2024 Bank of America Private Bank Study of Wealthy Americans

As wealth transfer continues, outlooks and emotions influence financial decisions

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Contents

Overview

Past and present shape the views of the wealthy

The first babies of the Gen X generation are about to celebrate their 60th birthdays.

As we present the latest data from our survey of wealthy Americans, those pending birthday celebrations are a reminder that the Great Wealth Transfer is not an event in the distant future. It's here and ongoing. About $84 trillion is expected to pass from seniors and baby boomers to Gen X, millennials and their heirs through 2045.[1] The transfer to Gen X in particular is well underway, though annual transfers to millennials are expected to surpass Gen X by 2040.

Meanwhile, Americans have faced other significant changes since our last survey in 2022. The past two years have seen more inflation than in decades, sharply rising interest rates, a bear-market year for stocks in 2022, a headline fraud case in the burgeoning crypto industry, two major geopolitical conflicts and the meteoric rise of AI tools in everyday life. These crosswinds are affecting the ways that wealthy people think about financial decisions, as data in this report shows.

This report also reveals the effects of life experiences on current viewpoints. First, we see the impact of the "shared past" – the generational gaps. As in 2022, generational differences pepper this data, from views on investing to philanthropy to art and collectibles. There's also a "personal past" effect, where differences emerge along lines of wealth journey – whether people grew up wealthy, had a head start from family advantages, or built their wealth all on their own.

Yet there is plenty of common ground as well. Even as the young embrace technology advancements, all generations share hesitation around AI, for instance. The lion's share of wealthy people show deep commitments to family and philanthropy in their priorities. There's also common ground in some of the emotions that accompany wealth and its decisions, a key focus of new questions in this year's survey. It's those very human experiences, past and present, that wield the real influence on these matters of inquiry. Read on for more.

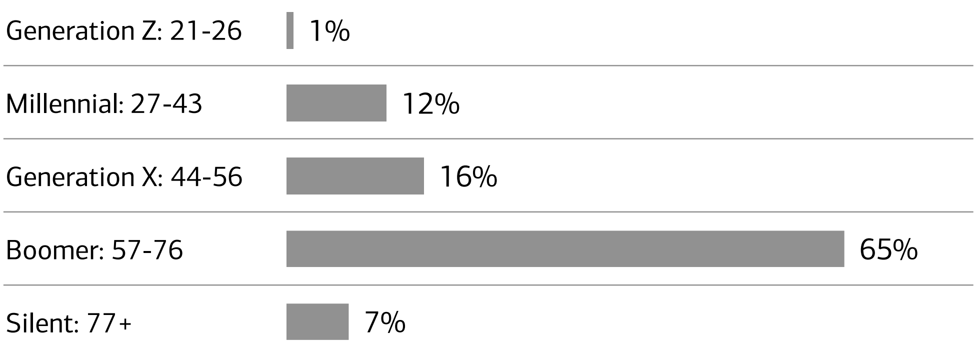
[1] Cerulli Associates. The Cerulli Report – U.S. High-Net Worth and Ultra-High-Net-Worth Markets, 2021.

About this research

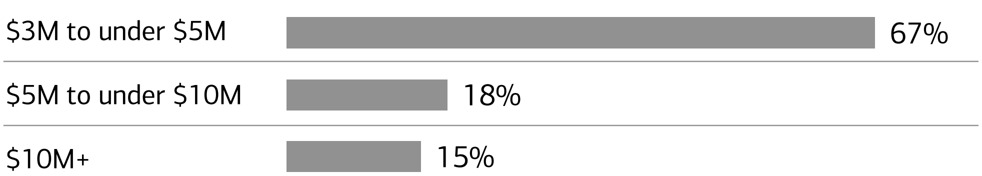
Our 2024 quantitative survey included 1,007 respondents who had at least $3 million in investable assets and were at least 21 years of age. It was designed to be a statistically representative sample of the population that meets those two criteria. Data collection was fielded between January and February of 2024.

A profile of wealthy America

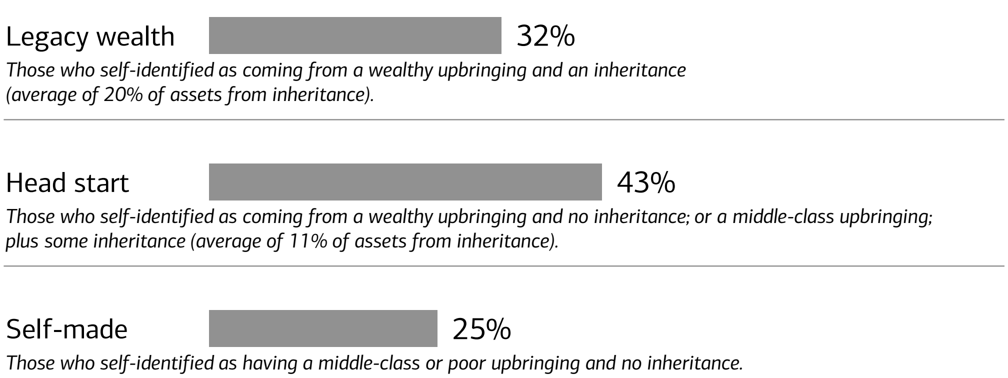
Age



Household investable assets



Individual journeys



Views on the markets

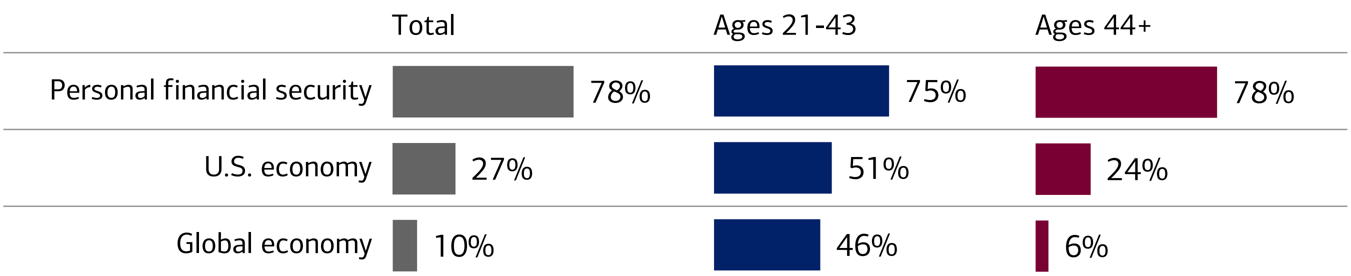
Outlooks depend heavily on age

Wealthy people, older and younger alike, give high marks to their personal financial security and to the stock market outlook. But their views quickly diverge along age lines on other questions about the state of the world.

Even for a simple question like "how's the economy doing?," the answer varies widely by age. Younger people, defined here as Gen Z and millennials, are twice as optimistic as older wealthy people about the U.S. economy. The divide is even sharper about the global economy; nearly half of younger people say the global economy is very strong, compared to just 6% of Gen X and older. Younger people are also much more optimistic in their views of the U.S. political environment, with many more saying that the U.S. is "on the right track."

Economic views diverge between younger and older wealthy people

% who say 'very good' or 'excellent'



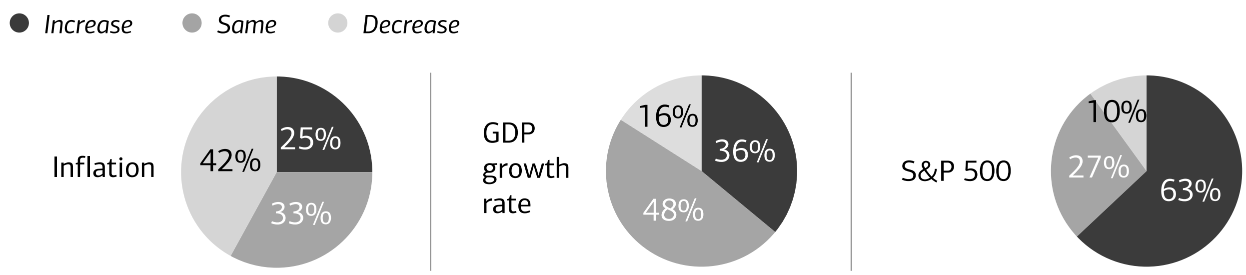
In terms of macroeconomic expectations, wealthy people showed ranging views on what's to come. At the time of data collection, markets were forecasting multiple interest rate cuts in 2024, reflecting confidence that inflation would continue its ongoing retreat. Yet wealthy people did not show a consensus on this point, with widely divided outlooks about inflation in the year ahead. In fact, inflation moved unexpectedly higher in the months that followed.

GDP growth expectations are slightly more uniform, with only one in six saying that economic growth will decrease in the coming year.

Where wealthy people show the most consensus – and optimism – is about the S&P 500's outlook. A majority say they expect stocks to rise.

A stock outlook brighter than GDP growth or inflation views

Expectations for the next year

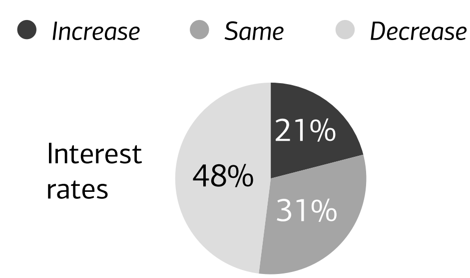


Expectations for interest rates in the year ahead are also mixed, with the largest share of wealthy people expecting rates to decrease.

58% of wealthy people have made some kind of financial adjustment in the face of higher interest rates, including 91% of younger people. More younger people say they pulled back on spending, paid off debt, or delayed a home sale or purchase because of higher interest rates. Younger people are generally more reliant on debt than older people, particularly with housing and education loans. Half of younger investors made changes to their investing approach as higher yields changed the opportunity set, while only 37% of older investors did so.

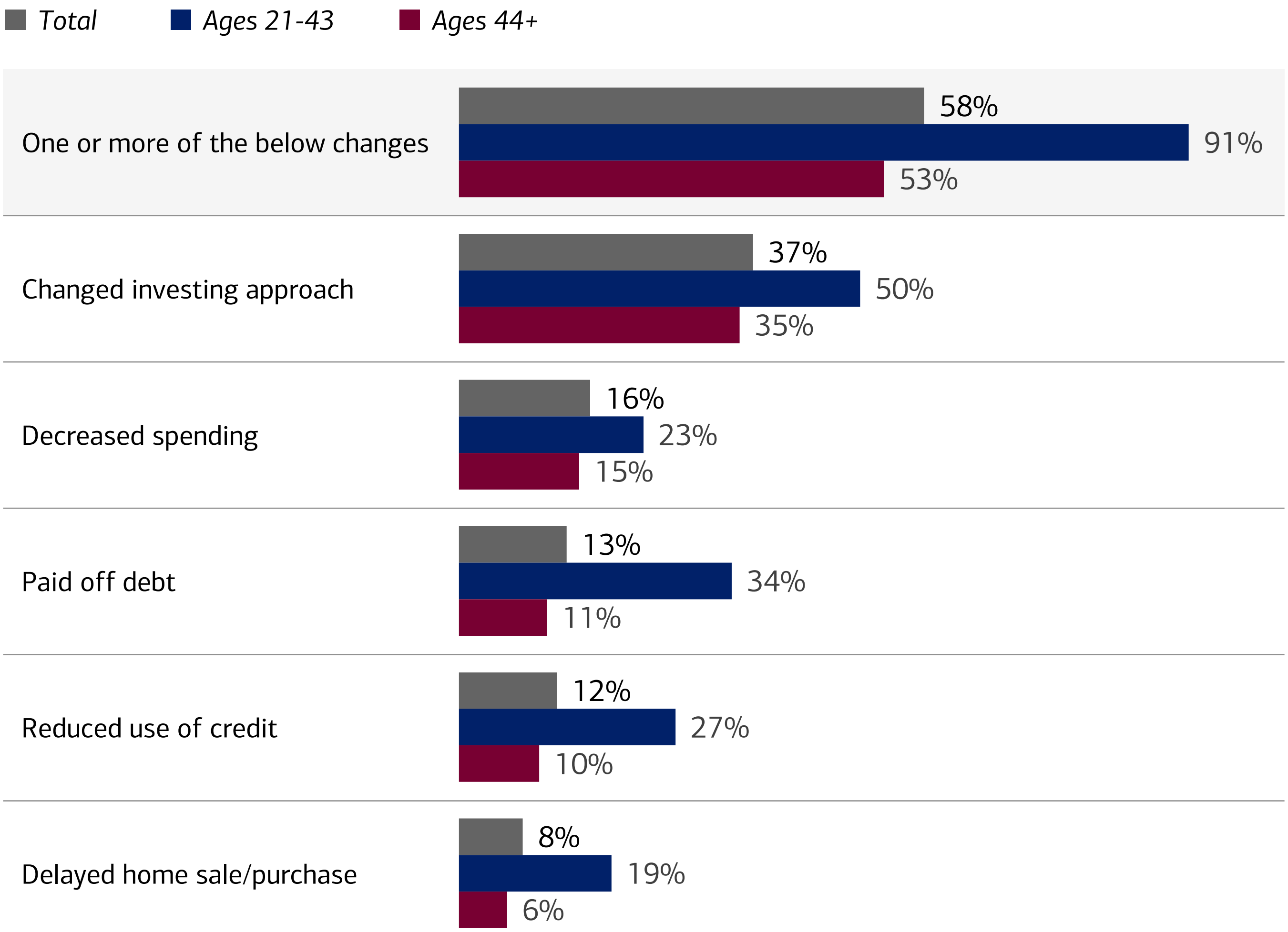
Wealthy people have mixed expectations for interest rates

Expectations for the next year



Younger people made more adjustments amid higher rates

Reactions to elevated interest rates

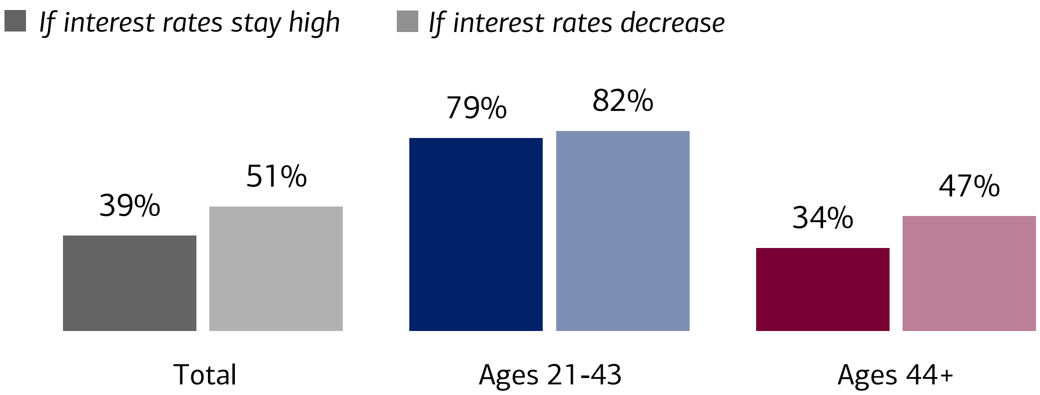


Though younger wealthy people made more adjustments to debt usage as rates surged, they seem less rate-sensitive than their elders when it comes to using different tools for liquidity.

For example, about a third of younger wealthy people say they would take on a personal loan if they needed liquidity, and there was little difference between those who expect rates to stay high and those who expect rates to go lower. Older wealthy people actually show more sensitivity to rates and liquidity plans. Those who expect rates to stay high are more likely to say they would sell assets for liquidity, while those who think rates will go lower show more willingness to use home equity or a personal loan.

Younger people are less rate-sensitive about liquidity options

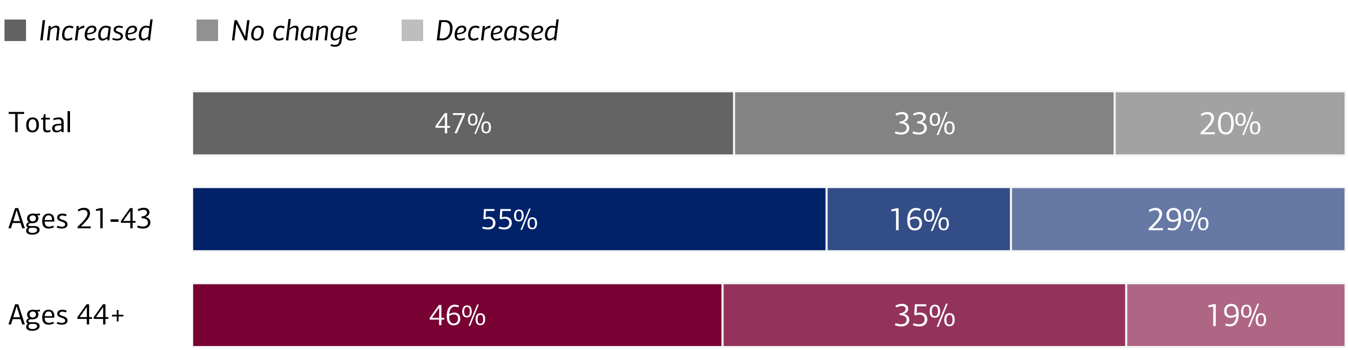
% who would use debt for liquidity



The younger set also made more adjustments to cash on hand in the last two years, with 55% saying they increased cash on hand as interest rates made other liquidity options more expensive. For another 29% of younger people, cash on hand actually went down, perhaps a sign that they've already had to turn to cash for liquidity needs.

Most younger people changed cash levels in last two years

% change in cash on hand in last two years



Investing trends

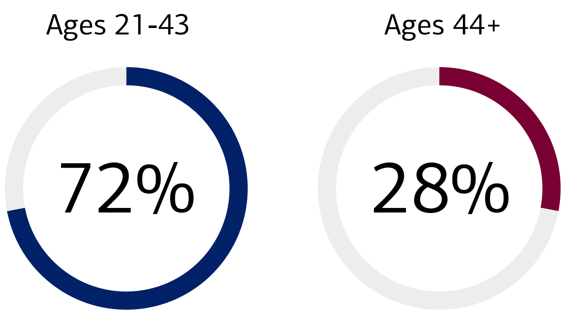
On investments, older and younger are far apart

The investment landscape continues to reflect notable differences in portfolio composition and investing mindsets between older and younger wealthy people. These trends go beyond allocations to crypto or private investments, with the younger cohort's choices hinting at a more fundamental shift in allocation norms.

Younger people continue to be skeptical of traditional investments

% who somewhat/strongly agree

It is no longer possible to achieve above-average investment returns by investing solely in traditional stocks and bonds



Three-quarters of younger people agree that it's no longer possible to achieve above-average returns with stocks and bonds alone, compared to just one quarter of those Gen X and older, similar to 2022 findings.

In fact, younger wealthy people seem to favor just about any kind of investment besides traditional options when it comes to growth opportunities. Older wealthy people, in contrast, still put the traditional choices at the top of the list. The one category where all investors seem to agree on investment potential is real estate. Interest in cryptocurrencies declined slightly from 2022 data.

Six options outrank traditional investments, for younger investors

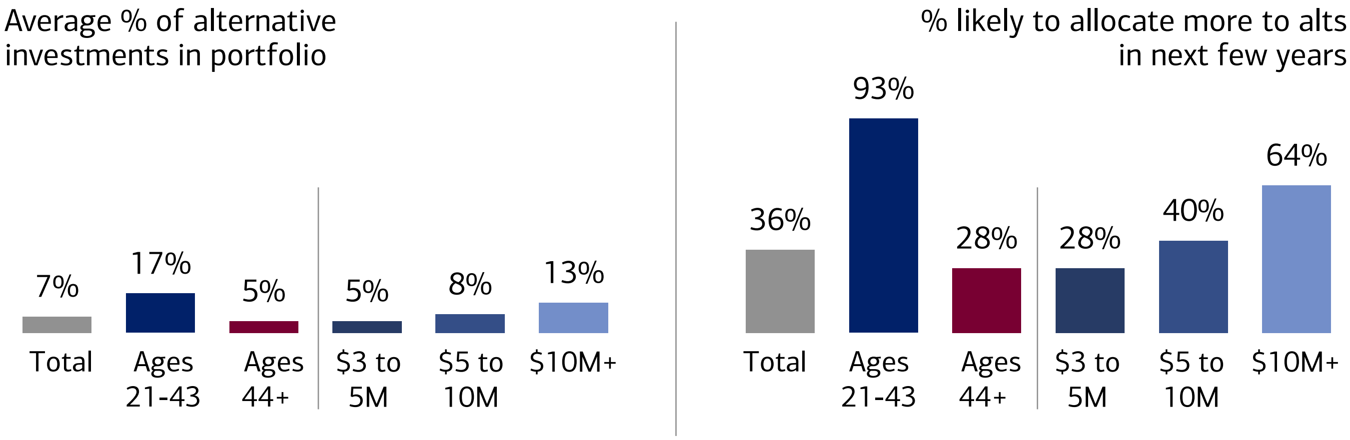
Greatest opportunities for growth

Ages 21-43	
31%	Real estate investments
28%	Crypto / digital assets
26%	Private equity
24%	Personal company / brand
22%	Direct investment into companies
21%	Companies focused on positive impact
17%	Fixed income
16%	Emerging market equities
14%	Domestic equities
14%	International equities
13%	Tangible assets
11%	Private debt

Ages 44+	
Domestic equities	41%
Real estate investments	32%
Emerging market equities	25%
International equities	18%
Private equity	15%
Direct investment into companies	15%
Companies focused on positive impact	12%
Fixed income	12%
Tangible assets	7%
Personal company / brand	6%
Crypto / digital assets	4%
Private debt	4%

These preferences are mirrored in the allocation differences between the two age groups. Older investors hold a lot more traditional equities, while younger groups hold more crypto and more alternative investments. The younger cohort actually holds fewer stocks, though traditional allocation models would typically prescribe them higher stock exposure. Interest in alternatives continues among the youngest, with 93% of those aged 21 to 43 saying they are likely to allocate more to alts in the next few years.

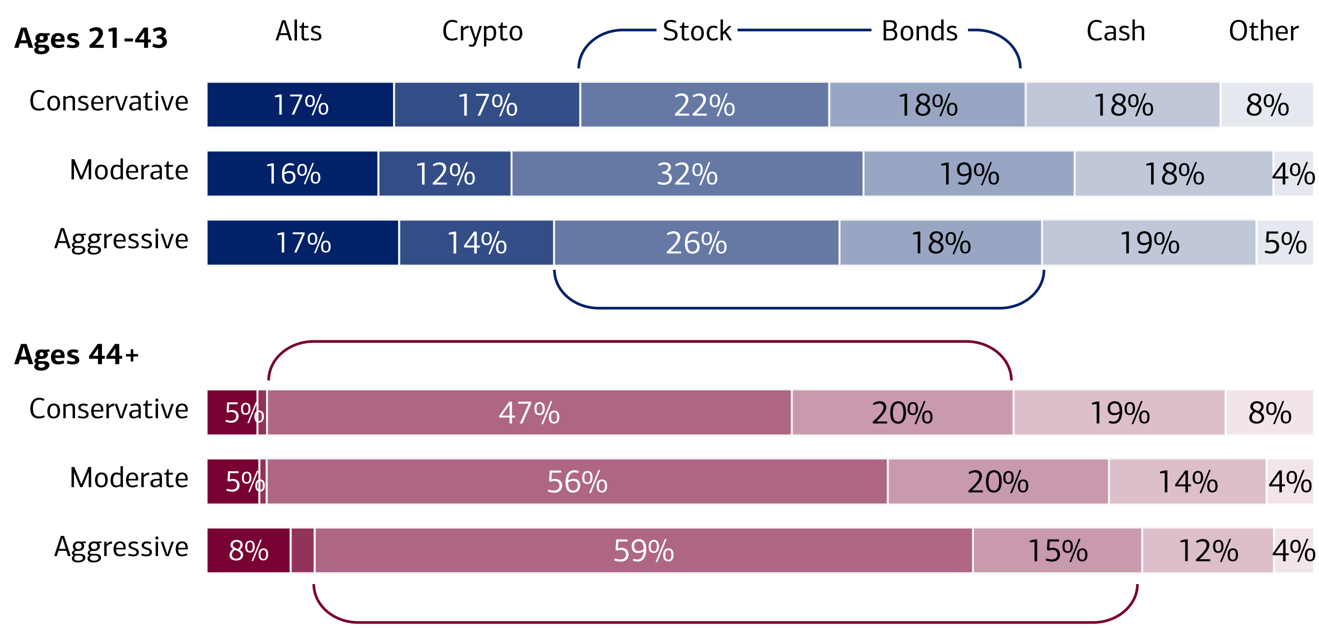
Younger continue to lean on alternatives



There's another trend afoot in portfolio holdings – younger investors seem to be tacking away from traditional allocation models altogether. For wealthy people aged 21 to 43, portfolio allocations look about the same whether a person says they are conservative or aggressive, with all groups averaging a nearly even mix of alts, crypto, stocks, bonds and cash. In fact, the most "conservative" group is holding the highest average exposure to crypto.

Old rules falling away? Younger people reveal different allocations

Allocation by self-identified risk level



Older investors, on the other hand, reveal portfolios that match traditional allocation models. Aggressive investors hold more stock and alts, while conservative investors hold more cash and bonds with fewer stocks.

A younger gen coping with uncertainty?

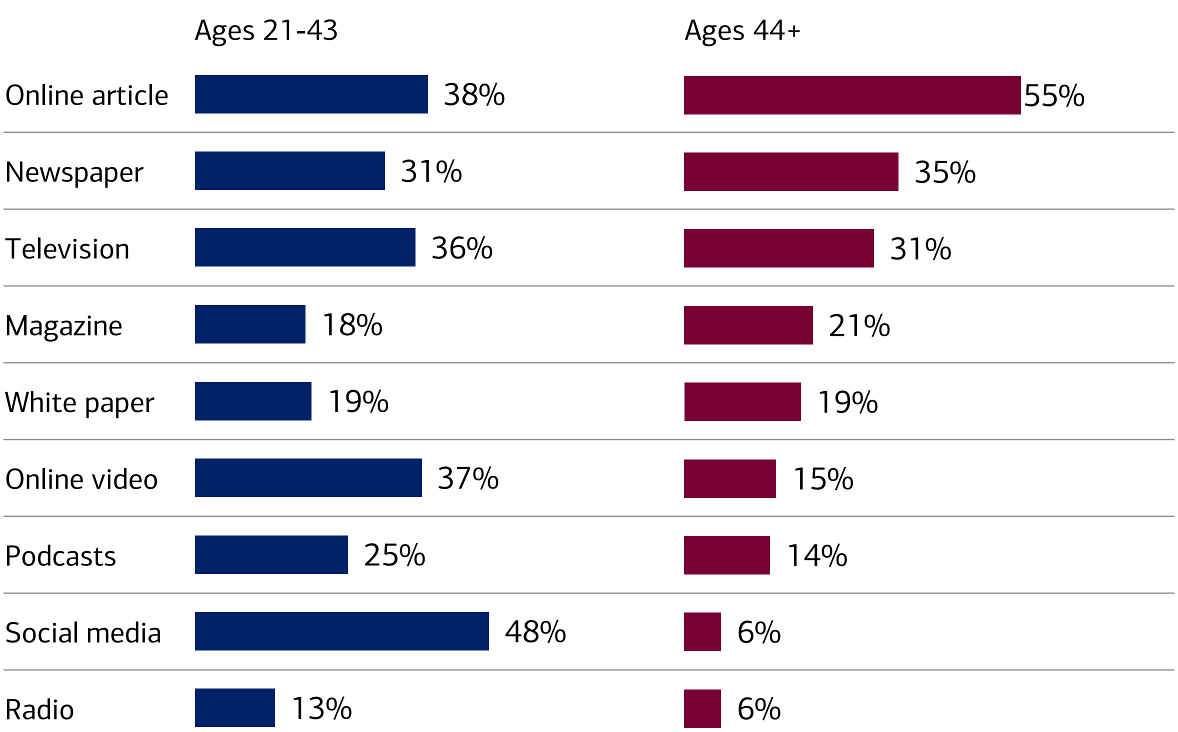
The portfolio choices of younger people do suggest a perspective shift between the generations. With many industry voices comparing crypto exposure to risk-averse investments like gold, it could be that a cautious mindset is really what dominates some of these portfolio choices; cash, crypto and real estate seem strikingly risk-averse for young, wealthy people, from one vantage point. Just as young and old rank investment opportunities differently, their views on risk may differ as well.

If these investment preferences actually are a marker of cautious mindsets, the past could be to blame, with two market crashes shaping a key decade of development for younger people. It's easy to see how a two-and-a-half-year bear market (2000-2002) and a 50%+ loss in stock prices (2008-2009) could instill skepticism about the stock market in a generation of wealthy Americans.

There's also the significant shift of information sharing and authority-sourcing underway in the age of social media. Half of younger people prefer to get their financial content from social media, which could be promoting untested advice as easily as it sources researched and verified guidance.

Social media is the primary source of financial content for younger people

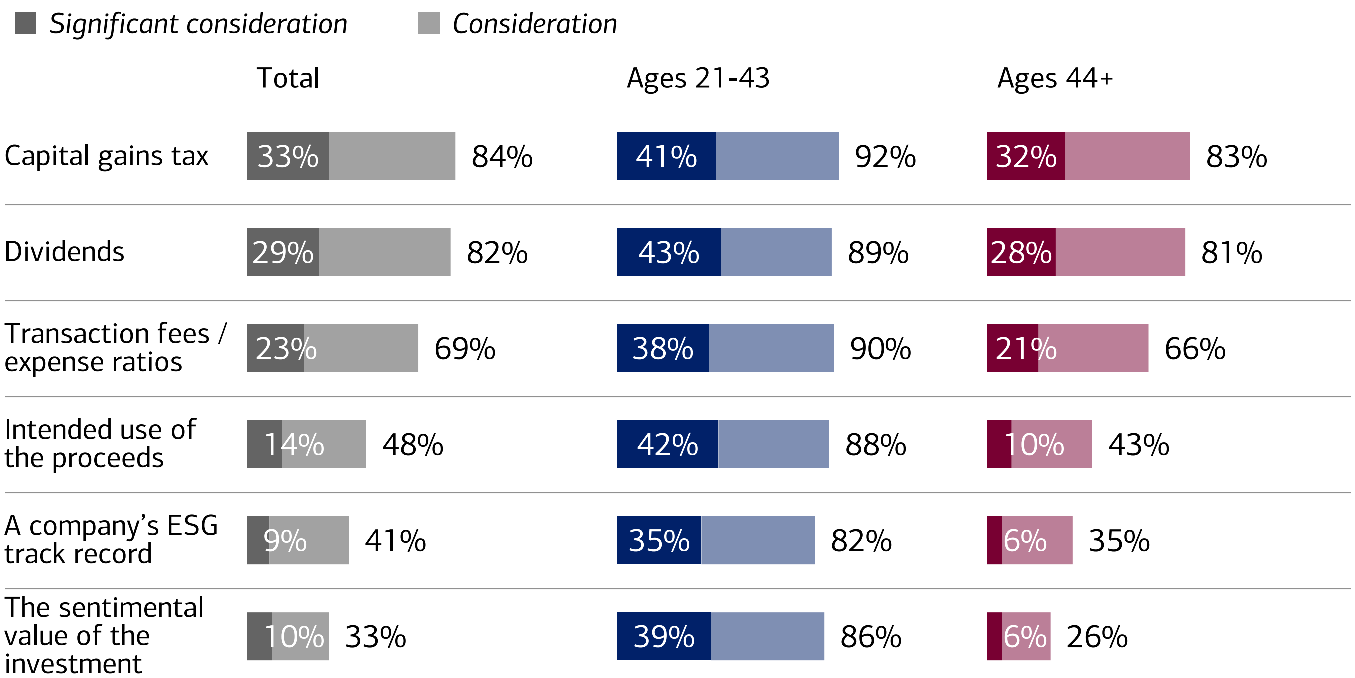
Preference for financial content



Younger wealthy people have a much longer checklist of considerations when they're making investment decisions. All wealthy people agree that capital gains taxes, dividends and fees are important when it comes to making investment decisions. However, younger people more frequently consider the intended use of the proceeds, such as fulfilling philanthropic commitments or reaching another specific goal. They also consider a company's ESG track record and even the sentimental value of an investment more than older investors.

Sentimental value of an investment matters more to younger people

Investment decision considerations

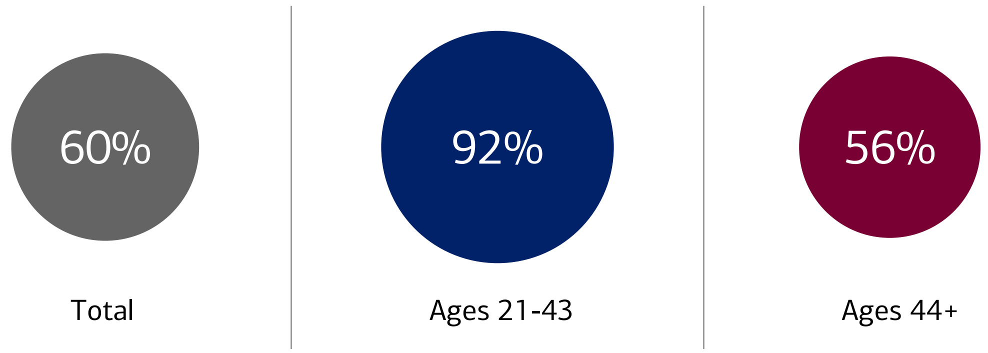


When it comes to technology, younger wealthy people show more understanding and embrace of technology changes, including the latest advancements in artificial intelligence (AI). Nine in 10 younger people say they are familiar with AI developments, compared to just half of the Gen X, baby boomer and senior population. Younger people have more confidence in the potential of AI to improve investment returns, and they are far more likely to say that AI impacts the way they invest or manage their wealth.

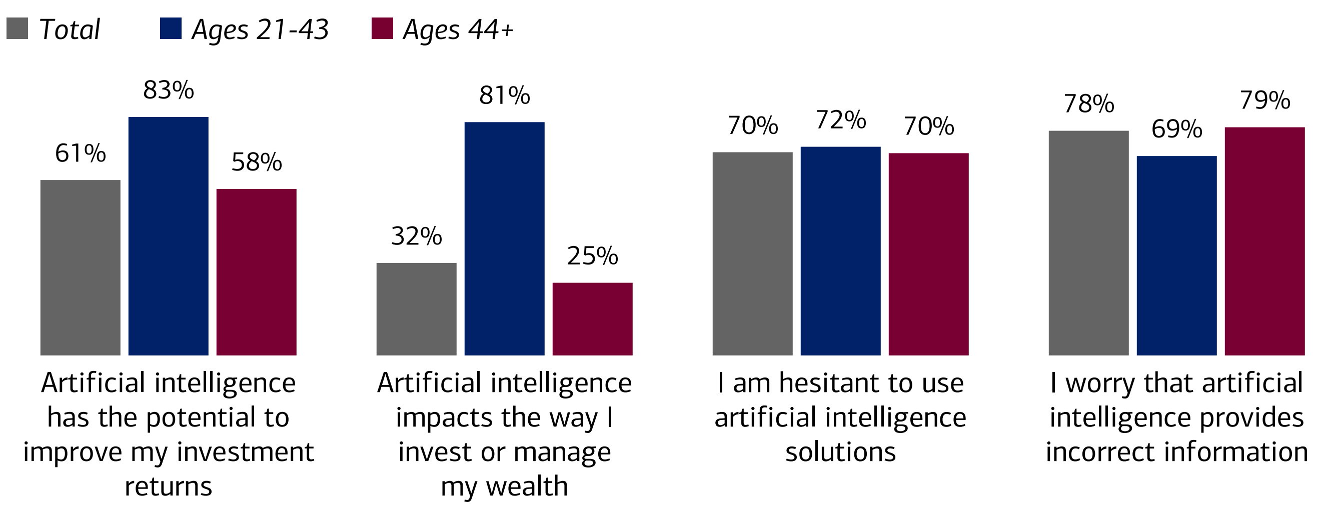
However, all generations share the same concerns about AI technology. Across age groups, about seven in 10 say they are hesitant to use AI solutions and worry about the quality of information it generates.

Younger embrace AI in investments, but all ages indicate quality concerns

Somewhat or very familiar with AI advancements



Beliefs on artificial intelligence

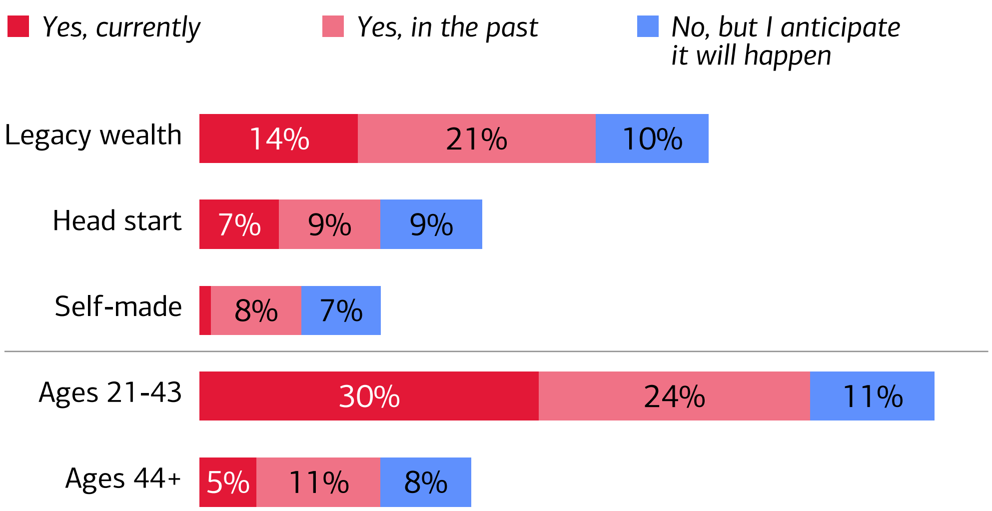


Estate planning

The hidden stresses of wealth transfer

Inheritance is not always a harmonious passage. About three in 10 wealthy people say their families experience emotional strain over inheritance currently, have in the past or expect to in the future. Those of legacy wealth are even more likely to report strain, with nearly half of families indicating stress.

Half of ‘legacy wealth’ families indicate strain around inheritance

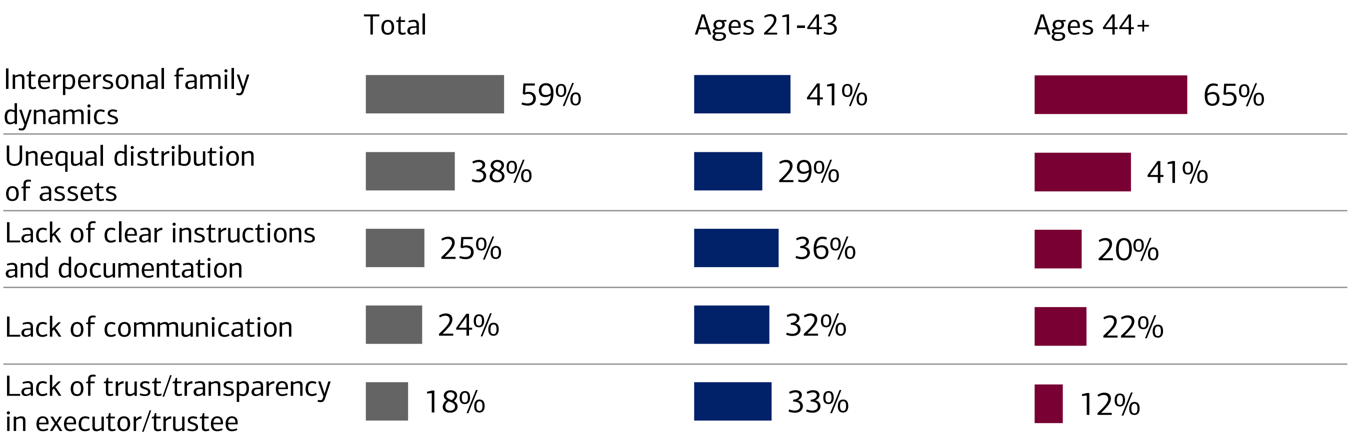


Most point to interpersonal family dynamics as the source. Unequal distribution of assets, including hard assets like jewelry or heirlooms, is another top driver of strain. Hard assets are only included in estate planning about half of the time, driven by those with legacy wealth.

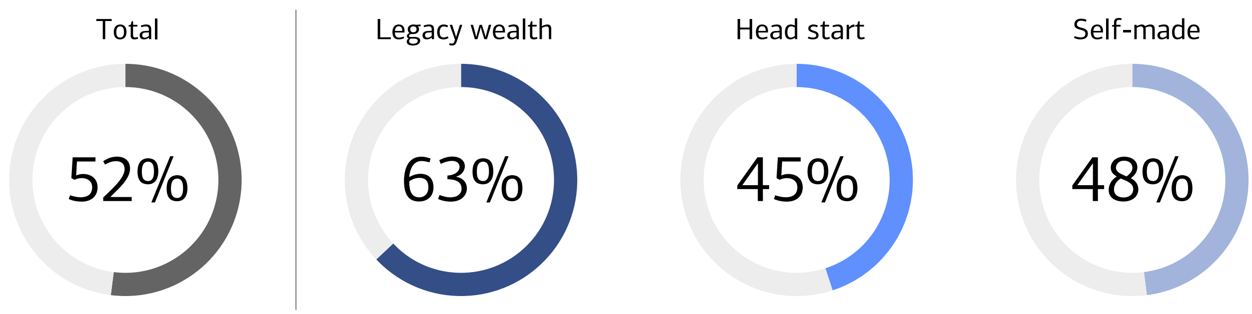
38% say the lack of instructions causes strain. Other matters of estate governance - communication and trust - also factor in for many families.

Interpersonal family dynamics are the top source of strife

Reasons for strain



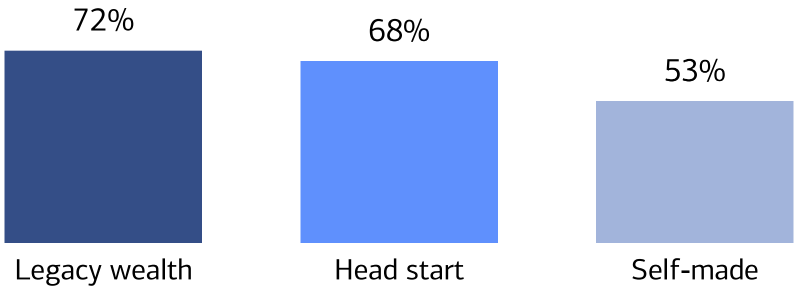
% who include hard assets in estate plan



The majority of wealthy Americans believe it's important to leave money to children/heirs. Those who grew up with wealth and benefited from inheritance are the most inclined to say it's important to leave money to heirs, while self-made wealthy people are less inclined toward this view.

Legacy wealth are most likely to prioritize inheritance for heirs

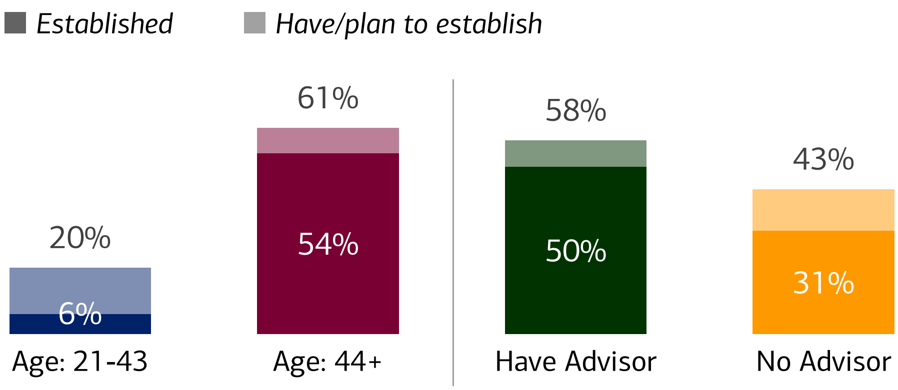
% who agree that it's important to leave money to children/heirs



Just 48% of wealthy Americans have the basics of an estate plan in place ("basics" to include a will, living will/ advanced healthcare directive, and a durable power of attorney). Even among older wealthy people, only 54% have all of those documents currently in place. Those who work with an advisor more commonly have the basics in place compared to those without an advisor.

Fewer than half have the basic estate plan elements in place

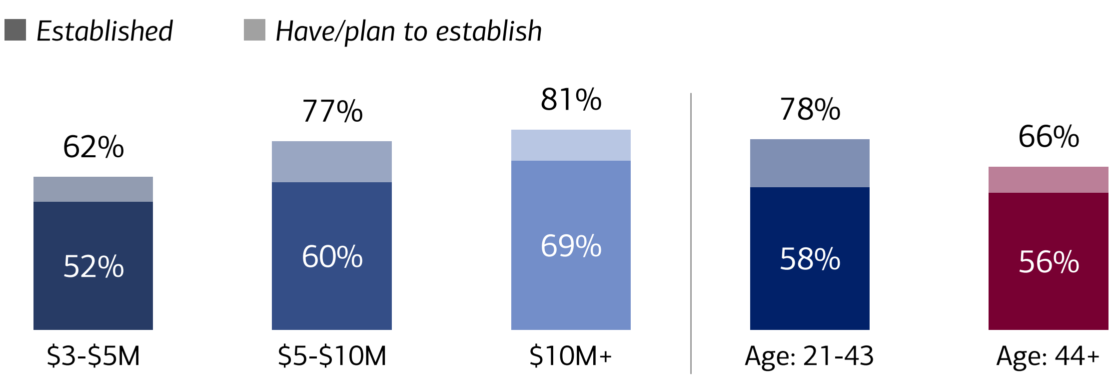
Have all three basic elements (will, living will, durable power of attorney)



The wealthiest cohorts use trusts the most, with seven in 10 saying they have one more more trusts established today. The younger generations of wealthy people are also informed and enthusiastic users of trusts in their estate planning. Of course, many of the younger people in this wealth bracket inherited all or some of their wealth, probably contributing to their familiarity with trusts.

Younger generations are enthusiastic users of trusts

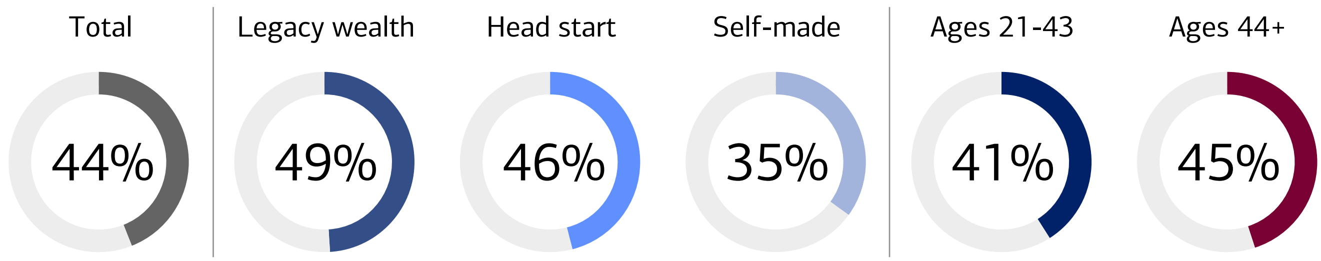
Trust usage, including revocable, irrevocable, and/or charitable trusts



Nearly half of wealthy people say they have been named trustee or executor for someone else. This applies almost equally to younger people in the wealthy population, with 41% of those aged 21 to 43 reporting that they have been named as such.

Nearly half of wealthy people have been named trustee or executor

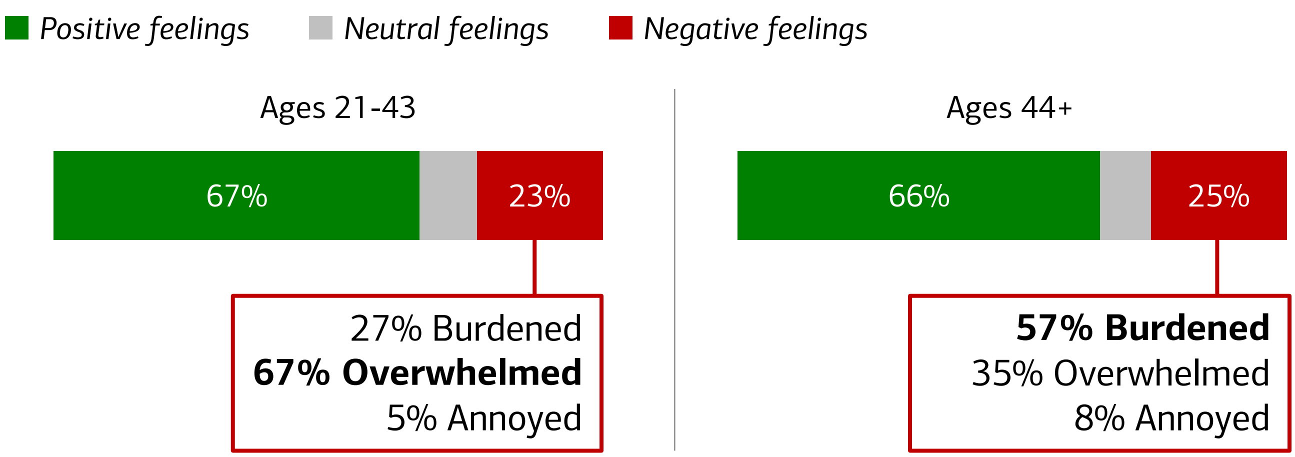
% who have been named trustee/executor for someone else



Being a trustee or executor is another zone where strain and stress is common. About a quarter of trustees/executors say they experienced negative feelings about their appointment. Younger people more commonly say they felt overwhelmed, while Gen X and older more frequently say it was a burden.

A quarter of trustees/executors felt overwhelmed, burdened or annoyed

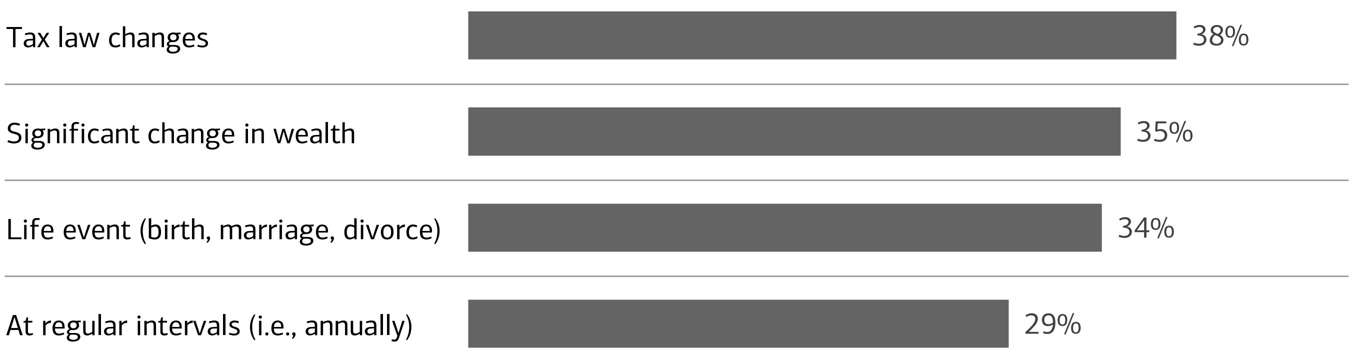
Main feelings when named trustee/executor



More than half of wealthy Americans have updated their estate plan within the last three years. “Tax law changes” is the most-cited reason to update an estate plan, followed by “significant changes in wealth status” or a “life event,” like a marriage or birth of a child. Three in 10 wealthy people say that an estate should be updated at regular intervals, such as an annual update.

Tax law changes rank as the top reason to make estate-plan updates

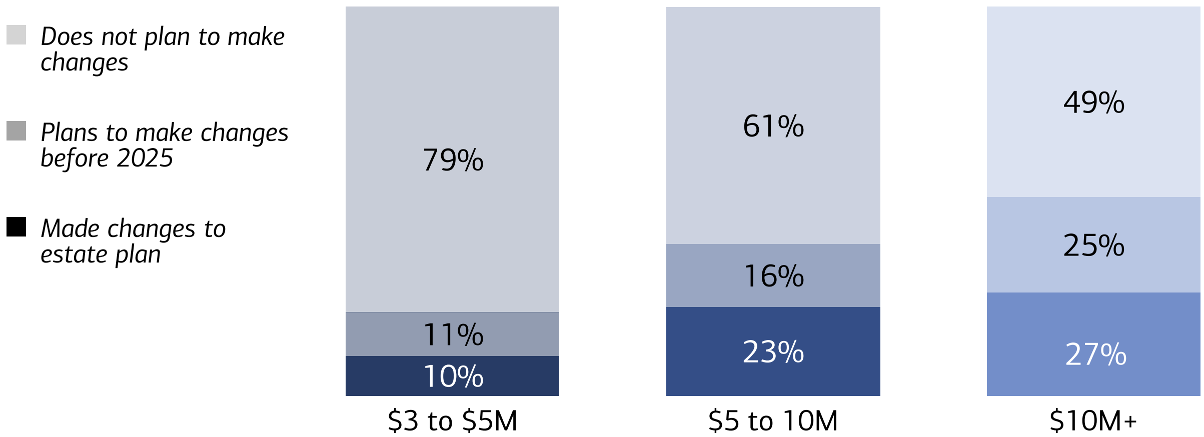
Top reasons to update estate plan



Tax law changes could come to pass in the near future. Currently the federal estate and gift tax exemption limits ($13.61 million per person / $27.22 million for married couples in 2024) are effectively doubled thanks to a provision in the 2017 Tax Cuts and Jobs Act (TCJA), but that provision is set to expire at the end of 2025. Barring any new legislation, estate and gift tax exemption limits will return in 2026 to an inflation-indexed 2017 level, projected to be about $7 million per person / $14 million per married couple.

1/4 of the wealthiest families have already made TCJA-prompted changes

Impact of TCJA on estate plans by investible assets



Purpose and passions

Next-gen views on philanthropy, inheriting art and more

Philanthropy is a priority for most wealthy Americans. Nine in 10 made a charitable contribution in the last year. Nearly as many say they are prepared to take on philanthropic causes, and we saw that figure rise by 5% from our 2022 survey.

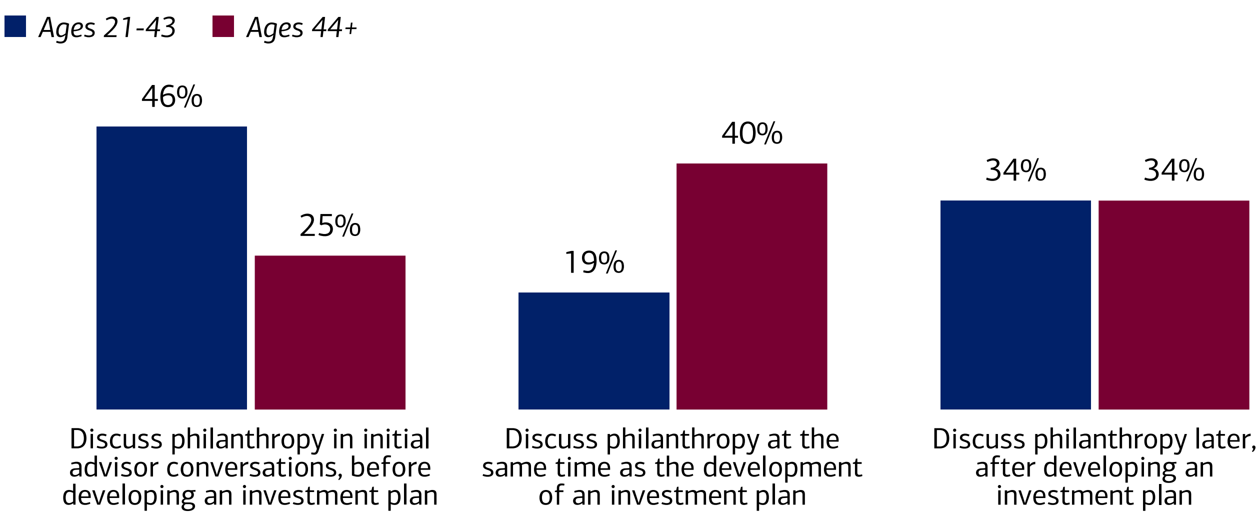
Participation and confidence are high

Philanthropic participation and focus

Philanthropy plays such a core role in their wealth goals that three in 10 wealthy people say they discuss it with their financial advisor in their earliest conversations, before they've even developed an investment plan. This is particularly true of younger wealthy people.

Younger people have philanthropic discussions early in plan process

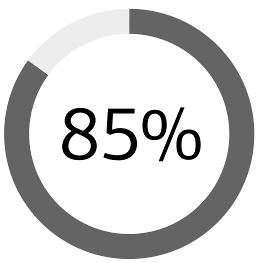
Philanthropy discussion timing



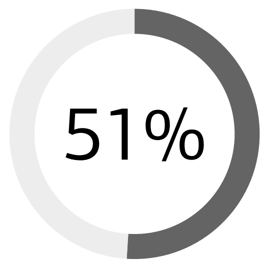
While the commitment to giving back is nearly universal, there are differences in the ways that groups of wealthy people express that intention. *Legacy wealth* people, particularly the younger crowd, have more direct involvement with charitable causes in the forms of fundraising and mentoring. *Self-made* people put more focus on direct giving, compared to the *head start* and *legacy wealth* groups. Across backgrounds and age groups, wealthy people show similar inclinations toward volunteering (about 40% of people) and sitting on boards (about 10% of people).

Direct giving is most common

Philanthropic involvement



Direct giving
(Financial donations)



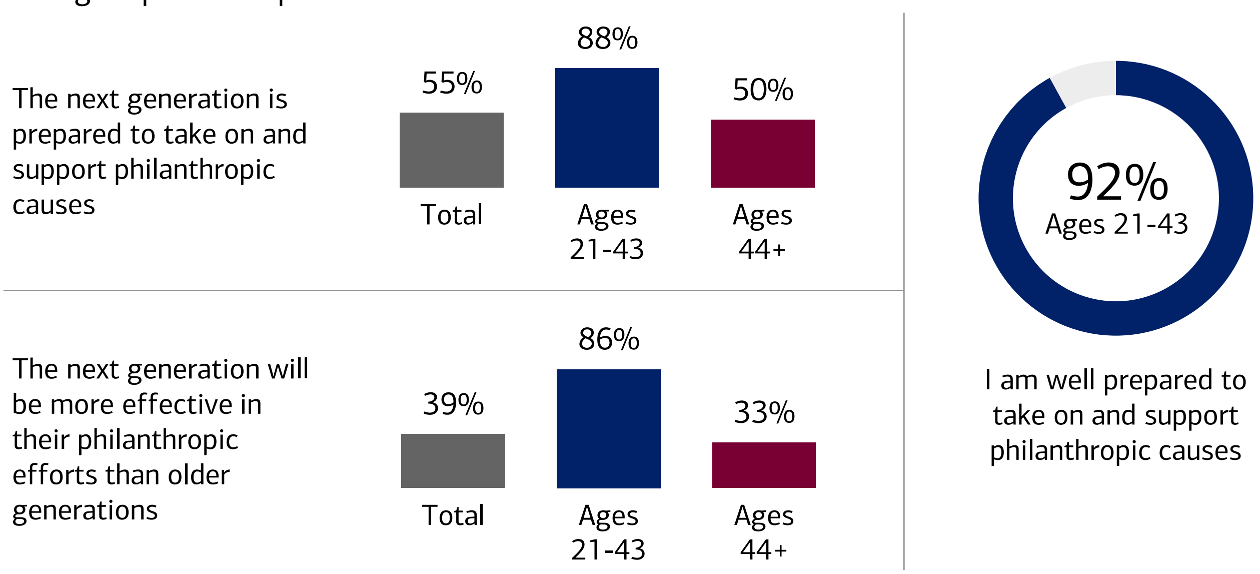
Direct action
(Involvement in philanthropic activities like volunteering, fundraising, etc.)

	Legacy wealth	Head start	Self-made	Ages 21-43	Ages 44+
Direct giving	74%	89%	93%	49%	90%
Volunteering	39%	42%	45%	43%	41%
Fundraising	21%	13%	13%	29%	14%
Sitting on the board	12%	8%	13%	14%	10%
Mentorship	12%	6%	6%	25%	6%

Younger people indicate a very high readiness to take on and support philanthropic causes, and in fact there was an increase in the number of young people who say so compared to our 2022 data. Yet the older generations exhibit much lower confidence; only 50% agree that the next generation is prepared to take on and support charitable causes. They're even less convinced that the next generation will be more effective in philanthropy than they are, though younger people are quite assured of their abilities.

The confidence gap between the younger and the older

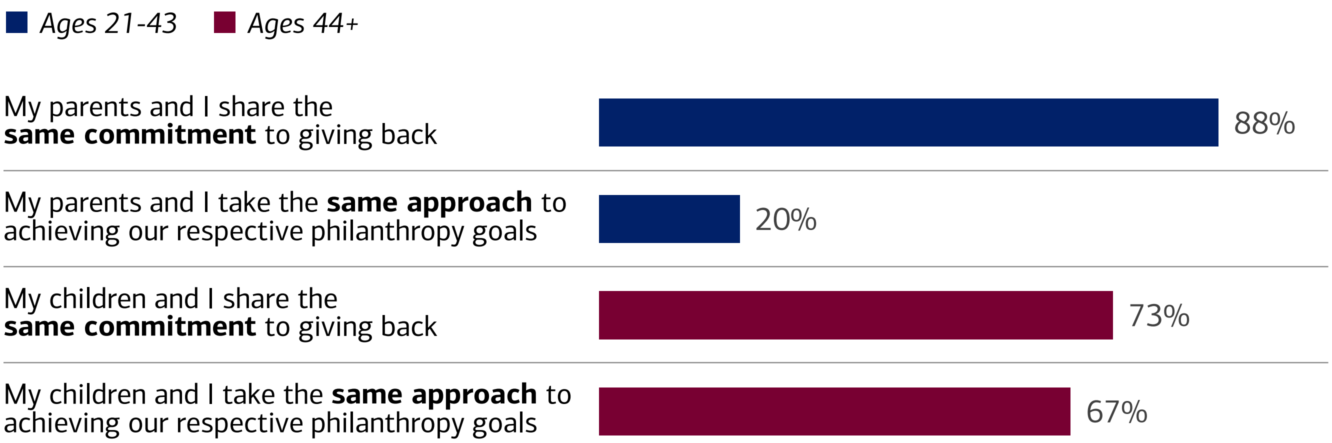
Taking on philanthropic causes



The younger cohort is also more inclined than their parents to say they share the same commitment to giving back. Again, we saw less confidence in the older generations on that question. A deeper disagreement emerged over their approaches to philanthropy goals. Older people say their children are taking the same approach as them, while younger people do not agree.

Generations do not see eye-to-eye on philanthropy approach

Philanthropy approach among parents and children

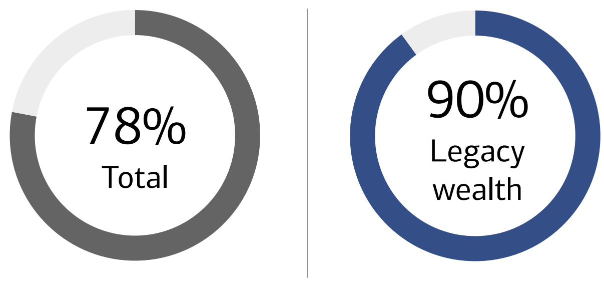


Inheriting art and what comes next

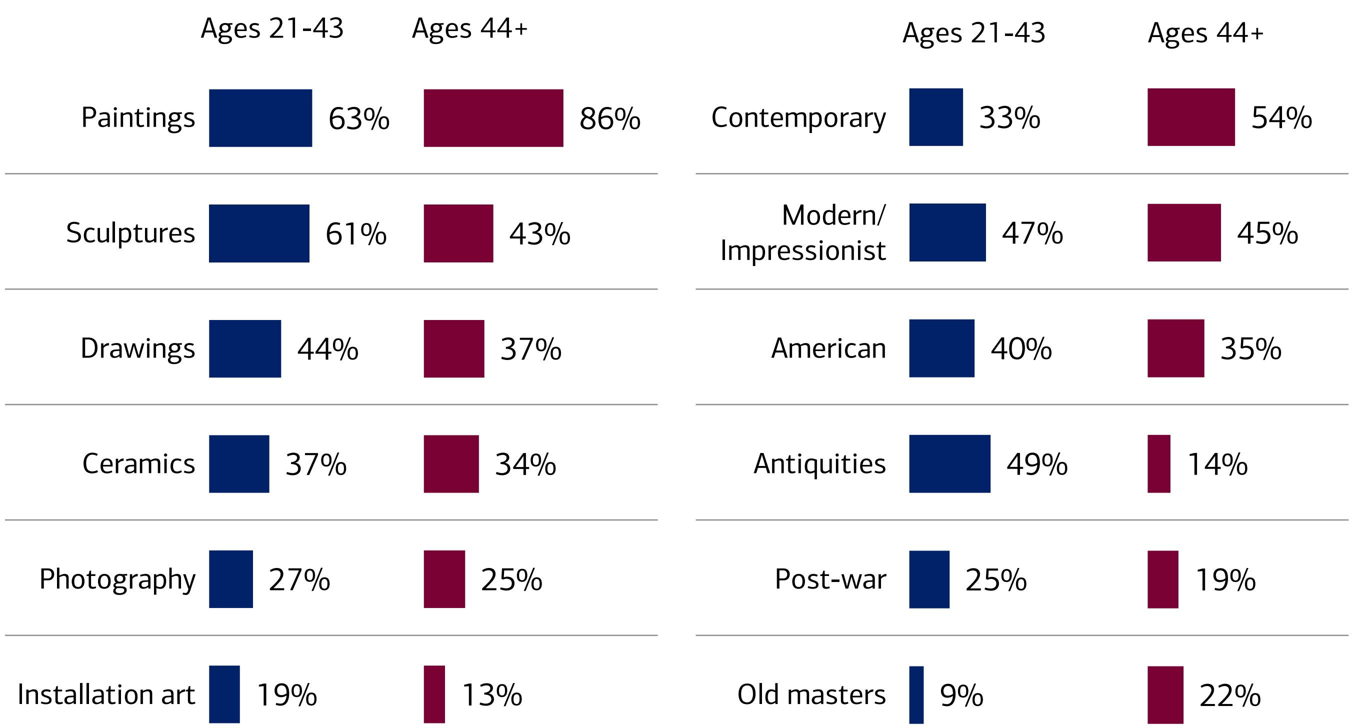
When it comes to art, many collectors strongly believe that it's important to pass their collection to children or heirs. Among those who currently own $100K or more in art, the majority say it's important to pass it on to heirs. Paintings and sculptures are the highest area of interest among high-value collectors, though stylistic preferences differ between older and younger collectors.

Those with high-value collections are passionate about passing it on

Among those with art >$100K, % who say it's important to pass collection to children/heirs



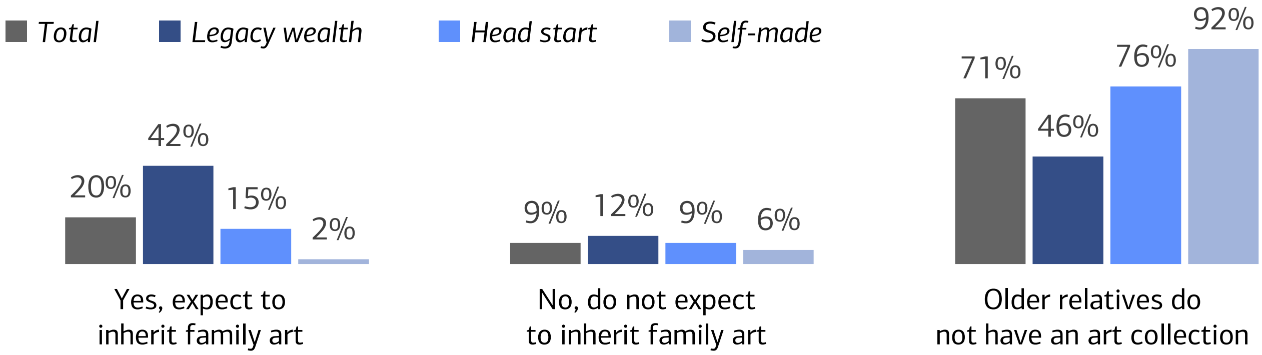
Among those with art >$100K, art forms currently collected



About 30% of all wealthy Americans indicate that their parents or other older relatives have an art collection, and two-thirds of those do expect to inherit some or all of that collection. Predictably, more would-be inheritors fall into the legacy wealth category, representing those who grew up with intergenerational wealth.

Most inherited art remains among the ‘legacy wealth’ cohort

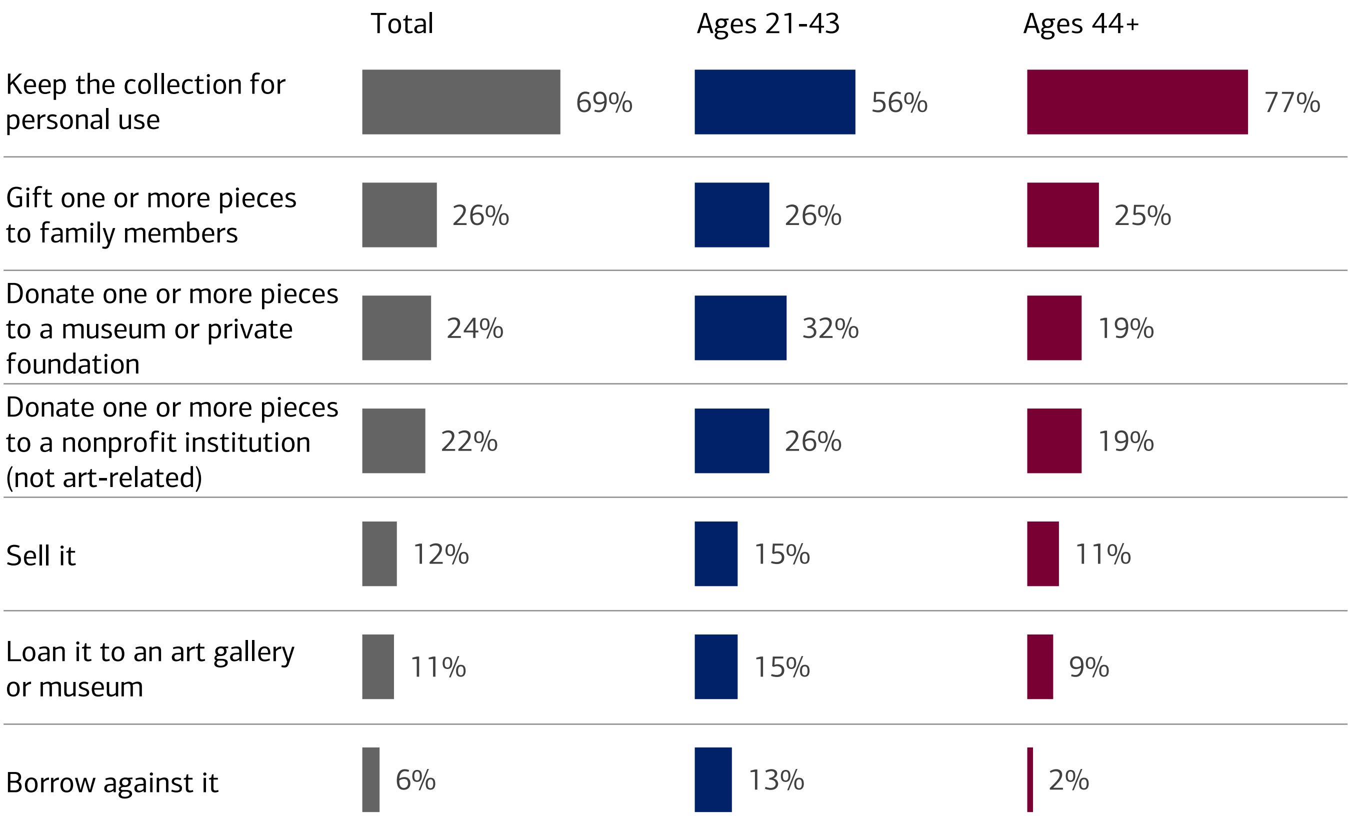
Expect to inherit art collection from parents or other older relatives



After inheritance, seven in 10 expect to keep the collection for personal use – but there's a notable gap in the plans of younger wealthy people (56%) and the plans of the older generations (77%). Younger people are relatively more inclined toward gifting, donating, selling or loaning the art to others. One in six younger people say they would plan to use inherited art as collateral for borrowing.

Younger generations have varied plans for inherited art

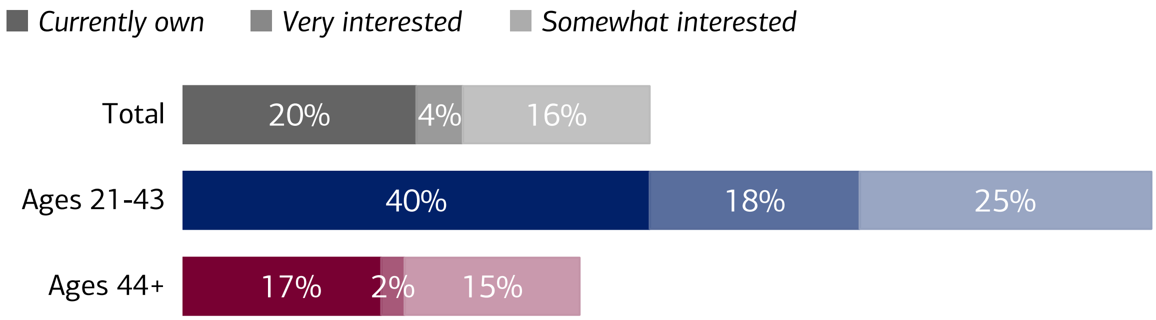
Plan for inherited art among those who expect to inherit



While inherited art is largely a *legacy wealth* phenomenon, there is very high interest among all wealthy Americans in building a collection of art. This is especially true among younger people, with 83% indicating that they currently own art or would like to.

Younger wealthy are enthusiastic about owning art

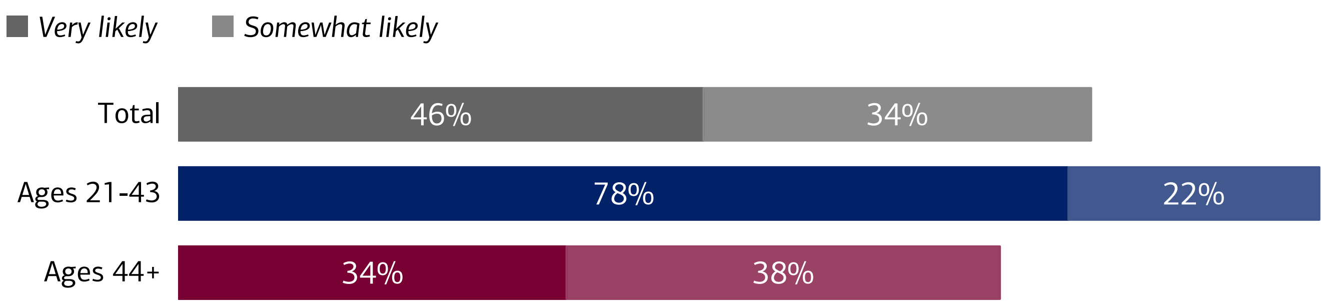
Art ownership and interest



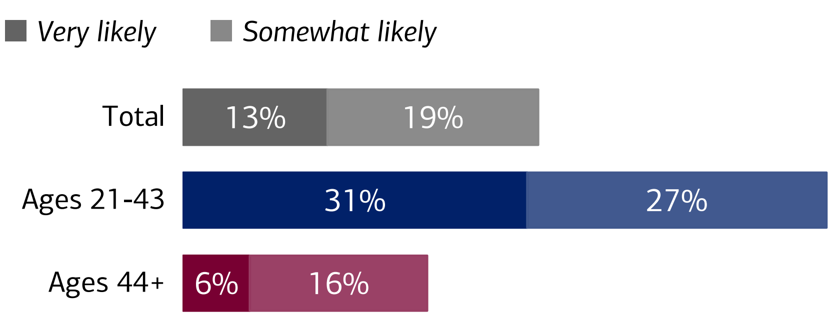
As higher interest rates have softened art valuations, survey data showed some change in would-be buyers and sellers. Compared to 2022, more high-value collectors (those with $100K or more in art) said they were likely buyers in the near-term, while fewer said they were likely sellers.

Among $100K+ collectors, more buyers and fewer sellers

Likelihood to buy a valuable work of art in the next 12 months



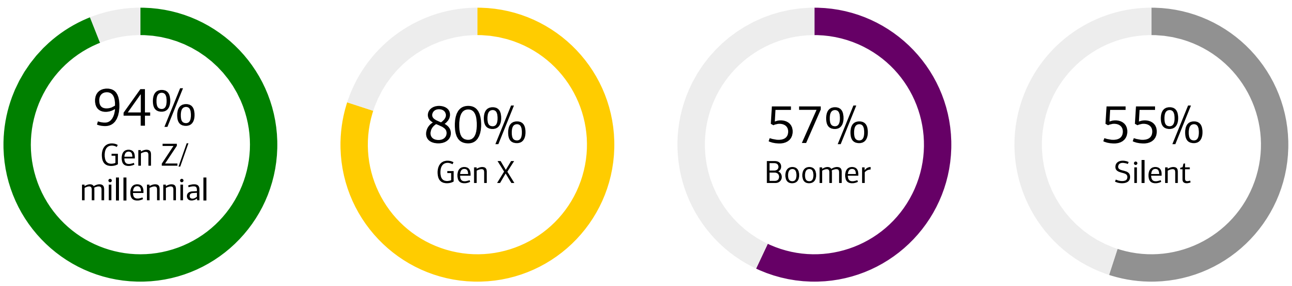
Likelihood to sell a piece in the next 12 months



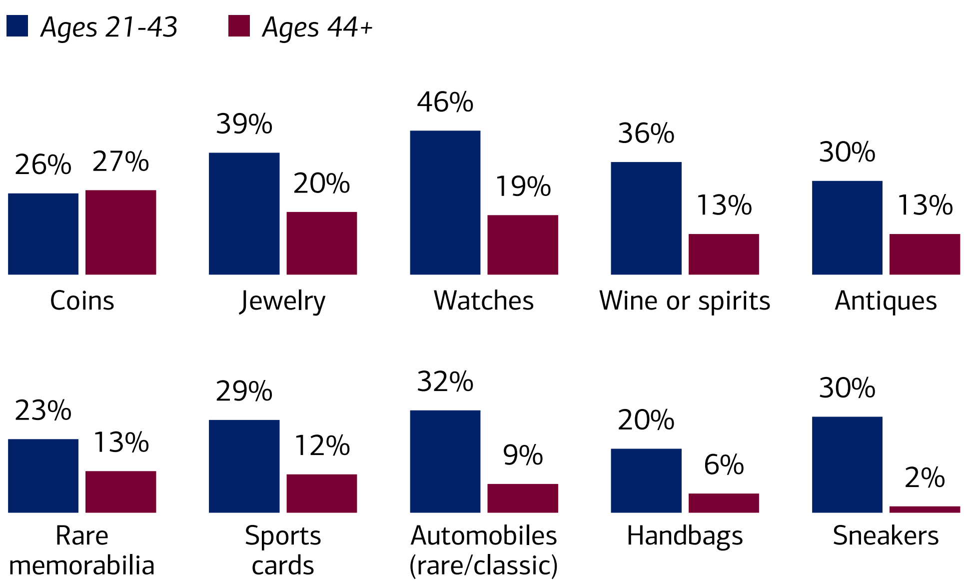
Younger people are even more enthusiastic about collectibles. 94% of Gen Z/millennials say they are interested in collectibles, with watches, jewelry and wine/spirits ranking at the top of their lists. They're also partial to rare automobiles, antiques and sneakers. Collectors of Gen X and older gravitate toward coins, jewelry and watches. The interest in collectibles declines with each successive generation.

Interest in collectibles is highest among the younger set

Are interested in collectibles



Interest by collectible type



Advisor relationships

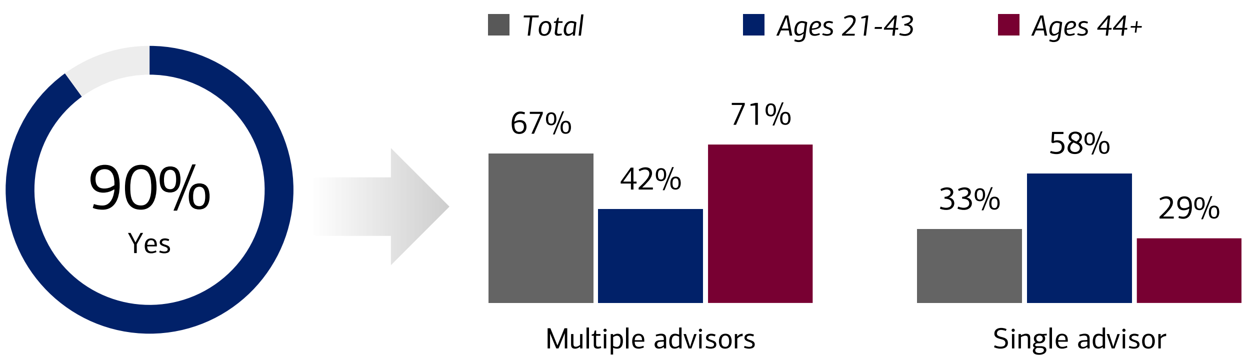
The common practice of using multiple advisors

Nine in 10 wealthy people have a financial advisor, and satisfaction levels are quite high with those relationships. Many wealthy people use multiple advisors to manage their investments and other financial affairs, including attorneys, accountants, financial planners and private bankers. The majority say they consider their financial advisor to be their "primary" advisor.

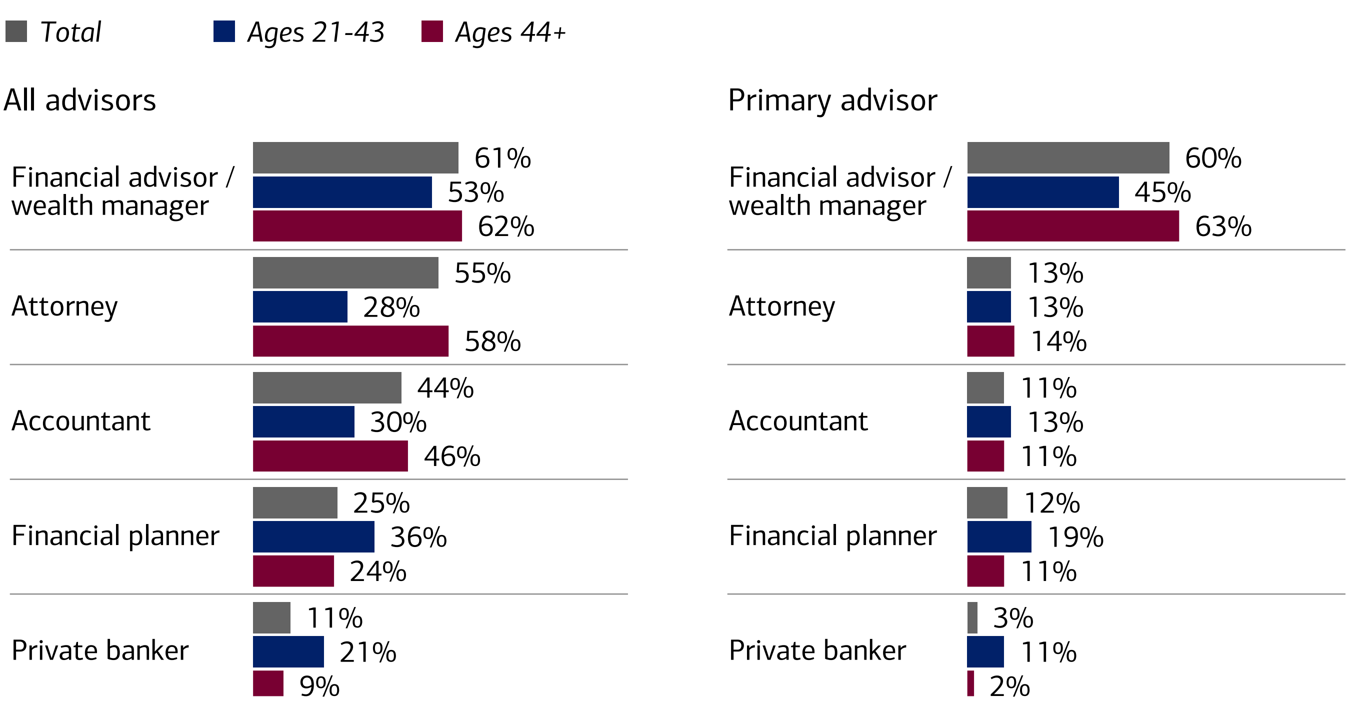
Legacy wealth people were much more likely to hire an advisor at a young age, while *head start* and *self-made* people sought advisors later in life, presumably as their wealth accumulated to more significant levels.

Nine in 10 have an advisor, with many using multiple advisors

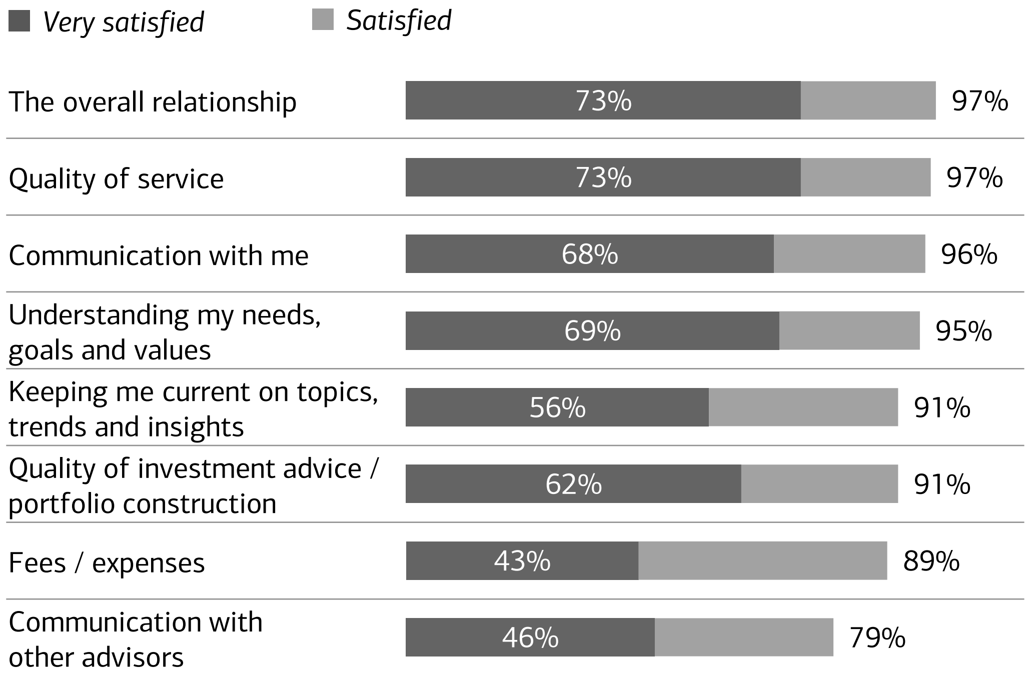
% who use advisors



Types of advisors used



Satisfaction with financial advisors is high



Nearly all wealthy people rate their advisor(s) highly. Yet there is some room for improvement; only about half, for instance, say they are "very satisfied" with their advisor's ability to keep them current on topics, trends and insights. Only 46% are highly satisfied with their financial advisor's communication with their other advisors - another opportunity to add value, given that the majority of wealthy people use multiple advisors.

Looking forward

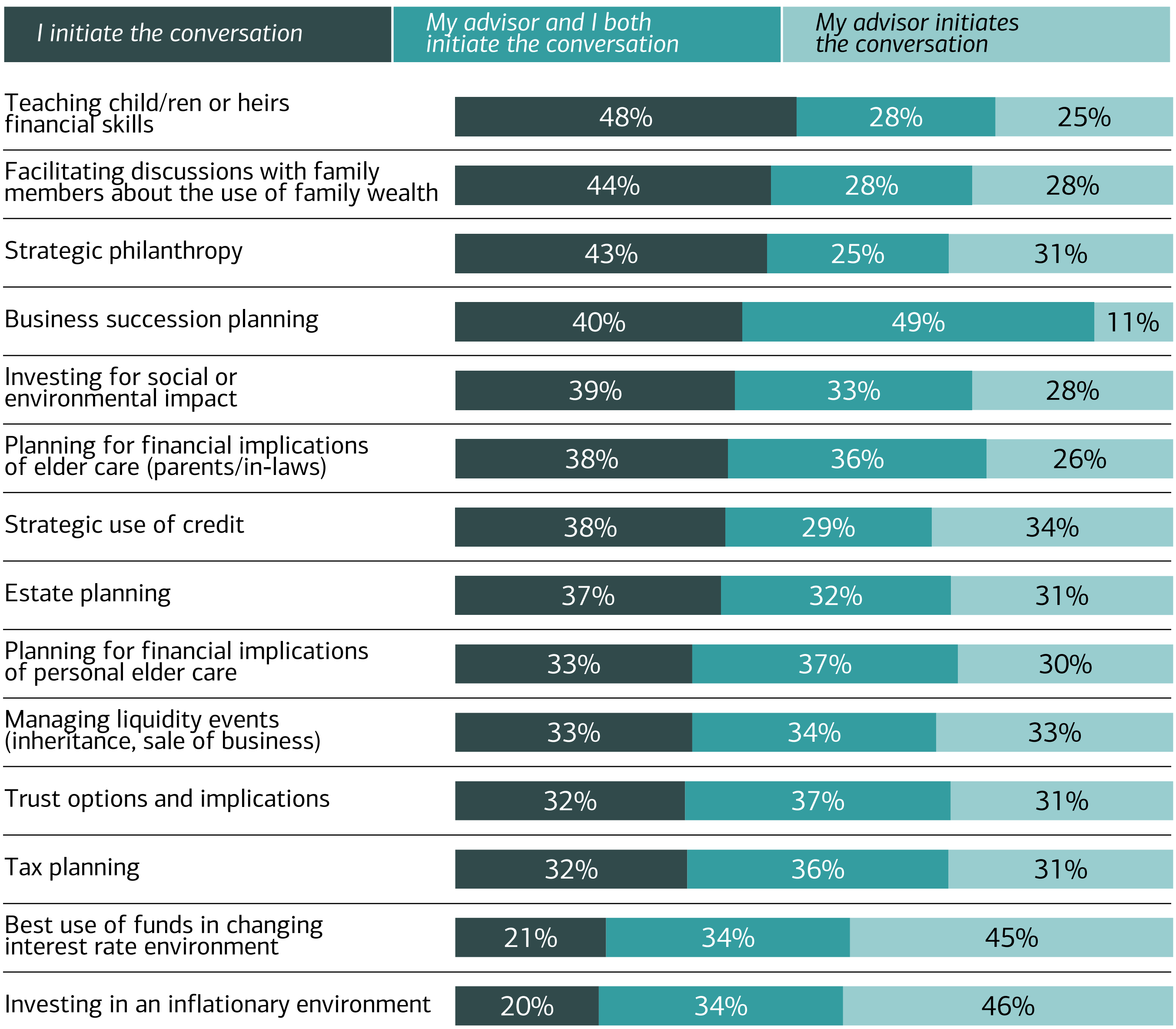
The continued importance of trust and guidance

As we take the pulse of viewpoints across the population of wealthy Americans, we see the evidence of the times – higher interest rates and elevated uncertainty leave their marks on financial choices and outlooks. We also see the ways that past experience shapes people's attitudes, both along generational lines and wealth-journey divides.

We also gained new insights into some of the challenges facing wealthy Americans. This year's survey included a number of new questions about the conflicts that wealthy families face, revealing the very human tensions that can lurk behind closed doors. From inheritance stresses to trustee burdens, there are headwinds and headaches around wealth decisions, for many.

Wealthy people seek more guidance on family issues from advisors

Initiating conversations



Indeed, wealthy families seek more guidance on family matters, issues that aren't helped by technical advice about investing or tax strategies. Nearly half say that they initiated conversations with their advisors about teaching financial skills to children or heirs. They also seek input on family discussions about wealth and planning for elder care, among other things. These family-oriented, often emotionally charged subjects are seemingly beyond the reaches of digital investment tools – and not always the norm for human advisors, either, who may tend toward addressing technical topics more readily.

The world of the wealthy is not one-size-fits all. The next gen presents views that are well-informed and confident, but they also lean toward different investment and estate-planning preferences than those who came before. All told, the current views of wealthy Americans suggest a need for both high-tech and high-touch support with continued emphasis on the importance of trust in relationships.

Investing involves risk. There is always the potential of losing money when you invest in securities. Asset allocation, diversification, and rebalancing do not ensure a profit or protect against loss in declining markets.

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