

The Great Wealth Transfer: Five Actionable Steps



For many investors, creating a lasting financial legacy for the next generations is an integral goal in their larger wealth plan. With the Great Wealth Transfer on the horizon, there's no greater moment than the present to take action on your financial future.

Five Steps to Take to Prepare Yourself and Your Family

The Great Wealth Transfer refers to the largest flow of generational capital ever seen in history. Through 2048, an estimated \$124 trillion in wealth is expected to pass from older to younger generations in the U.S.¹ Most of this wealth will come from baby boomers, born in the U.S. between 1946 and 1964, and the silent generation, born between 1928 and 1945. Additionally, \$50 trillion will pass laterally to surviving spouses, the large majority of whom will be women, before making its way down to children.

With the Great Wealth Transfer comes responsibility for both the owners and inheritors of wealth. Older generations should ensure their financial affairs are organized and well-positioned to maximize tax and estate planning opportunities. In comparison, younger generations should know how to invest, grow, and enjoy wealth responsibly to preserve it for future generations.

Five Steps to Take to Prepare Yourself and Your Family

While the Great Wealth Transfer will peak in the coming years, it's not just something to expect in the future—it's happening now. Trillions of dollars are changing hands each year, and preparation for this transition is essential. We outline key considerations and steps to take to ready yourself and your family for the largest transfer of wealth in history.

Build a Strong Foundation

The first step in building a strong foundation is making sure your own financial affairs are in order. Manage your financial affairs with clear goals and a plan of action. Goals should be both short and long term, with the aim of helping you build wealth, plan for a comfortable future, and engage in thoughtful legacy planning. Goals can also help identify the purpose of your capital and what you're trying to accomplish with your wealth.

Another aspect of having a strong financial foundation is being organized. If you're preparing to transfer wealth, ask yourself, "Have I shared important information with the next generation? Do they know what types of accounts I

have, where they're held, and who the beneficiaries are?" If you're preparing to receive wealth, you'll want your holdings structured properly before adding new assets into the mix. Take inventory of what you have to create a coordinated approach to transferring wealth.

Engage in Financial Planning

For both givers and recipients of wealth, one of the best ways to understand your current circumstances is to create a financial plan with your wealth advisor. You should have a solid understanding of your personal net worth statement, including what you own, what you owe, how it is valued, and how assets are titled. It's also helpful to look at the asset allocation across all your accounts to see what is allocated to various asset classes. This helps you understand how your portfolio might perform in different market environments.

Regarding cash flow, consider where your money comes from and where it goes. If someone asked you how much you spend every month, would you know the answer? It's often helpful to create a budget and set aside time to take inventory of your income and expenses. Then, your wealth advisor can look at long-term cash flow projections to ensure your savings and investments are on track to meet your goals. Regardless of asset size, it can be beneficial to understand the difference between both your core and surplus wealth. Core wealth refers to your fundamental assets and strategies, while surplus wealth includes any additional assets.

If you are expecting to inherit wealth, your financial plan should be robust enough to stand independently without relying on an inheritance. What you believe you may inherit may not always come to fruition. Whether you're transferring or receiving wealth, understand and review your long-term financial plans to accurately assess your current situation and determine next steps to accomplish your financial goals.

¹ Cerulli Associates, "Cerulli Anticipates \$124 Trillion in Wealth Will Transfer Through 2048." <https://www.cerulli.com/press-releases/cerulli-anticipates-124-trillion-in-wealth-will-transfer-through-2048>.

Five Steps to Take to Prepare Yourself and Your Family (continued)

Protect What You Have Accumulated

After you've defined your goals, organized your financial affairs, and created a financial plan, it's time to protect what you have accumulated. Assess your investment risk tolerance and understand how much volatility you're comfortable with in your investments. Confirm that your personal risk tolerance and risk capacity match your asset allocation. Your portfolio should not be overexposed to market risk, or conversely, too conservative to meet your goals.

Protection also involves managing risk through proper insurance coverage, such as life, disability, or umbrella insurance or long-term care coverage. These policies can shield your assets against events that could derail your goals.

Know the importance of proper account titling, as it may impact how assets are treated in the event of death, divorce, or other life events. LLCs or trusts can be helpful for business owners or real estate investors as they plan for asset protection.

Understanding your potential tax obligations is another part of protecting wealth. Taxes can impact investment returns, income, and overall wealth-building strategies. Stay informed about current tax laws and how they may apply to your investments so you can plan effectively.

Revisit Your Estate Plan

The foundation of transferring wealth is having well-structured estate planning documents. All adults should have an estate plan, no matter what age or life phase you're in. Key documents include:

- Living will
- Trust
- Powers of attorney
- Healthcare directives
- Proper beneficiary designations

These instrumental documents name guardians for minor children, appoint trustees for trusts, and designate an executor for your estate. They also cover incapacity planning, which is a way to communicate wishes if you become unable to manage your affairs.

We recommend reviewing and updating your estate plan and documents every three to five years, especially if you experience a significant life event. Your estate plan should reflect your goals and benefit the people and causes that matter to you most. For those preparing to transfer wealth, make sure the person or entity you've named as executor is aware of their responsibility. Additionally, review your beneficiary designations to confirm they are up to date. For wealth receivers, assist family members to confirm their estate plan is solidified and identify who their key advisors are, such as an accountant, advisor, or attorney, so you know who to work with. Know where these important documents are located so you can easily access them.

Communicate

It can be difficult to discuss finances and estate planning with family, but communication is key. Sharing information on both sides is essential, and having conversations with your family can grow confidence around topics of money. Your wealth advisor can help facilitate a family meeting to get the conversation going.

If you're passing on wealth, have age-appropriate conversations with children. You don't have to share actual numbers with children and teens, but you can talk in percentages about how your money is allocated and how you value money. As they get older, you can introduce them to the professionals in your life that help manage your wealth. Your wealth advisor has resources to help with the next generation's financial education.

If there is a family business, family office, or private family foundation to consider, discuss each family member's roles and responsibilities. Consider your purpose and passion. Trusting family members with receiving an inheritance is more than just transferring assets into their hands—it's about understanding how to best steward hard-earned wealth. Wealth transferors may want to share family stories about wealth, values, expectations, and philanthropic goals. Start educating heirs about wealth management now, and walk through your best practices for managing savings, investments, and resources.

Prepare for the Great Wealth Transfer

Prepare for the Great Wealth Transfer

The Great Wealth Transfer is more than just money changing hands. It represents a shift in power with younger generations stepping into their financial strength. There is no better time than now to start preparing, take action, and influence your wealth's future.

At William Blair, we actively partner with our clients to assess their financial goals and identify the resources needed to reach them. We also provide strategic guidance on transferring wealth to future generations to further solidify family legacies. Work with your William Blair wealth advisor to review your portfolio and create a personalized strategy to help you and your family achieve your wealth transfer goals.



Cara Ryadi

Director, Wealth Strategy

+1 312 801 7740

CRyadi@WilliamBlair.com



Kelly Oliven

Senior Vice President, Wealth Strategy

+1 312 364 8451

KOliven@WilliamBlair.com

May 2025

This information has been prepared solely for informational purposes and is not intended to provide or should not be relied upon for accounting, legal, tax, or investment advice. The factual statements herein have been taken from sources we believe to be reliable, but accuracy, completeness, or interpretation cannot be guaranteed. We recommend consulting your attorney, tax advisor, investment, or other professional advisor about your particular situation. Investment advice and recommendations can be provided only after careful consideration of an investor's objectives, guidelines, and restrictions. Any investment or strategy mentioned herein may not be suitable for every investor, including retirement strategies. William Blair does not give tax or legal advice, nor practice estate planning law. "William Blair" is a registered trademark of William Blair & Company, L.L.C.