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Generations Collide as Millennials Redefine Work, Wealth, Family and Influence Finds U.S. Trust 2017 Insights on Wealth and Worth Survey

NEW YORK – The 2017 U.S. Trust Insights on Wealth and Worth® survey released today found that generational diversity is a source of both tension and innovation in families and businesses. Millennials are challenging traditional approaches to investing, philanthropy and pursuit of life and career goals, but family traditions and financial support are the foundations of success and multi-generational family wealth planning.

In terms of investing, the study found that baby boomers and older investors are relying primarily on stocks, bonds and cash with aggressive equity allocations of 60 percent, on average, that conflict with their lower risk tolerance and importance placed on asset preservation. By comparison, millennials have only 41 percent of their portfolios allocated to stocks and bonds, but they have large cash positions (47 percent of their portfolios on average) reserved primarily for opportunistic acquisitions.

"As many as five different generations are now active in the workforce and contributing to family dynamics and financial decision-making," said Keith T. Banks, president of U.S. Trust, Bank of America Wealth Management. "Perspective and participation of multiple generations are highly valued, but are also complex and require advanced planning and communication."

U.S. Trust conducted a nationwide survey of 808 high net worth (HNW) households with at least $3 million in investable assets to explore differences in generational experiences, expectations and behavior that influence the way they build, manage and share wealth.

The study found a high degree of multi-generational financial interdependence but also emerging conflicts and distinctly different approaches in four key areas: investing, family, giving, and work. Findings include:

Investing: Traditional investments are giving way to alternative, opportunistic and personalized strategies by a new generation of investors looking for growth, income and positive impact.

- Thirty-nine percent of millennials own private equity investments and tangible assets (37 percent), which include residential investment property (63 percent), farmland (24 percent), timber (23 percent), and oil and gas properties (36 percent).
- Millennials also are driving growth and interest in impact investments, with 88 percent saying a company's impact on the society and environment is an important basis of their investment decisions.

Family: While nearly two-thirds consider it important to leave a financial inheritance to the next generation, only 42 percent of parents are very confident their children will serve as good stewards of family wealth. Even fewer adult children (37 percent) are very confident in their parent's capacity to use family money responsibly.

Fifty-five percent overall, and 78 percent of millennials, attribute some portion of their wealth to receipt of a family inheritance. Despite this interdependence and connection, increased longevity is creating new challenges families are financially unprepared for, such as:

- Unexpected health issues in the family (70 percent unprepared).
- Long-term care expenses for aging parents (67 percent).
- Time and resources to provide care and attention for aging parents (64 percent).
- Financial support needed by aging parents (63 percent).

Giving: Charitable giving is a hallmark of wealthy families, and the majority of those surveyed make financial contributions to philanthropic institutions and causes (74 percent) and/or volunteer their time and talent (69 percent) to nonprofit organizations. Yet, younger family members approach giving differently, and lack of appreciation or understanding for generational priorities has created perceptions that family members don't share the same commitment to making a positive difference in the world.

- Sixty-one percent say they support similar issues and organizations as their families, but nearly half show their support in different ways.
- Approximately one in three baby boomers and older parents think their children do not share the same commitment to giving as their own generations does. Seven in 10 millennials don't think their parents are as committed to giving back.
- Twice as many millennials as baby boomers and the Silent Generation say they give back by investing in companies that support issues and causes important to them (32 percent compared to 14 percent, respectively).
- Millennials are three times more likely than baby boomers and the Silent Generation to view the jobs and solutions they create through business ownership and social enterprises as their way of giving back.

Work: While 89 percent agree that diverse generational perspectives at work improves results, nearly half of working men and women feel they are competing for the same jobs with people a generation younger or older. Fifty-two percent of millennials feel they can't advance their careers because of older colleagues working later in life. Desire for control of their own destiny, money and meaningful work is leading to a generation of aspiring young entrepreneurs who are aggressively managing their career paths and changing expectations of employers.

Among families, the area of common ground is rooted in family traditions and values such as appreciation for art and culture, philanthropy and agreement on important issues such as environmental sustainability and social justice.

- Seven in 10 agree that giving back as a family makes the family closer and stronger.
- Four in five agree that giving back as a family is a way to instill philanthropic values into the next generation.
- Four in five art collectors plan to pass art to family heirs, and two in five agree that appreciation for art is a family tradition.
- Forty-six percent overall and 78 percent of millennials agree that investing in companies based on social, environment and governance factors is a way to transfer responsible money-making principles to younger generations.

“While the impact of generational diversity continues to manifest itself in family dynamics, by empowering each generation to interpret, innovate and contribute in its own way, families can be enriched, rather than divided, by generational differences,” said Chris Heilmann, vice chairman of U.S. Trust.

The complete 2017 U.S. Trust Insights on Wealth and Worth survey findings can be found at www.ustrust.com/survey.

Survey Methodology

The 2017 U.S. Trust Insights on Wealth and Worth® survey is based on a nationwide survey of 808 high net worth and ultra high net worth adults with at least $3 million in investable assets, not including the value of their primary residence. Respondents were equally divided among those who have between $3 million and $5 million, $5 million and $10 million, and $10 million or more in investable assets. The survey was conducted online by the independent research firm Phoenix Marketing International and completed in February 2017. Asset information was self-reported by the respondent. Verification for respondent qualification occurred at the panel company, using algorithms in place to ensure consistency of information provided, and was confirmed with questions from the survey itself. All data have been tested for statistical significance at the 95 percent confidence level.

U.S. Trust

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