FAMILY WEALTH TRANSFERS REPORT

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WEALTH-X

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Wealth-X and NFP Family Wealth Transfers Report

A NOTE TO OUR READERS

We at Wealth-X are pleased to present the inaugural edition of the Wealth-X and NFP Family Wealth Transfers Report. This report was compiled using our extensive and exclusive database of ultra high net worth (UHNW) individuals (defined as those with US$30 million or above in assets).

Wealth-X’s researchers and analysts in 13 offices across five continents have compiled and analysed data on the world’s UHNW population, with the aim of identifying when these individuals are likely to pass on their wealth to the next generation. How much of this wealth will be passed on and how it will be passed on. The report examines differences by regions and countries, evaluating how much family wealth transfers can cost and how important succession planning is.

The Wealth-X and NFP Family Wealth Transfers Report shows that the world’s current 211,275 UHNW individuals will pass on US$3 trillion of wealth to the next generation in the next three decades. As self-made UHNW baby boomers start passing on their wealth to their children, the importance of entrepreneurship and hard work will be put to the test. The report shows that self-made UHNW individuals will be responsible for the largest share of this upcoming wealth transfer. In the next 30 years, succession planning will become a key concern for this segment of the population.

The cost of succession planning can be very high, with tax rates reaching over 40%. However, the UHNW population is increasingly global—not only with respect to their leisure and vacation, but also with respect to their businesses. Relocations are already significant, and with the looming cost and complexity of wealth transfers, we expect to see more of such international movements.

This report highlights the significant and varied implications that such large wealth transfers will have. For example, US$300 billion of these transfers will take the shape of philanthropic bequests.

The Wealth-X and NFP Family Wealth Transfers Report is the definitive source for data, insights and trends related to the world’s wealthiest and the looming wave of wealth transfers.

INTRODUCTION BY NFP

Ensuring the Successful Transition of Global Ultra High Net Worth Wealth

The ultra high net worth (UHNW) population, which accounts for approximately US$70 trillion of the world’s total wealth, is on the verge of transferring an unprecedented amount of wealth over the next decade—US$4.1 trillion. The majority of those passing on their wealth are self-made individuals who consider themselves residents of a city, but citizens of the world. As they begin contemplating how to best transfer their values, businesses and estates onto their heirs, these global citizens, who live and work in multiple countries, will face significant hurdles to leaving their legacy of choice.

Research for this report shows that almost 58 percent of UHNW wealth is owned by those above 60 years of age. While these individuals and families have spent their lifetimes accumulating their wealth, they are just beginning to be exposed to the challenges of a successful transition of their assets and values.

Legislatively, many countries impose estate, inheritance and gift taxes on transfers of wealth. Because privately owned businesses comprise nearly 40 percent of the wealth to be transferred, the effects of legislative challenges must be considered for business continuation purposes. In addition, some countries impose rules on how estates must be disseminated to heirs.

On average, a UHNW family has 2.2 children, so for many families looking to preserve their legacy, determining how an estate will be distributed is paramount. It is also anticipated that US$86 billion will be donated to charities.

That planning can help address estate liquidity, a primary wealth transfer challenge. Proper planning must be undertaken to provide for taxes, estate equalization for beneficiaries, business continuity and bequests to charities. Fortunately, as age increases, so does the liquidity of an estate. Whether enough liquidity exists, through proper estate planning, will determine the lasting legacy.

This report clearly highlights the importance of early planning to ensure a smooth and successful wealth transfer to the next generation. Now is the time for UHNW individuals to make full use of the range of advisors, lawyers and estate planners available. Qualified global advisors can navigate the complex worldwide estate and tax planning challenges that global citizens face by constructing comprehensive solutions that are tailored to, and maximize liquidity for, multijurisdictional, multigenerational families.

By providing you with detailed research on what will be the largest wealth transfer in history, NFP, in partnership with Wealth-X, hopes to help educate those who strive to engage this unique wealth segment so that the fortunes and values of UHNW individuals can be passed on in the manner they intended.

Mykolas D. Rambut
Chief Executive Officer

David S. Friedman
President

Tomas A. Povedano
Chief Operating Officer
NFP Life

Bryan M. Schick, CPA, CGMA
President
NFP Life (BVI) Limited

*All data within this introduction is derived from Wealth-X’s Wealth-X and NFP Family Wealth Transfers Report, 2015. NFP Life is a platform of NFP Insurance Services, Inc., a subsidiary of NFP (BVI) Ltd. NFP is a subsidiary of NFP Insurance Services, Inc. NFP and its affiliate companies do not offer tax or legal advice. Wealth-X and NFP do not engage in the practice of law or the practice of accounting. NFP (BVI) Limited is not responsible for the accuracy of the information contained in this report.
Over the next 30 years, US$16 trillion of ultra high net worth (UHNW) wealth is expected to be transferred to the next generation, thereby creating a new crop of UHNW individuals.

Nearly 40% of this family wealth transfer, US$6 trillion, is due to come from the largest group of UHNW benefactors, who are located in the United States.

Wealth rises with age, and those UHNW individuals who are 80 years or older are worth five times more on average than those below 40 years of age – who have not yet made all of the wealth that they will ultimately transfer to the next generation.

Liquidity also rises with age, both in absolute and relative terms. 30% of the net worth of UHNW individuals who are expected to transfer their wealth is in liquid assets, allowing more flexibility for the next generation to invest and spend their inheritance as they wish.

There is US$6 trillion of wealth concentrated in the ownership of privately held businesses (companies whose stock is not publicly traded) that is also due to be transferred to the next generation. A significant number of heirs of UHNW individuals will not want to take over the responsibility of running these companies on a day-to-day basis, and this will lead to large opportunities for sales and public offerings of these companies, and ultimately to the release of even more cash for investments and spending by the next generation.

68% of those UHNW individuals passing on their wealth are self-made individuals. It is crucial that the first generation transmits their business ethos and values to prevent the proverb “shirtsleeves to shirtsleeves in three generations” from coming true.

The family wealth transfer will offer the opportunity for new ultra wealthy individuals to create more wealth than they initially received through entrepreneurial activities, and help transmit the original values and legacies even more successfully.

Philanthropic bequests will be a part of this transfer of wealth, with US$300 billion in charitable donations expected.

Without prior planning, UHNW individuals could lose up to half of their fortunes through inheritance taxes. Preparation is key, and insurance solutions are one of the most efficient ways to transfer wealth to the next generation.
There is a new phenomenon within the global ultra high net worth (UHNW) community: the world’s wealthiest individuals are approaching retirement, and are starting to implement their wealth succession plans. We are therefore entering a new and unprecedented era of global family wealth transfers and giving, against the backdrop of an expanding UHNW population and rising UHNW wealth. In this report, Wealth-X examines and explains data and trends on wealth succession globally and by region, and provides in-depth analysis on the world’s liquid and illiquid wealth transfer and its relevance for succession planning and the efficient protection of assets through insurance. Without prior planning, transferring wealth to the next generation could lose up to half of the fortune of an UHNW individual. The importance of preparing for wealth transfers cannot be overstated. The use of life insurance products helps give control back to the UHNW individual.

The average age of UHNW individuals is 59 and 57, for men and women respectively. As many of these individuals approach retirement and think about their legacies and wealth succession plans, a huge amount of wealth is set to change hands in the coming decades.

Within the next ten years, nearly 16,000 UHNW individuals with a combined net worth of over US$4.4 trillion will pass wealth to the next generation. Within the next 30 years, the total value of assets transferred down through generations is expected to reach nearly US$16 trillion. UHNW individuals in the United States, the largest country by UHNW population, will account for nearly 40% of this transfer. Less than 1% of global wealth is expected to be transferred in Africa, the smallest amount of any region. The report explores the impact of ageing UHNW populations by region and focus countries, and delves into its implications on taxes, philanthropy, private banking and family offices.

<table>
<thead>
<tr>
<th>Global Wealth Tiers</th>
</tr>
</thead>
<tbody>
<tr>
<td>WEALTH TIER</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>UHNW POPULATION</td>
</tr>
<tr>
<td>US$10 million - US$29 million</td>
</tr>
<tr>
<td>US$5 million - US$9.9 million</td>
</tr>
<tr>
<td>US$1 million - US$4.9 million</td>
</tr>
<tr>
<td>US$100,000 - US$999,000</td>
</tr>
<tr>
<td>US$10,000 - US$99,000</td>
</tr>
<tr>
<td>Below US$10,000</td>
</tr>
<tr>
<td>TOTAL</td>
</tr>
</tbody>
</table>

The world’s ultra high net worth (UHNW) population — made up of individuals with a net worth of US$30 million or more — grew to 211,235 individuals in 2014, with a combined wealth of US$29.7 trillion. These are record highs of both UHNW population and wealth, having risen 6.0% and 7.0% from the year before respectively.

The importance and influence of the world’s UHNW individuals is increasing across various industries — from wealth management to luxury and philanthropy. As UHNW individuals approach retirement and wealth succession plans are put in place, their priorities often shift towards securing enduring legacies. Philanthropic donations and bequests are a means of doing this, as they allow the success of the ultra wealthy to be shared across all wealth tiers.
In the last 20 years, the UHNW population and wealth have grown consistently with an average annual growth rate of 4.6% and 6.7% respectively. UHNW wealth has increased fourfold during this period, and the size of the UHNW population has expanded by more than 2.5 times.

Amidst this steady growth in terms of the total UHNW population size and UHNW wealth, the rise of self-made UHNW individuals in the past 20 years has been even stronger. Today, self-made individuals make up 64% of the world’s UHNW population and account for 60% of total UHNW wealth — US$18 trillion. Self-made individuals have managed to amass large fortunes thanks in part to the effects of globalisation, technology and deregulation, amongst other factors, enabling billions of dollars of wealth to be created in the matter of years, rather than decades. One notable example of this phenomenon is Mark Zuckerberg, CEO of Facebook, who had amassed a fortune of US$30 billion by the time he was 30 years old.
Whilst it is never too late to start conversations about wealth transfers, the UHNW population are nearly twice as old as the rest of the world, with an average age of 59 compared to the global average of 30. For billionaires, they are even older with an average age of 63. As the chart below shows, UHNW individuals in their 70s and 80s hold a disproportionate share of UHNW wealth, illustrating the fact that wealth does tend to increase with age.

The distribution of age and wealth for all UHNW individuals is as follows:

### UHNW Population

<table>
<thead>
<tr>
<th>Age Group</th>
<th>% Inherited</th>
<th>% Self-Made</th>
<th>% Inherited/Self-Made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 40</td>
<td>6%</td>
<td>4%</td>
<td>10%</td>
</tr>
<tr>
<td>40s</td>
<td>19%</td>
<td>15%</td>
<td>34%</td>
</tr>
<tr>
<td>50s</td>
<td>31%</td>
<td>24%</td>
<td>55%</td>
</tr>
<tr>
<td>60s</td>
<td>25%</td>
<td>26%</td>
<td>51%</td>
</tr>
<tr>
<td>70s</td>
<td>13%</td>
<td>18%</td>
<td>31%</td>
</tr>
<tr>
<td>Above 80</td>
<td>6%</td>
<td>13%</td>
<td>19%</td>
</tr>
</tbody>
</table>

58% of all UHNW wealth is held by those aged 60 and above, and a staggering 82% is held by those aged 50 and above. We can see a clear trend of wealth rising with age, and those UHNW individuals who are 80 years and older are three times wealthier than the youngest group of UHNW individuals.
However, UHNW individuals must factor in the potential cost of transferring their wealth to the next generation. Estate taxes in some developed countries can be as high as 40% or 50% of a UHNW individual’s net worth, and even greater than the 30% of liquid holdings those aged 80 and above typically hold. This means that, in some cases, other assets would potentially need to be sold to meet the high costs of inheritance taxes. In the United Kingdom, for example, where there are currently 11,510 UHNW individuals with more than US$1.4 trillion of combined wealth, the estate tax is 40%, meaning some core business holdings would also need to be sold to cover the costs entailed in transferring wealth. In the United States, estate taxes are also at 40% for those with more than US$5.34 million in assets in 2014, meaning that, unless fully prepared, UHNW individuals in the United States will have to use a large percentage of their wealth to cover inheritance taxes. There can also be further estate taxes levied by individual states with a top rate of 16%, many with lower exemption thresholds as well.

The use of life insurance products can create an efficient transfer of assets to the next generation, especially for those from more volatile regions in the world. There are solutions to wealth transfers designed specifically for international UHNW citizens. Due to this trend of wealth rising with age, the coming years will be an intensive period of family wealth transfers as there is a tremendous amount of wealth set to change hands within the ageing UHNW population.

The wealth transfer will consist of many different types of assets, and one of the largest and most important is liquid assets. Just as net worth increases with age, liquidity also increases — both in absolute terms and as a proportion of wealth. As UHNW individuals age, they tend to sell shares of their businesses to finance their children’s education, to make luxury acquisitions, or to diversify their assets. For those aged 80 and over, the average liquid holdings alone reach nearly US$100 million, more than three times the minimum threshold to become a UHNW individual.
The following section briefly outlines inheritance taxes in various countries around the world, and shows how much this can vary.

<table>
<thead>
<tr>
<th>Country</th>
<th>Total UHNW Wealth to be Transferred in Next 30 Years</th>
<th>Maximum Inheritance Tax Rate</th>
<th>Applicable to Assets Below</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>US$1,645 billion</td>
<td>50%</td>
<td>¥300,000,000 (US$2,900,000)</td>
</tr>
<tr>
<td>Germany</td>
<td>US$1,645 billion</td>
<td>50%</td>
<td>€6,000,000 (US$7,900,000)</td>
</tr>
<tr>
<td>United States</td>
<td>US$6,040 billion</td>
<td>40%</td>
<td>US$5.34 million</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>US$830 billion</td>
<td>40%</td>
<td>£325,000 (US$40,000)</td>
</tr>
<tr>
<td>Italy</td>
<td>US$175 billion</td>
<td>4-8%</td>
<td>€0 – €1,500,000 (US$1,980,000)</td>
</tr>
<tr>
<td>Brazil</td>
<td>US$560 billion</td>
<td>8%</td>
<td>R$20,000 – R$200,000 (US$90,000 – US$90,000)</td>
</tr>
<tr>
<td>China</td>
<td>US$425 billion</td>
<td>NONE</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>US$115 billion</td>
<td>NONE</td>
<td></td>
</tr>
</tbody>
</table>

*State taxes vary between 0% & 16%*
Leveraging Wealth-X’s proprietary database of dossiers on over 100,000 individuals, we have forecasted how much wealth is due to be transferred and how many UHNW individuals are likely to pass their wealth on to the next generation in the next 10, 20 and 30 years respectively. This wealth transfer forecast takes into account a multitude of factors such as age, geography, family relationships and life expectancy. All numbers are in 2014 US dollars. These figures are all based on the current wealth and population of UHNW individuals today, with future forecasts of the UHNW population kept separate and shown in the final section of the report.

Global Wealth Transfer

There is a significant amount of wealth expected to change hands: US$4.1 trillion in the next ten years and US$16 trillion within the next 30 years. The pace of this wealth transfer and the number of UHNW individuals transferring their wealth to the next generation will increase each decade, as most UHNW individuals today are not yet ready to pass on their wealth within the next 10 years. Half of the world’s UHNW individuals today are expected to transfer their wealth in the next 30 years. The average age of those transferring their wealth is considerably higher, as expected, at 71 years compared to 59 years for all UHNW individuals. This also reflects longer life expectancy, which delays when wealth transfers are expected to occur.

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There are fewer women passing on their wealth as a proportion of the UHNW population, largely due to the younger average age of female UHNW individuals of 57 years, compared to 59 for men. Whilst women make up 13% of the world’s UHNW population, they account for only 8% of those who will transfer their wealth over the next three decades.

Self-made individuals comprise 68% of the UHNW population that is expected to pass their fortunes on. Arguably the most difficult family wealth transfer is from the first generation to the second; without properly transmitting the values and desired outcomes for the money, the business principles that led to the wealth generation can be lost, leading to a corresponding fall in the wealth itself. Successfully passing on not only the wealth, but also the values and intentions of the original wealth creator is crucial, and is an important function estate planners can perform.

In the next section, the profile of an average UHNW individual today is compared with the sub group of UHNW individuals who are expected to transfer their wealth in the next 30 years. This group accounts for half of all the world’s UHNW individuals, but is both older and wealthier.
Looking at the value of UHNW liquid assets today, we expect nearly US$5 trillion in liquid assets to be passed on to the next generation within the next 30 years. This will create more freedom and independence for the next generation to invest and spend their inherited liquid assets as they see fit, without impacting their primary business holdings.

Cash holdings should be optimised for their efficiency during a transfer to the next generation. The use of insurance and other specifically designed products can help ensure this cash is held in optimal assets.

To put the size of this cash only component in context, the US$4.6 trillion that UHNW individuals are due to pass on is large enough to purchase Apple Inc., the most valuable company in the world, seven times over. This could all be done without having to sell any non-cash holdings.

For some of those individuals inheriting their wealth, this will also be the first time they have had to actively engage with a wealth manager themselves, creating opportunities for private banks and wealth managers. For those set to inherit money and who already have a relationship with an existing wealth manager, many may see this as an opportunity to change their service providers. This is for many of the same reasons as them not wanting to take over their parents’ company; changing private banks or wealth managers is a chance for them to assert their independence and make their own mark on the family fortune.

Private holdings form the largest component of the net worth of UHNW individuals set to transfer their wealth. This presents a US$6 trillion dollar opportunity for banks, not all children of ultra wealthy individuals will want to continue to run their family companies, and so many of these children will then seek an exit from these businesses, most of which are associated to first generation wealth.

The reasons for children not wishing to take over their parents’ company are myriad but may include: the desire for independence and the opportunity to create their own careers and accomplishments, an interest and passion in a different industry, or a possible lack of the skills or experience required to run an organisation on their own.

As a result of this, it is likely there will be an increase in both UHNW individuals’ liquid holdings and public assets in the coming years, with a corresponding fall in privately held wealth. The alternative assets include real estate and luxury holdings, and are likely to rise after the wealth transfer has occurred. This is because many of the current generation of UHNW individuals are self-made, and in general they tend to be less extravagant with their wealth than their children who grow up with wealth.

The saying “shirtsleeves to shirtsleeves in three generations” refers to this; the first generation creates the wealth, the second generation preserves it, and the third generation loses it. Whilst this may be just a traditional proverb, there are numerous examples to support it, and it highlights the importance of successful wealth management, advisors and family officers to ensure this does not come true for the next generation.

Without careful planning and preparation, forced heirship and family disagreements can complicate a successful transfer of wealth to the next generation. The use of bespoke solutions will help transmit the assets of the UHNW individual exactly as they wished, allowing them to control their legacy.

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North America is expected to be the source of the largest transfer of UHNW wealth in the next 30 years, in both absolute and relative terms. 62% of North America’s UHNW wealth, equal to US$6,350 billion, will change hands in the next 30 years. Africa and Asia are set to have the lowest proportion of its current UHNW wealth change hands in the next 30 years, at 43%. On both the 10-year and 20-year horizons, Africa will have the lowest share of its UHNW wealth changing hands, reflecting the fact that much of African UHNW wealth is held by younger individuals.

In the next 10 years, Latin America is expected to transfer the highest proportion of its wealth at 17%, equal to US$380 billion. This is a higher proportion than Africa is expected to pass on in the next 20 years, highlighting the large variances in age and wealth in the two regions.
UHNW WEALTH TRANSFERS ACROSS REGIONS

North America’s US$6,350 billion of wealth expected to be handed down in the next 30 years represents 40% of the global total. In terms of global UHNW wealth, North America holds 35% of the total; this slightly higher amount being passed down to the next generation reflects the fact that North America’s UHNW population is older.

Surprisingly, the wealth transfer in Europe is expected to be smaller than that of North America in both absolute and relative terms. Europe already has a higher proportion of inherited wealth, with 45% of Europe’s UHNW individuals fully or partially inheriting their wealth compared to only 25% in North America. This reflects the fact that a large portion of wealth in Europe has already changed hands to the next generation — a phenomenon that we can expect to occur in many of the other regions around the globe in the coming years.

In the next 20 years, Asia’s UHNW population and wealth are expected to grow to become the largest in the world. This indicates how much younger Asia’s UHNW population is, and consequently the region will see a wealth transfer of less than half that of North America in the next 20 years. Whilst we expect Asia to be at the centre of wealth creation in the coming decades, it will still take a long time for the impact of this to affect wealth transfers to the next generation in the region.

UHNW individuals from all regions should already be planning how they will successfully transfer their wealth to the next generation. The use of specialised insurance products, especially for those from more volatile regions of the world, is one of the most efficient ways of doing this.
Surprisingly, three Asian countries are in the top five with UHNW individuals in Malaysia, Taiwan, and Japan all expected to hand over at least seventy percent of their wealth to the next generation in the next 30 years. This is partly due to the fact that in each of these countries some of the wealthiest billionaires are already in their 70s or 80s, and this has a disproportionate impact on the whole country.

Of these top ten countries by proportion of wealth changing hands, Germany and Japan have by far the largest expected transfer in absolute dollar terms, each equal to US$1.6 trillion, nearly three times larger than third-placed Brazil’s US$560 billion expected wealth transfer.
Some countries have estate taxes that can be as large as 40 to 50% of an UHNW individual’s total net worth. This would likely be the single largest cost a UHNW individual faces, even compared to luxury purchases such as superyachts and private jets. UHNW individuals who purchase superyachts typically spend no more than 10% of their net worth on these vessels, yet even when factoring in the maintenance costs that can often equal the initial spend of a yacht, the cost of a wealth transfer could potentially be twice as large. Indeed, efficiently managing any estate taxes is imperative to ensure the preservation of wealth for future generations.

The use of insurance products can ensure that UHNW individuals have greater control of how their wealth is passed on to the next generation. This can reduce many risks associated with wealth transfers, such as the aforementioned inheritance tax, as well as sovereign risks and currency exposures. This is especially true for ultra wealthy individuals from more volatile regions, and also allows for the UHNW individuals to create their legacy more directly.

Another method of transferring wealth could also be through the use of second citizenship schemes. These offer a way for UHNW individuals to benefit from different resident and visa programs in various countries that are aimed specifically at the ultra affluent. For as little as $250,000, one can gain residence in the likes of Bulgaria, Cyprus, the United Kingdom or the United States. There are varying requirements for each country, but for some UHNW individuals who wish to pass on as much of their wealth as possible to their heirs this may be an efficient way of doing so.

The cost of all of these second citizenship programs are within reach of nearly all wealthy individuals, totaling as little as 0.1 percent of the average UHNW individual’s net worth, or 0.5 percent of their liquid assets. This could translate into savings of millions of dollars for UHNW individuals from countries with high estate taxes, and ensures that some of these second citizenship schemes will pay for themselves many times over.

There are other benefits of a second residence or citizenship such as greater stability and security, ease of travel, higher standard of living, increased options for children’s education, and investment opportunities that may not otherwise be available — to name but a few. Particularly for wealthy individuals from more troubled countries, the non-financial benefits of participating in such a program often outweigh the purely financial gains of seeking a global citizenship.

The use of life insurance products and gaining a second citizenship are not direct substitutes, and many UHNW individuals choose to utilise both options. This will have benefits beyond efficient wealth transfers, and the greater peace of mind can be very desirable for the ultra wealthy.

### Countries with the Lowest Expected Wealth Transfers as Proportion of UHNW Wealth in the Next 30 Years

<table>
<thead>
<tr>
<th>RANK</th>
<th>COUNTRY</th>
<th>EXPECTED WEALTH TRANSFERS US$ billion</th>
<th>PROPORTION OF TOTAL UHNW WEALTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RUSSIA</td>
<td>115</td>
<td>18%</td>
</tr>
<tr>
<td>2</td>
<td>CHINA</td>
<td>425</td>
<td>27%</td>
</tr>
<tr>
<td>3</td>
<td>NIGERIA</td>
<td>30</td>
<td>33%</td>
</tr>
<tr>
<td>4</td>
<td>INDIA</td>
<td>410</td>
<td>40%</td>
</tr>
<tr>
<td>5</td>
<td>SAUDI ARABIA</td>
<td>155</td>
<td>48%</td>
</tr>
</tbody>
</table>

Russia has by far the lowest proportion of its UHNW wealth expected to change hands in the next 30 years, at only 18% of the country’s total UHNW wealth. This is largely due to the relative youth of Russia’s billionaires — at only 52 years old, they are amongst the youngest in the world — and billionaires having an outsized influence on Russia’s total UHNW wealth. With all of these countries on the list being at in the early stages of their wealth creation — for example, with a heavy emphasis on natural resources rather than technology — it will still take time for the full impact of their wealth transfers to be felt.
Over the next 30 years, philanthropic donations by the global UHNW population are expected to total approximately US$300 billion (in 2014 US$). North American UHNW individuals will constitute the majority (57%) of pledges. Europe comes in second, constituting 18% of total giving, followed closely by Asia at 17%.

Despite the continued dominance of North American philanthropists, the philanthropic landscape is changing. As wealth creation shifts from the West to the East, Asian UHNW individuals are also becoming more aware of the importance and implications of giving back to society. Asian billionaires who have signed up the Giving Pledge, such as Vincent Tan and Azim Premji, may become role models for a new generation of philanthropically-minded Asian UHNW individuals. This trend of increased philanthropic activity in emerging markets could be beneficial in that it reduces inequality between nations and raises awareness of social problems.

The expected family wealth transfers set to occur over the next thirty years is also likely to result in large philanthropic bequests. The following projections are for philanthropic gifts made as part of the wealth transfer between generations, and do not take into account the other charitable donations made by UHNW individuals over the course of their lifetimes.

<table>
<thead>
<tr>
<th>RANK</th>
<th>WITHIN THE NEXT 10 YEARS US$ billion</th>
<th>WITHIN THE NEXT 20 YEARS US$ billion</th>
<th>WITHIN THE NEXT 30 YEARS US$ billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORTH AMERICA</td>
<td>45</td>
<td>100</td>
<td>170</td>
</tr>
<tr>
<td>EUROPE</td>
<td>20</td>
<td>35</td>
<td>55</td>
</tr>
<tr>
<td>ASIA</td>
<td>13</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>OCEANIA</td>
<td>6</td>
<td>11</td>
<td>17</td>
</tr>
<tr>
<td>MIDDLE-EAST</td>
<td>1.9</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>LATIN AMERICA</td>
<td>0.2</td>
<td>0.3</td>
<td>0.6</td>
</tr>
<tr>
<td>AFRICA</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
</tr>
<tr>
<td>WORLD</td>
<td>86</td>
<td>180</td>
<td>299</td>
</tr>
</tbody>
</table>

Modern philanthropy for UHNW individuals often involves more than merely pledging funds and instead requires a more hands-on and holistic approach to philanthropic giving. This reduces the significance of bequests, as a large portion of these donations are made over the course of a lifetime, and helps to ensure that the gifts made are what the original UHNW individual desires.

However, ensuring a lasting legacy remains one of the primary aims of UHNW individuals later in their lives. Early succession planning can ensure that legacies are implemented and values are successfully transmitted to the next generation and society. Just as with passing on wealth from one generation to the next, passing on philanthropic beliefs is an important part of the legacy of a UHNW family.
THE FUTURE OF UHNW INDIVIDUALS

Our estimates of wealth transfers to the next generation are based on the UHNW population today. However, with such a dynamic group, we expect to see constant fluctuations in both the population and total wealth of the world’s UHNW individuals. Wealth-X forecasts the total UHNW population until 2040, painting a picture of what the future UHNW landscape will look like.

Within the UHNW population, the fastest growing wealth tiers are expected to be those at the top and the bottom: the billionaires and those worth US$30–US$50 million. For the billionaires, the financial gains from early succession planning can amount to billions themselves, highlighting the importance of formulating a wealth transfer plan as early as possible. We expect the size of the population of female UHNW individuals to grow faster than that of their male counterparts, and the self-made female UHNW population to grow at an even more rapid clip. This will ultimately change the wealth source dynamics, as self-made UHNW women are currently a minority. At the moment, only 34% of female UHNW individuals are self-made, and this is expected to rise to 55% by 2040, thanks to increased entrepreneurship from women all over the world. There are also UHNW female individuals who will inherit some of their wealth, and then create even more themselves, many of whom will have initially benefitted from the wealth transfer described above. These two trends together bode positively for future wealth creation by UHNW women.

Overall, there are trillions of dollars of wealth set to both be created by current and future UHNW individuals and transferred to the next generation. As mentioned throughout the report, an ultra wealthy individual should prepare as early as possible to ensure a successful and efficient transfer of wealth. We remain confident that as the ultra wealthy continue to create, grow and pass on their fortunes, they will have a profound impact on the world in the decades to come.
ABOUT WEALTH-X

Wealth-X is the world’s leading ultra high net worth (UHNW) intelligence and prospecting firm with the largest collection of curated research on UHNW individuals, defined as those with net assets of US$30 million and above. The firm’s Wealth-X Professional solution is the standard for financial institutions, not-for-profit organisations and luxury brands working with the ultra affluent.

Headquartered in Singapore, Wealth-X has 13 offices on five continents.

press@wealthx.com

ABOUT NFP

National Financial Partners Corp. (NFP), along with its benefits, property & casualty and life insurance, and wealth management businesses, provides diversified advisory and brokerage services to companies and high net worth individuals.

NFP operates in three business segments. The Corporate Client Group provides corporate and executive benefits, property and casualty insurance, and retirement plans. The Individual Client Group provides retail and wholesale life insurance brokerage and wealth management advisory services. Advisor Services Group supports independent financial advisors by offering broker/dealer and asset management products and services.

Most recently, NFP was ranked by Business Insurance as the 5th-largest benefits broker by global revenue, 4th-largest U.S.-based privately owned broker and 11th-largest Broker of U.S. Business. Plan Sponsor has named NFP the 5th-largest executive benefits provider of nonqualified deferred compensation plans by number of plans. The company also operates a top 10 independentbroker/dealer as ranked by wealthmanagement.com.