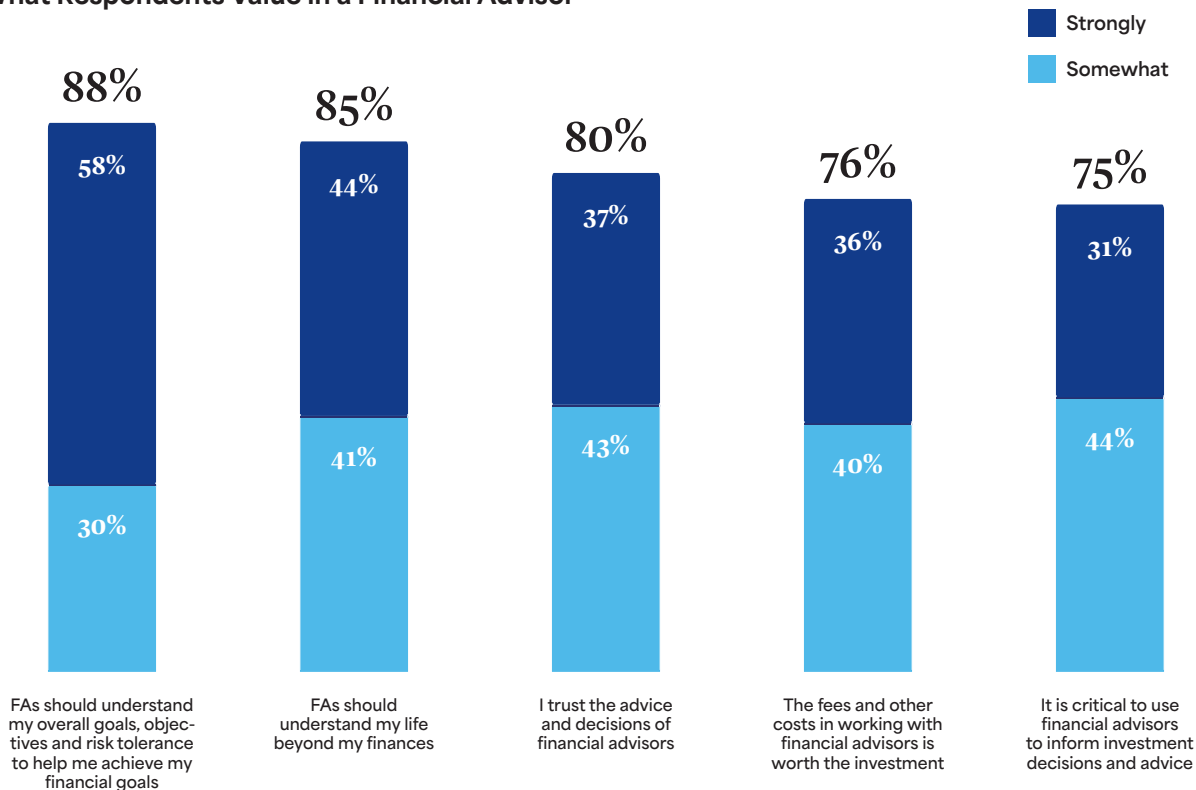
A look at the respondents currently using FAs provides an idea of what these investors want from such relationships. While the confidence level in making investment decisions varies among respondents, most say they are likely to welcome the support and guidance that advisors can provide, especially as they become recipients of the Great

Wealth Transfer. Building trust with these types of clients and continuing to demonstrate the benefit of putting a long-term plan in place will be critical for building a thriving, future-oriented FA practice.

From pre-retirees to Millennials, and from women to men, success with these future beneficiaries depends heavily on understanding their goals both inside and outside of finances (Figure 6).

Clearly, potential clients are looking for relationships that extend beyond their portfolio to their overarching goals and attitudes. Notably, respondents see the value of an FA relationship, as long as it lives up to their expectations. They trust the advice and options FAs provide, and they see the fees and costs involved as a good investment in their financial future. In particular, Millennial women embrace the role of FAs, with 86% saying they trust the advice and options of financial advisors.

FIGURE 6
What Respondents Value in a Financial Advisor



Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Total respondents, n=500. Q. Now, thinking about your attitudes in regard to financial advisors, how much do you agree or disagree with the following statements?



This attitude signals to FAs they can concentrate more on understanding their potential clients and building trust than on making a proactive case for the value of the profession.

Setting Appropriate FINANCIAL GOALS

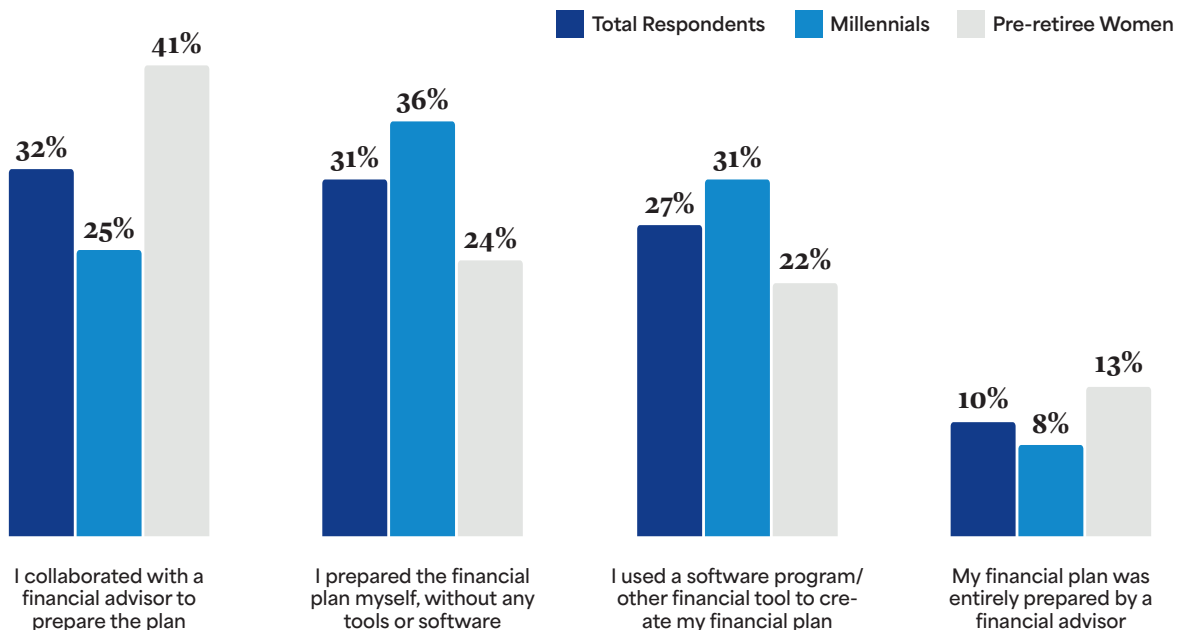
To build the relationships that will help them grow their practices, FAs must understand what investors' current financial plans involve and how they might be falling short. In keeping with the general level of sophistication of the affluent generations, more than 2 in 3 respondents (67%) have already developed a

written financial plan. Those plans have not all benefited from the advice of an FA, however (Figure 7).

Only 32% collaborated with an FA to prepare their plan. In general, those collaborations took place more frequently among Gen X and pre-retirees, and particularly among women aged 45 and older. Meanwhile, Millennials were most likely to create the plan on their own or using a financial tool.

These findings further support the idea that these investors are both interested in being involved in their financial strategy and receptive to guidance as they develop and refine that strategy.

FIGURE 7
How Respondents Built Their Financial Plans



Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Total respondents, n=335; Millennials, n=126; Pre-retiree women, n=68. Q. Do you have a written financial plan? Base: Respondents with written plan, n=335. Q. How did you build that written financial plan?

“Holistic life planning involves ensuring you spend time not just understanding the assets, but also the values and objectives behind them. It’s a planning process that meets someone — and their family — where they are and then considers the investment strategies that will deliver the outcomes they need.”

— NICK LANE, PRESIDENT, EQUITABLE



In keeping with investors' generally long-term view, respondents' financial plans overwhelmingly include investment planning and retirement planning (Figure 8).

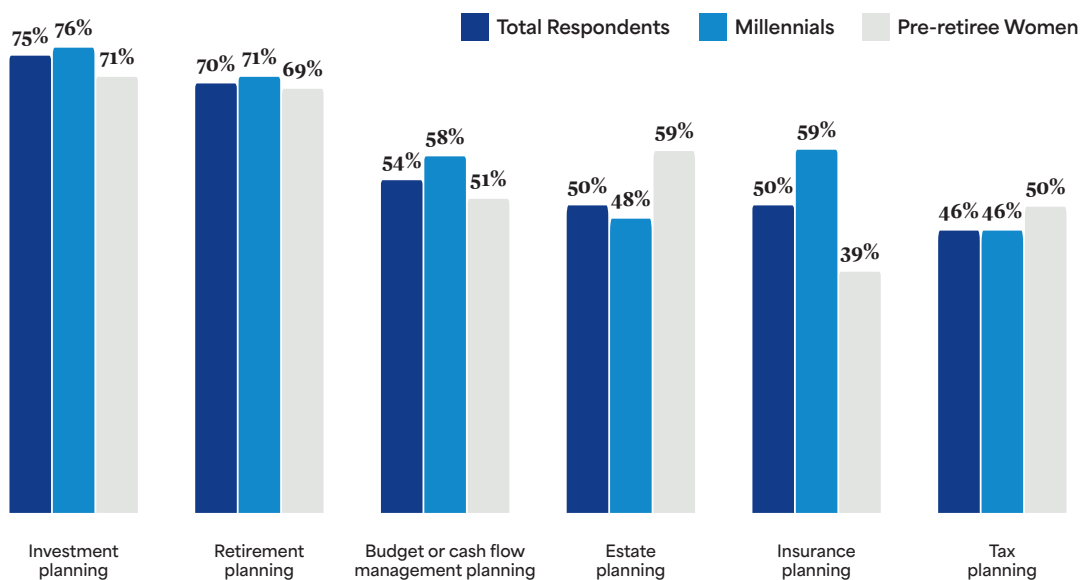
Strategies that support control over finances, such as budget or cash flow management, estate planning, insurance planning and tax planning, are also relatively common. Plans tend to tilt toward longer-term, less-complex elements, which may reflect the stage at which these investors currently find themselves. FAs could be a valuable resource to help these clients create or modify financial plans to include strategies that suit long-term needs. They can also help ensure clients understand what products could best suit their needs and help them get access to those products economically.

Providing the Tools that Support Long-term **FINANCIAL GOALS**

With a deeper understanding of clients' long-term goals, FAs can create a panoramic view that ties investment strategies to client objectives. Recall that respondents' most common primary goals were the following:

- Financial independence
- Control of their financial future
- Preparing for unforeseen expenses
- Compounding returns
- Preserving purchase power against inflation

FIGURE 8
Financial Plans Include a Variety of Strategies



Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Total respondents with written plan, n=335; Millennials with written plan, n=126; Pre-retiree women with written plan, n=68. Q. Which of the following are included in the written financial plan you currently have?

For FAs, relying on a broad range of products and strategies can help them deliver valuable wealth management services to their clients. FAs also can serve as an important source of education for products and strategies that aren't well understood by these investors. For instance, investors are clearly aware a wide variety of investment products exists, though they may not be entirely clear on how they might be used.

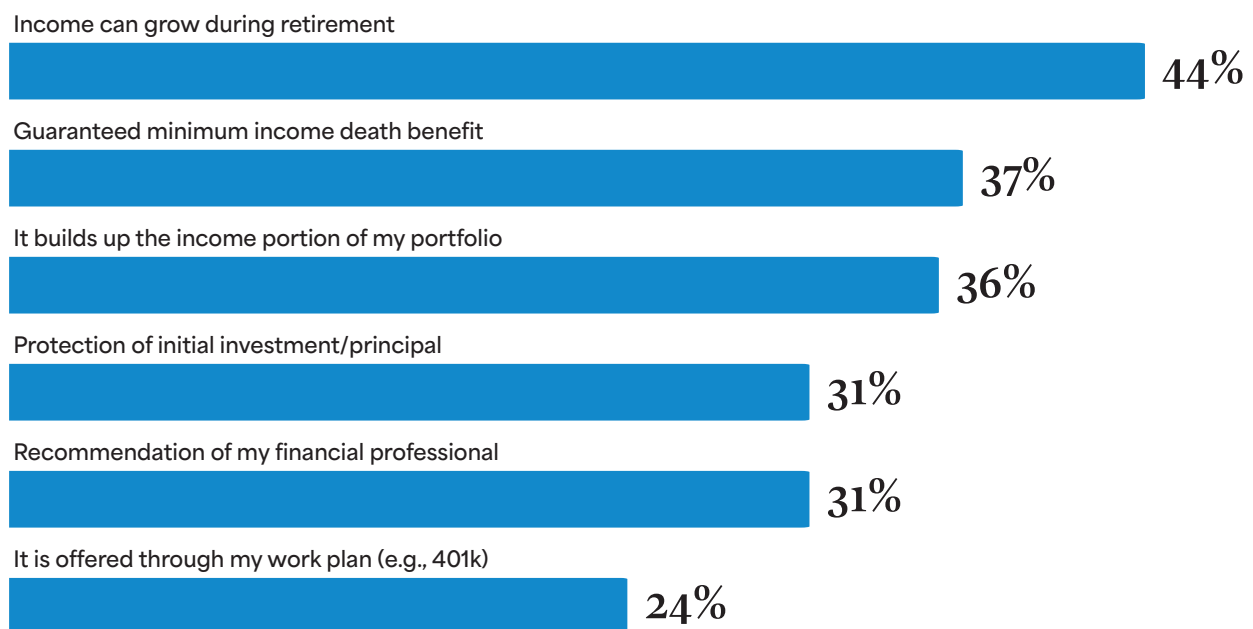
Consider income-generating products such as annuities, which have historically been considered a relatively complex offering. Nearly all respondents (93%) are aware of annuities, but only 78% say they are fully aware of how they might help a portfolio. Eight in 10 understand the primary benefit — guaranteed income throughout retirement. Access to annuity strategies and guidance about how to deploy them are important to investors. If an FA recommended an annuity, 74% of investors say they would invest in it. Likewise, if an annuity were offered in a workplace plan, where it would

be considered trustworthy and well-vetted, 70% of respondents say they would invest.

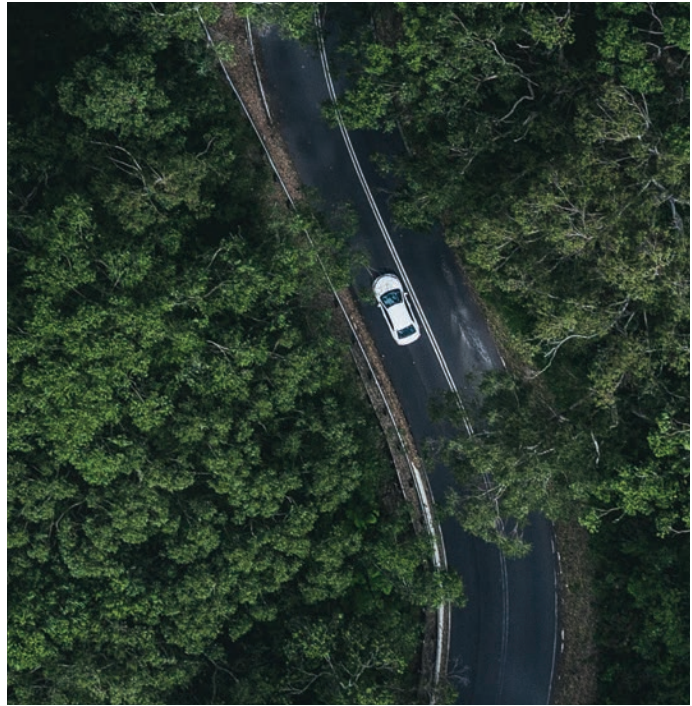
FAs who are well-versed in a wide range of products can help close that education gap and assist investors in making the right decision for their particular situation. Those planning to invest in annuities generally have specific objectives in mind (Figure 9).

FAs play a key role in providing education about and access to more complex products that may help produce the goals their clients seek after they receive their benefit or inheritance. The vast majority of investors surveyed who have an FA discuss guaranteed income investments with them at least on occasion (97%). As investors assume large inheritances, they will need similar advice on the wide range of asset classes into which they intend to diversify. FAs who fully understand their objectives and risk tolerances will be well positioned to help them succeed.

FIGURE 9
Top Reasons Why Investors Plan to Invest in Annuities



Source: WSJ Intelligence 2024 Equitable Thought Leadership Study. Base: Respondents not currently owning or not planning to own annuities, n=173. Q. You stated earlier that you are not currently investing in annuities, which provides guaranteed income when you retire, but plan to. Which of the following are important to you when thinking about investing in annuities?



CONCLUSION

The expected beneficiaries of the Great Wealth Transfer are generally knowledgeable about investing. A majority feel secure diversifying their portfolios and following a buy-and-hold strategy. While many of them have an independent bent, 60% say it's often difficult to decide which assets to invest in among available funds and fund companies. In other words, they understand the value of long-term investing, they have an interest in being involved in developing their financial strategy and they are open to support from FAs as they put that strategy into place.

For those clients who work with an existing FA, only a third intend to continue to work with them post-inheritance. FAs have an opportunity to begin building substantive relationships with these future beneficiaries, in advance of wealth transfers. Although they intend to seek help in managing their inheritance, many investors do not fully understand how an FA could help them now. The desire for FAs who understand clients' goals deeply and who can build trust with those clients puts a premium on establishing those relationships early. Doing so will help ensure these relationships are solid and stable when an inheritance or benefit actually arrives and investors are facing potentially difficult choices about how to manage those assets.

FAs can support these investment decisions by offering education and access to products that meet their clients' financial objectives and risk tolerances. For complex products in particular, FAs have an important role to play in connecting benefits to long-term goals and ensuring those products are the most appropriate vehicle for meeting those needs.

If FAs make the effort to understand these investors and cultivate lasting relationships, the Great Wealth Transfer will represent an opportunity to build a thriving, future-focused practice while helping these beneficiaries make the most of the wealth they now control.

About **THIS STUDY**

CREDITS AND METHODOLOGY

This report, conducted by WSJ Intelligence on behalf of Equitable, presents the key findings of a survey of 500 retail investors representing household finance decision-makers age 35-64 with household incomes of more than \$100,000 and net worth of more than \$100,000, who anticipate receiving an inheritance or primary benefit of more than \$100,000. Field dates: June 18-July 10, 2024.

RESPONDENT PROFILE:

- Sample size: 500 respondents.
- Gender breakdown: 60% women, 40% men.
- Breakdown by generation: Millennials (age 35-44), 33%; Gen Xers (age 45-54), 33%; Pre-retirees (age 55-64), 33%.

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NOTE

The use of the terms "financial advisor" or "advisor" for purposes of the survey questions, responses by the consumers queried, and this resulting article does not necessarily indicate investment advisor representatives (IAR) of registered investment advisors (RIAs) exclusively. These terms are used here in a general sense to describe working with an investment advisor representative and/or a licensed insurance agent and/or a registered representative who may offer fee-based financial planning and/or annuities, insurance, and investments, respectively.

Variable annuities are long-term financial products designed for retirement purposes. In essence, an annuity is a contractual agreement in which payments are made to an insurance company, which agrees to pay out an income or a lump-sum amount at a later date. Variable annuity contracts are subject to market risk, including loss of principal. All guarantees provided by annuities are based on and subject to the claims-paying ability of the issuing life insurance company.

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