

“Children of Millionaires”—What Matters Most



An appreciation for values and legacy and a desire for more communication and involvement.

INVESTMENTS AND INSURANCE PRODUCTS:

NOT FDIC INSURED

NOT BANK GUARANTEED

MAY LOSE VALUE

It may be time for wealthy parents and their children to talk



There's good news for high-net-worth parents of Gen Z (ages 16 to 21) and Millennial (ages 22 to 25) children. According to our 2018 study of children in families with an estimated net worth of at least \$1 million, these individuals claim the most important thing they will inherit from their parents isn't their wealth but their values. In addition, they indicate they want to carry on their families' legacies.

These children also overwhelmingly say something parents love to hear: They report they are happy.

These results provide parents insights that can be used in valuable discussions with their children, specifically in the areas of:

- **Communicating about money and family wealth**
- **Being involved in charitable giving**
- **Enhancing financial literacy**

Treasuring the intangibles

9 in 10

children surveyed say the most important thing they will inherit is their parents' values



84%

want to sustain and build on their family's legacy



Nearly

90%

say they are happy

Communicating about money and family wealth

Communication is the foundation of any successful family who has retained their wealth through the generations. It is so vital to talk to your children about money—and not just once but regularly. This is a lesson we all can take to heart. Our children learn from us, and that includes the good and the bad, and we can learn from them.

Katherine Dean
Head of Family Dynamics
Wells Fargo Private Bank



At odds about what's important

While they share many of their parents' values, children perceive differences between their parents and themselves when it comes to money matters. Parents who want to talk with their children may find that these topics are a good place to start.



Differing viewpoints

Children see gaps between some values that are important to them and those their parents talk about:

	Among most important to child	Parents talked a lot about this	
 Importance of family	77%	66%	44% of children of millionaires have a different focus on money than their parents
 Importance of education	69%	87%	
 Value of hard work	68%	81%	
 Enjoying life to the fullest here and now	67%	37%	
 Making the world a better place	58%	34%	
 Importance of charity and giving to others	51%	33%	

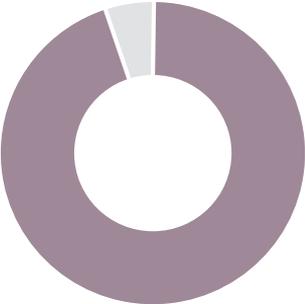
Seeking greater involvement

Although it's called family wealth, very few children indicate their families meet to discuss finances. In the families that don't meet regularly, more than half the children think it would be a good idea to start.



Families are not gathering about finances

Just
1 in 3
report ever having a formal meeting to discuss finances



More than
90%
say they do not regularly meet to discuss family finances



60%
of those not regularly meeting report such meetings would be valuable



Half of the children who have met formally say there are ground rules (for example, taking turns, listening to others, and confidentiality)



Of those reporting no ground rules,
54%
believe rules would add value

Lacking contact with their parents' advisors

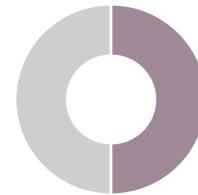


Few children say they have met with their parents' financial advisors; however, many of those who haven't would like to do so.

Missed opportunities



Just 3% meet regularly with their parents' advisor



48%

report their parents work with a financial advisor or wealth management consultant



22%

report having met with their parents' advisor

Among children who don't meet with the advisors,

88%

believe regular meetings would be valuable

Being involved in charitable giving

People have become more philanthropic through the generations, and we often use charitable giving as a way to get families together—talking more and getting on the same page. Children want to take an even more active role in how much their family gives and to whom. These shared interests can really bind a family together.

Beth Renner
Head of Philanthropic Services
Wells Fargo Private Bank



Supporting but not actively participating

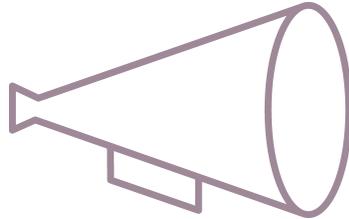


Children of wealth generally support the family's charitable giving efforts. However, they often feel as though they're on the outside looking in rather than being active participants in their families' generosity.



Feeling left out

4
out of
10



want a stronger
voice in their
family's giving

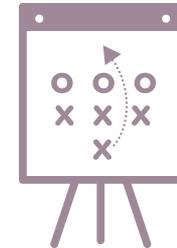
*Two out of three report they are
giving together as a family*

*84% believe their family's
charitable giving aligns with
their own values*

51%
list charitable
giving among their
most important
personal values

Only
33%
said their parents talked a
lot about the importance of
charity and giving to others

44%
don't see their family
following a specific
giving strategy



Enhancing financial literacy



Children want to learn and be a positive part of the family culture and its future. It is vital to establish solid and open communication, create a shared purpose, and educate our children so that they are prepared for stewardship. When this doesn't happen, often wealth is lost in just three generations.

Katherine Dean

Feeling capable but wanting to know more



These children believe, in general, they're capable of taking charge of their families' wealth. But when it comes to grading specific aspects of their financial literacy, some feel there's room for improvement.

A desire to learn more

Those surveyed are most interested in learning more about basic financial literacy and protecting themselves and family assets.



65%

are confident they can manage the family wealth

Children

of millionaires give themselves:



Mediocre grades (B- average) on their overall financial literacy



Higher grades for basic budgeting, saving, and managing debt (B average)



Lower grades in more complicated financial matters like insurance, taxes, and investing (C average)



This is such important data for families to have and act on. We hear all the time what parents are talking to their children about but rarely hear from the children. These are the generations responsible for carrying on the family legacy, so it makes a big difference when families collaborate and communicate their shared values and vision.

Katherine Dean

About the survey

On behalf of Wells Fargo Private Bank, Versta Research conducted a national survey of 1,003 Gen Z (ages 16 to 21) and younger Millennials (ages 22 to 26) whose parents had an estimated net worth of at least \$1 million. Sampling was stratified by age and gender and then weighted to ensure a sample that reflects the full U.S. population of children whose parents are millionaires. The survey was conducted between July 16 and August 3, 2018. Assuming no sample bias, the maximum margin of sampling error is $\pm 3\%$.



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