



WHY FAMILY CAPITAL MATTERS

## The Great Wealth Transfer— the Unfolding Story

**More than a matter of dollars and demographics, this transition marks a pivotal moment in who stewards wealth, how decisions are made, and what financial legacies will look like for generations ahead.**

The Great Wealth Transfer is a term that entered the national vocabulary in the mid-2010s and has since gained great significance. Behind these four words is one of the most profound financial shifts of our modern era, underscored by a wave of wealth transfer with far-reaching implications that will ripple across generations.

### How Big Is the Great Wealth Transfer?

Analysts, including Cerulli Associates, expect somewhere between \$80 and \$120 trillion to change hands between now and 2048. It is the largest intergenerational transfer of assets, primarily from the Silent Generation (born 1928–1945) and Baby Boomers (born 1946–1964) to Gen X (born 1965–1980), Millennials (born 1981–1996) and Gen Z (born 1997–2012). This isn't just a staggering statistic; it is redefining who has control, who makes the decisions, and who writes the next chapter of financial history.

### Key Factors Fueling the Great Wealth Transfer

Several factors are fueling this unprecedented reallocation of wealth from older to younger generations:

- Generational wealth concentration: Baby Boomers hold 51.4% of household wealth, while the Silent Generation controls 12.4% (Statista).
- Longevity and life transitions: Baby Boomer men often serve as the financially dominant spouse and are, on average, two years older than their partners. Men typically predecease their spouse, on average, by five years, creating a period where women assume sole control of family wealth.
- Changing family dynamics: Nearly 48% of marriages end in divorce, and “gray divorce” (divorce after age 50) is one of the fastest-growing segments. These late-life separations often shift wealth control from men to women.
- Economic participation: Women now represent the sole or primary income earners in approximately 40% of households, further increasing their financial influence. (U.S. Census Bureau)
- End-of-life realities: Remarkably, 80% of men die married, while 80% of women die alone, reinforcing the likelihood that women will manage wealth independently at some point. (Financial Transition Institute)

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### **What Does This Mean for Women?**

Here's the headline: According to McKinsey, by 2030 women are projected to control nearly two-thirds of U.S. household wealth. That's a seismic change. Let's pause for a moment and let that sink in. Women have come a long way. As recently as 1974, women couldn't open their own bank account, credit card or obtain a mortgage without a male cosigner. It took an act of Congress to change that through the Equal Credit Opportunity Act of 1974.

For decades, money stayed in the domain of men. Women were often excluded from financial conversations, leaving great gaps in confidence, knowledge and experience. Research consistently shows that many women were raised in families where discussing money was considered off-limits, inappropriate or taboo. Even today, it is common for many women to say they feel overlooked, not heard, dismissed and patronized.

Add to that the income gap and career breaks to raise a family, and the wealth gap widens. Even the investing gap persists—with men twice as likely to invest to grow their money compared to women.

Longevity flips the script. With women outliving men by an average of five years, they are more likely to face widowhood. Without planning, this can lead to financial uncertainty and vulnerability. But with adequate planning and engaging early in the conversation, it can help lead to independence, security and legacy.

### **This Is a Call to Action?**

Women today are in a uniquely powerful position, poised to capitalize on the opportunities ahead. This is a pivotal moment for women to become engaged, educated, and empowered in shaping their financial futures.

There is so much to consider. We encourage women to take a breath, get started, ask questions, be curious, get involved and start to have meaningful conversations. You should feel empowered to truly define and express what matters most to you today and in the future.

We are seeing progress already. Women are increasingly leading household financial decisions. The momentum is here. The Broadway musical Hamilton captures the sentiment of the present situation well for women: "It's not just a moment—it's a movement"!

### **Impact to Next Gen?**

While women are on the cusp of rewriting the rules and shaping the future of wealth, there are new generations poised to inherit the wealth women will in turn pass onto them.

These younger generations (Gen X, Millennials, Gen Z) are likely to control assets earlier than prior generations, prompting important decisions around investing, careers, housing, philanthropy and legacy much sooner in life. What values will the new generations prioritize? How will they invest? Will they invest in sustainability, in human equity, private equity? What will be their intentions around creating their own legacy?

Without quality planning and financial education, the risks, which are often underestimated, could lead to reduced potential benefits rather than opportunity for the younger generations.

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Unprepared heirs may face poor investment decisions, which could lead to wealth erosion, unnecessary tax and legal consequences, and family conflict because of emotion, inexperience and a lack of clarity.

Preparation for the next generation is essential to potential success. Through open conversations, engagement, financial education, clear guidance and thoughtful planning, heirs can be better equipped with the knowledge and confidence to make well-informed decisions. The time to act is now. The Great Wealth Transfer is unfolding right before our eyes.

### **Take the Next Step Today**

Whether you're planning for yourself, your family, or the generations to come, now is the time to get informed, engaged and prepared. Start the conversation with a trusted advisor and take control of your financial future because your legacy begins with the actions you take right now.

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