Proving Worth
The Values of Affluent Millennials in North America

The OppenheimerFunds/Campden Wealth Research
UHNW Millennials
Research Report 2015
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Foreword

Dear Reader,

A seismic generational and demographic shift is underway. Seventy-seven million members of the “Millennial” generation, those born between 1980 and 1995, have entered adulthood. These young adults are already having a profound impact on all aspects of our society, from culture to technology to politics, and are reshaping the world around us as profoundly as did the generations that came before.

While much has been written about the general attitudes, beliefs and habits of Millennials, Campden Wealth and OppenheimerFunds have partnered to examine this important generation through a different lens, with particular focus on understanding the needs and intentions of the next generation of wealthy families in North America.

The Proving Worth study is the first to focus specifically on the unique, and in some cases, divergent perspectives of ultra-high-net-worth Millennials. Our research reveals some attitudes held in common with the broader group of their generational peers, along with some notable differences. The Millennials we spoke to share an undeniable commitment to philanthropy, paired with a strong desire to preserve wealth for future generations, while at the same time creating a lasting and positive impact on the world.

We would like to thank the participants of this study for their candor and willingness to share their perspective on these topics. We would also like to thank our partners at Campden Wealth for their thoughtful analysis and presentation of this important research.

At OppenheimerFunds, understanding the forces driving change in the world and preparing for their long-term ramifications are at the core of who we are as investors. With that in mind, we are pleased to present this study.

We trust you will enjoy hearing what this dynamic generation has to say and are grateful for the opportunity to share these valuable insights with you.

Sincerely,

Ned Dane
Senior Vice President
Head of Private Client Group
OppenheimerFunds
Dear Reader,

It has been a great pleasure to partner with OppenheimerFunds on such an exciting and groundbreaking study of the attitudes, behaviors and opinions of a truly unique group of individuals—North American ultra-high net worth (UHNW) Millennials.

Much has been observed and inferred about the generation that grew up during the birth of the internet and in the midst of world-changing events such as the global financial crisis. But, until now, what has been substantially lacking from the debate has been rigorous research into how Millennials of wealth are different to other generations, and why this is the case.

As their Millennial scions rapidly come of age, there is a pressing need for families of wealth and family businesses to better understand this next generation of wealth holders. What motivates them? How do they interact with the family portfolio? How will they manage their wealth when the mantle is inevitably passed to them? These are the questions that this study examines.

Engaging with UHNW Millennials is no easy endeavor. The usual challenges and sensitivities of researching wealthy families are compounded by the relative youth of Millennials and their entrenched reluctance to see themselves as part of an age-defined cohort. However, through its strong roots in the North American family office community, Campden Wealth is uniquely positioned to overcome these research challenges.

We hope that the resulting quantitative and qualitative analysis provides some much needed clarity on this elusive group, helping families to understand their Millennials better - and perhaps even helping UHNW Millennials to better understand themselves.

We also hope that the resulting analysis might serve as a foundation for further insight into the needs of UHNW Millennials. Having established who Millennials are, we hope that the debate can advance to how best to work with them.

Yours faithfully,

Dominic Samuelson
Chief Executive Officer
Campden Wealth
“There’s a lot of chatter regarding Millennials – that because of the financial crisis, we’re the first generation that won’t be able to enjoy the immediate wealth that our parents did. Obviously that doesn’t apply to UHNWs. So if you take that factor out of the equation, what will UHNW Millennials be like?”

Midwest mid-30s 4th-gen

**MILLENIALS** don’t really like the term Millennium. They don’t think of themselves as a uniform group – especially at the UHNW level. And indeed, like the Baby Boomers and Generation X before them, in many ways it might be misleading to think of this generation of people born between 1980 and 1995 as homogenous.

But there is no denying that as a generation, Millennials – sometimes called Generation Y – have had unique experiences. They lived through the global financial crisis at an impressionable age. They came of age at a time when all the world’s accumulated knowledge was immediately available to them via the internet in the “palm of their hand”. These two factors alone are enough to make the Millennial’s attitudes and opinions quite different from their predecessors. On the one hand it colors the way they think about issues of trust, dependence and security, providing them with an immediate sense of their wealth and how it sets them apart. On the other, it allows them to construct their own worldview quickly and emphatically, from a broad range of possibilities.

This study examines the behaviors and attitudes of Millennials who are wealth creators or the next generation of ultra-high-net-worth families. All respondents were born between 1980 and 1995 and come from families with net worth of >$35 million. The investigation probed three main areas of interest: investment decision-making, values-based practices and attitudes towards advisors.

So what can be said about the ultra-high-net-worth Millennial?

**A life with purpose:**
Millennials want strong engagement with causes and activities that interest them and represent their values...

Millennials want to do good. Philanthropy and impact investing are conduits UHNW Millennials utilize to achieve this. When it comes to evaluating their philanthropy and impact investing, they have an acute focus on measurement, accountability, sustainability and long-term returns. They are less concerned about “feel-good” factors. They are focused on basic human rights and conditions: education, water, the environment, gender equality and financial matters.

...but these children of the financial crisis are focused on their own and their families’ future...

They are broadly more conservative than their parents’ generation and are more focused on wealth preservation. The majority of UHNW Millennials are involved in decision-making in the family office, and serve on committees or boards. However, they are not yet making strategic decisions. Millennials are deeply concerned with most aspects of sustaining the family
Executive Summary

and the family’s wealth. However, if they were running the portfolios, UHNW family wealth would likely pivot to values-based investing.

…and while they’re active in decision-making, they are aware of their limitations…

While they possess a deep interest in philanthropy and impact investing, they are often unsure how to structure activities – and they aren’t necessarily engaging in policy decisions. Assistance with wealth transfer is the most important guidance Millennials want from their advisors, and nine out of ten Millennials value wealth transfer as important or very important.

…advice from advisors is desired, as long as it is personal, adequately focused and communicated appropriately…

Advisors are seen as a source of knowledge and advice, and family office executives are central to influencing decisions. Often when it comes to interaction with the next generation, advisors are more focused on philanthropy, yet UHNW Millennials are more interested in help from their advisors on sourcing deals, preserving wealth and resolving conflict. UHNW Millennials want a high-touch service from advisors who take time to know them personally and understand their family’s goals. They want to see their advisor face-to-face quarterly or twice a year, but appreciate a phone call and digital interaction more frequently. Advisors would also do well to engage UHNW Millennials early to help foster financial literacy, which will help build the framework of a long-term and personal relationship.
The Report
“Money certainly can’t buy you happiness. But if you’re smart about it, patient and mindful of your goals, it can help you to be the best version of you that you can be.”

North American UHNW Millennial
“When it comes to investment and philanthropic opportunities, my generation tries to find things we’re interested in. The more interested we are, the more engaged we become.”

North American Millennials

**Nature: Trying to do good**

Millennials seek strong engagement with causes and activities in which they are interested; they aim to pursue a life with purpose.

They are extremely interested in philanthropy and impact investing, but are sometimes unsure how to structure activities—and they aren’t necessarily engaging in policy decisions.

Focused on basic human rights: education, water, the environment, gender equality and financial matters.

Millennials have a long-term focus on measurements—accountability, sustainability and long-term returns versus “feel good” factors.

An innate affinity for using networks—both virtual and in the real world.

**EXPERIENCING** the global financial crisis at a more impressionable age than other generations, Millennials – born between 1980 and 1995 – seem broadly more conservative than previous generations (at least X-Gen and Baby Boomers). Other studies have hinted that Millennials seem to share commonalities with the generation that lived through the Great Depression of the 1930s.

Respondents often referenced the global financial crisis as an influencing factor in their own understanding of finance. They professed that it not only played a major part in their own wealth and life choice decisions, but also colored their views of the investment and banking industry, and the world at-large. Perhaps then it is no wonder that philanthropy and investment ideologies based on certain values feature so prominently in the minds of Millennials generally and UHNW Millennials in particular.

**Extremely engaged… or not**

Our research found a high degree of Millennial engagement in investment and philanthropic activities. Drawing from both the quantitative and qualitative responses, UHNW Millennials have also developed a natural inclination for engagement in the family portfolio.

Wealthy Millennials lead very active lives and are primarily focused on their careers. Almost half are entrepreneurs in their own right, owning their own businesses, and the same amount list their own individual employment as a primary commitment. Forty percent see their volunteering activities as a major commitment and the same amount serve on the boards of non-family foundations or are trustees. When asked what were their commitments, no Millennial respondent chose to list leisure, which differs starkly from prior generations.

Yet there is also evidence that wealthy Millennials sometimes choose to ‘drop out’ of investment and business activities, to pursue their own interests. Certain other respondents told stories about how they “grew into” roles within their family’s investment decision-making after long periods (oftentimes years) of not taking any interest at all. It is not uncommon that UHNW Millennials will focus on their own careers before taking an interest in family finances.

**Chart 1.1**

**UHNW Millennial Commitments**

Multiple answers permitted

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship (I am a business owner)</td>
<td>47%</td>
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<tr>
<td>Career (company or firm employee)</td>
<td>40%</td>
</tr>
<tr>
<td>Volunteering</td>
<td>7%</td>
</tr>
<tr>
<td>Board/trustee of non-family foundation/trust</td>
<td>7%</td>
</tr>
<tr>
<td>Family office executive</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Leisure</td>
<td></td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth

One Millennial professed to having little interest at all in the family portfolio for most of her twenties. She always wanted her own career path and began a career in media. Before then, she wasn’t that interested or
active. It was not until she developed her own true understanding of the roles and responsibilities of wealth that she began to take an interest and learn about wealth management: "You need to make it your own, and until then you won’t be engaged."

Almost two thirds of respondents (63%) said their family still had a majority or controlling minority interest in an operating business. Of those respondents polled whose family still owns a stake in an operating business, 36% said they had no involvement whatsoever in the business, yet the same percentage purported a strategic role in the business, thus further evidence of a dichotomy of engagement.

**A strong commitment to an understanding of philanthropy**

Ninety-six percent of UHNW Millennials who participated were interested or very interested in philanthropy, while 69% and 64% respectively were interested or very interested in SRI (socially responsible investing) and impact investing respectively. In fact a majority of respondents were interested to very interested in all topics polled for except corporate governance, social venture capital and microfinance. Millennials believe that they understand philanthropy quite well (as well as corporate governance) but professed understanding of most other concepts trails off quite significantly.

**Chart 1.2**

<table>
<thead>
<tr>
<th>Involvement in the family business</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactical</td>
<td>45</td>
</tr>
<tr>
<td>Operational</td>
<td>36</td>
</tr>
<tr>
<td>Strategic</td>
<td>27</td>
</tr>
<tr>
<td>Committee or board member</td>
<td>9</td>
</tr>
<tr>
<td>Committee or board observer</td>
<td>18</td>
</tr>
<tr>
<td>No involvement whatsoever</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth

**Chart 1.3**

<table>
<thead>
<tr>
<th>Interest in values-based practices</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropy</td>
<td>Very interested</td>
</tr>
<tr>
<td>Socially responsible investing</td>
<td>Interested</td>
</tr>
<tr>
<td>Impact investing</td>
<td>Environmental, social and corporate governance</td>
</tr>
<tr>
<td>Social venture capital</td>
<td>Slightly interested</td>
</tr>
<tr>
<td>Microfinance</td>
<td>A little bit</td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth

**Chart 1.4**

<table>
<thead>
<tr>
<th>Professed working knowledge of values-based practices</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropy</td>
<td>Pretty much an expert</td>
</tr>
<tr>
<td>Corporate governance</td>
<td>Knowledgeable</td>
</tr>
<tr>
<td>Impact investing</td>
<td>Slightly knowledgeable</td>
</tr>
<tr>
<td>Environmental, social and corporate governance</td>
<td>Social venture capital</td>
</tr>
<tr>
<td>Microfinance</td>
<td>A little bit</td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth
“Impact investing enjoys unanimous support in my family. Everyone is for it. It should be part of the mix in the investment portfolio, representing it’s own specific segment which can handle slightly more risk.”

East Coast, early-20s, 3rd-gen

Comparing areas of interest to professed knowledge, it can perhaps be extrapolated that a lack of knowledge does not hamper a Millennial’s interest in a certain topic. Impact investing, SRI and mission-related investing are all popular topics of interest, even though Millennials understand that their knowledge of the subjects may be limited; further evidence of Millennial self-awareness. Another way to express this could be that Millennials have an overarching philanthropic heart and a firm understanding of philanthropic practices, but their intent in some other areas of values-based investing is beyond their knowledge.

Thinking long term with an appetite for results

In their attitudes towards values-based practices, Millennials tend to focus on the long term and are results driven. When thinking about impact investing, the most important characteristics for Millennials are accountability, long-term returns, sustainability and measurability. At the bottom of the list is the ‘feel-good factor’ and corporate governance. Short-to medium-term financial returns and environmental impact were not forgotten; they were both seen as important criteria, but not as important as accountability over the long term. “In my family, our views on philanthropy and impact investing are quite similar, in that we believe in the same causes.” (Canadian, mid-20s, 2nd gen)

Gathering information to make the world their own

There has also been much written about the Millennial as a Digital Native. Growing up with Facebook, Twitter and other social media seems to have made the Millennial a natural networker online, but our research shows that this networking ability extends into the real world. Millennials seem to be natural networkers both on and offline.
They value these networks highly as a source of information and advice.

Yet when it comes to decision-making, are Millennials really the social media generation? Comparatively speaking, there’s no denying that Millennials are embracing the internet, technology and remote information gathering more than previous generations. And they do spend a lot of time buried in Facebook, Twitter, Snapchat and the like. But in a Millennial’s life, the importance of social media rated poorly as a source of information on impact investing.

Topping the list were family, research, ‘professional colleagues and business contacts’ and advisors. Academics and friends were middle-rankers but were nonetheless a prominent source of information for Millennials. Personal networks are also where 69% of Millennials source their investment advisors. Like generations before them, traditional, personal networks remain critical sources of information for wealthy Millennials.

In fact, other studies have noted that Millennials’ social media habits are deeply correlated with their relationships and networking behaviors in the ‘real world’. In a qualitative study of high school senior Facebook behaviors, Read et al. found that even the largest groups of Facebook ‘friends’ were still representative primarily of face-to-face connections.² So it is not entirely unsurprising that friends, family, colleagues and academics feature higher as valid information sources.

If you want to talk about how Millennials are truly different from other generations, it’s their use of networks and information. If they are going to do something, they will research it thoroughly and utilize their networks to gain ideas and understanding.

**Focus on basic human rights and conditions**

When it comes to what areas Millennials prefer for their impact investing, their focus seems to be on basic rights: education, water, the environment, gender equality and economic justice. In terms of deciding what areas they choose to engage in impact investing, relationships with parents are key – especially if they focus on education.

In fact, Millennial preferences for areas of focus largely match those of the wider...
Proving Worth

ultra-high-net-worth population. In the 2015 iteration of Campden Wealth’s annual The Global Family Office Report, research found that education, children and youth were the major areas of focus for family office philanthropy.  

Chart 1.7 ▼

Knowledgeable players

UHNW Millennials on the whole have a much greater knowledge and understanding of values-based investment practices than the general population. When asked what is impact investing, answers were inevitably along the lines of “Impact investing is investing with a double – or even triple – bottom line, where you are doing measurable good while also attempting to maintain a profitable enterprise.” (Midwest mid-20s 4th-gen).

UHNW Millennials seem to exude a confidence and comfortableness with themselves. In this study they seem to have developed an exceptionally high degree of self-awareness; they know who they are, they know what they know and they know what they don’t know. Their ability to self reflect seems to be an innate trait. This in itself is quite defining.

Throughout the course of the study, when questioned on many issues of finance or values-based investing, respondents exhibited exceptional degrees of understanding about the respective subject areas. However, what was also pronounced was that they often accepted that they had gaps in their knowledge which in their minds did not qualify them to make certain types of decisions or assertions. One Millennial interested in impact investing said: “I wouldn’t profess to be as well versed in investments as my dad, but I don’t necessarily need to be because I approach it from a different mindset. I want to concentrate on impact. Naturally, I think I’m a little riskier than my father, so I deliberately try to keep that riskiness in check in my portfolio.”

Many similar statements were collected during the qualitative study, and while this cannot be measured quantitatively, these statements certainly provided at least anecdotal insight into the self-awareness of this group of individuals.
Family matters

Many Millennials interviewed for the qualitative portion of the study recounted their experiences of engaging in philanthropy from a young age, almost always under the initial guidance or direction of their parents or grandparents. As their skills and understanding of philanthropic concepts grew – and they themselves matured – often they have “graduated” on to greater roles and responsibilities, either serving on the family’s boards or running their own philanthropic projects.

It is clear that philanthropy – including serving on foundation boards – is key to the UHNW Millennials’ development and understanding of family wealth.

Those Millennials heavily involved in impact investing almost always began their path in family philanthropy, and many are running segments of their family’s portfolios or reporting back to the family in some way, whilst also managing their own endeavors.

“Dad – the wealth creator – still takes the lead in the investment decisions and philanthropic efforts,” said one Millennial. “We’re all happy with that situation… for now!”

Whether going it alone or reporting back to the family unit, Millennials use their impact investing not only for their own satisfaction, but also as a way to extend the values which they have learned from their family.

Millennials on Impact Investing

“Impact investing feels more intellectual than philanthropy. The extra hurdle means added contemplation and formulation.”

Midwest, mid-20s, 4th-gen

“No one in our family has an adverse view of impact investing. Everyone sees a place for it.”

East Coast, late-20s, 2nd-gen

“I derive the same satisfaction from my impact investing as I do my other investing – because in my general portfolio I try to do good also (or, at least do no bad).”

Canadian, mid-30s, 2nd-gen

“The characteristic I most closely associate with impact investing is ‘sweat equity’.”

West Coast, early-20s, 2nd-gen

“Impact investing is donating time and/or money to a cause for improving living conditions of people of lesser means or circumstances.”

West Coast, early-20s, 2nd-gen
Case Study

Ginny – Keen impact investor with decision-making power
Region/Age: California, Late-20s, 5th-gen
Primary goal: Wealth preservation
Preferred style: Impact investing

Ginny is in her late 20s and a fifth generation member of a Californian family. In the mid-2000s the family sold the operating business.

Ginny says she has very different values than four and five generations back, but that her dad has always been a huge evangelist of impact investing before it even had a name.

She always wanted her own career path and began a career in media. She would go to family board meetings as a high school and college student but has only just in the past few years become more involved – specifically in the philanthropy and impact investing.

“After learning about investments and being given a greater role in the family office, we’ve been able to align our capital with things I’m interested in,” says Ginny. “When my parents were happy with my progress and process, I became more involved in the general decision-making of the office.”

As of last year Ginny’s family office now invests 100 percent into impact and socially responsible investments. All their public equities are divided into ESG streams and their fund managers and direct investments are put through rigorous selection criteria and monitoring.

“It just doesn’t seem realistic to me that someone in this day and age would be against impact investing.”

“No one in our family has negative or ambivalent opinions about impact investing,” says Ginny. ESG and SRI policies are vitally important to a portfolio. Even by following a strict ESG/SRI policy you can and should get the diversity you need.”

As well as a 100% SRI/impact investment portfolio, Ginny’s family is strong in philanthropy, with their efforts following two key streams – gender equality and housing. The family also looks for scalability of the idea and organization.

“We know we don’t get a financial return from our grants but we look at how we can help grantees beyond the financial,” says Ginny.

“We want to make sure we are utilizing all our other skills, networks and resources.”
1. **Nature**: Trying to do good
“I want to be more and more involved in the family’s wealth management and I enjoy serving on committees. But when it comes to originating strategies and ideas, I like them to be my ideas based on what I want to do.”

Canadian, mid-20s, 2nd-gen

OVERALL, Millennials feel actively involved in strategy and decision-making in the family office. A majority of those polled serve on the committee or board for overall wealth management, philanthropy and non-investment governance, yet they are not broadly making strategic decisions.

When asked about their personal involvement with the family wealth, 59% said they were a committee or board member for the wealth management of the family. The same percentage holds the decision-making position for the family’s philanthropic activities and only slightly less for non-investment family governance (56%).

However, very few are involved in strategic decision-making. Less than a fifth (18%) make strategic decisions for overall wealth management, while a quarter make non-investment family governance strategic decisions.

Millennials make the most strategic decisions in impact investing (31%) and philanthropy (29%).

Millennials feel very comfortable making decisions. This speaks to an innate confidence and ability to make up their own minds based on their own research and interactions. It is a personality trait that could arguably be seen in stark contrast both to the oft-represented moody ambivalence of Gen-X and also the well-established overly optimistic attitude of Baby Boomers.

“In my general portfolio I’m happy to take less of a role, but when it comes to impact investing, I like to take part personally.”

West Coast, early-20s, 2nd-gen

The generation game

In terms of investment attitudes Millennials seem to have more in common as a generation with the more conservative attitudes of the Silent Generation than Generation X. This is evident in the wider generation as much as it is UHNW Millennials. An October 2014 paper from the White House Council of Economic Advisors noted that Millennials in the broader community report high levels of closeness with their parents. The paper posited that Millennials’ close relationships with parents could be related to the greater time they spent with their parents growing up, citing that hours spent parenting have tripled for fathers since 1985 and increased by 60 percent for mothers. College-educated parents in particular are spending more time with their children. Since the mid-1990s, college-educated mothers have managed to increase childcare time by over nine hours per week, compared to four more hours per week by less-educated mothers. It is not too much of a stretch to see these figures being relevant to the present cohort.

The UHNW Millennials in this study almost exclusively expressed strong ties to their family unit, especially to their parents. “I don’t think that my attitudes towards wealth are that different from my parents,” said one Millennial. “They are also broadly
conservative and we have common wealth preservation goals. My father, as a business owner and entrepreneur, is naturally a little more riskier than the rest of us.”

“I think completely differently from my dad,” she said. “He’s interested in the fundamentals whereas I’m focused on the companies and operations that do good for the world.”

Conversely, another Millennial did not believe she shared decision-making traits with her father but nonetheless felt a closeness and commonality. “I think completely differently from my dad,” she said. “He’s interested in the fundamentals whereas I’m focused on the companies and operations that do good for the world.”

In fact, her father’s values have directly informed her own decision-making; with the wealth creation stemming from natural resources, this Millennial has decided to formulate part of her own investment thesis based on resource sustainability. “Dad – the wealth creator – still takes the lead in the investment decisions and philanthropic efforts,” said one Millennial. “We’re all happy with that situation.” Respondents of all ages expressed both involvement and noninvolvement in family decision-making. But it would be wrong to assume a complacency in Millennials whom are not active in family decisions. Even when they take a passive role in the family, they still seem to be considering the future. Continued the Millennial: “We’re all happy with that situation... for now. But there will come a time when our generation will need to be more active in the portfolio, and we are all aware of the responsibilities that will come with that.”

Chart 2.1

**Personal involvement in managing the family wealth**
Multiple answers permitted

<table>
<thead>
<tr>
<th>Overall wealth management</th>
<th>Impact investing</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 12 18 12 12 18 18 18 18 18</td>
<td>31 6 31 6 6 6 6</td>
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</table>

<table>
<thead>
<tr>
<th>Philanthropy</th>
<th>Non-investment family governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 12 12 12 12 12 29 29 29 29 29 29</td>
<td>25 6 25 6 6 6 6 6 6 6 6 6</td>
</tr>
</tbody>
</table>

- Tactical
- Operational
- Strategic
- Committee or board member
- No involvement whatsoever

Source: OppenheimerFunds & Campden Wealth
“I’m nowhere close to having children yet, but when it happens it will be very important to teach the next generation about our family’s core values and to preserve the family’s legacy.”

Midwest, mid-20s, 4th-gen

Already Millennials are deeply concerned with most aspects of sustaining the family, whether it be preserving the wealth, steering the family towards increasing its impact on the world, or perpetuating social values. This group of young adults already perceives stewardship of the family legacy as very important (61%) or important (33%), and wealth growth and preservation are important to very important for an overwhelming 89% and 88% of Millennials respectively.

Chart 2.2 ▼

When asked how much of the family wealth Millennials anticipate dedicating to various activities, 75% said they were planning to dedicate 50% or more as inheritance for their own next generation – whether they currently had children or not.

The data suggests a clear desire to keep the family together and working towards capital preservation and continuity. However, it is important to once more observe that it is likely that the Millennials involved in this study represent a group of individuals who are more engaged with their family to begin with. Certainly UHNW Millennials exist whom are entirely uninterested in engaging not only with their family’s values, but even with their families at all.

Decision-making structures

Decisions within the family are made in a wide variety of ways. For instance, the family committee and board of the family office are extremely popular for overall wealth management and non-investment family governance alike.

The most common method for making impact investing decisions is through the family office/trust committee/board (42%), but a third of these decisions are made by an independent advisor or family office
executive. Philanthropic decisions are made by the broad spectrum of methods. However, the autonomous elder seems to consistently be the least likely method for exerting control over any particular decision-making area, perhaps signaling a sea change in the way families of wealth make decisions.

Millennials want to put their money where their values are

When allocations within the family portfolio are examined in terms of values-based considerations, there seems to be an obvious mismatch between current allocations versus the Millennials’ “ideal allocation”, indicating that if Millennials had control of the portfolio, they would allocate a lot more to values-based investing strategies and opportunities.

Almost half (45%) of Millennials report that their family portfolios do not contain any values-based considerations. And yet 80% would wish at least some of their portfolio contained values-based considerations. Almost across the board, with practices such as impact investing, microfinance, SRI and venture philanthropy, Millennials would increase their allocations. One of the rare exceptions to this rule seems to be mission- or program-related investing, where 57% of participants would ideally be doing less. These refer to investments by foundations that offer a market-rate or below market-rate return on a risk-adjusted basis, as well as a non-financial (e.g. social or environmental) returns.

Chart 2.3

Policies are not necessarily “policy”

To gain insight into how Millennials use policies in their decision-making, the study focused on the creation and use of values-based policies. In this specific area, the study identified a clear division when it comes to policy usage. While the use of policies was generally fairly modest, the top two answers to the question, ‘Do you have a stated SRI, ESG, impact, philanthropy or gifting policy?’ were ‘philanthropy’ (57%) and ‘none of the above’ (39%). When considered against the values-based practices in which Millennials are active, this seems to suggest that Millennials are active in many areas in which they do not have expressed policies.
One third of respondents said that they had gifting policies and a quarter had impact investing policies.

**Chart 2.4**

<table>
<thead>
<tr>
<th>Do you have a stated SRI, ESG, impact, philanthropy or gifting policy?</th>
<th>Multiple answers permitted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Philanthropy</td>
<td>57%</td>
</tr>
<tr>
<td>Gifting</td>
<td>35%</td>
</tr>
<tr>
<td>Impact</td>
<td>22%</td>
</tr>
<tr>
<td>SRI</td>
<td>17%</td>
</tr>
<tr>
<td>ESG</td>
<td>17%</td>
</tr>
<tr>
<td>None</td>
<td>39%</td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth

Philanthropy appears to be the foundation of all values-based activity with firmly established policies. A policy gap does exist for impacting investing, SRI and ESG. A family’s policy usage seems to fan out from the philanthropic policy; if they do not have a philanthropic policy, then it is unlikely that they will have any other type of values-based activity policy. There are a number of implications of such an insight. The more sophisticated the philanthropy becomes, the more likely a family is to grow into other types of values-based activities.

It seems likely that many UHNW Millennials are effectively piggy-backing off the policies of the family office. If they are using the family office’s policies to guide their own decisions, they are nonetheless likely to be open to developing their own policies. Millennials may welcome advice and information on how they can begin to formulate their own policies.

Another important reading of the finding, however, is that policies might not be that important to Millennials. Of those respondents who do not have policies or guidelines (39%), two-thirds are undecided as to whether they will even develop one. This represents 26% of the entire population.

**Chart 2.5**

<table>
<thead>
<tr>
<th>Do you plan to develop a policy or guideline? Within what horizon?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
</tr>
<tr>
<td>Within 12-24 months</td>
</tr>
<tr>
<td>Within 5-10 years</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td>I have not yet decided</td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth

Why are Millennials so seemingly unsure or ambivalent to policies beyond their philanthropic policy? For some it might be because the wealth transfer has not yet occurred. For others, there may be an aspect of Millennials being so comfortable with their own decision-making that they feel no need to be confined in any formal fashion. For UHNW Millennials, not having an express policy doesn’t preclude taking part in a certain activity.

In a 2010 study of North American Millennials, Ng *et al* found that when considering employment – a proxy for financial decision-making – Millennials generally placed the greatest importance on individualistic aspects of a job – what they could get out of the job. Millennials were impatient to succeed, seeking “rapid advancement and the development of new skills” in a short timeframe. However, they were also looking for work that was meaningful and fulfilling, rather than simply a paycheck.
2. Decision-making

Ng studied Millennials from all socioeconomic backgrounds without measuring for family wealth, so the research serves as a baseline for Millennials more broadly. The Millennials examined in the OppenheimerFunds/Campden Wealth study seem to share some characteristics of their broader cohort – a desire to lead a meaningful and satisfying life and realistic expectations in work life – however, ultra-high-net-worth Millennials seem to have a greater understanding of advancement timeframes; they are much more aware that “things don’t happen overnight” and are prepared to be more patient to reap the rewards of their work. This is particularly evident when you examine their views on investment decision-making in the family office. Millennials would like to be more active in the decision-making process, but they understand that effective decision-making requires more experience and knowledge.

Similarly, researchers who have focused on the retirement plans of Millennials have also found a number of interesting traits in the broader population. Zick et al believes that out of the three main generational cohorts of today (Baby Boomers, Generation X, and Millennials) Millennials were the most likely to have emerged from the financial crisis with some “positive new behaviors” like increased saving and clear retirement plans. Zick proffers that instead of a permanent trauma for Millennials, the global financial crisis served as “a salutary rite of passage” and a valuable life lesson, which they have learned emphatically. Here, it seems the behaviors and experiences of UHNW Millennials and the wider cohort seem to converge.
Case Study

**Easton** – Young family office leader, impact investing agnostic

East Coast, Mid-30s, 3rd-gen
Primary goal: Wealth growth
Preferred style: “Hands-on” investing

Easton is an East Coast-based mid-30s third generation male. Both sides of his family have been wealthy for generations but through their own efforts, Easton’s own father and his maternal grandfather both grew their respective portfolios considerably.

Easton says his grandfather’s and father’s idea of investing is owning operating businesses – long term value investing. They’re not big on owning funds or hedge funds or financially engineered products. The older generations have some hedge funds in their portfolios but it’s really just for diversification purposes.

“Dad hates banks. He thinks they don’t have transparency and don’t add value. My opinions of banks aren’t that different but I understand that you need to have a good advisor and utilize financial products.”

Easton’s family office runs multiple portfolios in tandem; the family portfolios are not always shared. His father’s is more private equity and direct investments (with few advisors). Easton has his own portion of the portfolio, which he manages by stock-picking equities.

Easton sees value in diversity but like his father he tries to combat what he calls over-diversification: “In the past, dad would always say he would never work with family members, but a few years ago he asked me to come in to the family office so that he could use my expertise and understanding of the markets.”

Easton describes himself as very active in the management of the broader family portfolio. He has his own specific responsibilities that match his skillset, and he is confident of his father’s decisions on the portions that he manages.

Investment strategy is formed in the family office when one member has deep beliefs in their chosen areas of expertise and then they act on those beliefs. Sometimes this happens in consultation with others in the family office but other times not. The spheres of influence are very clearly defined.

Other family members are less interested in the family office activities and choose to follow their own paths: “I have many siblings, all younger, they are deeply involved in their own humanitarian work and philanthropy while I do the investments with my Dad.”

Easton is unimpressed with the concept of impact investing: “My wife is all about impact investing but I’m not. I want to do good by the environment, for sure. But I don’t need a structured policy to tell me how to do that. And it shouldn’t impact too much on how I make my returns.”

“Impact investing is not something we talk about much. We won’t invest in tobacco or firearms or stuff like that. We’re mindful of SRI and ESG but it doesn’t really affect our
decision-making and there’s certainly no formal procedures that consider it. And I don’t think following an SRI or ESG policy means you’re going to make money either. In fact, often times the opposite."

When pressed about his thoughts on where impact investing should theoretically sit in a family’s portfolio, Easton says: “If you do any impact investing, it should obviously sit somewhere in the broader investment portfolio. Impact investing is not philanthropy. Philanthropy has no financial returns.”

Philanthropy has always been a part of Easton’s life and his family is looking to make a more structured effort: “We’re only just now starting to build a concrete, five-year philanthropy plan. Better education is the area in which we would like to concentrate our philanthropy, and all generations are behind that common cause.”

He describes his goals for future generations in concrete and practical terms: “I have kids and it’s important to identify values as a family and keep those values going from generation to generation – as long as those values remain relevant. And it’s extremely important to have smart ways of transferring wealth from one generation to the next. That means good trust and estate planning and eventually good financial education for the kids.”

“I have kids and it’s important to identify values as a family and keep those values going from generation to generation – as long as those values remain relevant.”
“I trust that my family’s advisor will provide advice in line with my father’s values and the more he understands me, the more I trust him to provide advice in line with my values.”

Canadian mid-20s 2nd-gen

MILLENNIALS have a wide variety of people whom they identify as their primary family wealth advisor. A quarter considered their family office executive as their primary advisor. Curiously, another quarter of respondents selected ‘other’ for this question, subsequently stating that they regarded their parents or other family members as their primary advisors. Thirteen percent (13%) listed their private banker, 13% an independent consultant, 6% their trust manager and 6% a family business executive as their primary advisor.

Advisors and advice remain critical

Advisors have an important role in guiding their family’s views and decisions for Millennials. Advisors are seen as a source of knowledge and advice. Unsurprisingly, family office executives are central to influencing many decisions across the board, as are private banks and trust companies.

“My advisor gave me the framework to understand how to think about investing.”

Canadian, mid-20s, 2nd-gen

Private banks and trust companies are perceived as particularly important for articulating and defining goals. When asked, who has been an influence in your thinking about impact investing, what was striking from the results of the study was that commercial banks and wirehouses were missing across the board as entities which have influenced the decision-making of UHNW Millennials.

“No advisor has helped me define my values. My views are my own and they come from my experience and my opinions and beliefs.”

East Coast, late-20s, 2nd-gen

Private banks and family office executives were seen as the most influential sources of advice when it came to philanthropy.

But it would be wrong to underestimate the value placed on other influences, such as the family lawyer and accountant. Millennials found these professionals particularly influential when thinking about socially responsible investing and philanthropy.

The research implies an opportunity for banks and advisors to improve their interactions with the next generation and their offerings for Millennials.

Chart 3.1

What do Millennials want from their advisors?

Wealth transfer is the most important service Millennials want from their advisors. Nine out of ten of this self-aware, forward-thinking generation valued wealth transfer as important or very important. Aggregated reporting continues to be a priority for all UHNWs and this is no different for Millennials; according to The Global Family Office Report 2015, consolidated reporting of accounting, tax and estate information is the second priority of family offices. In the current study, 88% of Millennials rated it important or very important. Rounding out the trio of services important
“Deal flow is crucial. I’m always looking for new ways to invest and I expect my advisors to be keyed in to the freshest opportunities — and know what I’d want.”

Midwest, mid-30s, 2nd-gen
What was largely deemed unimportant was concierge and estate management, and philanthropic opportunities (17% and 24% important or very important respectively). Knowing that Millennials place a high value on philanthropy in their own lives might mean that they are happy to find their own philanthropic opportunities themselves while their advisor focuses on preserving wealth and deal sourcing.

Comparing satisfaction levels to priorities of importance yields some interesting insights into how Millennials feel about their advisors. Fortunately, 75% are presently satisfied or very satisfied by their current advisors’ handling of wealth transfer. Yet only half are satisfied or very satisfied with advisor performance on deal-flow, the service ranked third-most in importance. Similarly, Millennials aren’t too impressed with how their advisors provide aggregated reporting features; although they ranked this service second in importance, barely half (58%) were satisfied or very satisfied.

Millennials were bitterly disappointed with the online offerings of advisors, but given that this service is not a priority for the cohort, the provision of online tools is clearly not a deal-breaker when it comes to engagement with an advisor. In many areas of service, it seems there is plenty of room for advisors to catch up to Millennial expectations.

Chart 3.2 ▲

In terms of servicing Millennials, customization is crucial. Millennials seem to hate shrink-wrapped solutions and product pushers. They want to come up with their own ideas and implement them: “Don’t tell me what to buy or how to think. Give me the framework of understanding and let me find my own ideas,” said one Millennial. The meaning is clear. Advisors have the opportunity to be a font of knowledge to Millennials and help them develop their own frameworks.

At the same time, it is important for advisors to develop their own understanding of their young clients. “It’s important to align my advisor with my interests. Long term I’m not going to stay with you if I don’t think you’re my advisor” said a Millennial, referring to her parents’ advisor and the likelihood of keeping him on in the future.
And it should never be forgotten that simply because Millennials have been dubbed digital natives, or the Next Generation, it doesn’t mean that they’re willing to settle for low-touch solutions. The UHNW Millennial is every bit as expectant of a high-touch service as their parents.

“Overall, advisors don’t start at the right place; I am used to a high level of customization and expect that especially from someone who is managing my money. I’m turned off by a didactic, patronizing approach. Understand me. Understand my issues. Understand where I’m coming from. Educate me genuinely.”

Areas for improvement

Advisors need exposure to the whole family, not just the decision-makers with power at any given point in time. Previous research on the relationship between parents, advisors and the next generation has found that oftentimes parents are providing advice to their children that they are receiving from their advisors, yet the children are not aware of the original source of this advice (i.e. the advisor). Thus, while they correctly perceive their parents to be their principle advisor they are inadvertently discounting the value of the family’s advisor.10 If the next generation is unaware of the value of the advisor, this can ultimately lead to a breakdown in the family/advisor relationship when it comes time for a generational transition.

Chart 3.3

Who do they consider their closest advisor?
Multiple answers permitted

- Family office executive 25%
- Other 6%
- Independent consultant 13%
- Attorney 13%
- Private banker 6%
- Family business executive 6%
- Trust manager 6%
- Financial advisory 13%
- Commercial banker 6%
- Accountant 6%

Source: OppenheimerFunds & Campden Wealth

“Our estate attorney is the closest thing to an advisor for me. I take what I can from him.”

East Coast, late-20s, 2nd-gen

Participating Millennials rate their primary wealth advisors highly in their ability to understand and implement family priorities. Across the board, their mode score was a solid “good” and sometimes “excellent”.

For philanthropy, socially responsible investing, impact investing and generally articulating goals, advisors were rated mostly good or excellent.

However, there is much room for improvement; the difference between a good versus an excellent rating is profound.

A majority of Millennials (55%) judged their primary advisor’s ability to create mechanisms to resolve conflict as fair or below.
“Creating mechanisms to resolve conflict” was the only attribute examined where the majority of respondents did not see their advisor’s performance as at least being good, if not excellent; the family lawyer was identified as the key source of conflict resolution.

Chart 3.4 ▼

Interacting with Millennials on their terms

Millennials want to see more of their advisors. When asked their preferred method and frequency of engagement with financial and wealth management advisors, the resounding answer was more contact more often. However, this was not to say that Millennials necessarily require in-person attention. Digital is preferable as long as it is frequent.

Chart 3.5 ▶

Most Millennials are happy to see their advisor face-to-face quarterly or twice a year, but many would appreciate a phone call more frequently. Advisors would be well served to be in contact with their Millennials clients via email, an online platform or even Skype, weekly.

Chart 3.4

<table>
<thead>
<tr>
<th>Millennials rate their advisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
</tr>
<tr>
<td>80</td>
</tr>
<tr>
<td>60</td>
</tr>
<tr>
<td>40</td>
</tr>
<tr>
<td>20</td>
</tr>
<tr>
<td>0</td>
</tr>
</tbody>
</table>

Excellent | Good | Fair | Adequate | Not at all

Philanthropy | Articulating and defining goals | Impact investing | SRI | ESG | Creating mechanisms to resolve conflict

Source: OppenheimerFunds & Campden Wealth

Hiring advisors… Personal referrals are critical

This group of young adults finds their advisors in similar ways to older UHNWs. Personal relationships are key, as are recommendations from professionals. Over two-thirds of these networking aficionados (69%) source their advisors through personal recommendations from friends, family and colleagues and 44% through their network of professionals. Some prefer to perform their own due diligence (31%) but they do not trust social media or advertisements (only 6% source advisors this way). Interestingly, a quarter of Millennials polled were not adverse to direct solicitations or other social interactions.

Chart 3.6 ▶

“It’s important to align my advisor with my interests. Long term I’m not going to stay with you if I don’t think you’re my advisor.”

Southwest, 4th-gen
“Our primary advisor is much older than me. There are some cultural and generational differences, but as long as you’re aware of them, I don’t think it precludes having an advisor from a different generation.”

Canadian mid-20s 2nd-gen

In terms of longevity of the advisor relationship, it is possible that the research caught many Millennials and their families at a time of recent change. More than half (54%) said they have only had their own current advisor for the past one-to-five years, and 42% said their family has had the family advisor for the same amount of time. Naturally, younger Millennials will have had their own advisors for shorter periods of time, but we know from previous studies that this is a reasonably high figure and denotes above-average advisor attrition.
Subsequently, 42% stated emphatically that they had no plans to change their advisor. A third were undecided and 17% planned to do so in the next 5-10 years.

**Positive interaction and going the extra mile helps**

One particular Millennial recounted an extremely positive experience with her family’s close advisor. The Millennial said that growing up and in her early twenties she understood she came from a family of wealth, knew who her family’s advisor was but wasn’t very interested in engaging with either the investment decision-making or the family advisor. As she grew older and began to think about her own future, she asked the family’s principal advisor to tutor her in investing and wealth management.

“This became an excellent way for me to learn about our portfolio and helped me make and understand decisions,” she said.

The advisor began meeting with her weekly, for an hour at a time, to explain the basics of investing and to give her insight into why certain decisions had been made for the family’s portfolio – including asset class types, asset allocation and risk assessment. The advisor helped this particular Millennial form a basis of understanding investments, and through this understanding, a framework for thinking about the family portfolio and thus a way to engage with the advisor.

Thinking about the experience, the Millennial said: “I wouldn’t say that he necessarily has become an influence on my investment decisions. I try to remain entirely independent, not taking any one person’s advice.”

Initially, this Millennial believes that the advisor agreed to the tutoring sessions because he felt obligated to preserve the family’s wealth: “Educating me was one way to do that.”

At the beginning of the tutoring sessions, the advisor did a risk assessment for the Millennial and used that risk profile as a basis for a discussion about asset allocation.
“Since he was already our family advisor it does help that he understands where I’m coming from, but I had to spend a lot of time with him to get him to understand me as an individual.”
Case Study

Frank – Confident, self-aware with strong views on advisors
Midwest, Mid-30s, Married to 4th-gen
Primary goal: Wealth preservation
Preferred style: Direct investment and venture philanthropy

Frank is a Midwesterner in his mid-thirties and shows a keen self-awareness, not only of his own understanding of the world but that of his generation. But he riles at the term ‘Millennial’ and the connotation that his whole generation thinks the same way.

“There’s a lot of chatter regarding Millennials – that because of the financial crisis, we’re the first generation that won’t be able to enjoy the immediate wealth that our parents did,” says Frank. “Obviously that doesn’t apply to ultra-high-net-worth families. So if you take that factor out of the equation, what will UHNW Millennials be like?”

Frank says his family practices venture philanthropy where they try to find an idea and champion it. He is a strong proponent of giving back to the community – on his own terms and in his own way.

Frank married into the fourth generation of an affluent family that runs its own family office.

He has taken on the values of his wife’s family and made them his own, adamant that these values are important to the future of his own progeny and the wider family: “In our family it’s very important to engender both stewardship and an entrepreneurial spirit.”

“The days of one patriarch calling the shots might be over for us.”

Frank’s father-in-law has encouraged his son-in-law to take on these values in a very tangible way; the patriarch ceded funds for Frank to start his own business, giving him ownership over the operation. And the family will enjoy the benefits of Frank’s successes.

The family’s patriarch runs the day-to-day but Frank says he’s conscious of what happens next, in terms of succession planning: “The days of one patriarch calling the shots might be over for us – we’ve had a lot of talk about instituting committees and including other family members as part of the eventual transition.”

The family meets regularly on philanthropy and investment issues, but Frank believes the process could be more structured in its decision-making and input into strategy.

The family portfolio itself is run with a clear mission that Frank says reflects the family’s values and translates into tangible strategic goals.

“In our family office there’s an appetite for more smaller managers with less AUM,” says Frank. “In terms of the portfolio, we’re concentrated on qualitative long-term measures, not benchmarking the S&P.”
“I think I speak for my generation when I say we’re unhappy with the product of Wall Street.”

Frank admits he’s happier working with the people with whom he’s formed relationships. It is a high-touch service which will match Frank’s expectations: “We expect advisors to be socially aware of our family and our goals and values. We expect them to naturally look out for opportunities for the family, regardless of whether or not they get the AUM from us.”

Frank says he trusts the family’s smaller advisors and that this trust was built on long-term, positive experiences.

“The two managers we used for that event have become like consigliere beyond their initial role. The positive experiences we had with them made us trust them.”

“About a decade ago we seeded a venture capital fund after a liquidity event,” explains Frank. “The two managers we used for that event have become like consigliere beyond their initial role. The positive experiences we had with them made us trust them. They had plenty of opportunities to take advantage of us and they didn’t.”

Frank further explains that the advisor in question is only just now in his 40s, so Frank feels that he can envision working with the advisor for the next 20-30 years: “If I don’t think the advisor will be with me long term, it’s hard to justify the emotional energy.”

In terms of interaction with the family, Frank says what’s important are in-person meetings, face-to-face coffees, lunches or dinner. “And if you’re going to offer a service to me – whatever that service may be – make sure it’s good.”

“If you’re going to offer a service to me – whatever that service may be – make sure it’s good.”
“Don’t tell me what to buy or how to think. Give me the framework of understanding and let me find my own ideas.”

East Coast, early-20s, 3rd-gen

THE FIRST sentence of this report was: “Millennials don’t really like the term Millennial”. No generation likes to think of itself as homogenous, but it seems this cohort can be particularly affronted; call them digital natives, call them the Net Generation, call them Generation-Y and they’ll be equally displeased. Yet such displeasure at being stereotyped could actually be seen as a generational trait from a group of people who assiduously seek their own identity. They seek strong engagement with activities and causes in which they are interested, and aim to pursue a life with purpose.

This generation differs from the previous one in that they are broadly more conservative and are more focused on wealth preservation. But how Millennials are truly different from other generations is a seemingly innate ability for using networks—both social and real—and diverse information source, to build their own worldview and inform their decision-making.

What does this mean for UHNW Millennials and their behaviors and attitudes to wealth? This study sought to examine such a question through three main lenses: views on values-based investing, decision-making and attitudes toward advisors.

Values-based investing: Putting wealth to work for others

Interest in philanthropy and values-based investing is strong, and UHNW Millennials believe they have an expert to fair understanding of philanthropy and values-based investing concepts. When it comes to their priorities, their preference is for a long-term focus on measurable qualities versus “feel-good factors” of doing good. When it comes to issues of importance to them, Millennials tend to focus on basic human rights and conditions: education, water, the environment, gender equality and financial matters.

But while extremely interested in philanthropy and impact investing, sometimes Millennials are not sure how to structure activities. It is in these cases that advisors might be able to help, but only if they understand how to interact with Millennials.

Decision-making: A strong focus on wealth preservation

Millennials feel more involved in overall strategy and decision-making in the family office than you’d think. The majority of UHNW Millennials serve on a committee or board, yet are not making strategic decisions. If Millennials were running the portfolios, UHNW family wealth would pivot to values-based investing. Yet there is a surprisingly clear division when it comes to policy usage; oftentimes a Millennial does not feel bound by policy, and instead is happy to carve out their own path. But this is not to say that they are not focused on long-term values. In fact, Millennials are deeply concerned with most aspects of sustaining the family, and relationships with
parents are key. Family communication and interaction with UHNW Millennials is natural, and fosters mutual understanding and a focus on family values.

**Attitudes towards advisors:**  
**Wanting particular support that’s long term and high-touch**

This generation came of age during the global financial crisis, so it is unsurprising that as a cohort of the general population they are untrusting of Wall Street. As a subset, however, UHNW Millennials may have experienced the world in a slightly more nuanced way. For UHNW Millennials, advisors are still seen as a source of knowledge and advice. Private banks and trust companies are perceived as particularly important for articulating and defining goals but satisfaction levels vary widely depending on service area. When it comes to their own portfolios, Millennials want to see more of their advisors, not less. But they want that interaction on their own terms: high-touch, in-person and available more frequently digitally.

They strongly value the right advisors who can meet and exceed their high expectations.

“Money certainly can’t buy you happiness. But if you’re smart about it, patient and mindful of your goals, it can help you to be the best version of you that you can be.”

North American UHNW Millennial
Proving Worth

Implications for...  
...Millennials

Create opportunities for family buy-in: Whatever activities or causes are of interest, communicate these to the family. If interested in philanthropy or values-based investing, find ways to articulate the benefits that these activities would have to the family portfolio and family in general. Work with other family members or advisors to develop ideas and campaign within the family for trials as proof of concept. UHNW Millennials should build their own knowledge around successful execution and tap into the expertise of others.

Use family governance structures to the Millennials' advantage: Many Millennials want to effect change in the makeup of the family portfolio; for instance, a greater allocation to values-based investing or increased use of SRI/ESG principals. Take time to learn and understand the family’s investment policy and governance structures and utilize this knowledge as evidence of their commitment to the family wealth and effect change. The greater their handle on the family’s policies and procedures, the more likely it is you will be given the opportunity to make strategic decisions.

Play up strengths: Like it or not, Millennials share a lot of similarities and common interests with people of their generation, and they would do well to work with their peers to fast-track thinking, frameworks and, investment opportunities in areas that are of interest.

...Families

Recognize the uniqueness of the Millennial generation: Compared to members of previous generations, Millennials do indeed think and act differently. It’s important to recognize the implications for the future structuring of family wealth and the values the family will have into the future. It’s very likely that, over time, they will change dramatically, once Millennials have more decision-making power. To smooth this transition, many families are already making incremental changes in anticipation with some elders relinquishing decision-making responsibilities in areas such as philanthropy.

Provide opportunities to engage and learn: If Millennials want strong engagement in causes and activities that interest them, help Millennials to develop and grow by providing them with opportunities to engage. It’s a great way to educate the next generation in financial and business matters while they satisfy their desire to “do good,” ensuring that the values and principles of the family are aligned.

Be cautious, but not too cautious: Although Millennial investors seem to be broadly more conservative than previous generations, they also need to understand the position which family wealth affords. Wealth preservation is important, but smart growth investments are needed to ensure perpetuity of the wealth.

Networks, networks, networks: Millennials are the first generation to be truly ingrained in two networks – the virtual and the real world. Remember the premium that has and the role that the virtual can play in fostering family unity.
...Advisors

**Help Millennials structure:** Millennials are often unsure whether and how to structure activities. Millennial-minded advisors have an opportunity to assist and help them develop the structures they require to be better engaged. Try to show Millennials the value of utilizing policies and procedures in their investment and philanthropic decision-making. Stress the fact that policies are a means to engage existing knowledge (which they value) and reach intelligent decisions for the wider family. Give personal, holistic insight, being aware of the complexities of family wealth:** UHNW Millennials should not be seen as entirely similar to the rest of your clients. Savvy advisors will be aware that the needs and wants of Millennials are likely to be different, or at least expressed differently. When thinking holistically about family wealth, the position of Millennials within that structure is likely to be different. Work with Millennials to build out the investment options and investment case for impact investing. Initially this may involve investing time and money with little payback, but it should create a strong relationship which will pay off handsomely later. **Nurture relationships:** UHNW Millennials are involved in decision-making in the family office and they are serving on committees or boards. However, they are not yet making strategic decisions. A third of impact investment decisions are made by an independent advisor or family office executive. Building relationships with Millennials as they increasingly take on more responsibility and prior to them being the primary strategic decision-makers will allow advisors an active role as an influencer and help ensure continuity of wealth.

**Engage on their terms:** As a group, Millennials are social creatures. They often see their online relationships as an extension of their “real-life” and they communicate voraciously in digital mediums. In addition to seeing their Millennial clients in person at least quarterly or twice a year, advisors should be communicating over the phone and digitally more frequently. But to leave an impression, any engagement needs to be personalized and relevant.
Appendix I: Millennials in this study

This study examines the behaviors and attitudes of Millennials who are wealth creators, inheritors or the next generation of ultra-high-net-worth families. All of our survey respondents were born between 1980 and 1995. 50% are female, 42% are male and 8% preferred not to disclose gender. 40% of respondents said their personal and their families’ net worth was less than $25m, and between $100m and $500m respectively. This indicates the high likelihood of future wealth transfers.

Chart 4.1 ▼

Net worth of survey respondents

<table>
<thead>
<tr>
<th>Millenials</th>
<th>Families*</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;$25m</td>
<td>26</td>
</tr>
<tr>
<td>$25-50m</td>
<td>7</td>
</tr>
<tr>
<td>$51-100m</td>
<td>33</td>
</tr>
<tr>
<td>$101-250m</td>
<td>7</td>
</tr>
<tr>
<td>$250-500m</td>
<td>13</td>
</tr>
<tr>
<td>$501m-1bn</td>
<td>40%</td>
</tr>
<tr>
<td>Don’t know</td>
<td>20</td>
</tr>
<tr>
<td>Chose not to disclose</td>
<td>7</td>
</tr>
</tbody>
</table>

* Base AUM for being a member of the Institute for Private Investors and Campden Wealth communities (from which survey respondents were pooled) is $30m. So for the 46% who did not know or chose not to disclose family assets, we can at least infer they are $30m-plus.

Source: OppenheimerFunds & Campden Wealth

Relative to the family’s original wealth creator, survey respondents were from all generations. Just over a third (38%) of participants were the sons and daughters of a principal wealth creator and 50% were third generation or higher. A smaller percentage (6%) identified themselves as the origin of the principal family wealth.

Chart 4.2 ▼

Generation in relation to origin of family wealth

<table>
<thead>
<tr>
<th>First</th>
<th>Second</th>
<th>Third</th>
<th>Fourth or higher</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>6</td>
<td>6</td>
<td>38%</td>
<td></td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth

When asked how they were related to the family wealth, 81% were inheritors, while 13% said they were spouses of wealth creators or inheritors. Interestingly, 31% were wealth creators themselves (more than the 6% mentioned in the previous question). This speaks to further entrepreneurism within certain families of wealth whom wish to continue such a spirit.

Chart 4.3 ▼

Relationship to family wealth

<table>
<thead>
<tr>
<th>Inheritor</th>
<th>Wealth creator</th>
<th>Spouse of wealth creator</th>
<th>Spouse of inheritor</th>
</tr>
</thead>
<tbody>
<tr>
<td>81%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: OppenheimerFunds & Campden Wealth
As far as a third of UHNW Millennials are concerned, the first significant wealth transfer occurred for them more than a decade ago, meaning they have already been given a share of the family fortune. Another 17% received a transfer in the past five-to-ten years, while only 8% received the first major transfer in the last 12 months. A full quarter are yet to receive a wealth transfer, and of that quarter, a third are expecting a wealth transfer in the next five-to-ten years and two thirds either have no idea when the transfer will take place, or there are no plans.

Chart 4.4

When did the first significant wealth transfer (or inheritance event) occur?

- < 1 year: 8
- 1-5 years: 17
- 5-10 years: 25
- > 10 years: 33%
- Not yet occurred
- Other

Source: OppenheimerFunds & Campden Wealth
Appendix II: Methodology

The data examined in this Proving Worth study derives from a quantitative survey conducted from June to August 2015. The survey was designed to elicit respondent attitudes and behaviors concerning investment decision-making, philanthropy and values-based investing, as well as provide a clear understanding of current portfolio construction, decision-making and governance structures within the family. The sample of respondents was derived from Campden Wealth’s existing community of ultra-high-net-worth individuals in North America. A total of 32 Millennial wealth holders engaged in the quantitative survey, with analysis and aggregation taking place in September and October 2015. To add context to the quantitative component of the study, as well as to garner deeper insight into the Millennial mind-set, 10 in-depth qualitative interviews with Millennial wealth holders were conducted. Millennials in both the qualitative and qualitative components of the study ranged from first-generation entrepreneurs to fifth-generation inheritors. For the purposes of this study, Millennials have been defined as the generation born between 1980 and 1995. Ultra-high-net-worth is defined as coming from a family of net worth in excess of $35m.
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References

A Roadmap For Generational Wealth In Asia


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OppenheimerFunds is a global asset manager for a range of clients, including financial advisors and individual investors, small businesses, and institutional investors. The firm manages more $214 billion* for its 13 million investor accounts and offers investments in every major asset class, including stock, bonds, and alternatives. Its investment expertise is available to clients through mutual funds, separate accounts and a variety of additional vehicles.

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*As of September 30, 2015.

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Campden Wealth also publishes the leading international business titles CampdenFB, aimed at members of family-owned companies in at least their second generation and CampdenFO, the international magazine for family offices and private wealth advisers. Campden Wealth further enhanced its international reach and community with the acquisition of the Institute for Private Investors (IPI), the leading membership network of private investors in the United States, founded in 1991.

To learn more please visit campdenresearch.com.

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2. Source: Read (2012)
5. Source: Pew (2014)
7. Source: Ng (2010)

OppenheimerFunds commissioned Campden Wealth, an organization unaffiliated with OppenheimerFunds, for the purposes of conducting independent research.

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