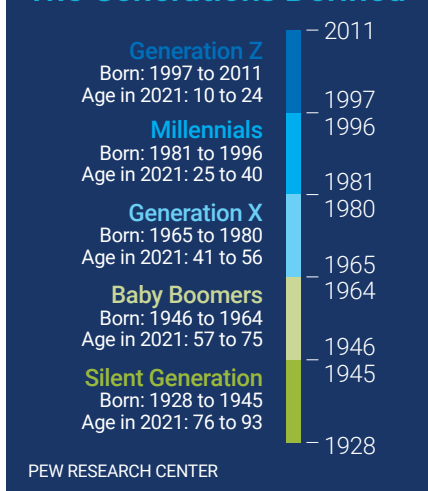


# The Great Wealth Transfer

## Key Takeaways

- Baby boomers currently control roughly 70% of the disposable income in the U.S. with Generation X and millennials set to inherit a staggering amount of wealth<sup>1</sup>
- Approximately two-thirds of younger investors leave their parents' financial planners when they inherit wealth<sup>2</sup>
- Millennials are twice as likely as the overall investor population to invest in companies targeting environmental or social goals<sup>3</sup>
- By 2030, American women are expected to control much of the \$30 trillion in financial assets<sup>4</sup> and are increasingly aligning their investments with what they feel is best for their community, their neighbors, and the planet<sup>5</sup>

## The Generations Defined<sup>6</sup>



## Background

In the coming 25 years, as much as \$68 trillion in wealth will pass from baby boomers to their heirs and charity, according to Cerulli Associates.<sup>7</sup>

### Generation X stands to be the primary beneficiary<sup>8</sup>

By the end of the 25-year period, Baby Boomers will be replaced by Gen X as the generation with the greatest wealth.



This shift in capital is being dubbed the “great wealth transfer,” and the financial industry is taking note. Never before in America’s history has such a vast amount of wealth moved through the hands of generations.<sup>9</sup> Financial advisers should consider this trend as 66% of children fire their parents’ financial adviser after they inherit their parents’ wealth, according to a survey by InvestmentNews.<sup>10</sup> And some estimates are even higher, around 95%, since over three-quarters of investors say their children have never met their advisers.<sup>11</sup>

## Millennials and Impact Investing

In studies conducted on age and impact investing, well over half of millennials have reported that they want their investments to align with their values.<sup>12</sup> Morgan Stanley’s Institute for Sustainable Investing’s Sustainable Signals report found that 86% of active millennial investors are interested in sustainable investing or investing in companies or funds that aim to generate market-rate financial returns while pursuing positive environmental and/or social impact.<sup>13</sup> For a large majority of millennials, the best part of investing is the impact their money can have on helping make the world a better place.

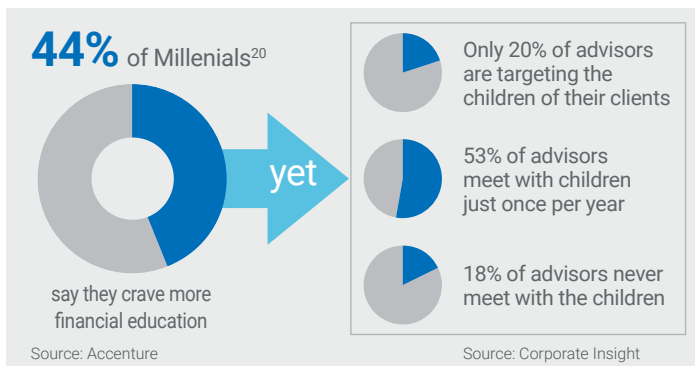
● “More than half of millennial investors see the social responsibility of their investments as an important selection criteria compared with less than 30% of WWII-era investors and 42% of Gen X investors.”<sup>14</sup>

Millennials interest in impact and environmental, social, and governance (ESG) investing can also be seen in the retirement space. Most save for retirement in defined contribution plans – 401(k)s and 403(b)s – in which they choose their own investment options. While only about 10% of these plans, on average, have adopted impact and ESG investments, a recent study conducted by Morgan Stanley found that 90% of millennials desire sustainable investing options as part of their 401(k) plans.<sup>15</sup>

## Women, Impact Investing, and the Great Wealth Transfer

Although it is true that younger generations tend to be more interested in impact and ESG in investing, research suggests that a high percentage of women of all ages are drawn to investments with positive impacts.

- Morgan Stanley found that 84% of women versus 67% of men had an interest in sustainable investing<sup>16</sup>
- In the U.S., women control almost half of estates valued over \$5 million and are predicted to inherit around 70% of the trillions to be transferred over the next 30 years<sup>17</sup>
- In just two short years, women are projected to control two-thirds of private wealth in the U.S. Last year, roughly a quarter of new domestic billionaires were women<sup>18</sup>
- On average, women live four to seven years longer than men, and studies show that 70% of new widows fire their financial advisers<sup>19</sup>



## How Financial Advisers Can Navigate the Great Wealth Transfer

To best navigate the great wealth transfer and create a multigenerational practice, financial advisers should establish relationships with millennial and female clientele to find out what is important to them. The great wealth transfer presents a compelling business case for financial advisers to become sustainability thought leaders and engage new and existing clients in their impact investing objectives. Given the statistics presented on women and investing, advisers can set themselves apart and grow their business by introducing and discussing impact and ESG investing with female clientele. As impact and ESG investing continues to grow, it is critical for advisers to know the landscape, understand the different investment strategies available, and ask clients important and meaningful questions about their values and goals.

## About CCM

Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission. Headquartered in Fort Lauderdale with employees in Boston, Charlotte, the New York City area, and Southern California, CCM was founded in 1998 and manages approximately \$4 billion in assets. The firm believes a fully integrated portfolio — one that includes environmental, social, and governance (ESG) factors — seeks to deliver strong financial performance while simultaneously having positive long-term economic and sustainable impact. CCM's strategies utilize an innovative approach to fixed income and equity investing by combining the positive outcomes of impact and ESG investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. For more information, please visit: [www.ccminvests.com](http://www.ccminvests.com).

<sup>1</sup> [https://www.usnews.com/pubfiles/USNews\\_Market\\_Insights\\_Boomers2015.pdf](https://www.usnews.com/pubfiles/USNews_Market_Insights_Boomers2015.pdf)

<sup>2</sup> <https://www.investmentnews.com/the-great-wealth-transfer-is-coming-putting-advisers-at-risk-63303>

<sup>3</sup> <https://www.morganstanley.com/access/why-millennial-investors-are-different>

<sup>4</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/women-as-the-next-wave-of-growth-in-us-wealth-management>

<sup>5</sup> <https://www.marketwatch.com/story/women-could-pave-the-way-for-esg-investing-in-the-us-2021-03-05>

<sup>6</sup> <https://www.pewresearch.org/fact-tank/2020/04/28/millennials-overtake-baby-boomers-as-americas-largest-generation/>

<sup>7</sup> <https://info.cerulli.com/HNW-Transfer-of-Wealth-Cerulli.html>

<sup>8</sup> [Ibid](#)

<sup>9</sup> <https://www.forbes.com/sites/markhall/2019/11/11/the-greatest-wealth-transfer-in-history-whats-happening-and-what-are-the-implications/?sh=492614834090>

<sup>10</sup> <https://www.investmentnews.com/the-great-wealth-transfer-is-coming-putting-advisers-at-risk-63303>

<sup>11</sup> <https://www.icpas.org/information/copy-desk/insight/article/summer-2019/inheriting-heirs-how-to-hold-on-to-a-client-s-family-or-survivors>

<sup>12</sup> <https://spectrem.com/Content/press-release-millennials-report-release-011718.aspx>

<sup>13</sup> <https://www.morganstanley.com/access/why-millennial-investors-are-different>

<sup>14</sup> <https://spectrem.com/Content/press-release-millennials-report-release-011718.aspx>

<sup>15</sup> [https://www.morganstanley.com/pub/content/dam/msdotcom/infographics/sustainable-investing/Sustainable\\_Signals\\_Individual\\_Investor\\_White\\_Paper\\_Final.pdf](https://www.morganstanley.com/pub/content/dam/msdotcom/infographics/sustainable-investing/Sustainable_Signals_Individual_Investor_White_Paper_Final.pdf)

<sup>16</sup> <https://www.triplepundit.com/story/2019/esg-and-impact-investing-more-women-are-leading-charge/83131/>

<sup>17</sup> <http://maximpactblog.com/women-rule-why-the-future-of-social-sustainable-and-impact-investing-is-in-female-hands/>

<sup>18</sup> <https://www.thinkadvisor.com/2019/01/31/women-and-esg-investing-intertwine/>

<sup>19</sup> [Ibid](#)

<sup>20</sup> <https://www.wealthmanagement.com/high-net-worth/index-great-wealth-transfer>

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