TRUIST Wealth

Bridging beliefs and behaviors: Key insights into effective wealth transfer across generations

16 years of research into the 25 best practices of multi-generational families

Contents

Sustaining the great wealth transition

Toward the end of the 1990s, family wealth industry leaders began to dissect the various components of successful wealth transfer across generations. What worked? Why did some families succeed in transferring wealth over many generations while others failed?

Interestingly, this research found the singular focus on financial wealth planning was not sufficient for successful wealth transfer. In fact, the qualitative aspects of family wealth were among the most important. These qualitative aspects—or "human and intellectual capital"—represent practices less easy to count than financials. They are the qualities a family possesses and practices. Qualities such as:

- Honoring the family history and values and passing them from one generation to another.
- Preparing heirs to be responsible stewards of wealth.
- Communicating intentions to the next generation(s).
- Organizing family members to be able to make important decisions together.

Truist Wealth's Center for Family Legacy (CFL) has long understood the vital importance of linking financial wealth best practices with human capital best practices. Our wealth-related conversations with families and decades of research have given us powerful insights into best practices for multigenerational wealth transition. Early qualitative interviews with families of wealth resulted in our 2004 foundational white paper "**The 25 best practices of multigenerational families**."

Fast-forward two decades, and those best practices remain as vital as ever as baby boomers prepare to transfer an unprecedented amount of wealth to the next generation.

The baby boomer generation accumulated billions of dollars in times of relative prosperity. Some baby boomers inherited wealth from previous generations; some were the first generation to create that wealth. This upcoming transfer of wealth will be the largest of its kind in American history.

In 1989, total family wealth in the United States was about $38 trillion, adjusted for inflation. By 2022, that wealth had more than tripled, reaching $140 trillion. Of the $84 trillion projected to be passed down from older Americans to millennial and Gen X heirs through 2045, $16 trillion will be transferred within the next decade (**The New York Times, 2023**).

For many families, this wealth transition represents the opportunity to begin or continue a family legacy that spans multiple generations. Preparing for a successful wealth transition, especially one that can be repeated from one generation to the next, requires an intentional approach that combines savvy financial planning with a family's human capital (see the Truist Wealth article **"Sustainability: The springboard for future generations"**).

Over the past 20 years, CFL has continued its ground-breaking work to understand the human capital quotient required for successful wealth transition. This paper summarizes the results of 16 years of data into best practices for successful wealth transition across multiple generations.

We hope the research spurs conversation within your family about what best practices matter most to preserving your family's legacy, the conversations and actions that might be crucial to your success, and the impact those actions might have on transitioning wealth for multiple generations.

The six categories: A model for transitioning wealth

Family Cohesiveness
Who are we? What do we stand for?

Governance
Who leads? How will we work together?

Mentoring
How will we prepare leaders for managing the family legacy?

Philanthropy
How will we give back?

Strategic Planning
What are our goals and objectives?
Are we prepared for major life events?

Trusts and Estates
How will we ensure long-term financial growth and stability?

For nearly two decades, CFL has used an assessment process with families called Wealth Priorities that stems from the 25 best practices. The individual practices fall into six categories: Family Cohesiveness, Governance, Mentoring, Strategic Planning, Philanthropy, and Trusts and Estates. Together, these six categories create the foundation for the transition of wealth across multiple generations **(see graphic at left)**.

Although the categories have a natural, logical order, all are important to preparing a family's human capital for sustaining wealth. Families working with the CFL prioritize where to start by answering questions about the 25 best practices, rating both importance and current engagement in the practices. This prioritization helps us meet families where they are, focusing on what matters most to them. Thus, each family creates an individualized planning road map based on their current needs.

Throughout this paper, we'll unpack the insights related to the categories themselves and some of the individual practices within those categories. Let's begin by examining what each category means and the individual practices within each category.

Family Cohesiveness

This category explores the fundamental question of family identity. Who are we and what do we stand for? Without establishing identity and cohesiveness—who we want to be as a family—wealth transition can be challenging; successive generations will have no narrative and shared history to guide their actions. This category includes five best practices:

- Family history and culture
- Shared values
- Family mission statement
- Teamwork and communication
- Family member well-being

Governance

Families must agree on the expectations for working together to sustain wealth. Who will lead what? How will decisions be made? What are our agreements for working together? Constructive, meaningful conversations about governance cannot be had before the family members understand the ownership structure and how assets are held and will be passed down. This category includes five best practices:

- Family governance
- Family meetings
- Family policies
- Conflict resolution
- Succession planning

Mentoring

Conversations about governance clarify who wants to be involved in managing the family's assets and what those family members will need to be successful. Leadership capabilities and skills like financial savviness—as well as the emotional impact of wealth—now come into play as current and future generations work together to prepare all family members for transition. This category includes five best practices:

- Financial education
- Parenting skills
- Support for entrepreneurship
- Family support network
- Money smarts

Philanthropy

For families who prioritize philanthropy, intentional planning answers the key question "How will we give back?" This question will likely reflect the family's shared values and mission statement, and the impact they wish to have. This category includes three best practices:

- Support for philanthropy
- Shared philanthropy
- Strategic philanthropy

Strategic Planning

Establishing the why behind the family's identity and mission, determining a governance structure, and preparing families to lead sets the foundation for longer-term strategic planning. Strategic plans will span multiple years and will almost certainly address family connectivity, financial and estate planning, and shared goals. This category includes three best practices:

- Wealth objectives
- Understanding of economics
- Planning for major life events

Trusts and Estates

Strategic planning for trusts and estates addresses how families plan for long-term growth and financial stability. Families address the many legal questions regarding trustees, advisors, and beneficiaries, as well as develop the long-term relationships that will build trust and transparency across multiple generations. This category includes four best practices:

- Communicating intentions
- Grantor and beneficiary mentoring
- Selection of trustees and advisors
- Trustee and beneficiary relationships

The six categories provide a human capital road map for sustaining wealth across multiple generations. However, each family, and therefore each path, is unique. The journeys of different families are never the same, though there are similarities.

Let's turn now to the insights and perspectives we've garnered from the 679 family members representing 120 families who have been with us on the journey to create their sustainable family legacies.

The Wealth Priorities assessment

From its inception, the Center for Family Legacy realized it needed a way to facilitate conversations around family legacy that prioritized a family's needs for successfully transitioning wealth. Ideally, family members would have the opportunity to independently express their perspectives and opinions in a neutral format that would identify both strengths to leverage and opportunities for improvement.

With this in mind, CFL created the proprietary online Wealth Priorities assessment for families, generally administered at the beginning of their engagements with CFL. In each engagement, adult family members complete the Wealth Priorities assessment, providing their perspectives on the importance of each best practice, whether their family is engaged in the practice, and the impact on the family for engaging or not engaging.

This paper presents the Wealth Priorities assessment data collected over 16 years (2004 to 2020) from 679 individuals representing 120 wealthy families who have worked with CFL. All families were clients of CFL who chose to couple financial planning with human and intellectual capital to develop a road map for their family's future. Collectively, the data represents a transition of wealth from one to five generations.

In the next section, we present the aggregated data from the 679 participants, providing insights into which practices families have identified as most important to the successful transition of wealth, whether families engage in those best practices, and the perceived impact of their engagement.

Family members evaluated each of the 25 best practices on four different dimensions:

1. **Importance.** The importance of the practice, using a 1 to 6 rating scale where values range from strongly agree to strongly disagree.
2. **Practice engagement.** The degree to which the family engages in the practice, again using a 1 to 6 rating scale with values ranging from strongly disagree to strongly agree.
3. **Current impact.** Two alternative ratings of impact, depending on engagement level:
   - **a.** If participants agreed that their family engages in the practice, they rated the potential beneficial impact of doing so using a 3-point scale, where 1 = no impact, 2 = slight benefit, 3 = great benefit.
   - **b.** If participants did not agree that their family engages in the practice, they rated the potential detrimental impact of not doing so using a 1 to 3 rating scale, where 1 = no impact, 2 = slight detriment, and 3 = great detriment.
4. **Future impact.** Participants indicated whether they felt the current level of engagement in a specific practice could become a detriment to the family in the future, particularly should a major life event occur. This was labeled as a "contingent liability."

Insight 1: The level of perceived importance in the best practices does not match the level of engagement—creating an opportunity gap.

All six best practice categories matter—but perceived importance does not match engagement.

- All six practice categories are viewed as important to successful wealth transition (see chart **"Six Practice Categories: Importance and Engagement"** below).
- 94% of family members rated Trust and Estates as important, making it the most important category.
- 78% rated Philanthropy as important, giving this category relatively less importance.
- Nearly all family members believe that ensuring long-term financial viability is highly important to successful wealth transition, and over three quarters believe that clarifying desired long-term philanthropic impact is highly important.

However, even though family members indicated all categories were highly important, family engagement in those practices did not reflect their perceived importance, creating an opportunity gap.

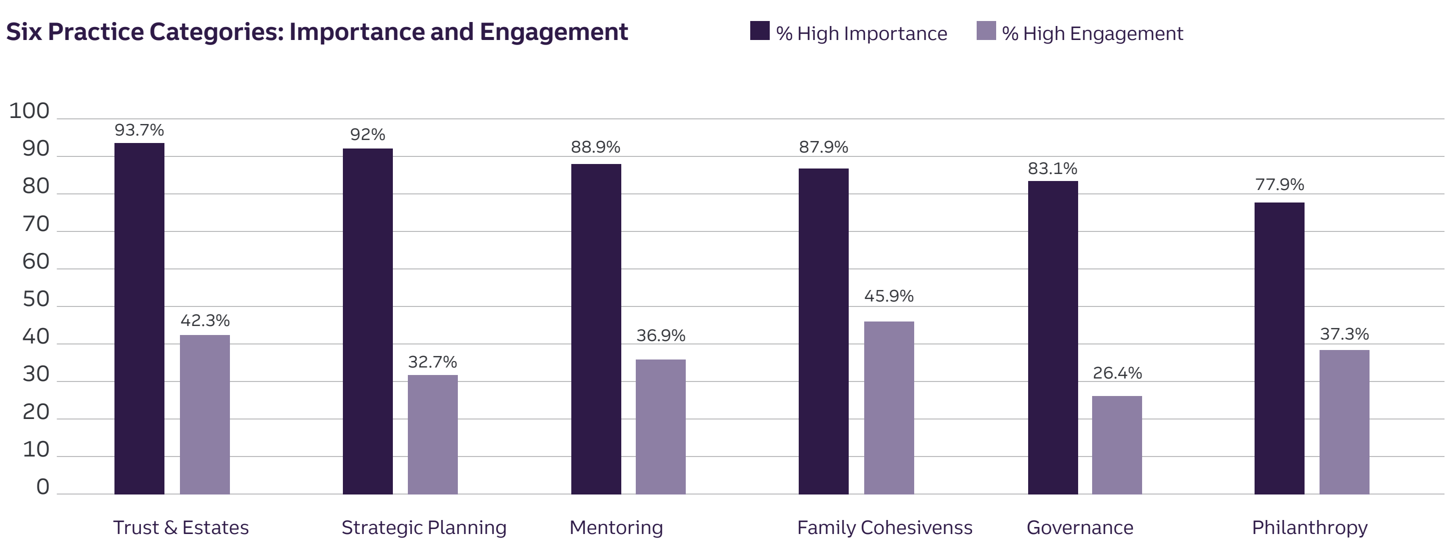
For example, nearly 94% of families place a high importance on strategic planning for trusts and estates, but less than half say they actively engage in that practice.

Similarly, 83% indicate that establishing governance practices is critical to understanding decision-making roles and codifying family members' roles and responsibilities—but just over 26% of families actively engage in that practice.

Why do these gaps matter? Because they reflect a discontinuity between what families consider important and where they spend their time. Beliefs differ from behaviors.

As the Center for Family Legacy works with clients, these gaps become potential focus areas to develop practices that will advance long-term wealth sustainability.

Six Practice Categories: Importance and Engagement



Six individual best practices were identified as important by nearly all families.

Six individual practices were identified as being highly important to the successful transition of wealth by 95% or more of all family members in the study. These six practices include:

- Teamwork and communication
- Financial education
- Family member well-being
- Trustee and beneficiary relationships
- Parenting skills
- Family history and culture.

Note that these individual practices span three (Family Cohesiveness, Mentoring, and Governance) of the six categories of best practices.

However, even though 95% or more of family members consider these practices important to wealth transition, their engagement level in the practices is markedly different. The chart below **(Top 6 Most Important Practices)** clarifies the magnitude of the opportunity gaps.

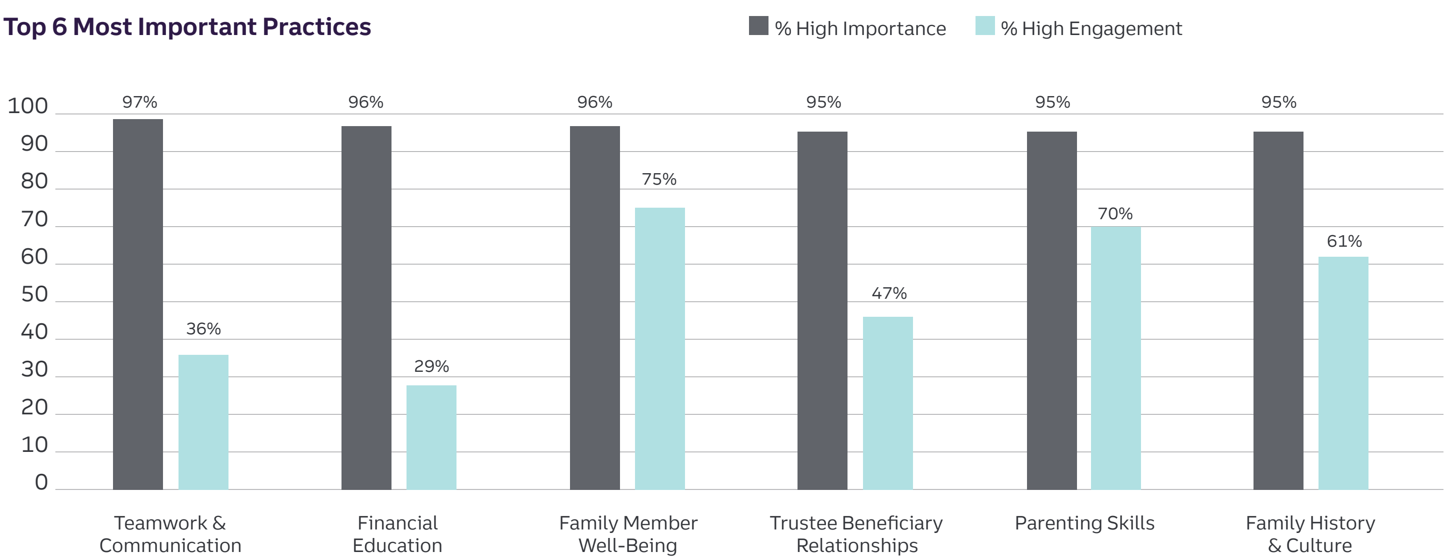
For example, the widest gap occurs in financial education, where 96% of family members rated it as an important best practice, but only 29% say they are engaged in it.

For teamwork and communication, 97% rated it as important, but only 36% were engaged.

Family member well-being had the narrowest gap, where 96% of family members rated it as important and 75% say they are engaged.

Again, beliefs differ from behaviors. Deliberately focusing on bridging that gap can help families focus on what they need to do to meet their unique wealth transition goals.

Top 6 Most Important Practices



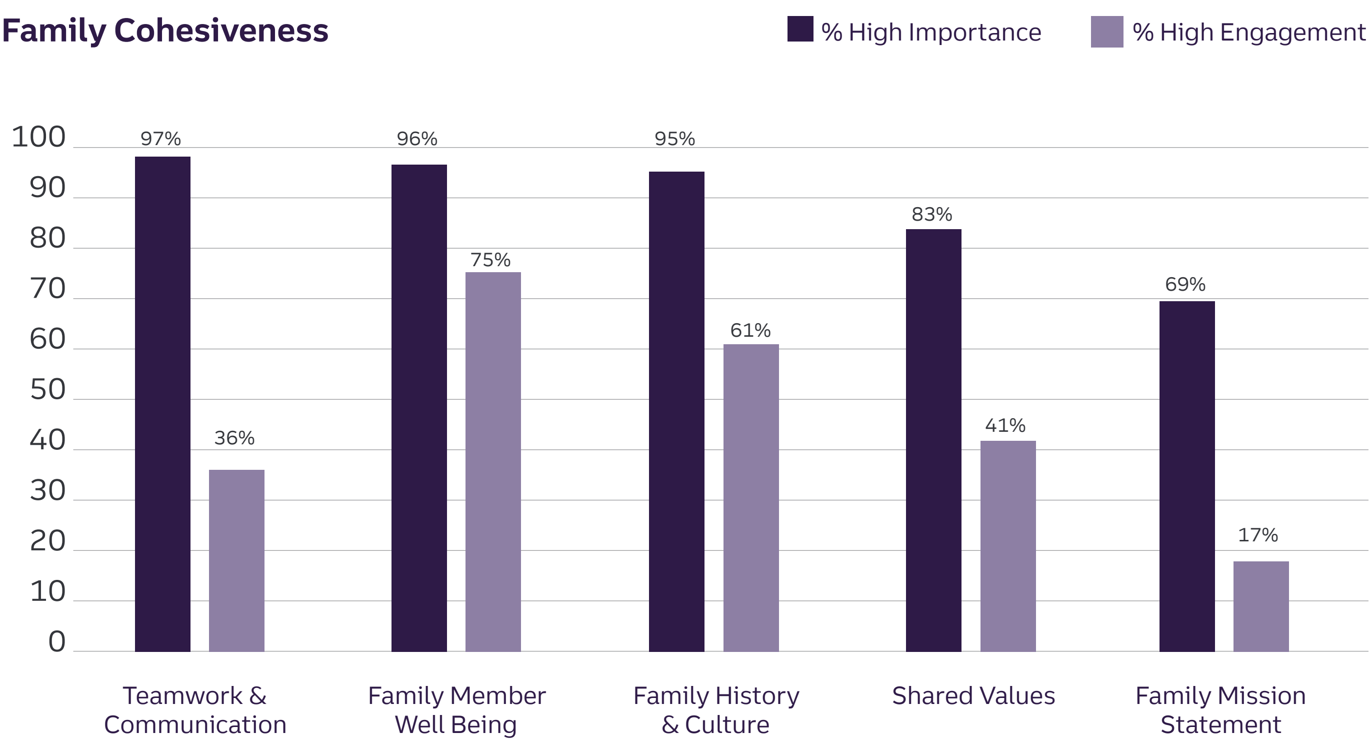
The opportunity gap spans all 25 best practices, across every practice category.

In fact, all 25 best practices have noticeable gaps between perceived importance and engagement. The six charts that follow **(Family Cohesiveness, Governance, Mentoring, Strategic Planning, Trusts and Estates, Philanthropy)** presents each category with the importance and engagement scores for each practice within that category. Note that every practice within each category has gaps.

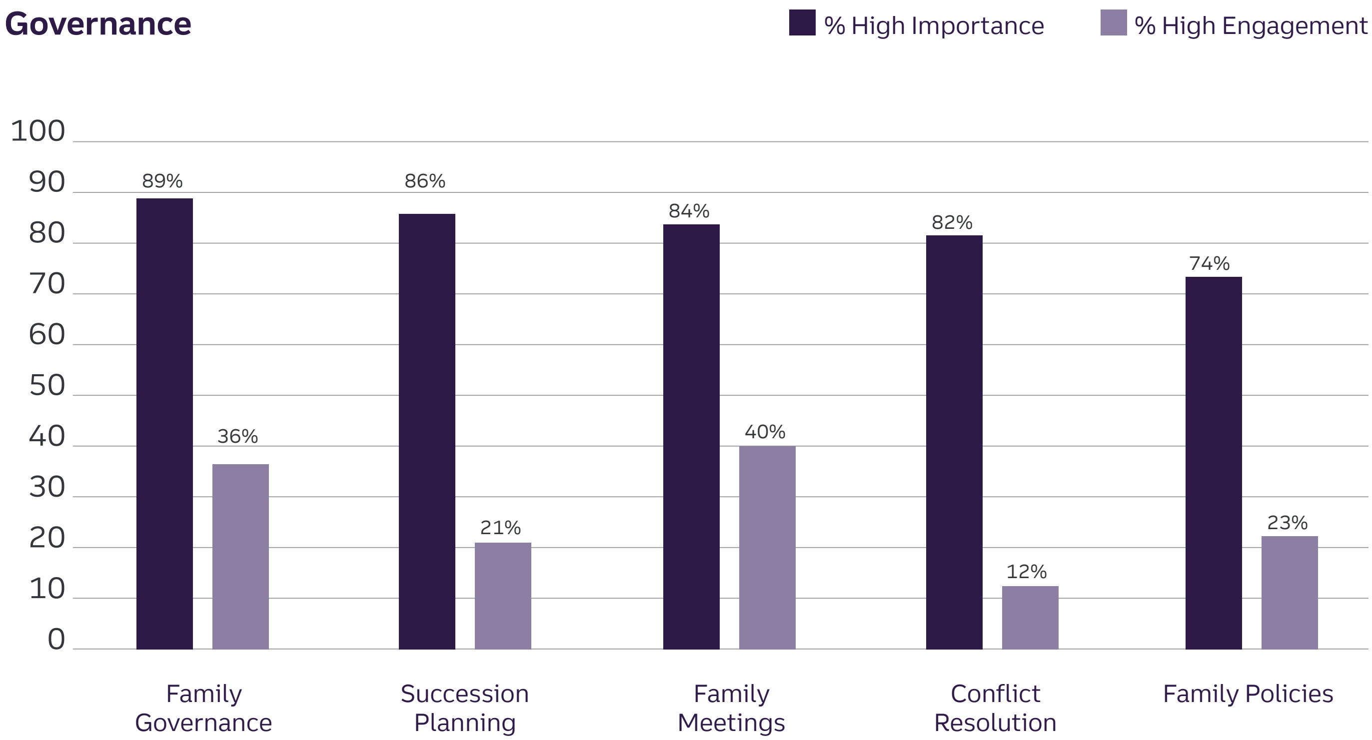
Four practices have opportunity gaps of over 60 points, including:

- Family Cohesiveness: Teamwork and communication
- Mentoring: Financial education
- Governance: Succession planning
- Governance: Conflict resolution

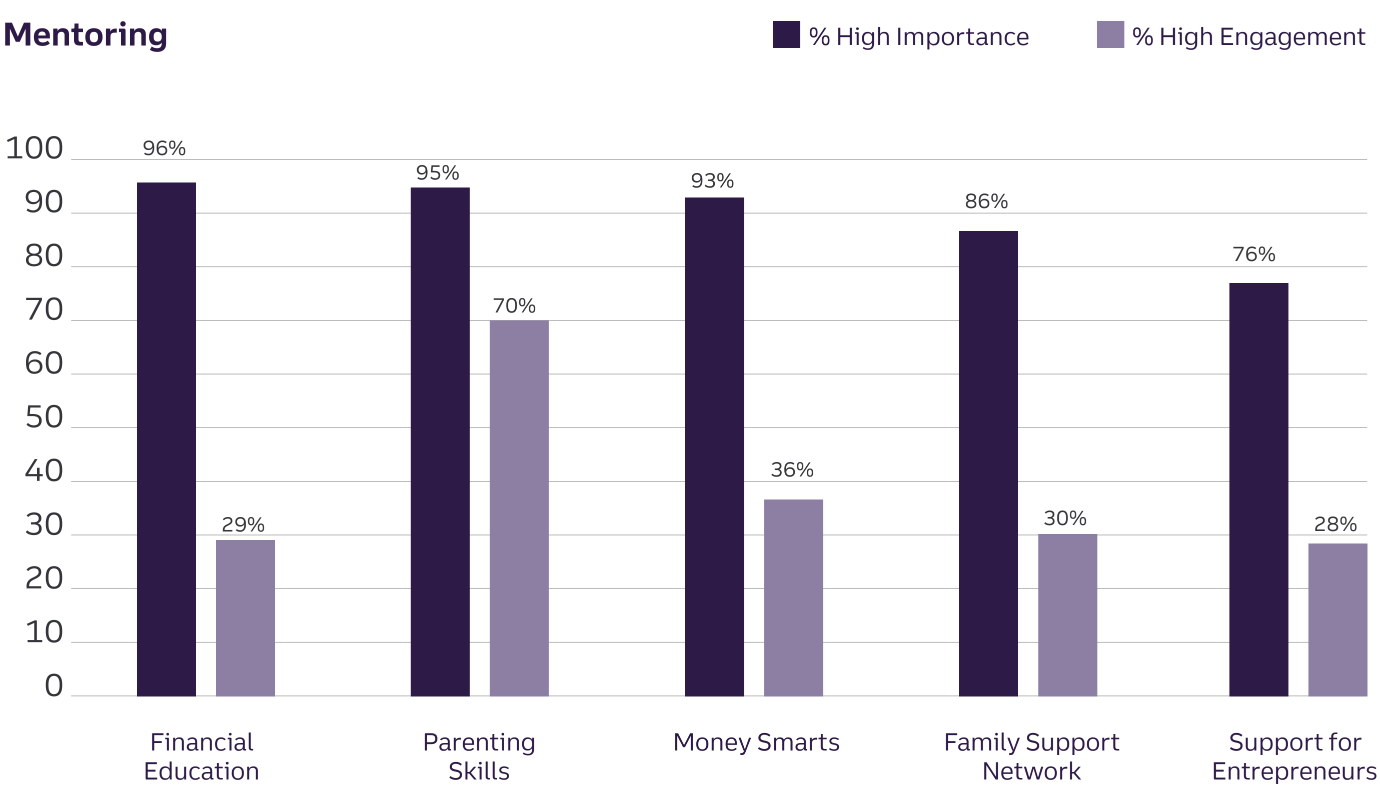
Family Cohesiveness



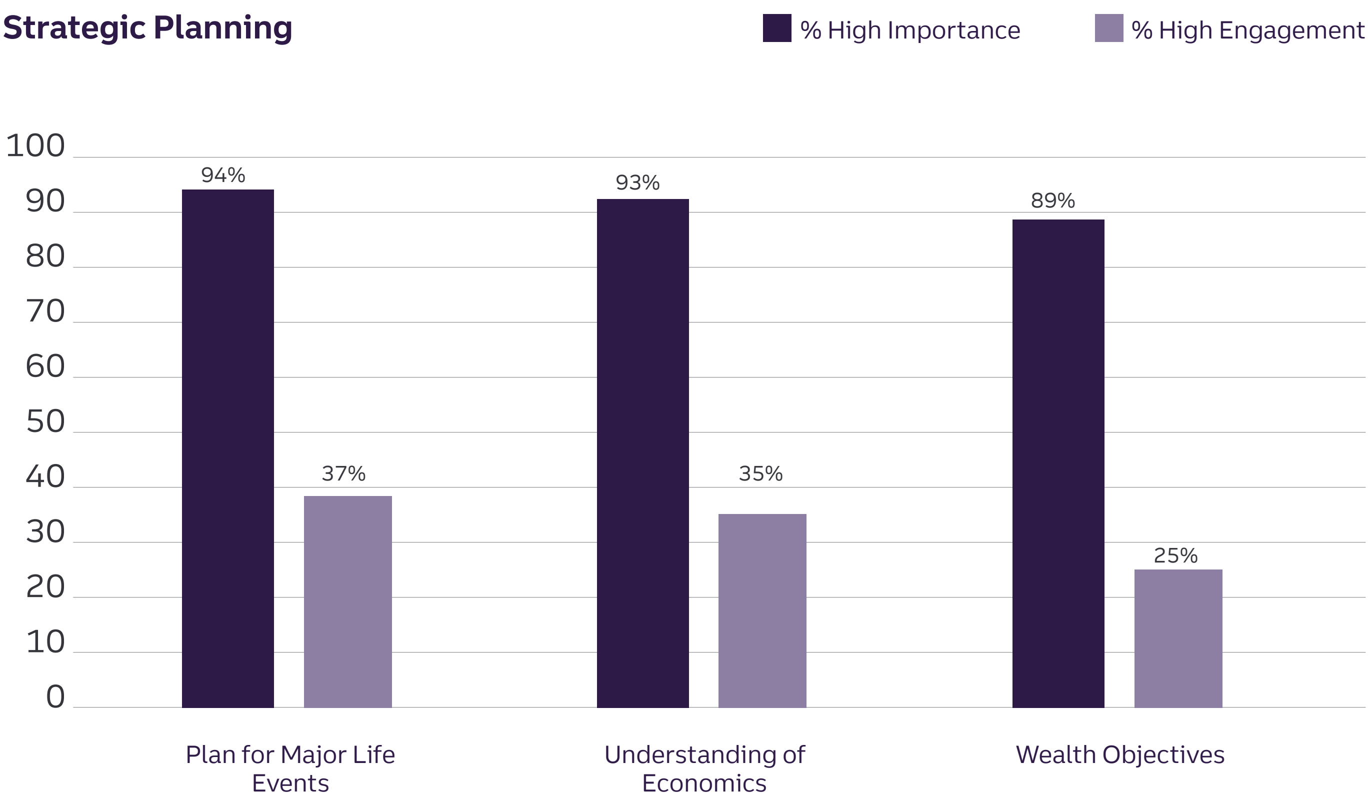
Governance



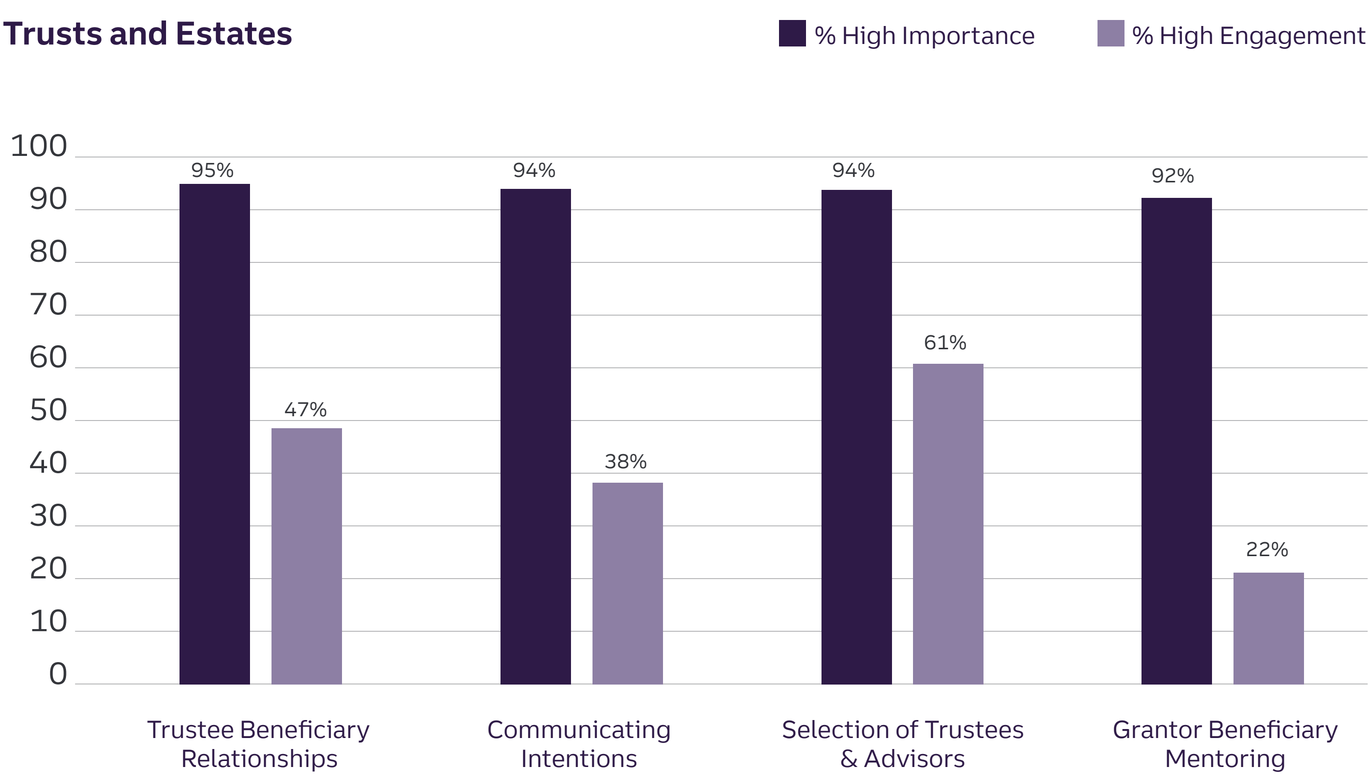
Mentoring



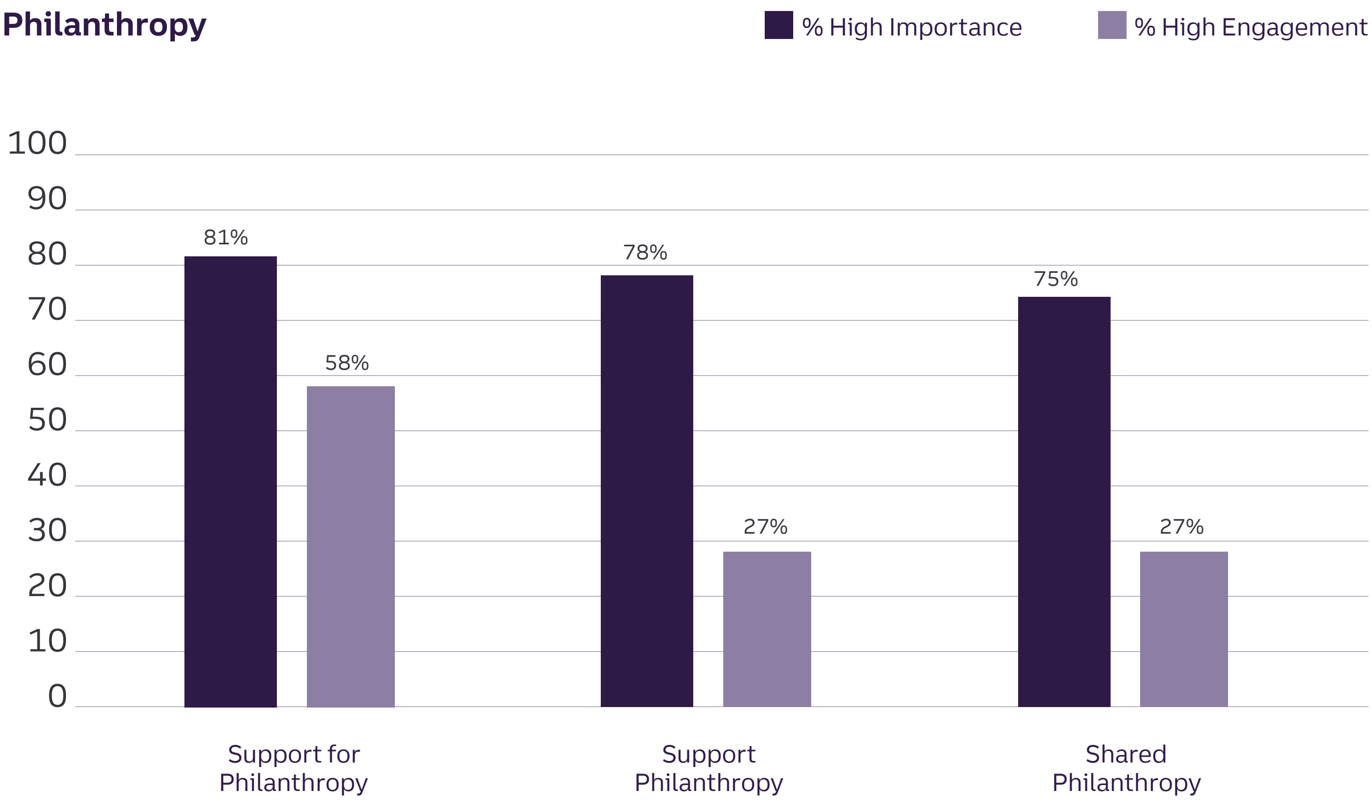
Strategic Planning



Trusts and Estates



Philanthropy



Insight 2: Choosing to engage or not engage in best practices has a direct impact on successful wealth transition.

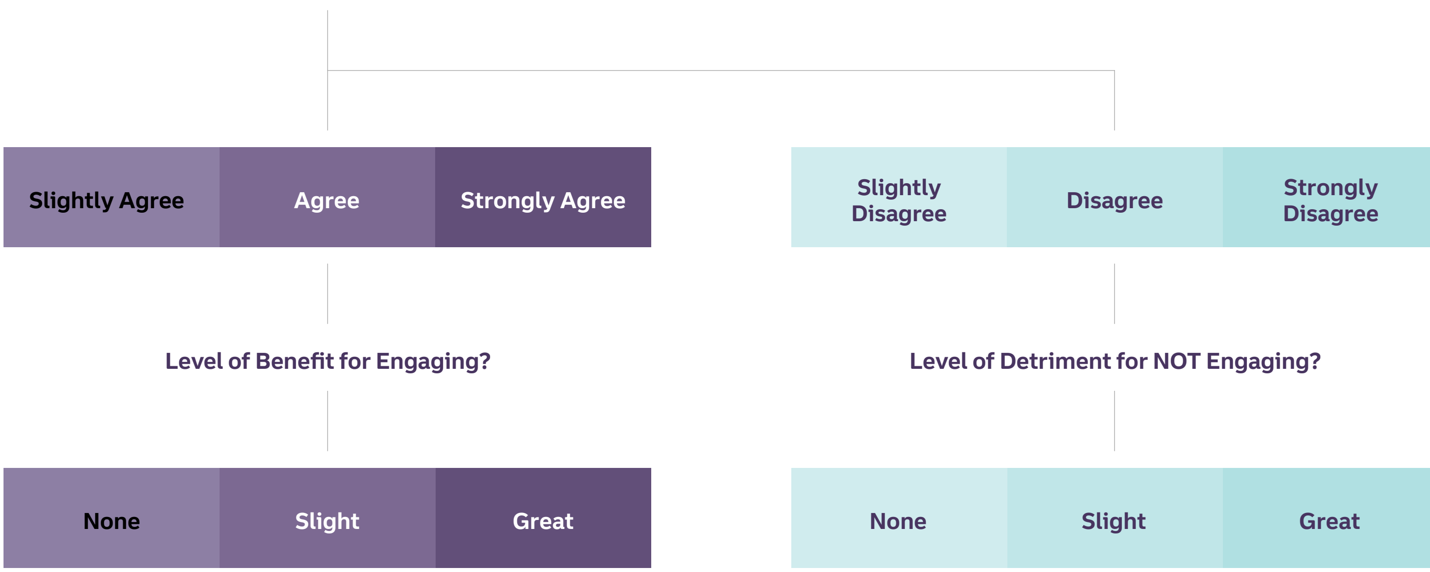
Families believe that their level of engagement clearly impacts their current success in managing and transitioning wealth.

The opportunity gaps illustrate the difference between what families find important and where they spend their time. However, that leads to this question: Do families believe that where they choose to spend their time—their engagement levels on the practices—has an impact on successful wealth transition? To answer this question, families evaluated the impact of engaging or not engaging in the strategic practice:

- If family members indicated they did engage in the practice, they rated whether that engagement benefitted the family, choosing between no benefit, slight benefit, and great benefit.
- If family members did not engage in the practice, they rated whether the lack of engagement was detrimental to the family, choosing between no detriment, slight detriment, and great detriment.

The chart below **(Family engages in the practice?)** summarizes the flow for answering the questions:

Family engages in the practice?



Let's look at the impact for the top six practices families rated as being most important to them **(see charts Family history and culture, Teamwork & Communication, Family member well-being, Financial Education, Parenting skills, Trustee and beneficiary relationship)**. The charts present:

- The percent of family members who indicated their family engages in the practice (slightly agree, agree, strongly agree) vs. the percent of family members who do say their family does not engage in the practice (slightly disagree, disagree, strongly disagree);
- Whether engaging in the practice creates a benefit (none, slight or great);
- Whether not engaging in the practice creates a detriment (none, slight, or great).

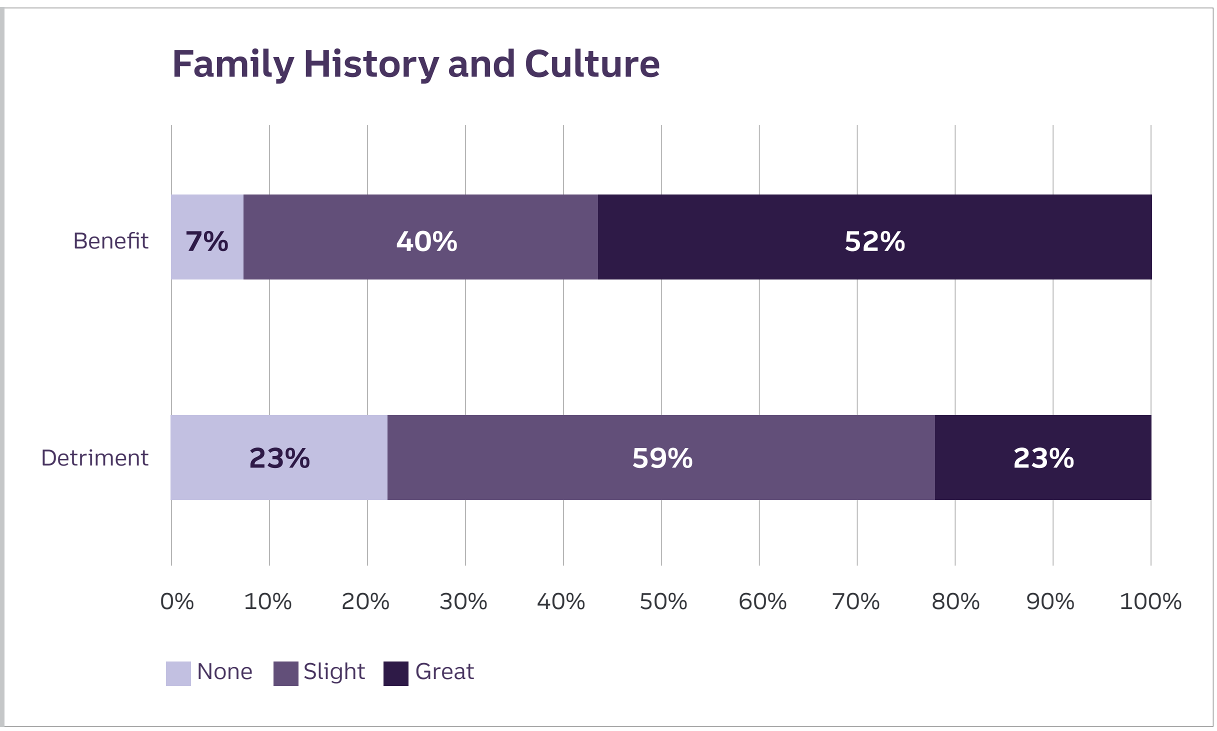
Practice Engagement

88%

Engaged

12%

Not Engaged

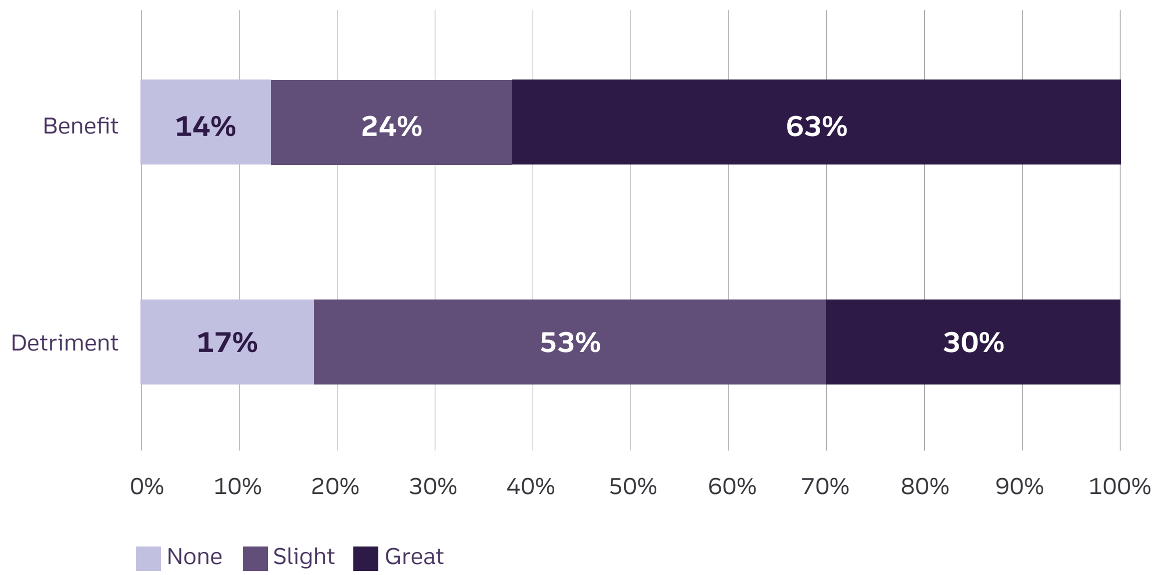


Practice Engagement

90%
Engaged

10%
Not Engaged

Family Member Well Being

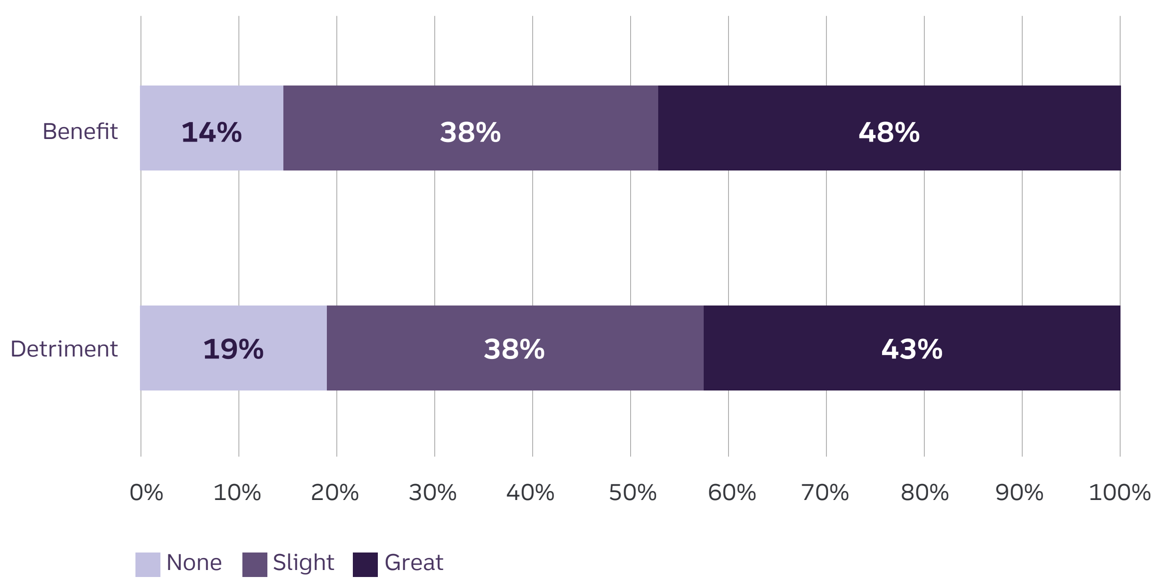


Practice Engagement

54%
Engaged

46%
Not Engaged

Financial Education

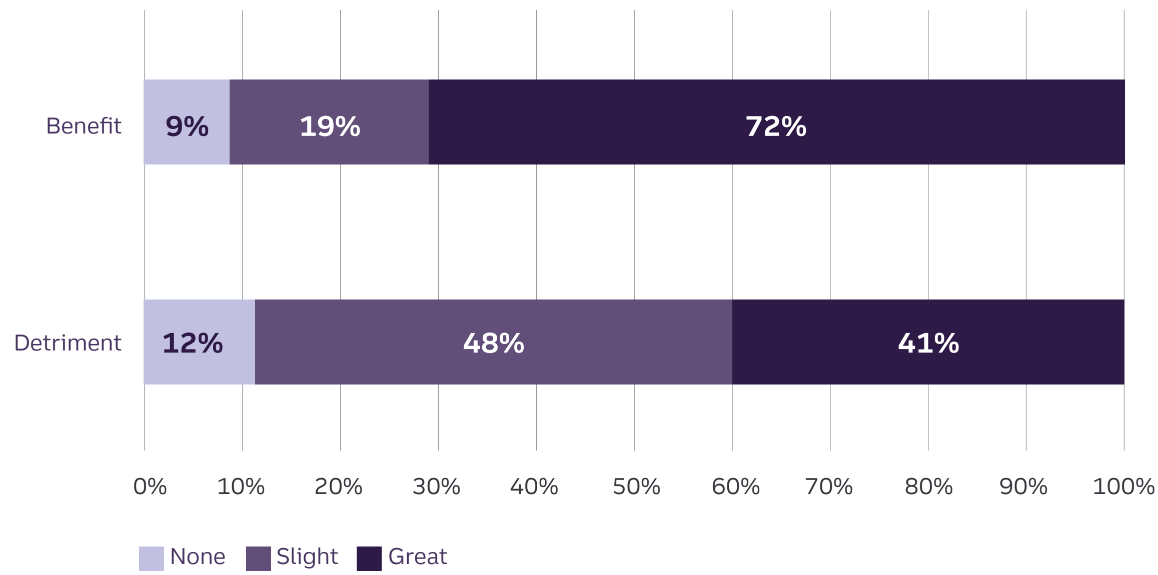


Practice Engagement

87%
Engaged

13%
Not Engaged

Parenting Skills

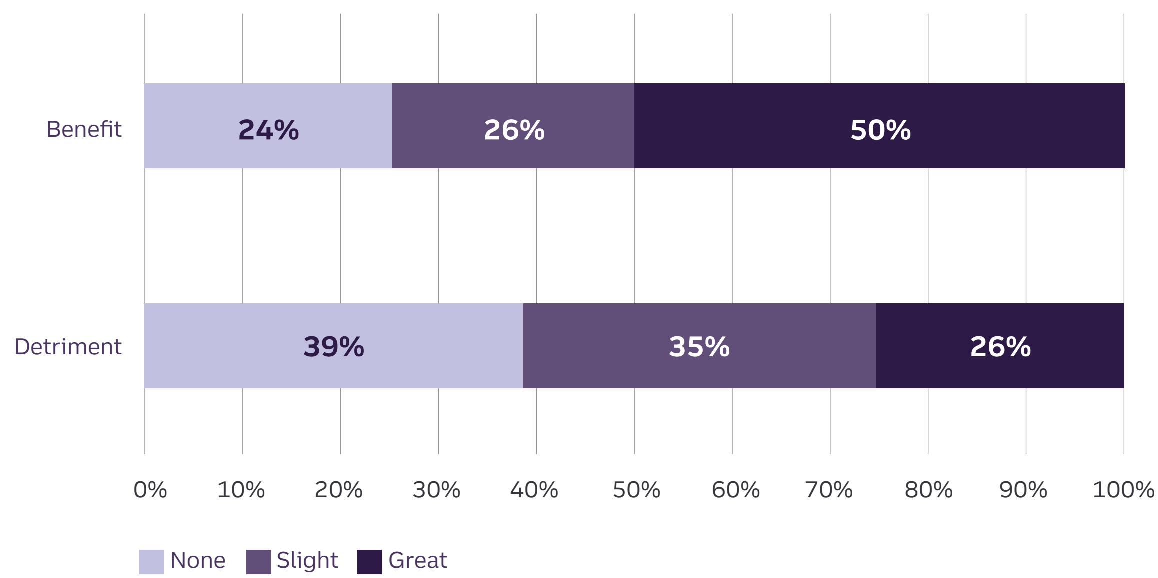


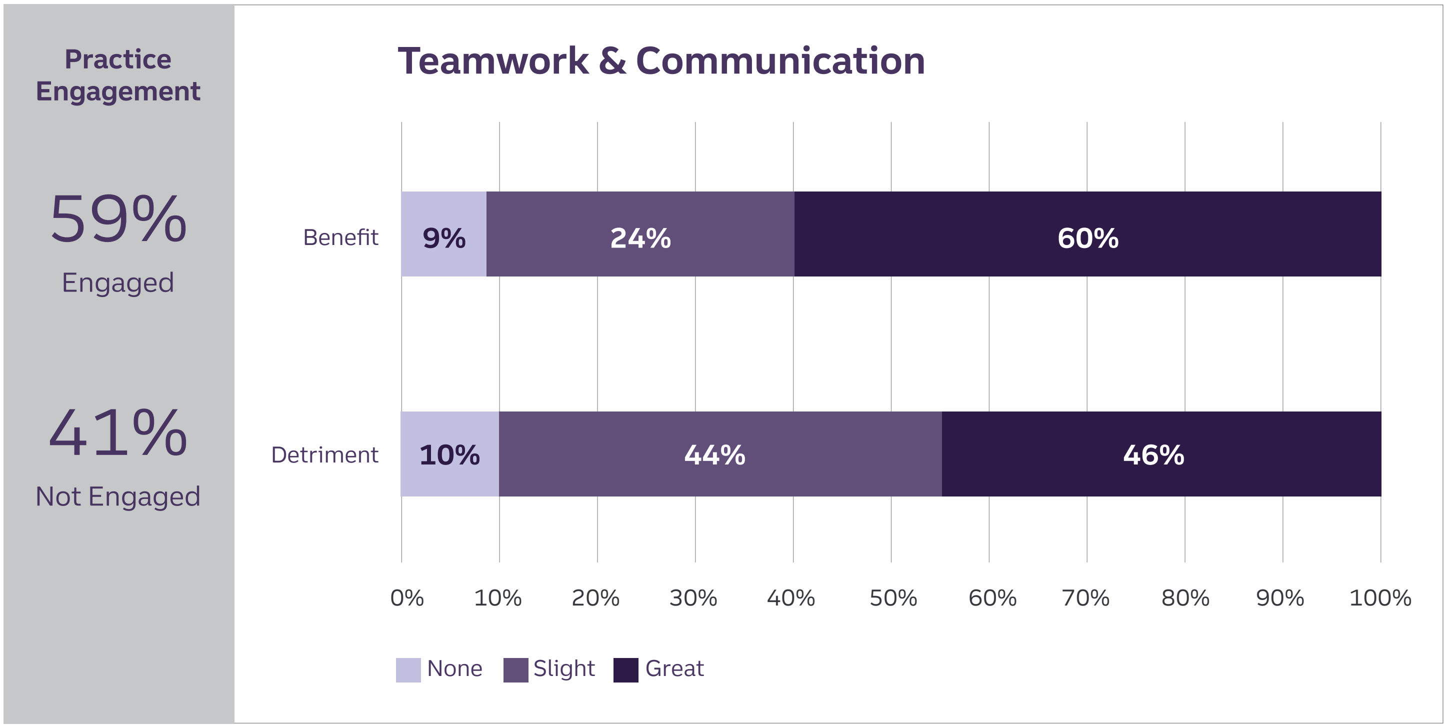
Practice Engagement

77%
Engaged

23%
Not Engaged

Trustee & Beneficiary Relationships





These results are remarkable because they illustrate families' recognition of impact. Look at best practices for teamwork and communication. Family members rated teamwork and communication as one of the top six most important practices for wealth transition **(see chart on page 8, Top 6 Most Important Practices)**.

Even though this best practice is very important, only 59% of families say they engage in teamwork and communication at any level. Of those, 96% say their efforts have a clear benefit.

In contrast, 41% of family members say they do not engage in teamwork and communication. Of those, 89% say their lack of engagement has a detrimental impact on successful wealth transition.

Impact equals results. At Truist, we know that beliefs create behaviors—and those behaviors create results. Where we choose to spend our time has a real impact, and that's also true for wealth transition. As we work to help families prioritize multigenerational wealth transition, we highlight these factors:

- Level of importance
- Behavior around prioritization
- Impact of engagement
- Short and long-term goal.

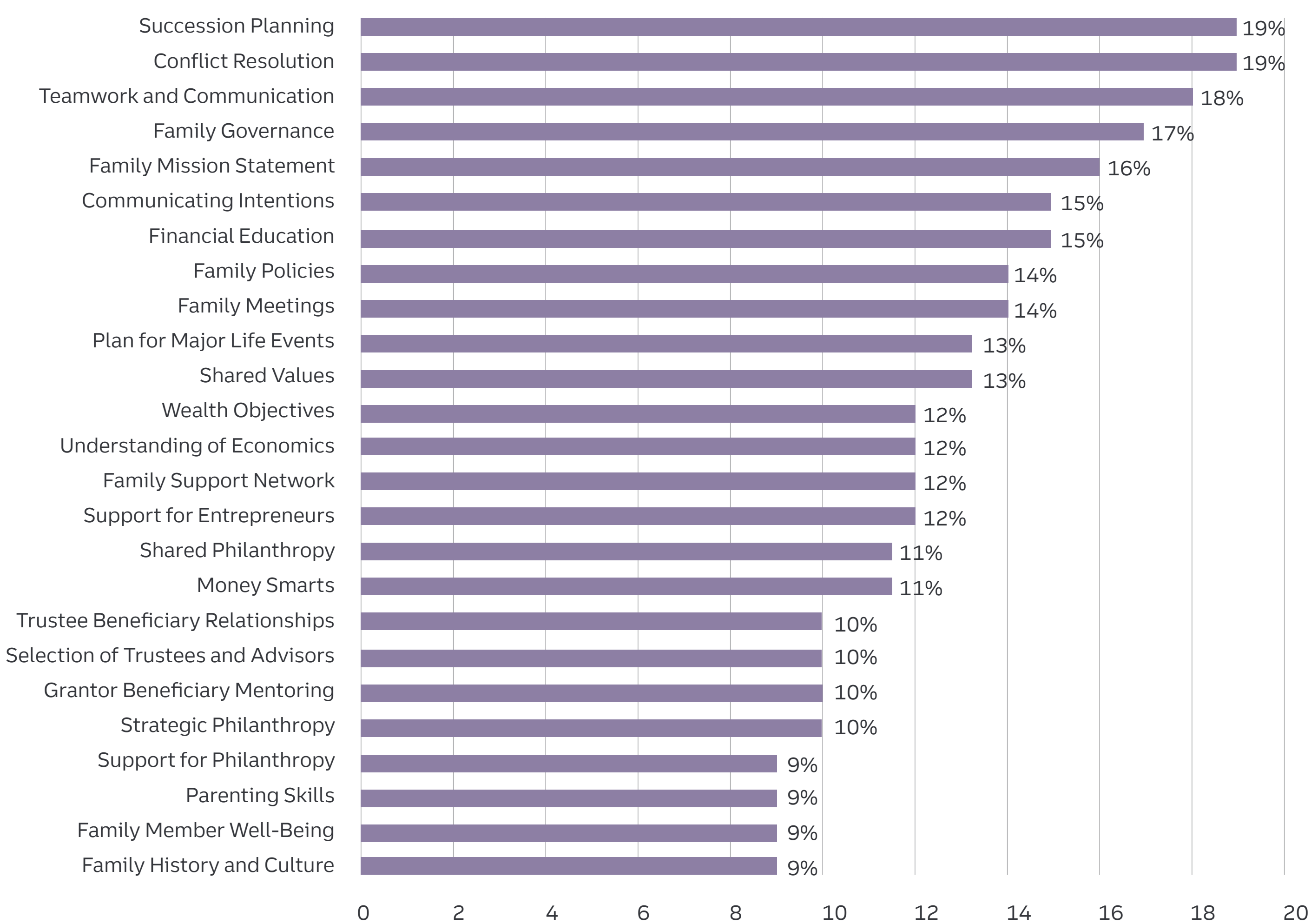
Families believe that ignoring some strategic practices will detrimentally impact their future success in managing and transitioning wealth.

Successful wealth transition across multiple generations requires a long-term view. What's important in the here and now may or may not be important to longer-term success. And critically, ignoring some practices might not impact families today but could have outsized effects in the future.

To understand the potential future impact, family members indicated whether each of the 25 best practices might have a contingent liability that would detrimentally impact the family in the future if not addressed—particularly in the face of an adverse event like the death of a family member.

The chart below **(Future Impact: Contingent Liability)** indicates the percentage of family members who selected each practice as being a contingent liability. Nearly one-fifth of all families selected succession planning and conflict resolution as having a detrimental future impact if not addressed. Note that teamwork and communication, one of the top six most important practices and one where families struggle to engage, has a high contingent liability as well.

Future Impact: Contingent Liability



We wanted to understand why families thought some best practices could have a detrimental impact on future wealth. Families wrote short explanations for each practice they selected as having a contingency liability. Their comments illuminate their concerns about future impact, as summarized in the table below.

The table includes the six best practices where 15% or more of family members indicated practices had a contingent liability impact on future wealth transition.

Practice with contingent liability	Summary of Top Themes
Conflict Resolution	• Lack of conflict resolution processes impedes progress. • Power and control that can preclude inclusive processes where everyone can engage. • Fear of conflict that make family members reluctant to identify and discuss issues. • Perceptions that some family members are not experienced enough to weigh in on issues, leaving them disenfranchised.
Succession Planning	• Lack of clear order of succession, creating confusion among family members. • Family roles are not clear, which makes transition roles muddy. • Those in control reluctant to discuss lest it create conflict or potentially threaten that control. • Only a few know and understand the financial plans for the future. • Preparing the next generation for the responsibilities of wealth.
Teamwork and Communication	• Lack of transparent communication around real issues affects family dynamics and trust. • Superficial discussions may skirt issues that need resolution. • Taking an appreciative view of different perspectives and skills could build strength and robust decision-making. • Differences in communication skills among family members can create reliance on a few—and ignore the views of others. • The past pain of certain family events can make discussions tense. • Differences in generations about how to communicate.

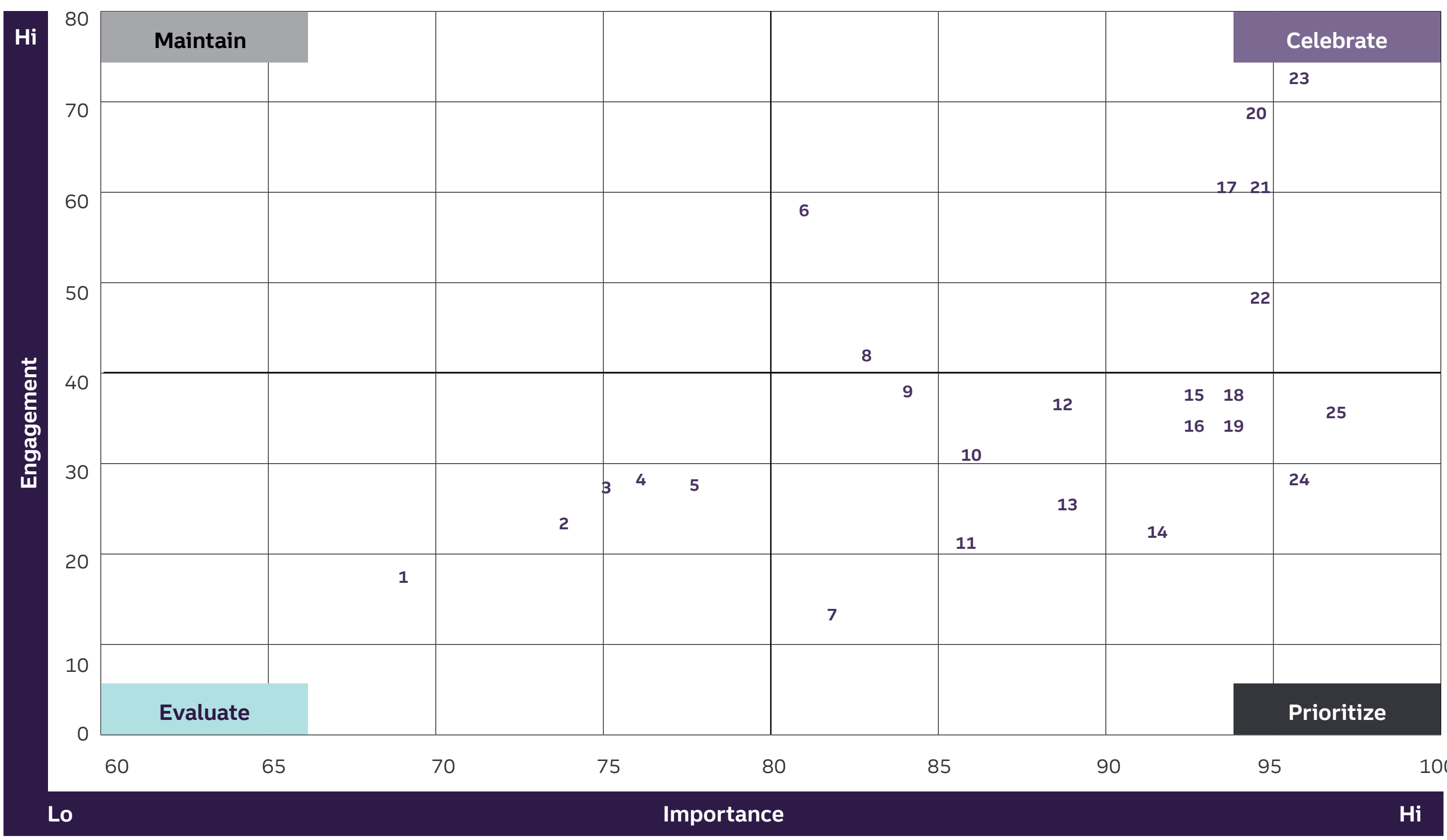
Practice with contingent liability	Summary of Top Themes
Family Governance	• Impact on children's future careers. • Clarity on decision-making roles, flow of information, and transparency. • Lack of consideration for all family members' perspectives can create misalignment that impacts the family later. • Decision-making authority is held by a few and can have a narrow view. • Potential impact when some family members can no longer make decisions. • Potential family stress if governance is not addressed. • Ensuring children feel able to handle the responsibilities of wealth. • Need for common goals and values. • Emotional toll when conflict over decision-making is not addressed. • Information vacuums can create stress for family members, particularly if they will later have responsibilities for managing wealth.
Family Mission Statement	• Lack of a common purpose or plan makes it difficult to see a shared future. • Family member attitudes, like skepticism or concern over ability to live up to aspirational goals, can hinder ability to work together on a mission statement. • Potential issue to further fragment families. • Ensuring that next generation family members have enough control today to carry on the family's goals tomorrow. • Ensuring the mission statement has enough flexibility to accommodate the future. • Ensuring family members have enough experience and understanding to write a family mission statement. • Potential for misalignment on family goals when there is no written statement. • Must clearly reflect the family's overarching values: If values are not shared, creating a mission statement is difficult. • Absence of a clear mission statement and goals makes it difficult to evaluate progress/success. • Can be used as a shared learning and development experience that brings family members closer.
Communicating Intentions (Estate Plans)	• Required to ensure proper health care and elderly care for family members. • Various regulations may impact family members differently (e.g., marital status). • Defining the level of transparency that is needed and acceptable among family members for planning. • Ability to do tax planning. • Lack of communication creates tension among family members and can make individual planning difficult for next generation.

Creating a flexible road map

Prioritizing actions: Importance and evaluation

Every family is unique, and their particular road map for successful wealth transition must reflect that uniqueness. The cumulative data from the 120 families in our research study is plotted in the Practice Prioritization Map **(see below)**. The scores from these 120 families are plotted for each practice, divided into relatively high vs. low importance and relatively high vs. low engagement.

Practice Prioritization Map: Importance and Engagment



Continued ▸

Let's review each quadrant.

Celebrate

This quadrant represents those practices rated as highly important and where families spend a lot of effort—they are engaged in this practice. These are core strengths that families can leverage as they create their own plans for transitioning wealth. Compared with other practices, the opportunity gaps for these practices are relatively small, and there is a closer match between perceived importance and engagement. The practices in the "celebrate" quadrant from this research include:

6. Support for Philanthropy
8. Shared Values
17. Selection of Trustees and Advisors
20. Parenting Skills
21. Family History and Culture
22. Trustee Beneficiary Relationship
23. Family Member Well-Being

Prioritize

This quadrant represents those practices where the opportunity gaps are the largest. Family members perceive them as both relatively important, and their families have little engagement in the practices. They are the low-hanging fruit where really leaning into planning and addressing the opportunity gaps will have the biggest impact for families. The practices in the "prioritize" quadrant from this research include:

7. Conflict Resolution
9. Family Meetings
10. Family Support Network
11. Succession Planning
12. Family Governance
13. Wealth Objectives
14. Grantor Beneficiary Mentoring
15. Money Smarts
16. Understanding of Economics
18. Communicating Intentions
19. Plan for Major Life Events
24. Financial Education
25. Teamwork and Communication

Evaluate

This quadrant represents those practices that family members perceive as both relatively unimportant and for which they have little engagement. In other words, the level of effort matches the perceived importance. Over time, perceived importance could change. It's important to monitor and evaluate these practices to determine whether importance to the family could shift—especially when major life events occur. The practices in the "evaluate" quadrant from this research include:

1. Family Mission Statement
2. Family Policies
3. Shared Philanthropy
4. Support for Entrepreneurs
5. Strategic Philanthropy

Maintain

This quadrant represents those practices that family members perceive as relatively unimportant—but they do spend time and effort on these practices. Families can think about whether the time they spend on these practices should shift to other areas in the quadrant—like the practices in the "prioritize" quadrant. It's a place to reflect on where the family's time and energy should be directed. No practices appeared in this quadrant because none was rated as being unimportant with high engagement. That is, families are not spending time on things they don't find important.

As the Center for Family Legacy engages with families of wealth, we work with family members to understand what they want to celebrate and prioritize, working on the unique plan that will best help them create the future they want. While we consider each of the 25 best practices important at some point in the family's wealth journey, it's clear not all are important at the same time.

Beginning the journey

The perspectives from 120 families and 679 family members validated that every best practice in every category plays a role in wealth transition—but families struggle to engage in those practices. That mismatch creates opportunity gaps. Moreover, family members recognize there can be short-term and long-term consequences to ignoring any component of the 25 best practices. The stakes are high, and time is precious.

While the professionally facilitated Wealth Priorities process allows CFL to help families along their wealth journey, we offer the following guidance to start a conversation around successful wealth transfer with your family.

Family Cohesiveness

Who are we? What do we stand for?

Take the time to craft and articulate your family's story so it becomes part of every generation's inheritance. Answer the questions "Who are we?" and "What do we stand for?" These answers will become the North Star for the family's mission and values. Work to set the ground rules and expectations that convey the respectful and transparent way in which the family will communicate.

Governance

Who leads? How will we work together?

Clarify leadership. Who is leading now, and who will lead in the future? Develop the criteria for making decisions that reflect the family mission, values, and culture. Engage in coaching for all family members to develop skills for identifying and addressing conflict in a way that brings the family together and allows for multiple perspectives. Set a regular timetable for family meetings that allows for celebration as well as problem solving.

Mentoring

How will we prepare leaders for managing the family legacy?

Carefully evaluate who will lead the management and transition of wealth. Who has the desire to do so? Who has the capabilities—or the potential to develop those capabilities? Will and skill matter. Work to develop a plan for the family to develop the capacity for wealth transition that spans generations.

Strategic Planning

What are our goals and objectives? Are we prepared for major life events?

Establish the family's wealth objectives with clearly written plans that lay out expectations for growing capital, distributing monies, and charitable giving. Be clear and specific on the outcomes you hope to achieve at different time frames (for example, 5 years, 10 years, 25 years). Ensure the objectives reflect the North Star of your family's mission and values.

Trusts and Estates

How will we ensure long-term financial growth and stability?

Work with beneficiaries to prepare them for the responsibilities of managing wealth—in particular, third-generation family members. This generation may be less aware of the family mission and values and the story of how its wealth came to be. Be transparent about how wealth will be distributed. Address potential controversy wherever you can with open dialogue.

Philanthropy

How will we give back?

Discuss whether your family wishes to support philanthropic initiatives and, if so, what values they share in support of those efforts. Once those two questions have been answered, families can create a strategic plan to achieve their goals and commitments.

Conclusion

So much of successful wealth transition depends on developing trust, transparency, and communication between family members, which can be challenging. However, the data speaks volumes, and the findings are clear. Successful wealth transition requires a multidimensional approach. As stated at the beginning of this paper, a singular focus on financial planning may not lead to successful wealth transfer—certainly not over generations. Investing in that all-important human and intellectual capital and maintaining a clear focus on financial wealth planning will. We've seen the success this approach can achieve.

The data provided another clear insight: Beliefs differ from behaviors. Identifying a practice as important, but not intentionally working on it, impacts success. Deliberately focusing on bridging the gap between beliefs and behaviors can help families focus on what they need to do to meet their unique wealth transition goals. Families themselves revealed that their level of engagement clearly impacts their current success in managing and transitioning wealth.

Our 25 best practices led to the Wealth Priorities Assessment Tool we've walked through in this paper. They are best practices for a reason: They create the foundation that may increase the likelihood for successful multigenerational wealth transfer. Whether you aim to be active in a few best practices or all of them, the Wealth Priorities process will provide a road map to follow, consult, and redefine as necessary. And remember: Each family is unique, making each family's road map unique. This isn't a one-size-fits-all approach to success.

We at the Center for Family Legacy are honored to have done this work with our client families, and we're grateful to each of them for the hard work they put into embracing these practices. We thank them for the data they provided for this innovative research. We thank Sarah Coley, Ph.D. and Cheryl Flink, Ph.D., researchers at the Truist Leadership Institute, for their assistance in preparing this report.

Leave your mark with support from the Truist Wealth Center for Family Legacy.

If you're interested in learning more about "Bridging beliefs and behaviors," our 16-year, 120 family study, please contact us at **CenterforFamilyLegacy@truist.com**.

To find out how the Center for Family Legacy can help you reach your goals, talk to your Truist Wealth advisor, or find an advisor by visiting **Truist.com/wealth**.

TRUIST Wealth