



Almost Half Of HNW Individuals Are The ‘Family Bank,’ Study Finds

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The impact that family connections and financial interdependencies can have on retirement were analyzed in a recent study conducted by Merrill Lynch in partnership with Age Wave.

The study found that high-net-worth respondents must balance priorities of preparing for and financially managing their own retirement, helping family members, and ensuring the family members they are helping use the money wisely.

Merrill Lynch analyzed the responses from over 300 HNW individuals, age 50 and over, with more than \$5 million in assets.

Having a financial advisor engage with multiple generations of a family is important to HNW respondents. Thirty-three percent of respondents said helping to educate family members about money is the most important advantage a financial advisor can offer. Other key advantages an advisor can offer include helping manage an inheritance (32 percent), followed by helping family members communicate better about financial decisions (29 percent).

Forty-seven percent of respondents said they are the ‘Family Bank’ -- someone their extended family is most likely to turn to for financial help. According to respondents, \$300,000 was the average amount of financial support provided during the last five years.

Respondents are helping family members do so because they felt ‘it was the right thing to do,’ and 61 percent said it is better to begin passing on their assets now rather than waiting until end of life.

However, 75 percent of HNW respondents said they would stop financial support for family members who aren’t using the money wisely, and 39 percent would reduce intended inheritances if they felt family members were not financially responsible.

Thirty-two percent of respondents said they have not discussed important financial topics such as net worth, living arrangements in retirement, inheritance and long-term care with family members. Thirty-four percent of respondents said the biggest trigger for discussing these issues is when they are confronting a crisis such as an illness or a death in the family.

Merrill Lynch recommends HNW individuals anticipate and plan for how they will respond to family members asking for financial support. They should communicate their expectations for the responsible use of the money, and strategies should be developed to provide professional advice to ensure family wealth and values are preserved from one generation to the next.

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