

How the richest generation in history is shaping up

By Kurt Maurillo, CFP® Partner, Managing Director

A change in the economic landscape is on the horizon, and it's closer than many people may think. According to *The Wealth Report*, a periodic report from global property consultant Knight Frank, millennials are about to become the richest generation in history. They are expected to inherit close to \$90 trillion – with a “t” – in the next two decades, from the silent generation and baby boomers.

This shift in wealth from prior generations is largely due to property or real estate inheritance, something that young people are less likely to see when working to build wealth in the future. The report states that low interest rates and significant increases in house prices over the past 15 years are unlikely to be repeated in the next 15 years. The following generation, Gen Z, may be more comfortable renting a home, leasing a vehicle and living a subscription lifestyle than prior generations.

Another reason millennials are garnering such high wealth is that we now have new ways to create it. There are YouTubers who are worth tens of millions of dollars along with millions being made by various other digital platform entrepreneurs. First-generation wealth creation is on the rise.

Despite this shiny outlook, the road to financial freedom for millennials does have its share of roadblocks. Many have struggled with a housing market that has been hard to tackle, a job market that has become increasingly competitive since the pandemic and remote work situations, and the weight of student loan debt. For example, according to a report compiled by Forbes, the student debt crisis has made it increasingly difficult for all age groups to get ahead, but especially for millennials who are averaging well over \$29,000 per borrower in loans. Also, anticipation of inheritance shows a gap in expectations, with many millennials expecting a greater inheritance than their boomer parents plan to leave them.

As mentioned earlier, this transfer of wealth will certainly benefit a lot of younger adults over the next several years. However, we need to keep in mind that it's the offspring of the wealthiest 10% who really stand to benefit over the next 20 years.

Nevertheless, 100% of millennials will want to make sure their money is being managed properly for their futures and the futures of their families. That's why financial professionals recommend consulting with an experienced, trusted wealth manager – regardless of whether an inheritance is \$1 or \$1 million, or whether your job pays five figures or six. Everyone has a financial goal in mind; sometimes, you just need a professional to help get you there.

About the Author

Kurt Maurillo, CFP® is a Partner and Managing Director of Clarity Wealth, a financial services practice that has built a heritage of managing the assets of affluent families for as many as four generations of wealth. The practice has offices in Naples and Fort Myers, Florida, and Pittsburgh, Pennsylvania.

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