



From Heirs to Stewards: Why the \$124 Trillion Wealth Transfer Will Be Won or Lost on Culture, Not Capital

We are living through one of the largest intergenerational transfers of wealth in history. It is expected that \$124 trillion will change hands over the next 25 years, including \$105 trillion to heirs and \$18 trillion to philanthropy and, among those with net worth over \$5 million, over \$30 trillion is expected to transfer in the next decade.¹ Yet the dominant conversation in wealth management circles still treats this as a technical problem: structure the trust, minimize the tax bill, update the shareholder agreement, and hand over the keys. That approach misses the real risk.

The families that will successfully navigate this transition are not the ones with the best estate attorneys, although they are important – instead, they are the ones who have done the harder work: building shared values, creating governance structures that teach rather than merely control, and actively converting passive beneficiaries into engaged stewards of family capital and purpose.

For investors, advisors, and family principals, the question is how to prepare heirs: unprepared heirs are the primary cause of multi-generational wealth erosion. Only 30% of family-owned businesses survive to the second generation. Just 12% make it to the third. A mere 3% reach the fourth (SBA).

The question is how.

Start with Transparency, Not Structure

The default mode for wealth-holder families is secrecy. Money is treated as something to be protected from heirs, disclosed only when legally required, and managed by professionals on behalf of beneficiaries who may not understand — or even know — the scope of what they will one day inherit.

This approach consistently backfires. Heirs who are unprepared for wealth frequently lack the decision-making frameworks, the values alignment, and the emotional readiness to manage it responsibly. Worse, sudden disclosure at the point of inheritance can trigger conflict, entitlement, and disengagement.

The most resilient family enterprises replace silence with structured transparency: regular family meetings where investments, philanthropy, and governance are discussed openly across generations; written family constitutions that articulate shared values and decision rights; and age-appropriate financial education that begins long before any inheritance event.

Julius Baer's 2025 Family Barometer notes an interesting phenomenon: some young ultra-high-net-worth heirs actively decline to know the scale of what they will inherit. As Julius Baer's Head of Philanthropy Caroline Piraud has observed, some tell their advisors they don't need it — that the purpose of life is not in material things. This isn't apathy. It's a signal. The next generation is increasingly defining their relationship to wealth not through ownership but through purpose. Families and advisors who understand this have a significant engagement advantage.ⁱⁱ

Build Governance That Teaches, Not Just Controls

Governance is typically framed as risk management — the family council, the investment committee, the trust structure that prevents a 25-year-old from liquidating the real estate portfolio. These tools matter. But the families that thrive treat governance as pedagogy.

Bank of America's 2025 Family Office Report found that highly involved principals were more than 40% more likely to begin onboarding the next generation as soon as heirs expressed interest or reached a meaningful age milestone — compared to principals who were less engaged. The payoff is measurable: families with proactive onboarding report smoother leadership transitions, stronger heir preparedness, and significantly fewer governance crises.

What does 'governance as education' look like in practice? The most effective approaches include junior advisory roles for young adults — giving them voice before granting them vote; structured financial literacy programs at adolescence that progress through budgeting, investment basics, and eventually estate structures; and philanthropic participation that simultaneously builds values alignment, leadership skills, and accountability.

IFC Review (2025) describes families who transformed their quarterly philanthropy review meetings into a shared family ritual — less about reviewing charitable performance and more about cultivating empathy, civic engagement, and open dialogue across generations. In the best cases, heirs come to see wealth not as an inheritance but as a stewardship mission.

The RBC/Campden Wealth 2025 North America Family Office Report is direct about the stakes: talent retention, succession planning, and next-generation readiness are now top priorities — not supporting functions. Families that excel in these areas are better positioned to withstand shocks and sustain performance over the coming years.ⁱⁱⁱ

Activate, Don't Merely Educate: Philanthropy, Entrepreneurship & Impact Investing

Knowledge without practice is insufficient. The families most successful at retaining next-generation engagement are those that provide structured opportunities to actually deploy capital — with real stakes, real accountability, and real feedback loops.

Philanthropy has emerged as the most accessible and effective activation pathway. Caroline Piraud of Julius Baer describes working with heirs as young as 14 who managed a charitable budget, designed and executed a social project, and reported findings to a board of trustees. They developed financial literacy, project

management, strategic communication, and accountability — all in a context where the downside risk was bounded and the learning was accelerated.

The scale of this shift is significant. A decade ago, just 21% of UHNW families involved the next generation in philanthropic planning. Today, that figure has reached 60% (UBS Philanthropy Insights, 2025). And the next generation is not passively participating — they are reshaping the agenda. UBS research finds that next-gen donors increasingly blur the line between philanthropy and investing, viewing risk, return, and impact on a single spectrum. Many want to discuss purpose-driven investments before any conversation about financial returns.

For investor audiences, the implications are material. Heirs are not waiting to reshape family portfolios — they are already doing so. Bank of America/CNBC research from late 2025 found that heirs are widely expected to sustain or increase their sustainable and impact investment allocations, even amid broader ESG headwinds in institutional markets. A meaningful segment may also prioritize philanthropy over portfolio performance, or reorganize family office structures entirely around purpose rather than alpha generation.

This is neither threat nor opportunity in isolation — it is both. Advisors and principals who engage with these preferences early can channel them productively. Those who dismiss them as idealism frequently face more disruptive transitions later.^{iv}

Overcoming Resistance: The Human Side of Succession

None of this is easy. Deloitte's 2025 global family business research describes what it calls a 'shake-up' in family enterprise ownership and leadership worldwide. The average age of family business owners is now in the late 60s. The next generation isn't always interested, and isn't always qualified — and 26% of global family businesses now expect to bring in outside investment, including private equity, within three to five years.

The most common failure modes are well-documented: wealth creators who intellectually endorse succession but emotionally resist releasing control; sibling conflicts over divergent visions for family capital; heirs who experience sudden wealth awareness without the psychological or financial preparation to manage it.

Resolving these tensions requires more than better legal architecture. It requires sustained, facilitated dialogue — across generations, across interests, and sometimes across deeply held values differences. Rockefeller Capital Management's 2025 analysis notes that the most progressive wealth management practices now integrate family meeting facilitation, values-based planning workshops, and intergenerational legacy conversations as core advisory services, not optional add-ons.

The goal is not harmony through suppression of difference — it is alignment through engagement. Families that succeed across generations tend to have developed shared language for disagreement, governance structures that channel conflict constructively, and a narrative about wealth that transcends any single generation's preferences.^v

The Question Worth Asking

As \$124 trillion prepares to change hands, the families and advisors who will define the next era of generational wealth are not necessarily those with the most sophisticated structures. They are those asking the harder questions: What values does this wealth carry? Who is being prepared to steward it — and how? What does it mean to transfer not just capital, but purpose?

The 30-12-3 rule — 30% of family businesses surviving to the second generation, 12% to the third, 3% to the fourth — is often cited as a cautionary statistic. But it is also a design challenge. The families beating those odds are not doing so by accident. They are investing in transparency, governance, education, and activation long before any legal transfer event. The clock is ticking. But the architecture of a successful handoff is built one conversation at a time.

Management (2025), IFC Review (2025), InvestmentNews (2025), Empower/PwC (2025), and the U.S. Small Business Administration.

ⁱ <https://altrata.com/resources> and <https://www.cerulli.com/>

ⁱⁱ Julius Baer Family Barometer 2025 — <https://www.juliusbaer.com/en/insights/wealth-insights/succession/how-are-next-gen-business-heirs-reshaping-legacy/>

ⁱⁱⁱ RBC/Campden Wealth 2025 — <https://www.rbcwealthmanagement.com/en-us/newsroom/2025-10-16/2025-rbc-and-campden-wealth-report-north-american-family-offices-adapt-to-uncertainty-and-embrace-ai-innovation>

^{iv} UBS Philanthropy Insights 2025 — <https://www.ubs.com/global/en/sustainability-impact/our-insights/viewpoints/2025/four-trends-for-next-gen-philanthropists.html>

^v InvestmentNews — Succession Planning Takes Center Stage (2025) — <https://www.investmentnews.com/practice-management/succession-planning-takes-center-stage-for-family-offices-and-businesses/262628>