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Family Engagement Critical to Financial Success for Wealthy Americans, According to SEI Survey

Lack of Communication, Information-Sharing Creates Significant Hurdles

OAKS, PA -- (Marketwired) -- 11/12/15 -- New data released today by SEI (NASDAQ: SEIC) reveals that lack of engagement is one of the biggest challenges facing high net worth Americans with regard to family wealth. Notably, family financial disputes are among the biggest hurdles to achieving financial goals and young family members are in the dark when it comes to understanding and managing the wealth they will eventually inherit. The report, *Algorithms of Wealth: Family*, also reveals that a significant portion of survey participants lack confidence about their plan for passing along wealth.

"Our survey uncovered an alarming lack of communication within wealthy American families," said Michael Farrell, Managing Director, SEI Private Wealth Management. "Despite viewing the family as an important financial sounding board and being anxious about successfully passing wealth to future generations, high net worth individuals are not consistently engaging with their family members on the topic of wealth. The survey results highlight the importance of a collaborative boardroom approach to wealth management."

Family Friction

Nearly half (46 percent) of survey participants said they would rank disputes with family over financial strategy as a top factor in holding them back from reaching their wealth goals. While the assumption might be that communication leads to friction, it is a lack of clear, consistent communication that results in these disputes.

"When wealthy families only convene and communicate regarding finances when an important decision must be made, disagreements follow," continued Farrell. "While this might motivate some to involve family even less frequently in these discussions, it is a sign that there isn't enough consistent family engagement. Family should be involved in nearly every step of wealth management, from setting goals to weighing in on major decisions. This engagement also helps underscore family values for the next generation and not strictly the value of a family's wealth."

Despite family clashes, 21 percent of respondents reported being most confident about financial decisions when relying on family members for advice. Yet nearly the same amount

(20 percent) feel most confident when relying on their own intuition. Forty-three percent are most confident following the advice of a wealth manager. Millennial confidence, however, sits in relatively stark contrast to that of their peers. Forty percent of this group are most confident about their wealth choices when relying on family for advice. Only 10 percent rely on their own intuition and 38 percent are most confident when following the advice of a wealth manager.

Farrell added, "The best financial decisions are made with input from family and trusted advisors as well as relying on personal intuition and knowledge. Balanced participation results in better communication practices and a more successful approach to wealth management."

Children in the Dark

Algorithms of Wealth: Family also revealed that beyond automatic distribution between respondents and their spouses, successful individuals anticipate distributing 74 percent of inheritance to the next two generations, with children receiving 65 percent and grandchildren receiving 9 percent. With the survey participants averaging $18 million in financial assets, upcoming generations are slated to inherit significant wealth. However, an overwhelming 81 percent of heirs do not know how much wealth they will inherit.

"There's a tendency to leave kids out of important financial discussions and delay their involvement until they are adults," said Jeff Ladouceur, Director, SEI Private Wealth Management. "Not only does this prevent them from getting a line of sight into their financial future, it also keeps them from valuable experiential learning. The earlier children are exposed to the decisions and considerations surrounding wealth, the stronger the foundation of their financial knowledge."

When it comes to preparing the next generation for a wealth transfer, there is a significant lack of strategy among the ultra-wealthy in America. Eighty-one percent of respondents reported that their children do not participate in any formal training or education efforts to ensure they are prepared for the responsibility of the wealth they will inherit. Further, most respondents (61 percent) believe 20 or older is the appropriate age for children to have a decision-making role on the strategic goals and investments of the family wealth; only 9 percent believe that under the age of 15 is appropriate.

Purposeful Planning

Perhaps as a result of uncertainty caused by lack of communication, more than a quarter (28 percent) of respondents are not confident they have the appropriate investment plan in place to ensure a successful wealth transition to the next generation. In fact, women are significantly more skeptical about financial plans than men. One-third (33 percent) of women are not confident they have the right plan in place, compared with only 24 percent of men.

"The disparity in confidence between men and women stresses the importance of partners getting on the same page and collaborating on financial plans from day one," said Ladouceur. "This is where wealthy families need to focus on intent over technique. It's never too late to sit down and more clearly define specific, unique wealth goals tailored to the family's priorities."

This is the eighth assessment looking at the issues facing ultra-high-net-worth investors that SEI and Scorpio Partnership have co-led since 2011. The full *Algorithms of Wealth: Family* report can be viewed here. The next in the series of "Algorithms of Wealth" reports will focus on the survey of America's wealthiest with an emphasis on financial behaviors and decisions regarding community and philanthropy.

Methodology
The "Algorithms of Wealth" digital survey was conducted among 275 UHNW individuals. The average total financial assets of the individual respondents were $18 million.

About SEI Private Wealth Management
SEI Private Wealth Management provides clarity into the complex issues faced by individuals and families so they can make better decisions for themselves, their families, and their communities. In September 2011, SEI Private Wealth Management, formerly the SEI Wealth Network, was named to the National Association of Board Certified Advisory Practices' (NABCAP) Premier Advisor list, published by the *Philadelphia Business Journal.* SEI Private Wealth Management is an umbrella name for various life and wealth advisory services provided by SEI Investments Management Corporation (SIMC). SIMC is a subsidiary of SEI. For more information about SEI Private Wealth Management, visit seic.com/privatewealth.

About SEI
SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of September 30, 2015, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $638 billion in mutual fund and pooled or separately managed assets, including $245 billion in assets under management and $393 billion in client assets under administration. For more information, visit seic.com.

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