



**WEALTH-X**

# **PRESERVATION AND SUCCESSION: FAMILY WEALTH TRANSFER 2021**



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# EXECUTIVE SUMMARY

## 1 Wealthy individuals and their families must navigate the important challenge of wealth transfer — that of wealth preservation and succession.

In a world of rising complexity, such families have to overcome many hurdles to ensure their wealth is protected and continues to accumulate over the generations, while still adhering to the family's values and vision.

## 2 We expect \$18.3trn of collective wealth will be transferred by those with \$5m or more in net worth by 2030.

This sum is greater than China's annual GDP and more than seven times the market capitalization of US technology giant Microsoft. This wealth transfer will be carried out by almost 680,000 individuals across the world, averaging \$27m per individual.

## 3 UHNW individuals with a net worth of more than \$100m will account for almost half of the \$18.3trn to be transferred.

The value of wealth being transferred will vary enormously across the different wealth tiers. Overall, the VHNW class will account for 87% of all individual wealth transfers by 2030, but only one-third (\$6.2trn) of the total wealth being passed on.

## 4 At \$10.6trn, North America will account for almost 60% of the cumulative wealth transferred over the next decade.

This is a testament to the scale of wealth in the US. Europe's wealthy will pass on \$3.6trn by 2030, accounting for 15% of all wealth transfers; some way ahead of third-ranked Asia, largely due to the latter's wealthy class being younger than that of most other regions.

## 5 The wealthy must confront a number of wealth transfer issues and trends in a fast-changing world.

These include dealing with increasingly globalized families and investments, a younger generation that can often have a different outlook, the fallout from the Covid-19 pandemic as well as stricter reporting requirements and tax-planning practices.

## 6 Those passing on wealth are largely male, self-made and interested in sports and philanthropy.

Around 90% are men, most are between the ages of 70 and 80, and at least two-thirds of donors, if not more, have created their own fortunes without the help of inheritance. Philanthropy and sports are their two most popular interests by far.

### KEY DEFINITIONS

#### Very high net worth (VHNW) individuals

Those with a net worth of \$5m to \$30m.

#### Ultra high net worth (UHNW) individuals

Those with a net worth of \$30m+, also referred to as the ultra wealthy.

#### Donors

Individuals passing on their wealth.

#### Beneficiaries

Individuals inheriting this wealth.

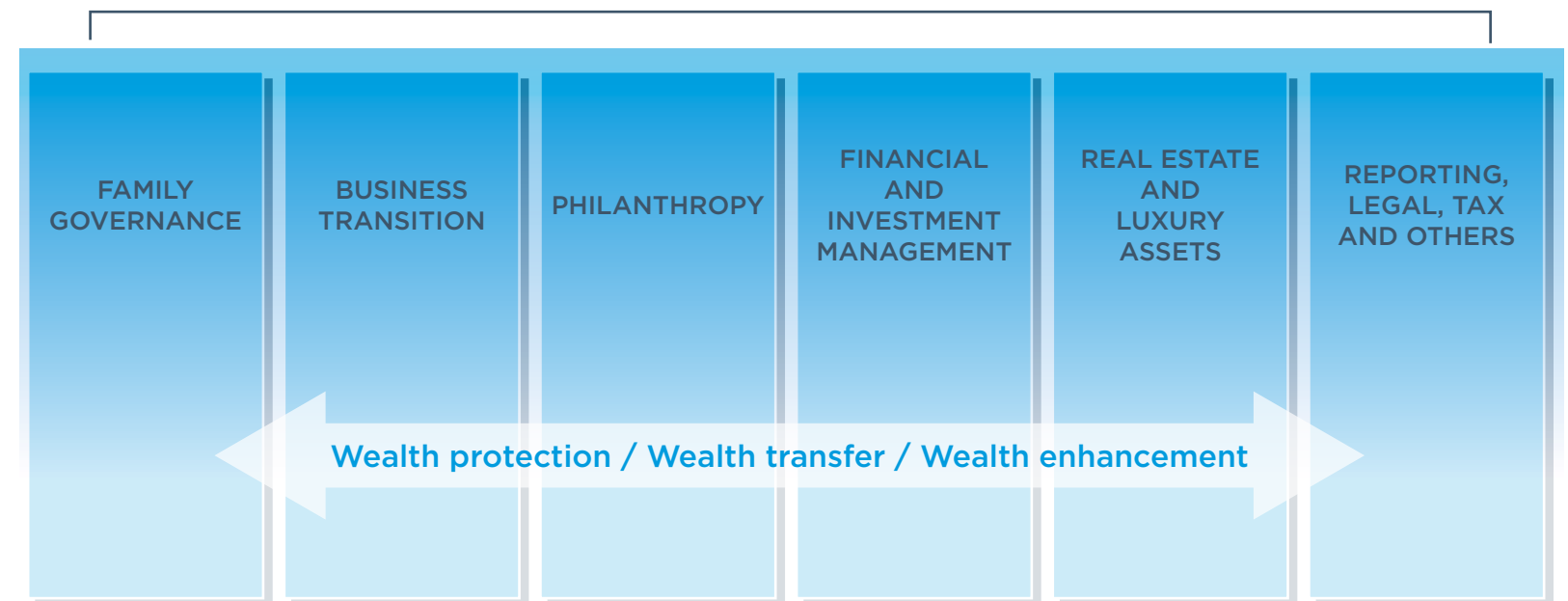
# THE IMPORTANCE OF WEALTH TRANSFER

In a world of rising complexity, increasingly globalized families and investments, surging ultra wealth levels, rapid digitalization, a viral pandemic and an increasing focus on 'responsible' investing, the importance (and challenges) of wealth transfer cannot be overstated. Amid popular conceptions of wealth and inheritance, wealthy families have to overcome many hurdles to ensure their wealth is protected and continues to accumulate over the generations, while still adhering to the family's values and vision.

These hurdles include the transition of ownership and management of one or more businesses, property and other assets, but also non-commercial concerns such as philanthropic foundations or art collections. The often large number of people involved in wealth transfer planning can be a complicating factor. These include those passing on their wealth, spouses, children, siblings, grandchildren, friends and associates, as well as other stakeholders such as advisors within the legal, financial and philanthropy spheres.

While wealth preservation and succession are relevant issues for many, this report focuses on the transfer of wealth of an exclusive group of individuals — those with a net worth of more than \$5m. This wealthy population totals almost 3 million worldwide, collectively holding assets worth more than \$62trn. We expect that around one-quarter of these individuals will seek to pass on their estates to the next generation between now and 2030, which will involve the transfer of a staggering level of wealth.

## MAJOR ASPECTS OF FAMILY WEALTH TRANSFER PLANNING



Wealthy families face a number of challenges to ensure their **wealth is protected** and continues to **accumulate over the generations**, while still adhering to the family's values and vision

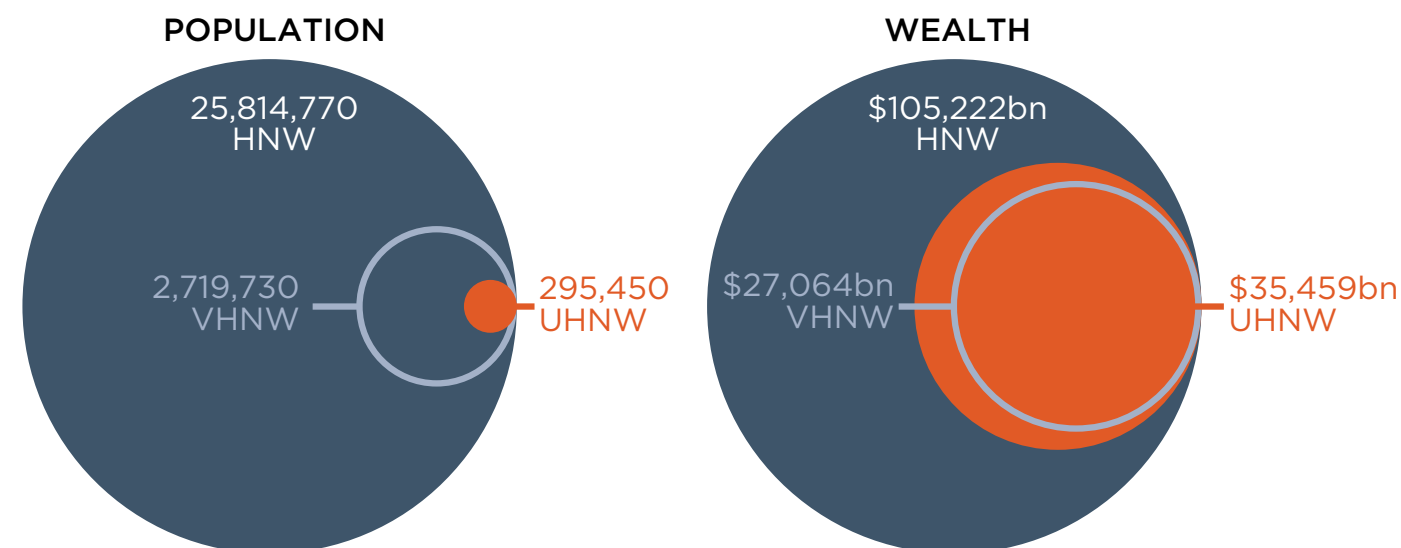
## A SNAPSHOT OF GLOBAL WEALTH

Similar to that of the general population at large, net worth is distributed unevenly among the wealthy. Most wealthy individuals reside in the lower wealth tiers.

As net worth rises, the number of people holding such wealth declines sharply: UHNW individuals (those with more than \$30m in net worth) number around 295,000, comprising just 1% of the global millionaire population. However, their collective net worth amounts to more than \$35trn, over half of the total wealth held by the group of individuals studied in this report. VHNW individuals, those with a net worth of \$5m to \$30m, number 2.7 million, yet their collective wealth (at \$27.1trn) is lower than that of the UHNW class.

Wealth is distributed **unevenly** among the high net worth

### POPULATION AND WEALTH BY MAJOR WEALTH TIER 2020

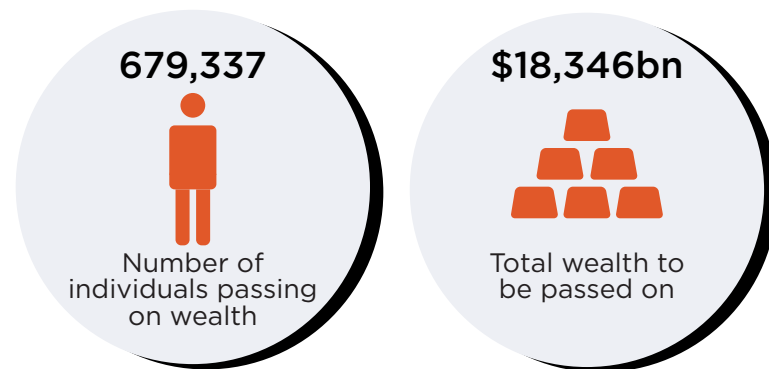


Note: HNW denotes high net worth individuals with \$1m+ in net worth; VHNW denotes very high net worth individuals with \$5m to \$30m in net worth; UHNW denotes the ultra wealthy with \$30m+ in net worth.

Source: Wealth-X

# GLOBAL WEALTH TRANSFER TO 2030

Some 680,000 individuals with a net worth of \$5m or more will transfer their wealth by 2030. This equates to almost one-quarter of the global wealthy population (\$5m+), highlighting the scale of this upcoming transition of wealth between generations.



Note: The data is pre-taxation and any other regulatory requirements.  
Source: Wealth-X

In total, we forecast that \$18.3trn of collective wealth will be transferred by 2030. To put this into perspective, this sum is greater than China's annual gross domestic product (GDP \$14.9trn in 2020<sup>1</sup>) and more than seven times the market capitalization of US technology giant Microsoft, the world's most valuable company at the time of writing<sup>2</sup>.

Almost 680,000 individuals with \$5m+ in net worth will transfer \$18.3trn in combined wealth by 2030

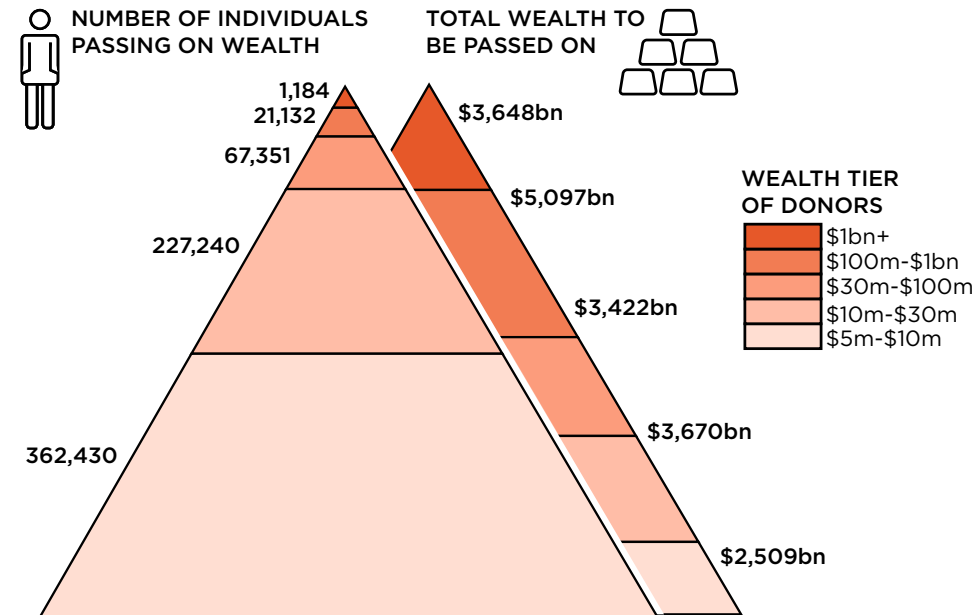
## WEALTH TRANSFERS BY TIER – A HIGHLY UNEVEN DISTRIBUTION

Our forecast implies that, on average, \$27m will be passed on by each individual. However, the value of estates being transferred will vary enormously across the different wealth tiers. Just over half of all wealth transfers by 2030 will be by individuals with a net worth of between \$5m and \$10m. Another third will involve those with fortunes of between \$10m and \$30m. Overall, the VHNW class will account for 87% of all individual wealth transfers by 2030, but only one-third (\$6.2trn) of the total wealth being passed on.

### GLOBAL WEALTH TRANSFER TO 2030 BY WEALTH TIER

679,337  
Number of individuals passing on wealth

\$18,346bn  
Total wealth to be passed on



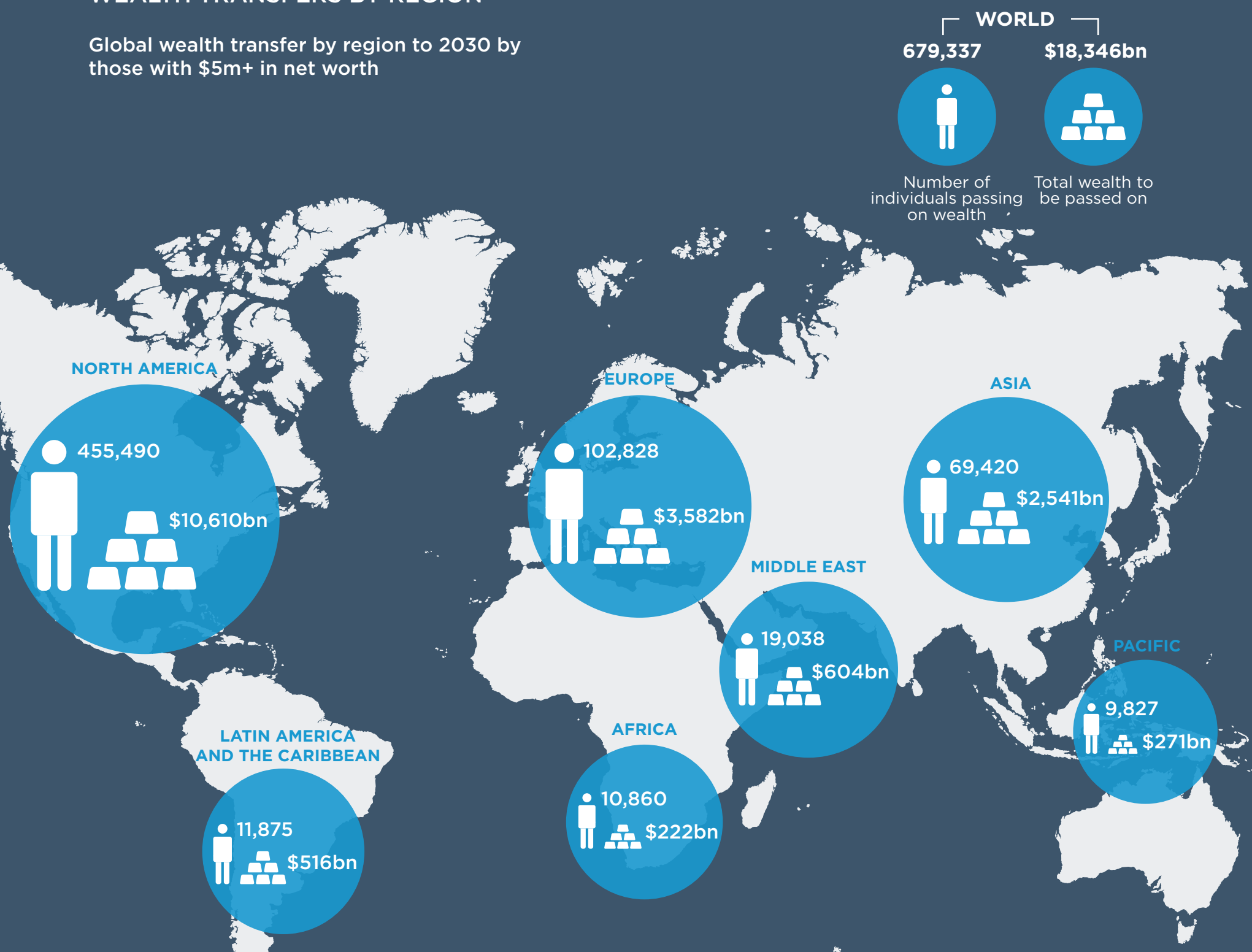
Note: The data is pre-taxation and any other regulatory requirements.  
Source: Wealth-X

Despite being much fewer in number, UHNW individuals will pass on a collective \$12.2trn, at an average of \$135m per transfer. Within this cohort at the very top of the wealth pyramid, we expect some 1,200 billionaires to redistribute their wealth by 2030. This exclusive group will account for just 0.2% of the total number of wealth transfers but a startling 20% of the collective net worth being passed on – an illustration of the highly skewed distribution of global wealth.

<sup>1</sup> International Monetary Fund, *World Economic Outlook*, October 2021  
<sup>2</sup> <https://companiesmarketcap.com/>

## WEALTH TRANSFERS BY REGION

Global wealth transfer by region to 2030 by those with \$5m+ in net worth



Note: The data is pre-taxation and any other regulatory requirements. The total of the regions may not equal the global total, as a result of rounding.

Source: Wealth-X

North America, Europe and Asia will together account for **91% of global wealth transfers** by 2030

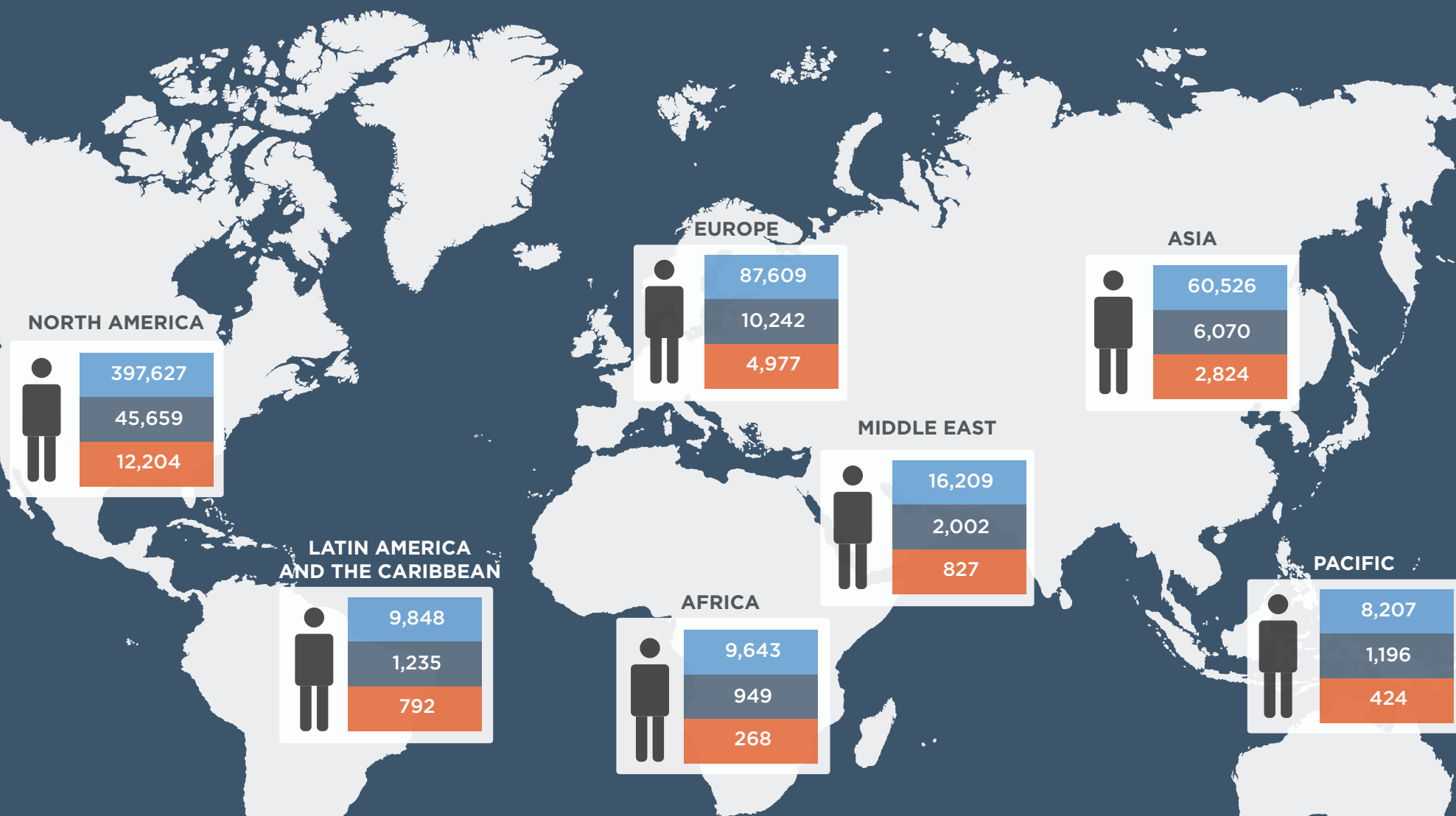
**AT \$10.6TRN, NORTH AMERICA WILL ACCOUNT FOR ALMOST 60% OF THE CUMULATIVE WEALTH TRANSFERRED.**

Of the global total of 679,337 individuals passing on their fortunes, two-thirds will be from North America. This is a testament to the scale of wealth in the US, the country with by far the world's largest population of VHNW and UHNW individuals.

The wealthy class in Europe will pass on \$3.6trn by 2030, with the region accounting for 15% of all wealth transfers. This is some way ahead of third-ranked Asia, where we expect \$2.5trn of wealth to be passed on to the next generation. Asia has a larger number of VHNW and UHNW individuals than Europe but, with the notable exception of Japan, the average age of wealthy individuals in many Asian countries is significantly younger than in most other regions. It will be several decades before a more significant share of these wealth holdings are set to be transferred.

Outside the 'big three' regions, the Middle East will see the next largest share of wealth transfers (3.3%), while in Africa we expect \$222bn of cumulative wealth to be passed on, equivalent to a 1.2% global share.

Number of individuals passing on wealth to 2030 by wealth tier by region



Total wealth to be passed on

Wealth tier

	Wealth tier		
	VHNW	UHNW	
	\$5m-\$30m	\$30m-\$100m	\$100m+
Africa	\$78bn	\$48bn	\$96bn
Asia	\$647bn	\$298bn	\$1,595bn
Europe	\$859bn	\$509bn	\$2,214bn
Latin America and the Caribbean	\$107bn	\$65bn	\$345bn
Middle East	\$164bn	\$105bn	\$335bn
North America	\$4,233bn	\$2,335bn	\$4,042bn
Pacific	\$92bn	\$63bn	\$117bn

Note: The data is pre-taxation and any other regulatory requirements. The total of the regions may not equal the global total, as a result of rounding.

Source: Wealth-X

In each region — and mirroring the global total — it will be those individuals in the highest wealth tier (with \$100m+ in net worth) who pass on the greatest amount of cumulative wealth by 2030, despite comprising a minor share of the wealthy population in each case.

**THERE ARE SOME NOTABLE REGIONAL DIFFERENCES IN THE PATTERN OF WEALTH TRANSFERS.**

Viewed across the three major wealth tiers, North America displays the most ‘even’ distribution of wealth to be transferred by 2030. This means the share of cumulative wealth in the region passed on by individuals in the highest wealth tier (\$100m+) — around 40% — is similar to that transferred by the VHNW population. This contrasts with far more imbalanced distributions in Europe, Asia and, particularly, in Latin America and the Caribbean, where the total value of wealth transfers is heavily skewed to the top wealth tier, in each case accounting for shares of more than 60%.

This has implications for the average size of the estate being transferred. While there is little to differentiate the regions across the two lower wealth tiers, the picture changes dramatically for those with a net worth of more than \$100m. In North America, the average wealth transfer in this tier amounts to \$331m, below the global average of \$392m. This compares with an average estate size of \$445m in Europe and a substantially larger \$565m in Asia.

**Among those with \$100m+ net worth, the average estate size transferred in Asia and Europe will be substantially larger than in North America**



# CURRENT ISSUES IN FAMILY WEALTH TRANSFER

While the fundamentals of wealth transfer planning and its processes tend to be largely stable, the issues that the wealthy have to navigate change over time. In a fast-changing and increasingly complex world, the wealthy face a number of key issues as they navigate their wealth transfer journeys.

## GLOBALIZED INVESTMENTS AND FAMILIES

The past decade has been a period of often heightened geopolitical uncertainty, with rising populist and protectionist movements spurring growth in anti-elite and anti-immigrant sentiment. Within the context of wealth transfer, this more volatile environment has spurred a clear trend towards greater risk-averse diversification in terms of asset allocation, geography, industry focus and financial holdings<sup>3</sup>.

At the same time, this increased volatility (and related policy effects, such as the flood of central bank 'quantitative easing' programs) has brought new opportunities for wealth creation in more varied markets and industries around the world. Set alongside the attractions of international travel and experiences, the desire of wealthy younger generations to work and study abroad, the rising number of cross-national marriages, and the growing influence and immediacy of technology, wealthy families and their investments are increasingly globalized. We expect this trend to continue. The resulting cross-border exposure to multiple countries' legal and tax regimes can bring both risk and reward, underlining the importance of highly qualified advice and detailed wealth transfer planning.

**Investment diversification** is a key and continuing trend, given the more volatile geopolitical and economic environment and increasingly **globalized families**

<sup>3</sup> See Wealth-X's *A Generational Shift: Family Wealth Transfer Report 2019*.

## THE NEXT GENERATION

Though to some extent constrained by generalization, there is agreement among those serving the wealthy that the next generation is more global — they have often lived, worked or studied in more than one country and tend to be more aware and informed of matters at an international level. This next generation is also highly mobile and digital. Certainly, networks and relationships are still valued, but being closer to the ‘transaction’ per se is often more important now than it was for the older generation that is passing down wealth. Investment mandates are also changing, with an increased focus on tech, digital finance, private equity and venture capital. The next generation is increasingly enthusiastic about impact investing and incorporating environmental, social and governance (ESG) factors into investment decisions. This is a clear step change away from more traditional approaches to philanthropy and legacy creation.

## THE COVID-19 EFFECT

The very nature of the global pandemic and its heightened virus risks to the elderly will have, almost certainly, focused the wealthy’s attention on succession planning for businesses. In some cases, it will have accelerated the actual transition of wealth and control of asset structures to the next generation. The related surge in digitalization since the start of the pandemic has implications for shifting asset allocations across wealth portfolios and reshaping future investment strategies. It will also redefine many aspects of the wealth transfer process, such as improving real-time investment monitoring or facilitating more immediate remote communications between family members spread across the globe and their professional advisors. A post-pandemic environment is likely to increase investments, open up wealth-creation opportunities and focus philanthropic attention in the areas of healthcare and ESG.

The pandemic-fueled **surge in digitalization** has implications for **investment strategies** and will also redefine many aspects of the wealth transfer process

## SHIFTING TIMELINES

Donors are passing on wealth earlier in their lifetimes. Traditionally, most wealth transfers took place upon the death of those passing on their fortunes. In recent decades, however, more significant levels of wealth are being passed on before the death of the donor. This is sometimes done to empower and/or gradually prime the next generation by giving them limited amounts of wealth to oversee comfortably. At other times, it is done for practical, logistical or tax-planning reasons.

## THE PUSH FOR TRANSPARENCY

The past decade has brought more coordinated action by national governments and organizations, such as the Organization for Economic Co-operation and Development, on global asset disclosure, stricter reporting requirements and tax-planning practices. Moving beyond simply taxation, attention has shifted increasingly towards identifying cross-border capital flows and holdings of offshore wealth. From frameworks such as FATCA, CRS, BEPS and CDOT, to the more recent EU directive DAC6 and plans to levy a minimum global tax rate on multinational companies, the momentum is for greater transparency of global wealth portfolios and a clampdown on intricate tax rulings. With the diversification of assets extending into a need for a greater variety of trusts, holding companies and financial instruments used to hold and manage wealth across national borders, the wealthy are increasingly aware that high-quality specialist advice in this area is essential for successful wealth transfer planning.

Donors are passing on wealth  
earlier in their lifetimes

# PROFILING TODAY'S DONORS

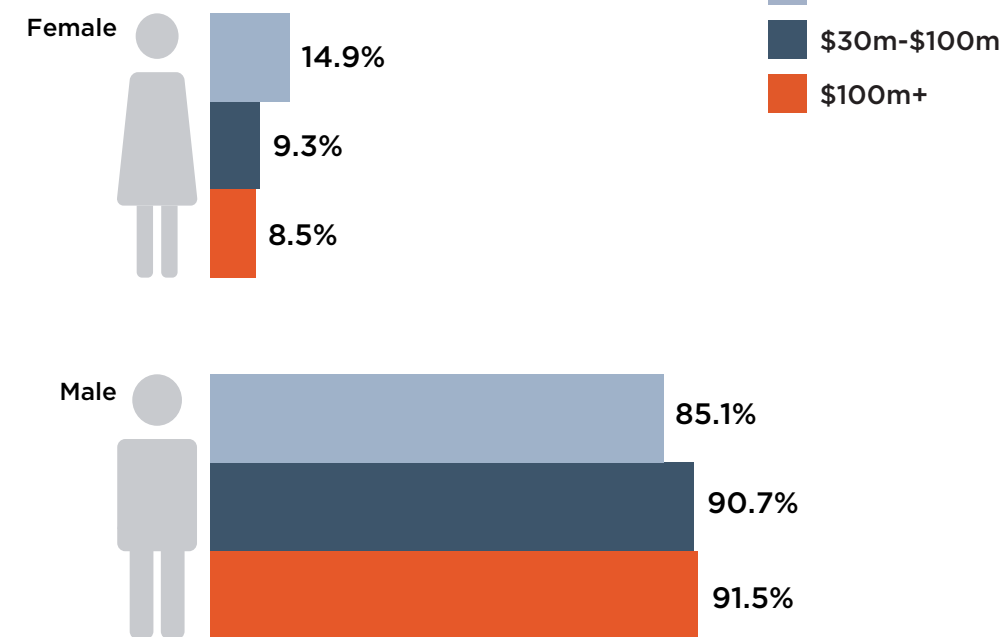
## GENDER, AGE AND WEALTH SOURCE

While the personal circumstances, family bonds, business interests and estate structures that influence wealth transfer planning will be unique to each individual, there are some broad insights that can be garnered when examining the characteristics of the wealthy people who will be passing on their fortunes within the next decade.

### THE VAST MAJORITY — APPROXIMATELY 90% — OF THOSE WHO WILL BE TRANSFERRING WEALTH BY 2030 ARE MEN.

Among VHNW individuals, women account for a 15% share but this falls to just 8.5% of donors with more than \$100m in net worth. Across all three wealth tiers, the proportion of males to females among those passing on wealth within the next decade is very slightly higher than the gender divide among the wealthy population as a whole. In practice, however, many spouses will be closely involved in their partner's wealth transfer plans.

## GENDER



Note: Wealth tier refers to those passing on their wealth to 2030.  
Source: Wealth-X 2021

**MOST INDIVIDUALS TRANSFERRING WEALTH OVER THE NEXT DECADE — IRRESPECTIVE OF WEALTH TIER — ARE CURRENTLY BETWEEN THE AGES OF 70 AND 80.**

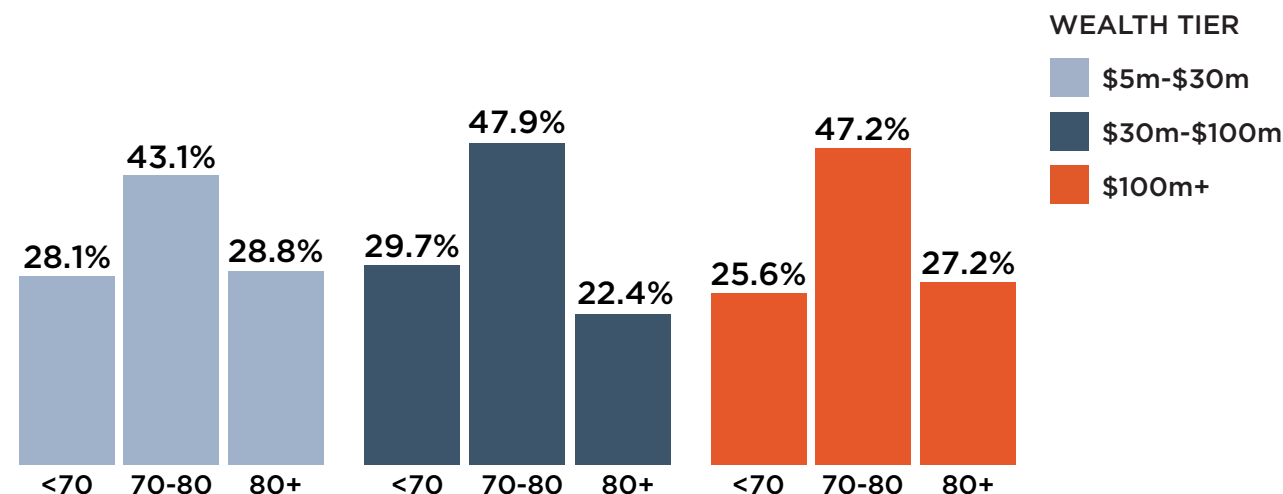
Representation of this age group rises as the wealth threshold increases — some 47% of those with net worth of \$100m+ are aged 70-80, compared with 43% of VHNW individuals. Among the general wealthy population, overall net worth holdings tend to rise with age. In the case of those transferring their estates by 2030, however, the share of VHNW individuals aged over 80 is slightly larger than for the UHNW class.

**WEALTH TRANSFERS TAKING PLACE UP TO 2030 WILL MOSTLY INVOLVE SELF-MADE FORTUNES.**

Some 85% of those VHNW individuals passing on their estates have made their own wealth. Rising up the wealth brackets, the role of inheritance gradually increases, particularly in combination with self-created wealth. A quarter of the people with a net worth of \$100m+ have benefited, in part, from inherited money to support their wealth-creation efforts. This highlights the often significant impact that an early injection of capital can make on wealth holdings later in life. It should be noted, however, that across all three wealth tiers, only a small proportion of wealth donors have been solely reliant on inherited fortunes.

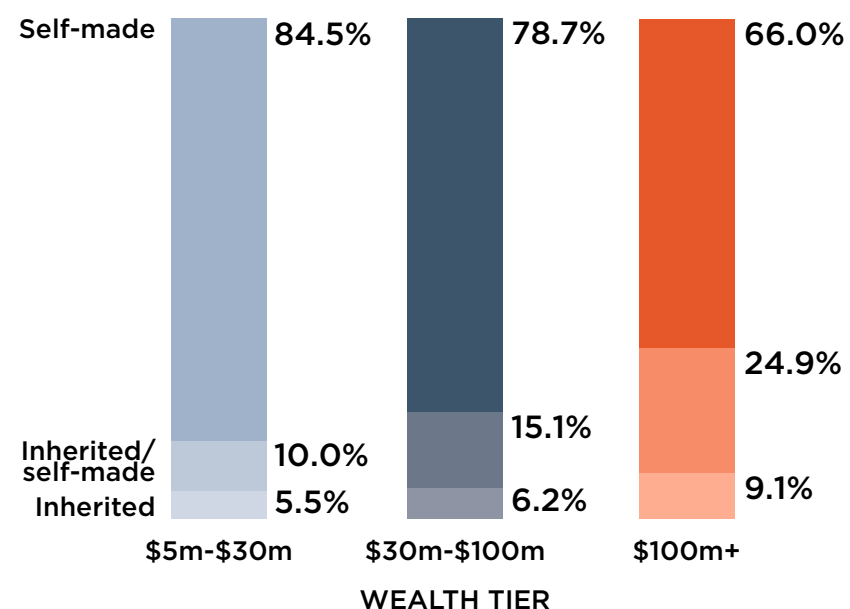
It should be noted the degree to which wealth holdings are self-created or shaped by inheritance will often have a considerable influence on an individual's outlook and priorities for the next generation.

**AGE**



Note: Wealth tier refers to those passing on their wealth to 2030. Source: Wealth-X 2021

**SOURCE OF WEALTH**



Note: Wealth tier refers to those passing on their wealth to 2030. Source: Wealth-X 2021

## INTERESTS, PASSIONS AND HOBBIES

Philanthropy and sports are the two most popular interests. There has been an upward trend in global philanthropic activity among the wealthy over the past decade, spurred by a number of factors such as a greater awareness of societal issues, global tax reforms and the expanding range of charitable organizations, impact investment vehicles and donor-advised funds.

Philanthropy and sports are notably more popular among the UHNW class than among VHNW individuals — more so than other passions and hobbies — partly reflecting the fact that overall wealth holdings and an individual's spare time both tend to increase with age.

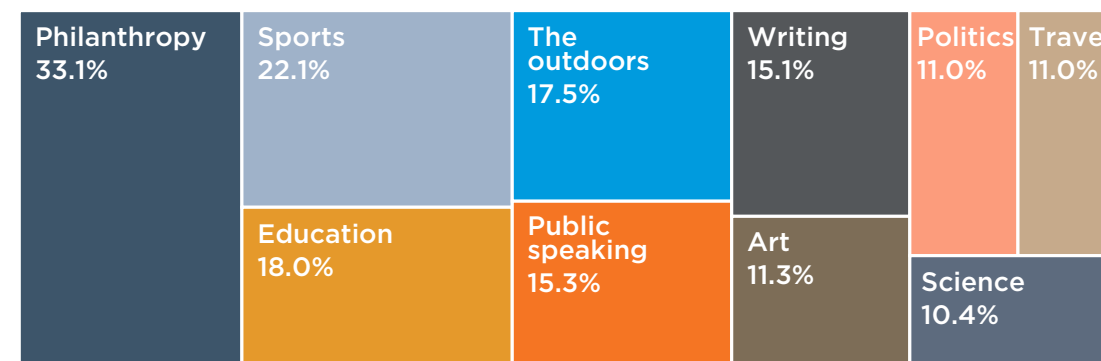
Education, the outdoors and public speaking are interests common to both wealth tiers. The main standouts are technology and aviation, which only appear in the UHNW listing. The latter isn't too startling, given the significant outlay required either to own or regularly charter private jets for business and/or pleasure. The absence of technology as a leading interest among VHNW individuals transferring wealth over the next decade is something of a surprise but may simply reflect the relatively high average age of this cohort.

Philanthropy and sports are the two most popular interests of wealthy donors by far

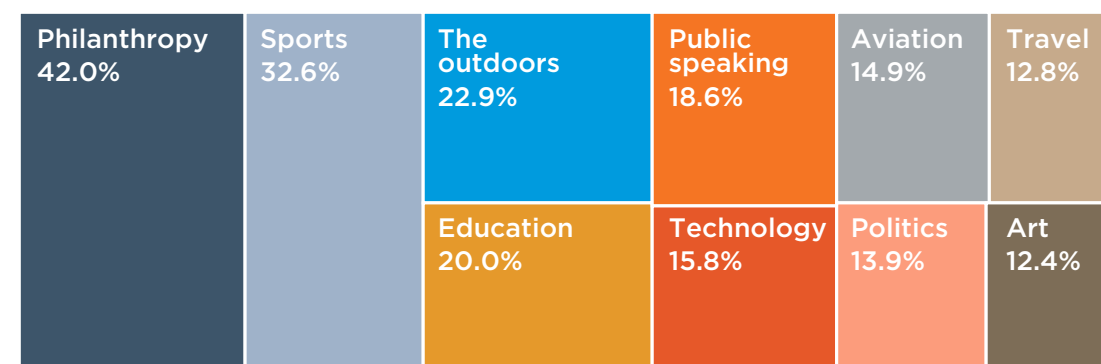
### TOP 10 INTERESTS, PASSIONS AND HOBBIES BY WEALTH TIER OF THOSE PASSING ON WEALTH

Proportion of individuals

#### \$5m-\$30m (VHNW)



#### \$30m+ (UHNW)



Note: Wealth tier refers to those passing on their wealth to 2030. More than one interest, passion or hobby is possible.  
Source: Wealth-X 2021

## PHILANTHROPIC CAUSES

Education is by far the most popular philanthropic cause. This can take the form of providing funding for infrastructure, research endowments, teacher training or scholarships. The largest gifts continue to be directed towards higher education, underscoring the importance of the alma mater tradition, which has always been strong in the US and is now extending to universities across the globe.

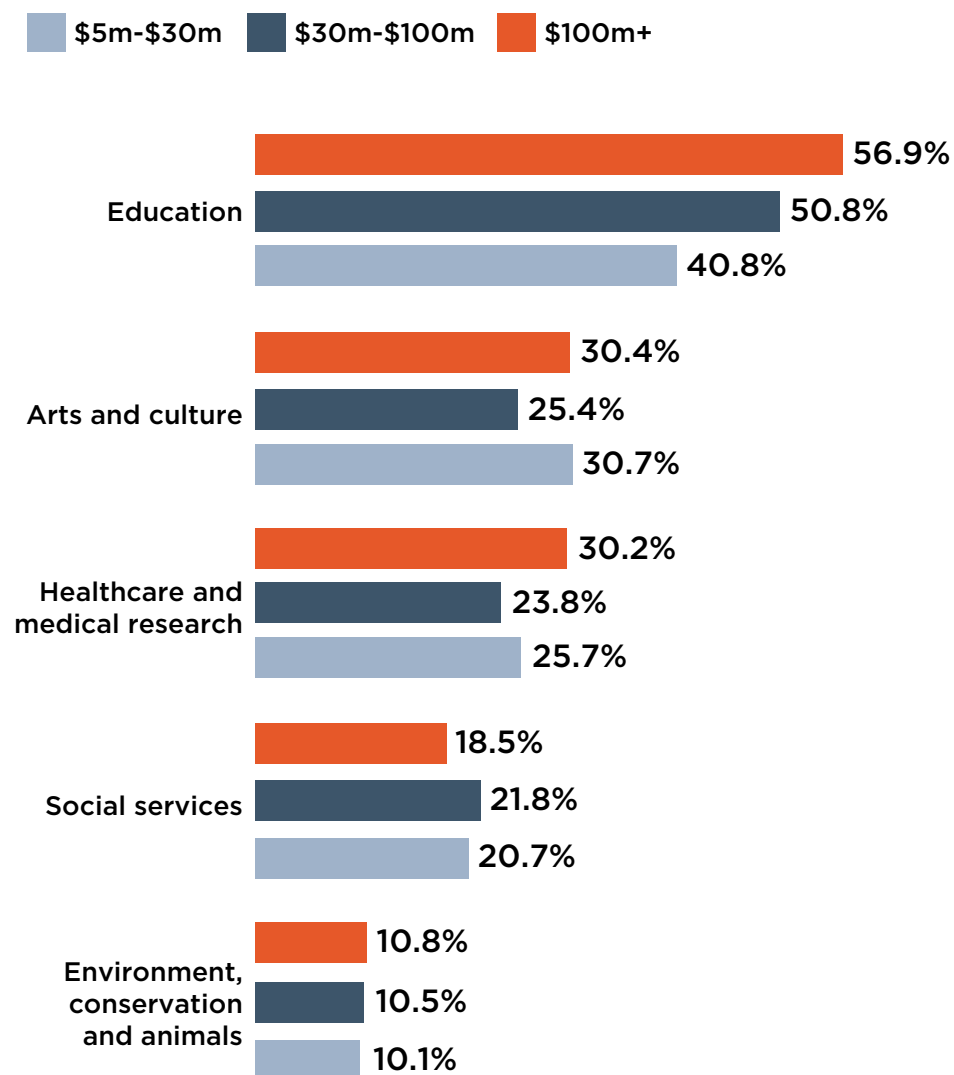
Arts and culture ranks second, against a backdrop of steadily declining public funding. Donations to healthcare and medical research have long been a popular philanthropic cause — given the often significant improvements to quality of life and health that can be achieved — and this is likely to have been bolstered by the Covid-19 pandemic.

Interest in giving to environmental causes remains fairly modest across all wealth tiers but it is rising steadily. There is clearly a very strong commitment to the environment and conservation among the younger wealthy generation, but this will take time to emerge in wealth transfer planning.

Across all wealth tiers, education is by far the most popular philanthropic cause

## TOP FIVE PHILANTHROPIC CAUSES AMONG THOSE PASSING ON WEALTH BY WEALTH TIER

Proportion of individuals



Note: Giving to more than one cause is possible, so the numbers do not add up to 100%. Social services include crime prevention, reducing poverty and unemployment.  
Source: Wealth-X 2021

# METHODOLOGY

In order to size wealth transfer and to profile those who will be passing on these fortunes, we use our Wealth Transfer Model and the Wealth-X Database.

Our **Wealth Transfer Model** sizes the number of wealthy individuals that will be passing on wealth and the amount of this wealth in the period to 2030 by wealth tier and by region. The model uses a three-step process. First, the model uses Wealth-X's Wealth and Investable Assets Model to size the general wealthy population by country and to estimate the total wealth held by individuals in each wealth tier. Second, we use the Wealth-X Database to incorporate age distribution by wealth. Third, we use secondary sources to integrate the life-expectancy distribution of wealthy individuals by country. We use life-expectancy data from 46 countries globally to estimate (with a 99% confidence level) the proportion of the population within each age bracket that will experience mortality within the next decade.

To gain further insight into the individuals passing on this wealth, we use the unique and proprietary **Wealth-X Database**, the world's most extensive collection of curated research and intelligence on the wealthy. Our database provides insights into their financial profile, career history, known associates, affiliations, family background, education, philanthropic endeavors, passions, hobbies, interests and much more. Our proprietary valuation model (as defined by net worth) assesses all asset holdings, including privately and publicly held businesses and investable assets. Wealth-X uses the primary business address as the determinant of a wealthy individual's location. References to \$ or dollars refer to US dollars.

Analysis of the data and additional insights were provided by the **Wealth-X Analytics** team. Leveraging the Wealth-X Database and its own data models, Wealth-X Analytics provides customizable data assets tailored to an organization's needs.



# ABOUT WEALTH-X

The global leader in wealth information and insight, Wealth-X partners with leading prestige brands across the financial services, luxury, not-for-profit and higher-education industries to fuel strategic decision-making in sales, marketing and compliance. Wealth-X boasts the world's most extensive collection of records on wealthy individuals and produces unparalleled data analysis to help organizations uncover, understand and engage their target audience, as well as mitigate risk. Founded in 2010, with staff across North America, Europe and Asia, Wealth-X provides unique data, analysis and counsel to a growing roster of more than 500 clients worldwide.

## ABOUT EUROMONEY PEOPLE INTELLIGENCE

Euromoney People Intelligence, a Pillar of Euromoney PLC, provides organizations with unique data intelligence that connects them with the individuals who will have the greatest impact on their goals. Euromoney People Intelligence is comprised of four unique brands: BoardEx, RelSci, WealthEngine and Wealth-X. We empower our clients to build greater relationships, obtain and manage their best talent and reduce commercial risk.

## TO OBTAIN FURTHER INFORMATION OR TO REQUEST A DEMONSTRATION, PLEASE CONTACT US AT:

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