

# Wealth Transfer Opportunities

# *Opportunities*

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## The Intergenerational Transfer of Wealth:

- What is it?
- How is it relevant to wealth management organizations?

## The Intergenerational Transfer of Wealth:

Opportunity or Risk?

What are wealth recipients doing with the assets they inherit?

# Background

- Federated Investors engaged the Spectrem Group of Chicago, IL, to conduct a study to assist its wealth management clients in increasing the amount of assets they retain as wealth is transferred between generations.
- This is critical whether the financial institution is currently a trustee or not.

- One of the challenges faced by trust providers is the ability to convert trust beneficiaries into life-long clients of the institution.
- Spectrem Group interviewed investors who had recently inherited \$1 million or more in assets within the last three years to identify how trustees could more effectively retain both customers and assets.

# Key Findings

- Most beneficiaries who were interviewed inherited assets from their parents or grandparents, hence the title “The Intergenerational Transfer of Wealth.”
- For the most part, the beneficiaries were not involved in the planning process, this is a key finding.

- The beneficiaries were asked the identity of the trustee. In most cases, the beneficiaries were confused and believed that the attorney for the estate was the trustee.
- Note: In most cases, the grantor acts as trustee until his or her death. At that point, the lawyer will become involved and, in many cases, was considered the “trustee” by the beneficiaries (whether or not he or she had legally been appointed as such).



# What happened to the inherited wealth of the beneficiaries?

- 60% moved their assets upon distribution
- 26% left the assets at the financial institution of their parents or grandparents but only on a temporary basis until they determined what they wanted to do with their inheritance
- 14% left their assets with the financial institution

## Another Key Finding:

- More than half of the beneficiaries said they were NOT approached by the financial institution that held the assets to establish a relationship or retain the assets.
- Ten percent would have considered leaving the assets where they were if they had been asked.

- Everyone in a position of responsibility at a wealth management institution must be able to answer the following question:

Why would anyone want to give you  
his/her money?