

## PRESS RELEASE

### **Younger Canadians Relying On “Great Wealth Transfer” To Achieve Financial Goals But Expectations May Not Match Reality: Vanguard Study**

TORONTO (DECEMBER 5, 2024) — A new Vanguard Canada survey revealed that the “great wealth transfer” of \$1 trillion from boomer parents to their millennial children, may be a disappointment for many investors.

Inflation and escalating living costs are forcing younger investors to rely on an inheritance, with 34% of those aged 18-34 stating that an inheritance will be crucial to meeting their goals and 61% indicating an inheritance will be important to achieve their investing targets.

But there is a sizable generational gap in expectations around wealth transfer. The study found that about one-third of respondents (or 31%) currently do not expect to or are unsure about leaving an inheritance at all, despite half (49%) acknowledging that an inheritance is essential for their children’s financial future. Ironically, while 57% of investors under the age of 35 expect to receive or have received an inheritance, about four-in-ten (39%) don’t believe it will be important to pass on their assets.

“Canadians of both generations, from boomers to millennials, are feeling the pressure of inflation and the rising cost of living, and this impacts the transfer of wealth,” said Mario Cianfarani, Head of Sales and Distribution, Vanguard Investment Canada Inc. “This is a difficult conversation for many people and expectations may not match reality. A financial advisor can help navigate this tricky discussion with the whole family to ensure a more seamless transition.”

Older investors, those over the age of 55, also face increasing pressures that may complicate wealth transfer planning. Over one-third (35%) express concern about needing their assets later in life, whether for unexpected healthcare costs, prolonged retirement needs, or simply to manage the rising cost of living. A quarter (25%) also anticipate needing to rely on their home for retirement income, which adds another layer of complexity.

While older investors recognize the importance of inheritance, wealth transfer planning is often not a priority. One-quarter of all respondents over the age of 55 currently have no plan for how they will transfer their wealth, while 31% of them have discussed the transfer with the recipients and only 15% are working with a financial advisor to facilitate this process.

The survey underscores the role of financial planning in easing future uncertainties related to estate planning. While 48% of respondents have some form of financial plan, only 32% include wealth transfer in those plans, potentially leading to unmet expectations for younger generations. Investors using a financial advisor report more optimism about their financial future, with 83% stating that their advisor has positively impacted their outlook.

For financial advisors, failing to include the whole family in estate planning discussions can jeopardize their client relationships. Studies have shown that 70% of women will leave their financial advisor within one year of the death of a spouse and 66% of children will change their financial advisor shortly after receiving an inheritance.<sup>1</sup>

“The survey findings reveal a clear need for more structured wealth transfer planning but it goes beyond just transferring assets. The advisor needs to prepare their clients for this transfer,” Cianfarani added.

“We find that lack of communication and trust is the number one reason why families fail to maintain wealth during an asset transfer. Part of the value advisors bring to their clients is helping them facilitate these conversations and this has a long-term positive impact across the entire family.”

<sup>1</sup> Source: 2019 Accenture and IIROC Study, *Enabling the Evolution of Advice in Canada*

## **About Vanguard**

Canadians own CAD \$117 billion in Vanguard assets, including Canadian and U.S.-domiciled ETFs and Canadian mutual funds. Vanguard Investments Canada Inc. manages CAD \$87 billion in assets (as of September 30, 2024) with 38 Canadian ETFs and six mutual funds currently available. The Vanguard Group, Inc. is one of the world's largest investment management companies and a leading provider of company-sponsored retirement plan services. Vanguard manages USD \$10.1 trillion (CAD \$14 trillion) in global assets, including over USD \$3.1 trillion (CAD \$4.3 trillion) in global ETF assets (as of September 30, 2024). Vanguard has offices in the United States, Canada, Mexico, Europe and Australia. The firm offers 426 funds, including ETFs, to its more than 50 million investors worldwide.

Vanguard operates under a unique operating structure. Unlike firms that are publicly held or owned by a small group of individuals, The Vanguard Group, Inc. is owned by Vanguard's U.S.-domiciled funds and ETFs. Those funds, in turn, are owned by Vanguard clients. This unique mutual structure aligns Vanguard interests with those of its investors and drives the culture, philosophy, and policies throughout the Vanguard organization worldwide. As a result, Canadian investors benefit from Vanguard's stability and experience, low-cost investing, and client focus. For more information, please visit [vanguard.ca](https://vanguard.ca).

## **About the Vanguard-Angus Reid Survey:**

These are the findings of a study/survey conducted by Angus Reid group for Vanguard from March 21<sup>st</sup> to March 28<sup>th</sup>, 2024, among a representative sample of 1307 Canadian Investors who are members of the Angus Reid Forum. The survey was conducted in English and French. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- **2.7 percentage** points, 19 times out of 20.

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