

The Great Wealth Transfer

Do You Have a Plan for Leaving Wealth to Beneficiaries?

We are experiencing the greatest wealth transfer in U.S. history. While estimates vary widely, it's expected that baby boomers will transfer around \$30 trillion to as much as \$70 trillion¹ in wealth to younger generations in the coming years.

It's also estimated that by 2030, all baby boomers will be at age 65 years old and older. This age group accounts for 70% of current affluent household wealth.² Here are a few things you and your heirs can do to plan ahead before you transfer wealth.

Educate Millennials on Managing New Wealth

The "great wealth transfer," including assets like real estate, will go to heirs, charities, estate taxes and estate closing costs. Millennials are expected to inherit a greater portion of wealth yet to be transferred; however, Generation X has begun inheriting wealth from the "silent" generation (those born before baby boomers) and from their older baby boomer parents.

This great wealth transfer may be accelerated rather than a gradual transfer over decades with many seniors having died earlier than expected due to the pandemic. The result is that family members may experience an unexpected inheritance years ahead of schedule and will likely need guidance in how to manage their newfound wealth.

Concerns that some wealth would be lost due to the COVID-related market swings didn't materialize with the market rebounding more quickly than expected after the peak of the pandemic.

Don't Put Off Making a Plan

Given the potential tax changes on the horizon and the current low interest rate environment, it's a good time for baby boomers to think about how they will use wealth during retirement and how they want to eventually transfer wealth to heirs. It's also a good time to educate their children on how to manage the wealth they will receive (See our recent Q&A on this topic.).

Update Your Estate Planning Documents

As part of a wealth transfer plan, baby boomers should have key estate planning documents in place, including a will, and update their estate plan every three to five years to help ensure assets are properly titled, wishes for who receives the wealth are defined and beneficiaries are current. Effective estate planning can reduce the tax burden for heirs.



Plan for the Unexpected

While we all hope to retire on our own terms, it's a good idea to plan for the unexpected. It's not unusual for people to retire earlier than planned either because they feel like they can afford to or because of a health problem or disability. According to the Employee Benefits Research Institute's 2021 retirement study, the median age people retire is 62 although the age they expect to retire is 65.³ How early or late you retire may affect how much money you need to live on versus how much you can transfer to heirs.

Check in With Your Advisor

In the meantime, if it's been awhile since you've reviewed your estate plan or since you and loved ones have met with a wealth advisor to discuss your wealth transfer plan, consider reaching out to Mariner Wealth Advisors. Your wealth team can help you navigate these sensitive conversations between you and family members and create a wealth transfer plan designed to minimize taxes you and your heirs may owe.

For more information visit: marinerwealthadvisors.com

Sources

¹ ["The Greatest Wealth Transfer: What boomers and Their Families Need to Know"](#)

² ["Transitioning Baby Boomer Wealth to the Next Generation"](#)

³ [2021 Retirement Confidence Survey](#)

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