Family Wealth Checkup

A multigenerational study on how families talk about money and long-term financial planning

An Ameriprise study on family wealth

More than half of adults feel extremely or very confident about their family's financial future

A new study commissioned by Ameriprise Financial explores how well families are communicating and working through a broad range of financial and estate planning issues. The study also examines strategies to help families improve communication and gain confidence, while identifying some of the challenges they could face along the way.

We asked 2,700 consumers spanning three generations (ages 25–70) whether they discuss money matters with family members and, if so, how those conversations go. From their responses, we gained unique insights into how different generations approach family finances.

The study revealed that family members across all generations more commonly discuss basic day-to-day issues rather than diving deep into longer-term financial topics with their relatives. Though estate planning and inheritance can be tough conversations to initiate, families who discuss these issues say the talks are straightforward and comfortable — quite the opposite of the awkward situations many anticipate.

The three generations

Millennials
(age 25–34)

- Confident in family's financial future
- Most involved in discussions with parents about inheritance
- Most likely to leave money behind for a pet

Gen Xers
(age 35–51)

- Least confident in family's financial future
- Majority have discussed inheritance with parents
- Most likely to leave money to a charity

Boomers
(age 52–70)

- Most confident in family's financial future
- Less involved in discussions with parents about inheritance
- Most likely to exclude siblings from inheritance

Family communication and financial confidence

Differences exist across generations when initiating financial conversations with loved ones

Our research reveals a correlation between communication and financial confidence. Families with the most financial confidence say they discuss a variety of topics, including long-term financial goals, retirement and estate planning.

Boomers have the highest level of confidence (57 percent) about their families' financial future, followed by Millennials (54 percent). Gen Xers express a bit less confidence (46 percent).

Interestingly, Millennials say they are the ones to initiate financial conversations with their parents. When it comes to discussing estate plans with their parents, Millennials (71 percent) and Gen Xers (68 percent) are most likely to have addressed the topic, while Boomers are slightly less involved (60 percent).

Barriers preventing these financial discussions from occurring vary across generations. For Millennials, the top reason they haven't discussed the topic is because they do not want to think about losing a parent. Gen Xers are more likely to avoid the conversation for fear it might be uncomfortable, and Boomers simply feel the conversation is inappropriate to discuss with children.

Tip #1

Start discussions early; don't wait for a family tragedy to bring up finances.

Feeling confident in family finances

57% Boomers

54% Millennials

46% Gen Xers

Leaving a legacy

Generations differ in their plans to leave money behind

All three generations have high aspirations for passing money down to loved ones, with 83 percent of adults reporting they plan to leave an inheritance. Of those, 33 percent of Millennials, 47 percent of Gen Xers and 50 percent of Boomers plan to leave behind at least $500,000.

In terms of where that money will go, all three generations have their offspring top of mind; 70 percent of Millennials, 74 percent of Gen Xers and 87 percent of Boomers say they will leave an inheritance to their children and grandchildren. Next in line to receive money are siblings, with 26 percent of Millennials and 21 percent of Gen Xers saying their siblings are included in inheritance plans. Boomers aren't as giving in this area — only 8 percent report they will leave money to their siblings.

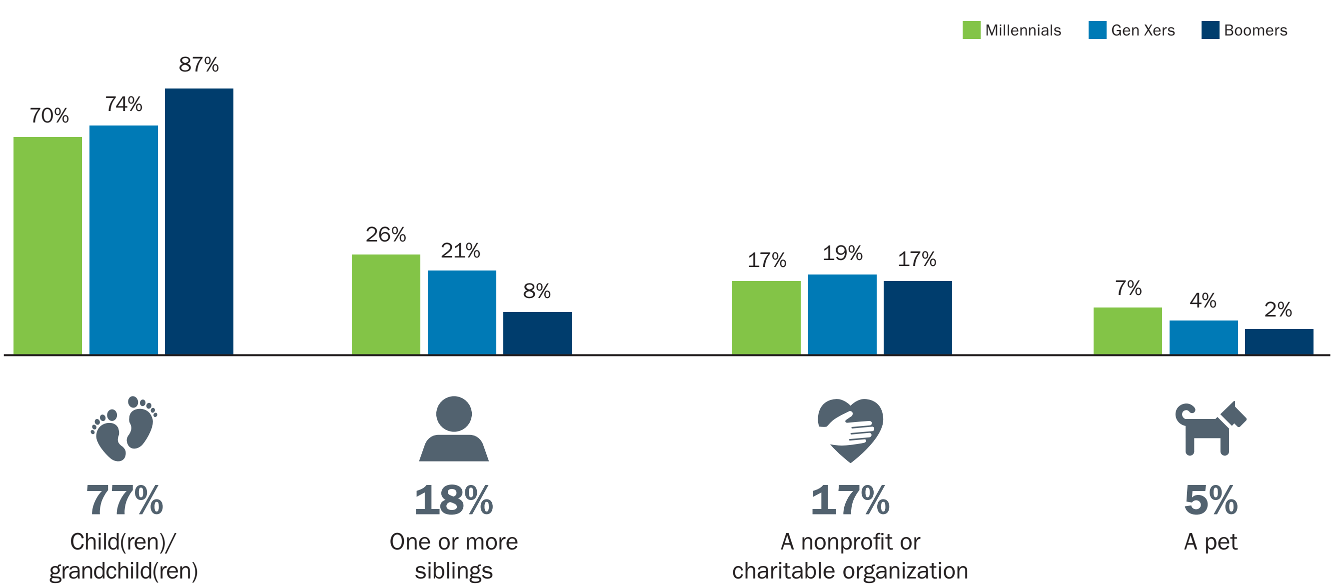
Beyond family members, many adults consider alternative beneficiaries. For example, 17 percent of Millennials, 19 percent of Gen Xers and 17 percent of Boomers say they plan to leave money to a charity or nonprofit. A small percentage of each generation plans to leave money behind for pets; 7 percent of Millennials, 4 percent of Gen Xers and 2 percent of Boomers plan to take this route.

No matter how much money or how many assets are divvied up, there is potential for conflicts to arise. Many Millennials share this belief; 47 percent say there's a good chance an inheritance will cause tension or disagreements. It's also a concern for Gen Xers (25 percent) and Boomers (17 percent).

Tip #2

Have an estate plan in place and be sure beneficiaries are up to date across all accounts.

Beneficiaries other than spouse/partner



Working with a financial professional

A financial advisor can play an important role in helping families navigate conversations about money

For a family struggling to talk about money or experiencing conflict, working with a neutral third party, such as a financial advisor, may be worth considering.

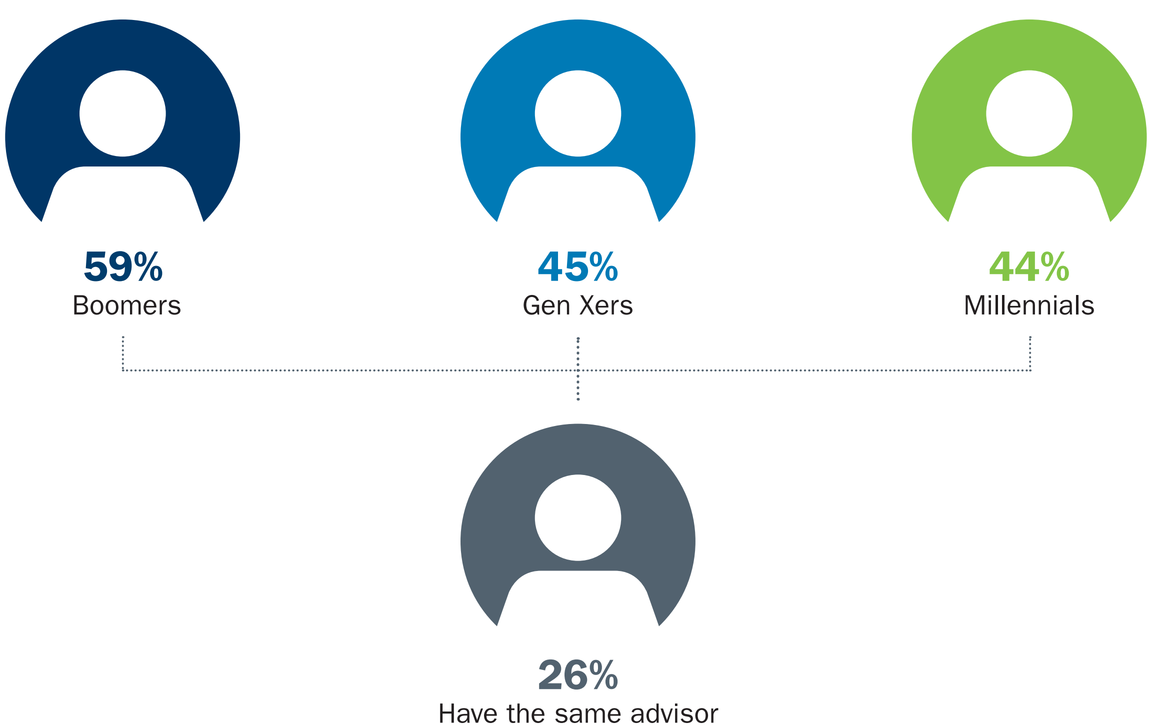
Boomers are most likely to have a financial advisor (59 percent), followed by Gen Xers (45 percent) and then Millennials (44 percent). Among those who do, 26 percent currently have the same financial advisor as their parents or their children.

Those who work with the same advisor as a family member find the greatest benefits are increased communication and customization. They say working with an advisor helps them better understand their full financial picture (50 percent), facilitates the transition of wealth from one generation to the next (45 percent), improves trust and deepens their relationship with the advisor (44 percent), and allows for a customized approach to meet their unique family needs (40 percent).

Tip #3

An advisor can help families steer tough conversations around long-term financial goals, retirement, inheritance and estate planning.

Those with a financial advisor



Methodology

The study was created by Ameriprise Financial, Inc., and conducted online by Artemis Strategy Group.

- 2,700 interviews were completed online among U.S. consumers between November 23 and December 15, 2016.
- Respondents were between the ages of 25 and 70, and each had at least $25,000 in investable assets.
- All respondents had at least one living immediate family member (parent, spouse's parent or a child/stepchild).

For further information and details about the study, including verification of data that may not be published as part of this report, please contact Ameriprise Financial or go to ameriprise.com/familywealth.

About Ameriprise Financial

At Ameriprise Financial, we have been helping people feel confident about their financial future for more than 120 years. With a nationwide network of 10,000 financial advisors and extensive asset management, advisory and insurance capabilities, we have the strength and expertise to serve the full range of individual and institutional investors' financial needs. For more information, visit ameriprise.com.

About Artemis Strategy Group

Artemis Strategy Group (artemissg.com) is a communications strategy research firm specializing in brand positioning, thought leadership and policy issues.

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