

The Talk: Changing the Wealth Management Conversation with your Kids

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Conversations about investing and wealth management with today's Gen Xers, Millennials, and Gen Zs can be very different than with earlier generations. These younger generations came of age in a time of great change and turmoil. They want to see solutions to today's issues and leave a positive impact on the world, while also being involved throughout the process. In addition to the typical concerns about risk, asset allocation, estate planning, and taxes, they are also concerned about social and environmental impact and how they can directly influence systemic change to leave a positive legacy. Young people believe they can align their investments with their values without sacrificing performance, and evidence suggests they may be right. Since 1990, a leading social index (MSCIKLD 400) returned an average annual total return of 10.46 percent, compared with the S&P 500's 9.93 percent total return during the same period.¹

As baby boomers age into retirement, \$59 trillion dollars nationally (up to \$3.9 trillion dollars in the Greater Boston area) will transfer into the hands of younger family members by 2061.² Many experts see this change of

hands as the biggest wealth transfer in history from one generation to the next. Those on the receiving end of this handover of assets—Gen Xers, Millennials, and Gen Zs—will find themselves seeking financial advice and guidance on how to manage and grow these funds. They have a different perspective than previous generations on how they want their money managed and what they see as success. Young people seek advice on how to handle their wealth in a way that is not only effective financially, but also incorporates their ideals to influence positive change. They strive for success financially and philanthropically. Investment conversations include as much focus on risk/return metrics as they do on social and environmental considerations and impacts.

Cambridge Trust Company recognizes the growing need of young people to achieve both financial and social returns. We listen to our clients to understand their values and get to know what matters to them. This helps us determine which financial vehicles are most appropriate for achieving financial goals, while also respecting the ideals of our clients. Whether it's establishing a family foundation,

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designating a nonprofit or charity as a beneficiary of their estate, or investing in a sustainable and responsible investment strategy, we can advise them on their options. As active members of the community, our Wealth Management Team understands how

people can get involved at different levels to create positive change. At Cambridge Trust Company, we bring broad experience and deep resources as we engage clients and their families to help them align their financial objectives with their personal values.

¹ Jennifer Openshaw, "Socially responsible' investing has beaten the S&P 500 for decades," MarketWatch, May 26, 2015.

² John J. Havens and Paul G. Schervish, Boston College Center on Wealth and Philanthropy, A Golden Age of Philanthropy Still Beckons: National Wealth Transfer and Potential for Philanthropy Technical Report, May 28, 2014.

John J. Havens and Paul G. Schervish, Boston College Center on Wealth and Philanthropy, The Transfer of Wealth in Greater Boston: The Toll of the Recession and Prospects for the Future, March 2013.

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