

## Generational 'Legacy Gap' Huge - US Report

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With an expected wealth transfer of more than \$US25 trillion, complex family structures, and an expanding retiree segment, only one-quarter of baby boomers have discussed legacy and inheritance transfer with their parents according to a new US report.

The Allianz American Legacies Study reveals that the convergence of two dynamic forces will have resounding personal and financial implications in coming decades — the largest intergenerational wealth transfer in history and the unprecedented longevity of Americans.

The landmark survey commissioned by Allianz Life Insurance Company of North America, in conjunction with Dr. Ken Dychtwald, president of AgeWave, found that there is a huge generational gap on views of inheritance and legacy.

The lack of communication or the "Legacy Gap" between boomers and their parents are among the key findings in The Allianz American Legacies Study.

The survey was conducted by Harris Interactive to quantify the hopes, fears, priorities and motivations related to the passing of values, assets and wealth between the two generations.

The Allianz American Legacies Study asked 2,627 people – boomers and elders – to identify how they define leaving a legacy and how families are communicating about these sensitive issues today.

Five key themes emerged from the study:

- **Values, Not Valuables:** The study found that both boomers and those in the elder generation were uncomfortable discussing the one-dimensional topic of leaving an “inheritance” but both embraced the idea of leaving a “legacy,” because it captures all facets of an individual’s life – including their family traditions and history, sharing stories, values and wishes. Non-financial items that parents leave behind—like ethics, morals, faith, and religion—are 10 times more important to both boomers and their parents than the financial aspects of inheritance
- **The Legacy Gap:** The study found that although both boomers and those in their parents’ generation say they are having in-depth conversations about legacy and inheritance, most of these conversations are not happening in a truly meaningful or productive way. There are significant gaps in what baby boomers and their parents expect from, and define as inheritance

- The Alpha Child: An Alpha Child – defined as “the child parents turn to first” – typically guides legacy planning. The profile of the Alpha Child is one who keeps the family connected and is a strong communicator.
- Performance-based Inheritances: Around 86 percent of elders with more than one child say they plan to distribute their inheritance equally among their children, many confess that they think that any child who has gone out of their way to help their parents out should receive more than the others, while adult children who are sources of stress and conflict should receive less.
- The Ideal Legacy Advisor: Personal Connection over Performance. The top qualities both generations look for in a legacy adviser are honesty, trustworthiness, compassion, a good listener and a strong and clear communicator.

From the different ways in which generations define legacy; through sibling rivalry (and restitution), ethics and values in decision-making to power struggles, the Allianz survey reveals how American families are working to find a way to pass on their hearts’ desire and final wishes in trillion dollar wrapping paper.

Estimates have varied widely over the past decade as to how much wealth the rapidly aging pre-boomers would leave behind.

Figures today range from \$25 trillion up to a staggering \$136 trillion set to be bequeathed, passed down and left behind over the next 50 years.

The most often cited wealth transfer number is \$41 trillion sourced from Paul Schervish and John J Havens of the Boston College Center on Wealth and Philanthropy.

For more information on The Allianz American Legacies Study, visit [www.allianzlife.com](http://www.allianzlife.com)