

# Public Trust: Intergenerational wealth research

June 2023



# Background

In 2023, Public Trust marks 150 years of helping Kiwis protect their legacies.

To help ensure we remain compelling, relevant and accessible for the next 150 years, we worked with our research partner TRA to gather insights into the future needs of Kiwis when it comes to building and passing on their legacies.

We wanted to understand the intersection between consumer psychology, the socioeconomic context and demographic shifts by answering questions such as:

- > What do Kiwis value as a legacy?
- > What is the impact of reducing home ownership numbers on the ability of New Zealanders to build and pass on wealth?
- > What are the implications of longer lifespans for Kiwis as they plan ahead?
- > Can we find the gaps between how people are thinking and behaving that could impact their legacy?



# Our methodology

## **Qualitative expert interviews.**

We undertook in-depth qualitative interviews with a panel of experts:

- > Distinguished Professor Paul Spoonley, sociologist and demographer
- > Donna Robinson, Māori Lead, Te Ara Ahunga Ora Retirement Commission
- > Ralph Stewart, Managing Director, Lifetime Retirement Income
- > James Palmer, Chief Executive, Community Finance
- > Laura Mulcahy, Director of Cultural Strategy & Foresight, TRA.

## **Quantitative online survey.**

We used their insights to build and conduct a 10-minute nationally representative online survey of n=1008.

- > Aged 18+

Fieldwork dates: 21st – 28th March 2023

# Agenda

1

Building legacies and what it means to us.

2

How are the landscapes of legacies changing?

3

How do we protect our legacies?

What is at risk?

4

Bringing it all together.

Intergenerational wealth is best framed as *how people transfer wealth throughout their lifetime as part of looking after others and themselves.*

**It is legacy in the living sense of the word.**

# Building legacies and what it means to Kiwis





# Our experts told us that a legacy is much broader than leaving behind material assets

## Legacy is defined as:

- > Something positive and enduring that lasts beyond the time you're here
- > Includes the values and experiences you pass on
- > Learning from your past and taking that into working for the future (especially important in Māori culture)
- > How you approach and interact with people and communities.

**2%**

of people **don't** want to leave a legacy.

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*“I inherited values through my upbringing - the fundamental values of manaakitanga, whanaungatanga - helping at the marae, your parents, partners, children, charity and community. That’s the legacy that has been gifted to me.”*

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# New Zealanders agree

Legacy is more likely linked to connection and values than simply money.

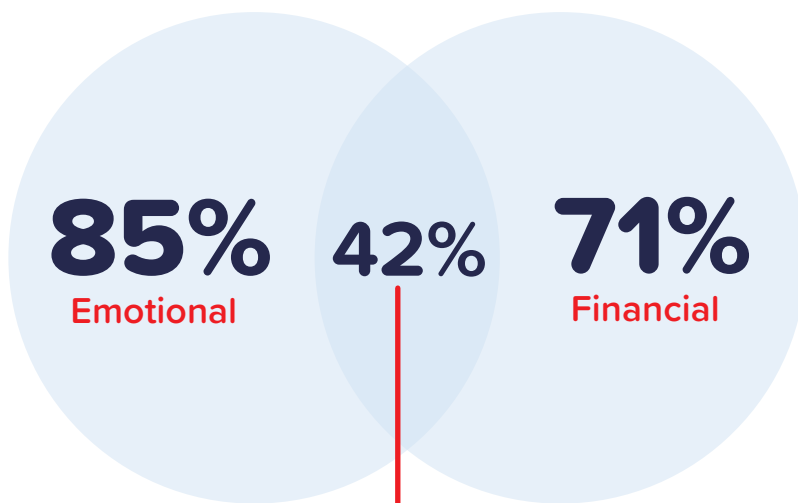
## Emotional

Values to live by	61%
Happiness	54%
Good upbringing	53%

## Financial

Money	46%
Property	40%
Education	29%

What people want to leave as a legacy.



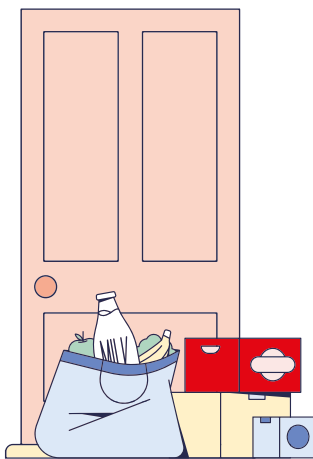
Both emotional  
and financial.



# While legacies are important they will always compete with the here and now

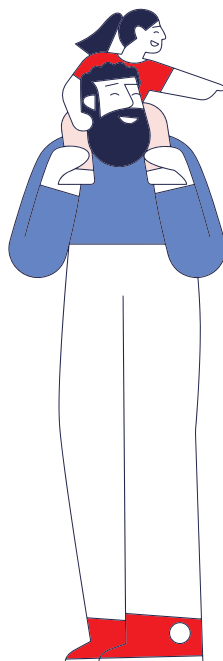
This has probably always been the case, but our experts also told that inheritances are losing relevance and importance as times change.

## What is important to people.



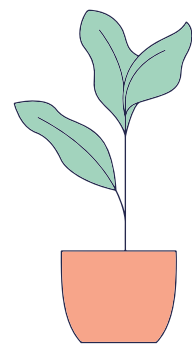
Having enough money to live on in later years.

**39%**



Ensuring I leave a strong legacy – financial or otherwise.

**7%**



Feeling like I'm making a difference.

**15%**



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*“Probably the most common thing I hear coming up again and again... is that I might help the kids out with Uni and when I’m gone they might get a bit of the house – that’s it.”*

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# We see this individualistic motivation come through when we ask people what is important to them

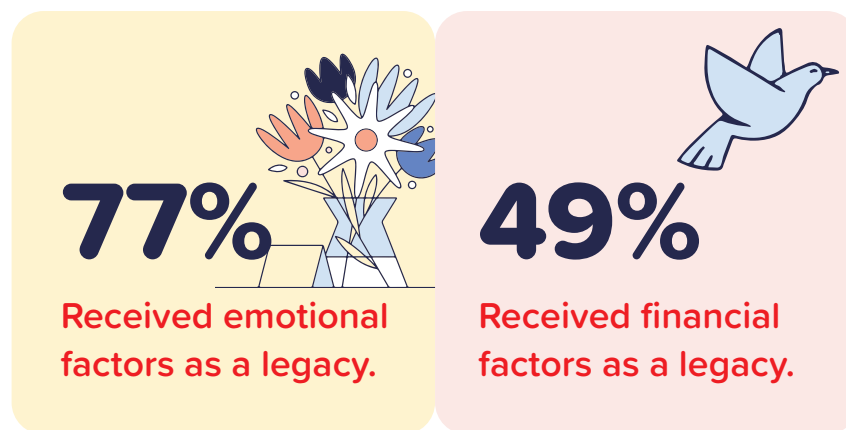
## What is important to people.

Individualistic		Legacy		Wider Motivations	
Having enough money to live in my later years	39%	Providing a good example for my kids	29%	Feeling that I'm making a difference	15%
Improving the health of me or my family	35%	Giving my family lots of opportunities	21%	Preserving our natural environment	15%
Living my own life to the fullest	28%	Ensuring my family is financially set-up for life	20%	Helping protect the future of the planet	14%
Making my life as easy as possible	24%	Ensuring I pass on positives to others, such as values, family heirlooms, taonga	14%	Making the world a better place	13%
		Ensuring I leave a strong legacy – financial or otherwise	7%	Helping out people in community who need it most	11%
<b>Average Individualistic</b>	<b>32%</b>	<b>Average Legacy</b>	<b>18%</b>	<b>Average Wider Motivations</b>	<b>14%</b>

IMPORTANCE: Which out of the following are the three most important to you?  
Base Total n=1008

# Most New Zealanders have received some form of legacy

Only 16% have not been left anything as a legacy.



Even younger generations are already seeing the financial benefits of inheritances...

	Gen Z	Millennial	Gen X	Boomers	Silent Generation
Financial	41%	46%	48%	57%	64%

LGCY\_REC: What have you received from others as a legacy?  
Remember this can be financial or anything else  
Base Total n=1008

Property is nearly as likely as money to be mentioned as a legacy, which shows our reliance on it as an asset.

**46%**

Money

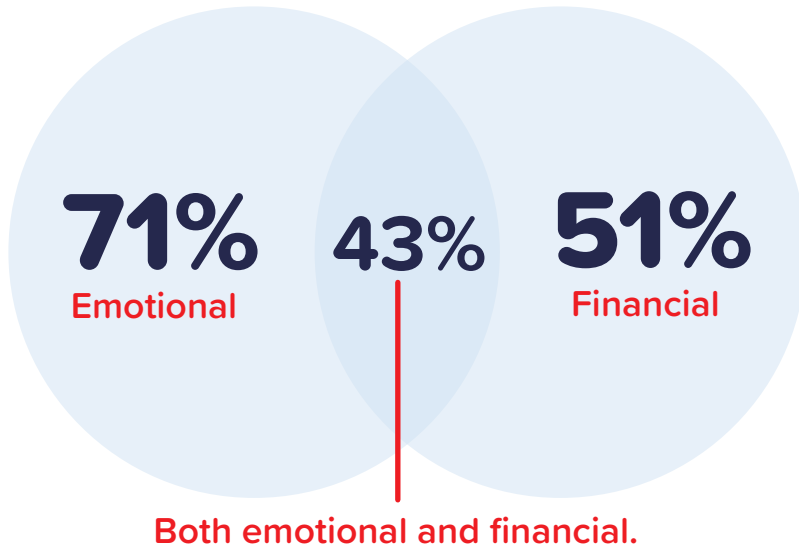
**40%**

Property



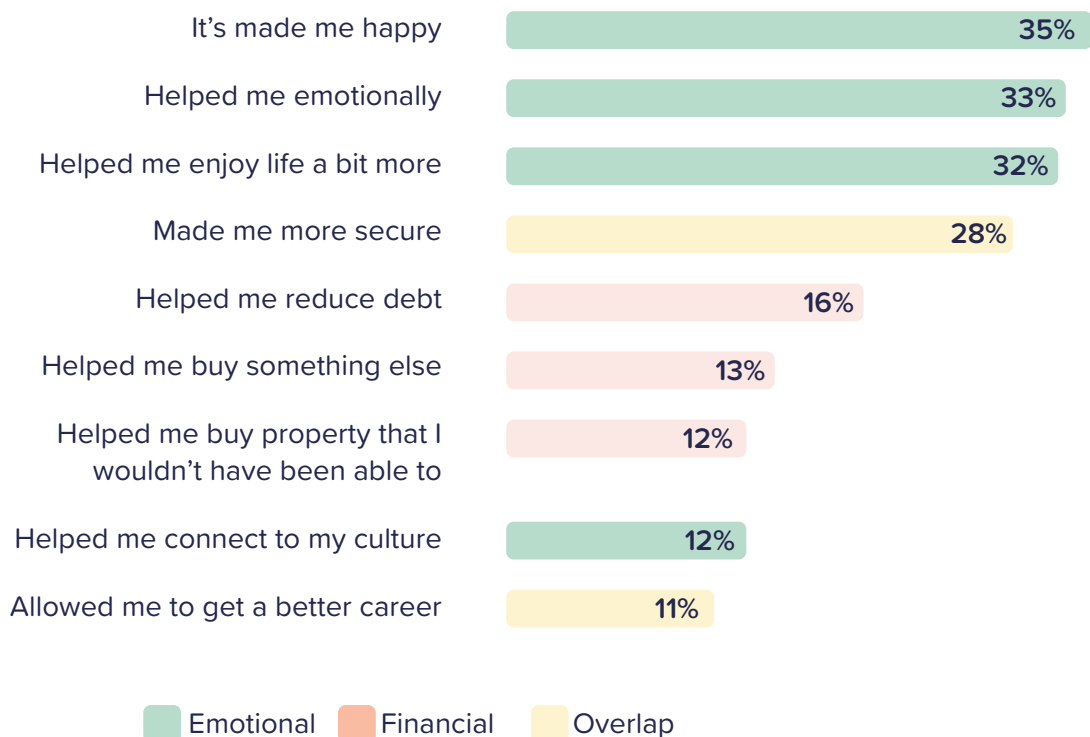
# There is strong acknowledgement of the value of legacy – for both emotional and financial security.

The outcomes of receiving a legacy.

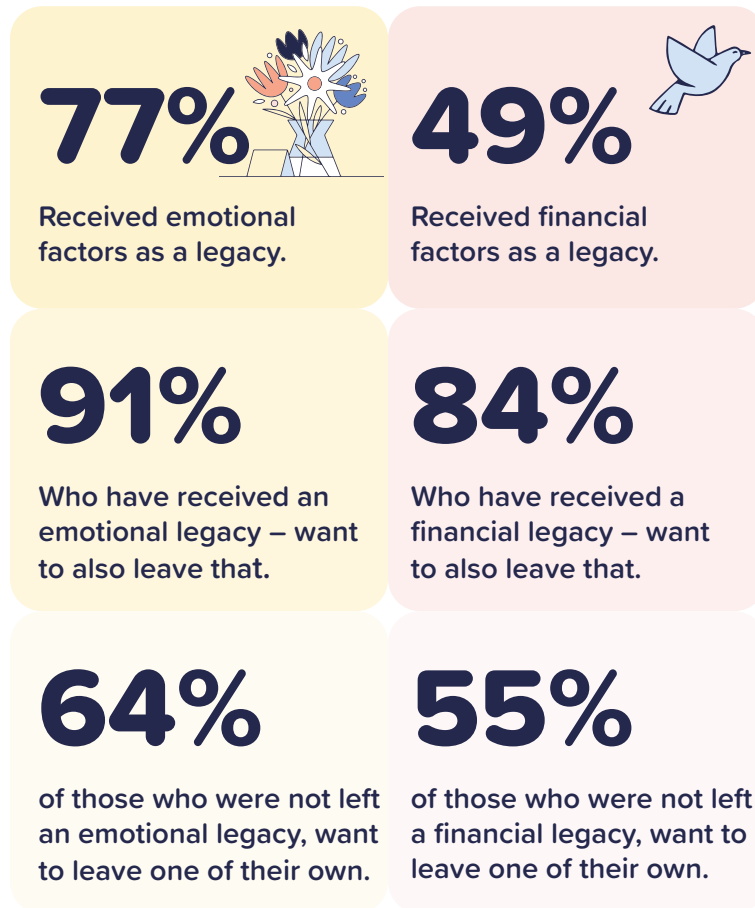


LGCY\_ALW: What did that legacy allow you to do?  
Base Total n=1008

## Specific outcomes of received legacies.



# Meaning that people want to leave behind more than they have been given



LGCY\_REC: What have you received from others as a legacy?  
Remember this can be financial or anything else

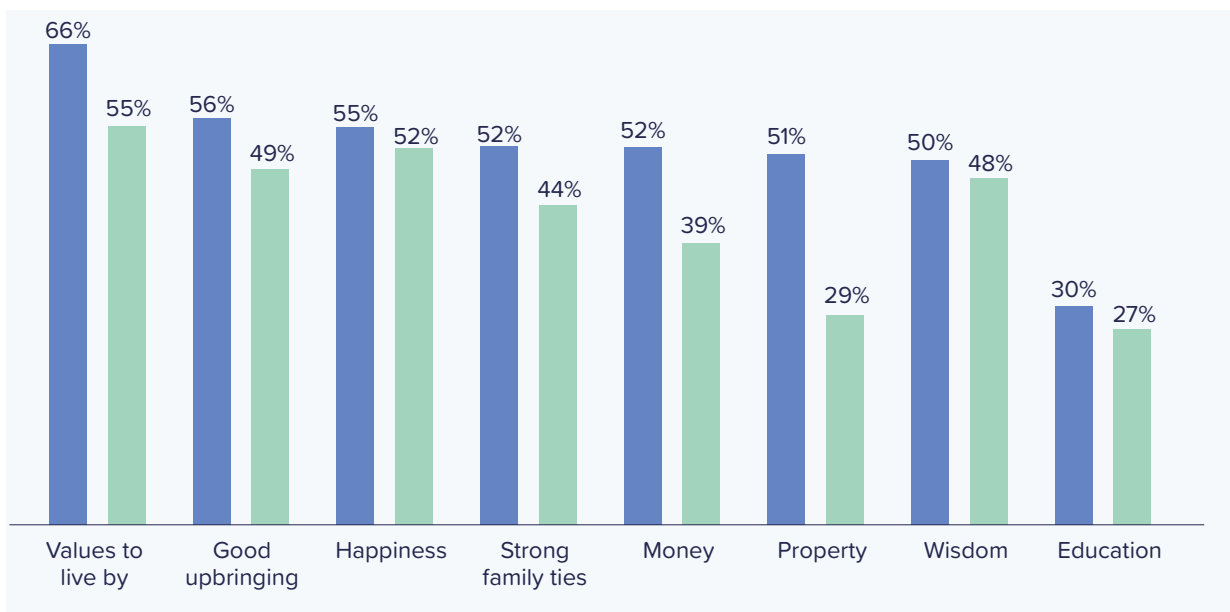
LGCY\_LEV: What would you like to leave as a legacy? Remember this can be financial or anything else?

Base Total n=1008

## Of note: If you have financial assets, you are more likely to view legacies in the financial sense.

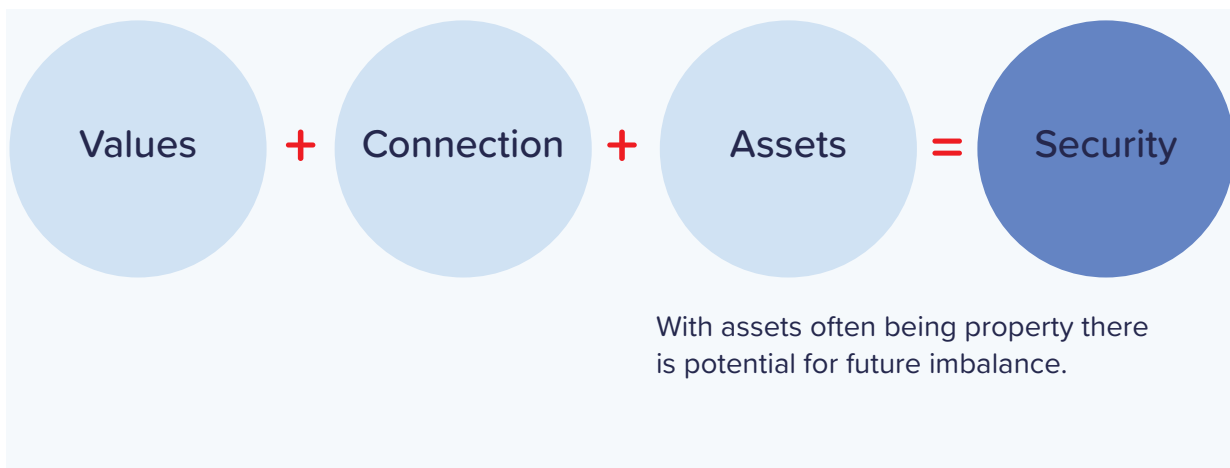
### Legacy to leave x property ownership.

	Property Owner	Not Property Owner
Net Emotional	89%	80%
Net Financial	79%	63%



ASSET\_HELD: Which of the following do you either own or have access to, whether that's solely or jointly?  
 LGCY\_LEV: What would you like to leave as a legacy? Remember this can be financial or anything else  
 Base Total n=1008, Property Owner Base n= 520

## It is the combination of financial and emotional that carries through generations.



# Legacies allow people and societies to thrive, not just survive

How can we better link what people have received with the desire to pass on even more?

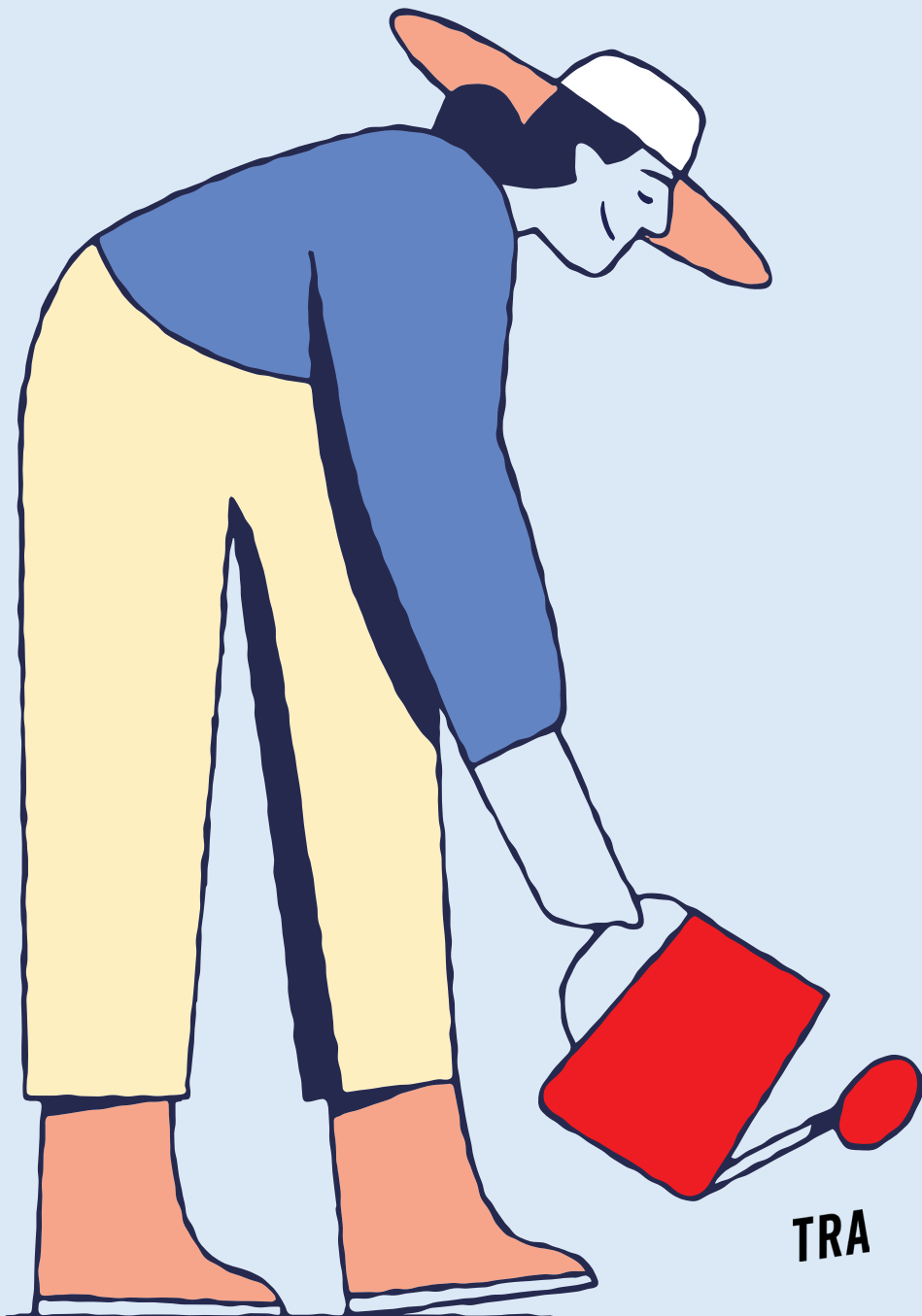
How do we talk to the importance of emotional legacies, as well as financial?

How do we allow people who haven't received legacies to give?





# How are **legacy** landscapes changing?



# People have always had help with property ownership – but the need for help is increasing

## 57%

Received property or financial assistance towards property.

Over half of property owners were either gifted their property or financial assistance towards it.

## Assistance into property ownership x generation.

	Gen Z	Millennial	Gen X	Boomers	Silent Generation
Property Owned	19%	40%	56%	70%	67%
Received assistance to own property	15%	38%	48%	55%	35%
<b>Ratio of those own and those who have received assistance</b>	<b>79%</b>	<b>95%</b>	<b>86%</b>	<b>79%</b>	<b>52%</b>
Base Size	83	321	322	205	77

ASSET\_HELD: Which of the following do you either own or have access to, whether that's solely or jointly?

WHAT\_GIVEN: What were you left, or what did the financial assistance go towards?

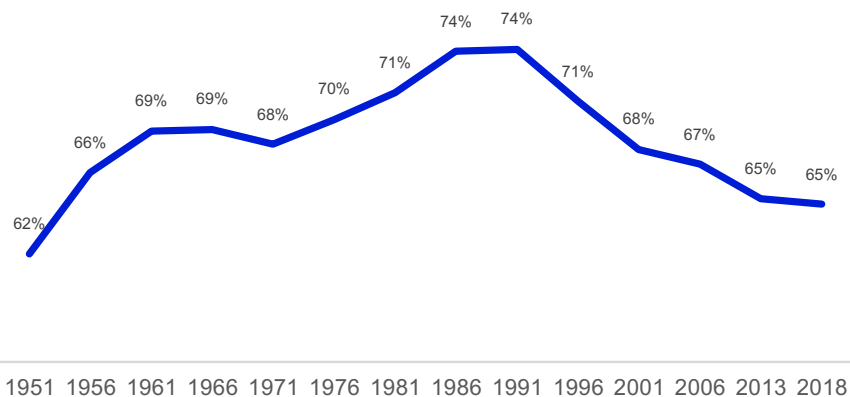
AGE: How old are you?

Base Total n=1008, Property Owner Base n= 520

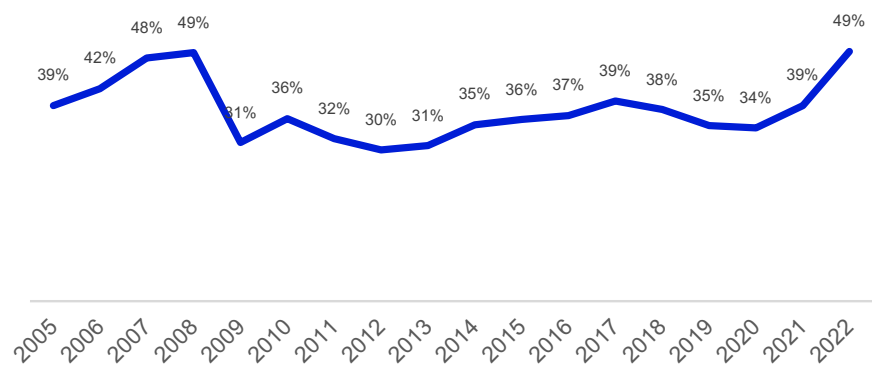
# But we know that home ownership rates are declining – along with rising inequality

Key structural changes are also altering the way in which people have traditionally built wealth.

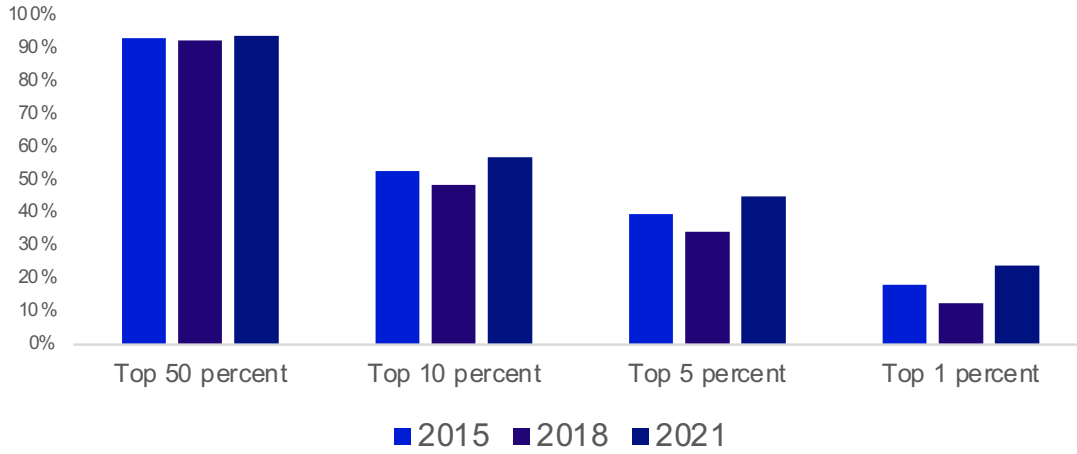
## Home Ownership Rates NZ.



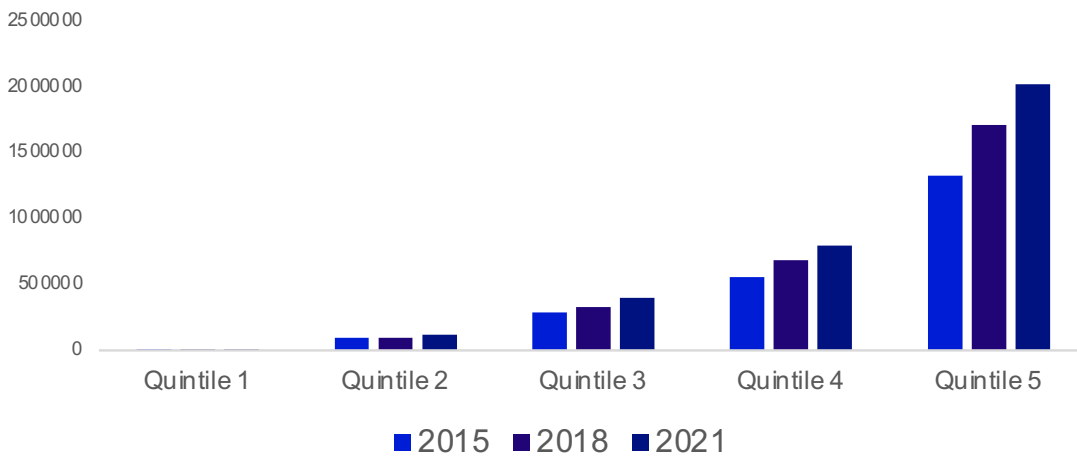
## Affordability of Housing in NZ.



### Distribution of Wealth in NZ.



### Median Net Worth of NZ.



**47%**  
believe that  
inequality is rising.

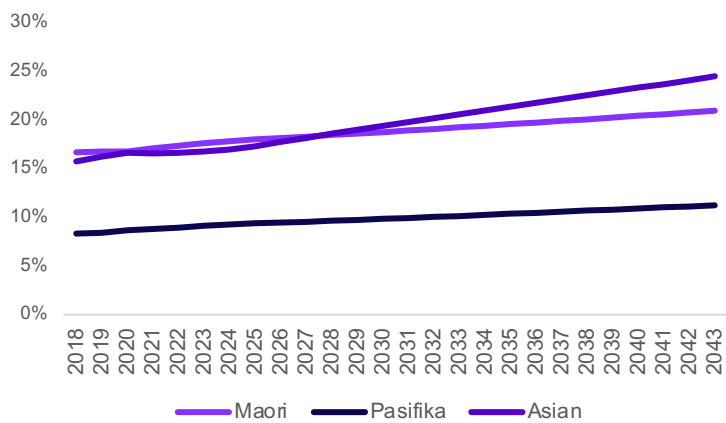
**But only**  
**1 in 5**  
think this effects  
them personally.

SOURCE STATS NEW ZEALAND  
 TRND\_KNW: Which of these trends have you heard of before?  
 TRND\_IMP: Which of these trends is directly impacting you?  
 Base Total n=1008

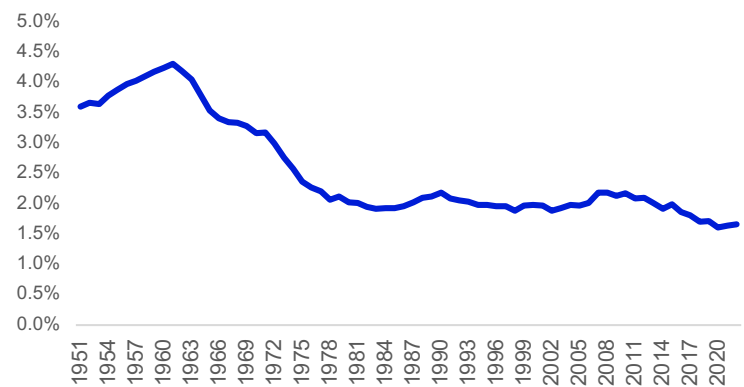
# Declining rates of home ownership and the changing New Zealand population mean inheriting property is becoming less likely for many.

Our experts tell us that Gen Z are rejecting traditional life milestones, but time will tell how this changes as they age.

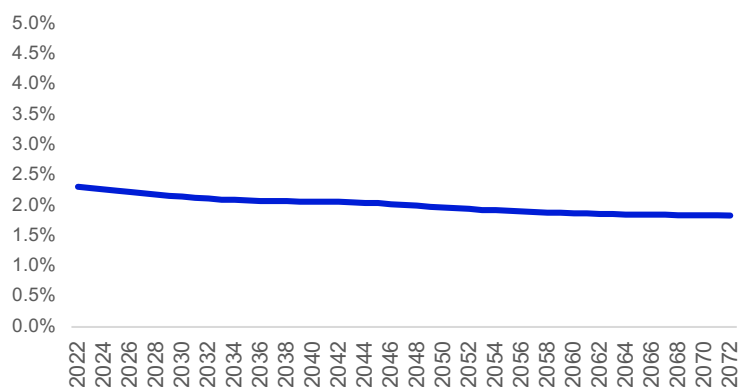
**Projected NZ population.**



**Current fertility rates NZ.**



**Projected fertility rates NZ.**



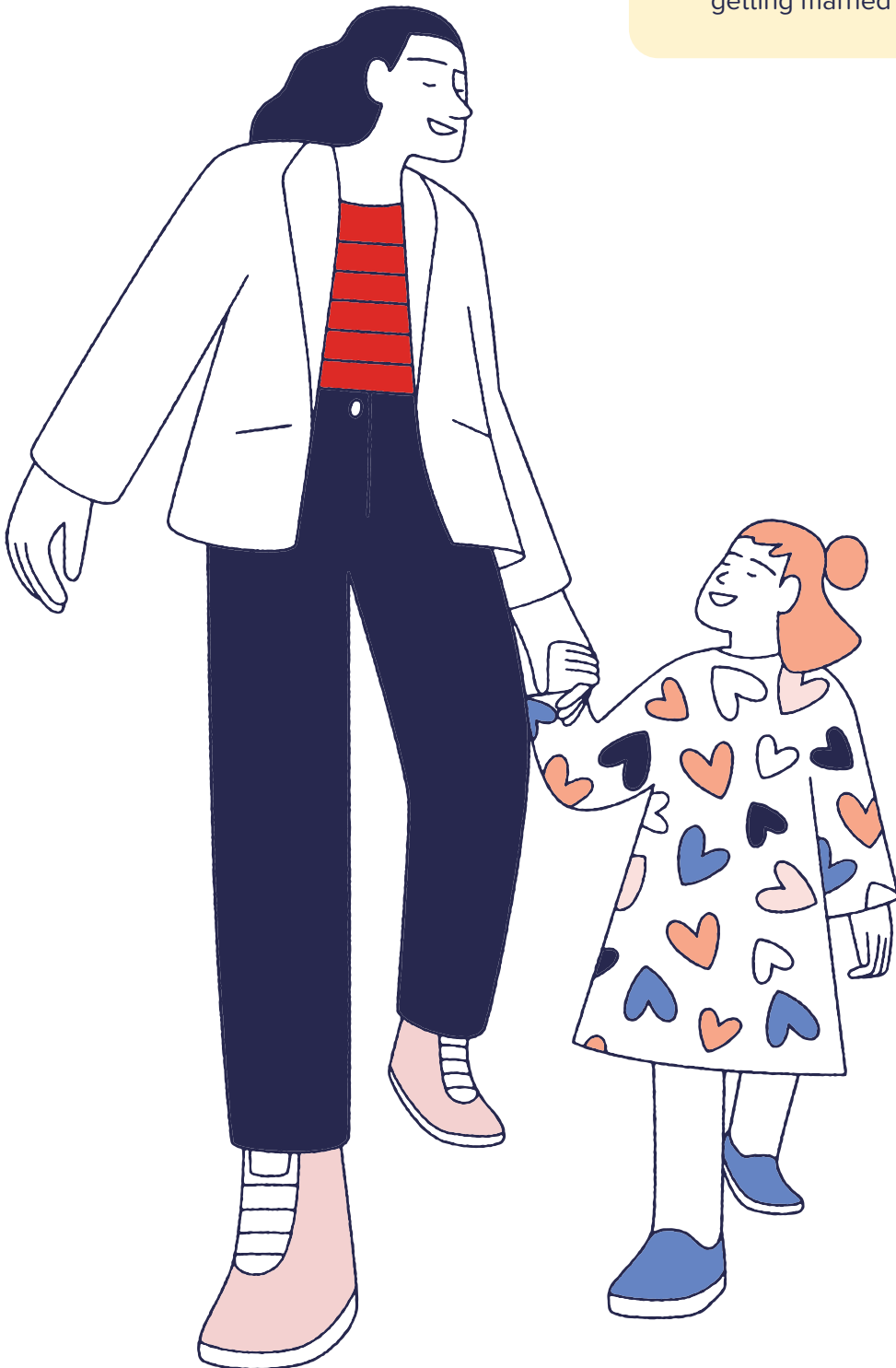
Source: Stats New Zealand



Housing crisis, cost of living crisis, mental health crisis, climate crisis, political unrest. Gen Z are having to deal with a lot. This might change definitions of 'home' - becoming more of a feeling than a physical space.

### EXPERT INTERVIEW FINDINGS

- > Millennials have worked hard at following their parent's footsteps only to find it's so much more difficult to own a house.
- > Gen Z might be learning from Millennials and placing less value on traditional life milestones e.g. home ownership, getting married and starting a family.



# Property inequality is changing the landscape

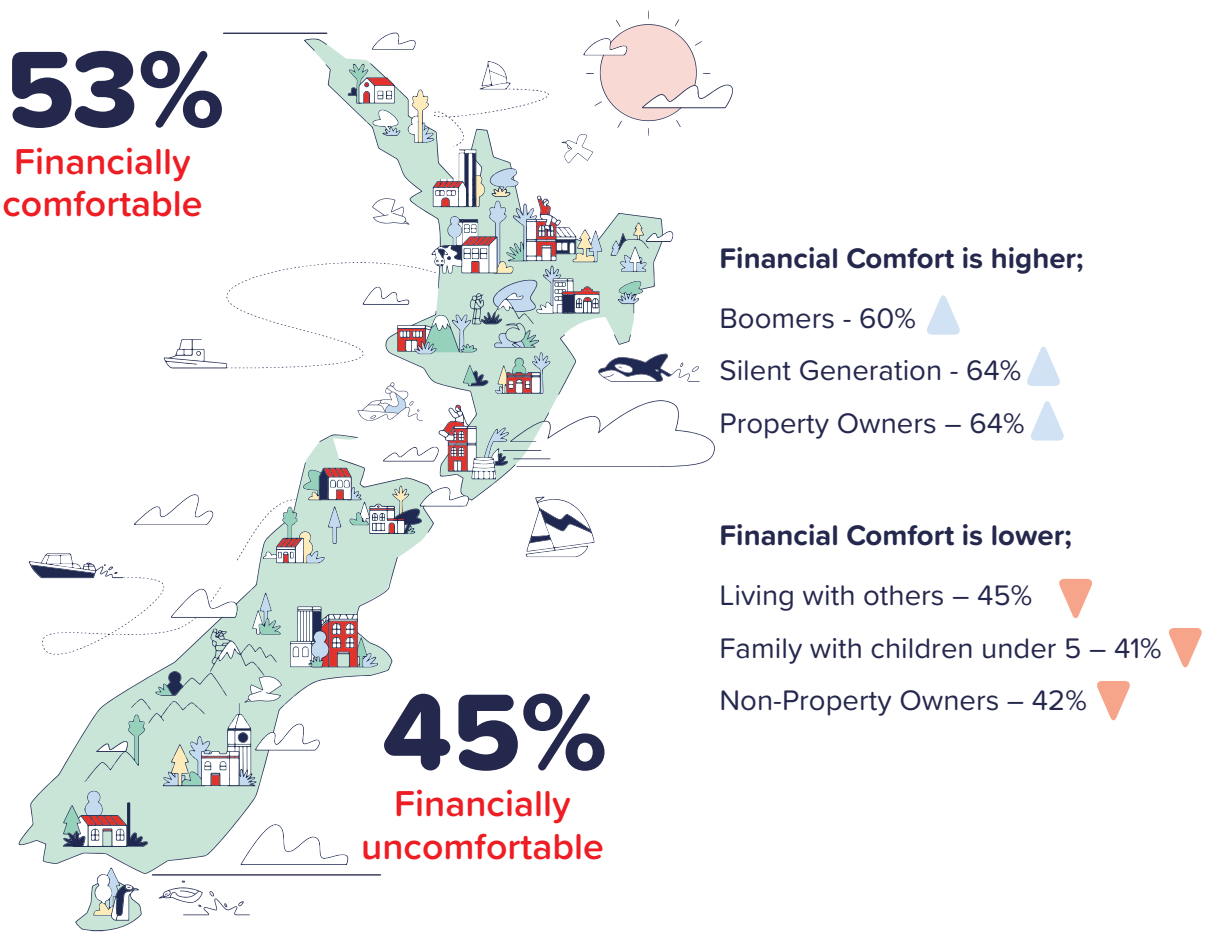
We can't change inequality but we can recognise that property is the elephant in the room.

How do we protect better property transfers and different ownership models?



# On top of this changing property ownership, half of New Zealanders feel under some financial stress or strain

## Level of financial comfort in NZ.





# This financial hardship doesn't impact everyone and some don't even see it

## Getting harder to get by day to day.



## Rising financial inequality.



Aware of the issue	61%	42%
Impacting me (of total)	47%	20%
Impacting me (of those aware)	68%	43%

TRND\_KNW: Which of these trends have you heard of before?

TRND\_IMP: Which of these trends is directly impacting you?

Base Total n=1008

**Our experts tell us financial strain only allows for short term thinking, further adding to financial stress.**

**Percentage only planning short term.**



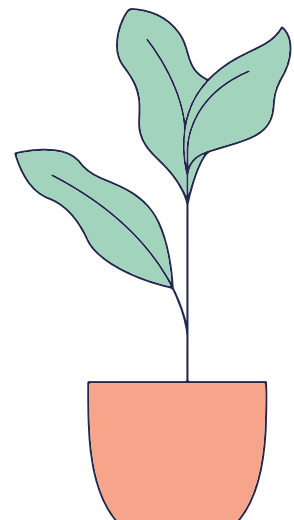
**EXPERT INTERVIEW FINDINGS**

- > New Zealanders were already thinking short-term with money before entering this period of heightened uncertainty.

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*“We need to invest more in equipping future generations with the tools they need to be resilient.”*

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IN\_SEC: How would you describe your financial position? X FUT\_VIEW: Considering your plans for the future, for which of these time periods are you actively planning?  
Base Total n=1008

# Financial discomfort is higher in younger, non-property owning cohorts

This cohort is growing and will suffer from lack of ability to plan long term.

Legacies by their nature are ongoing and long-term.

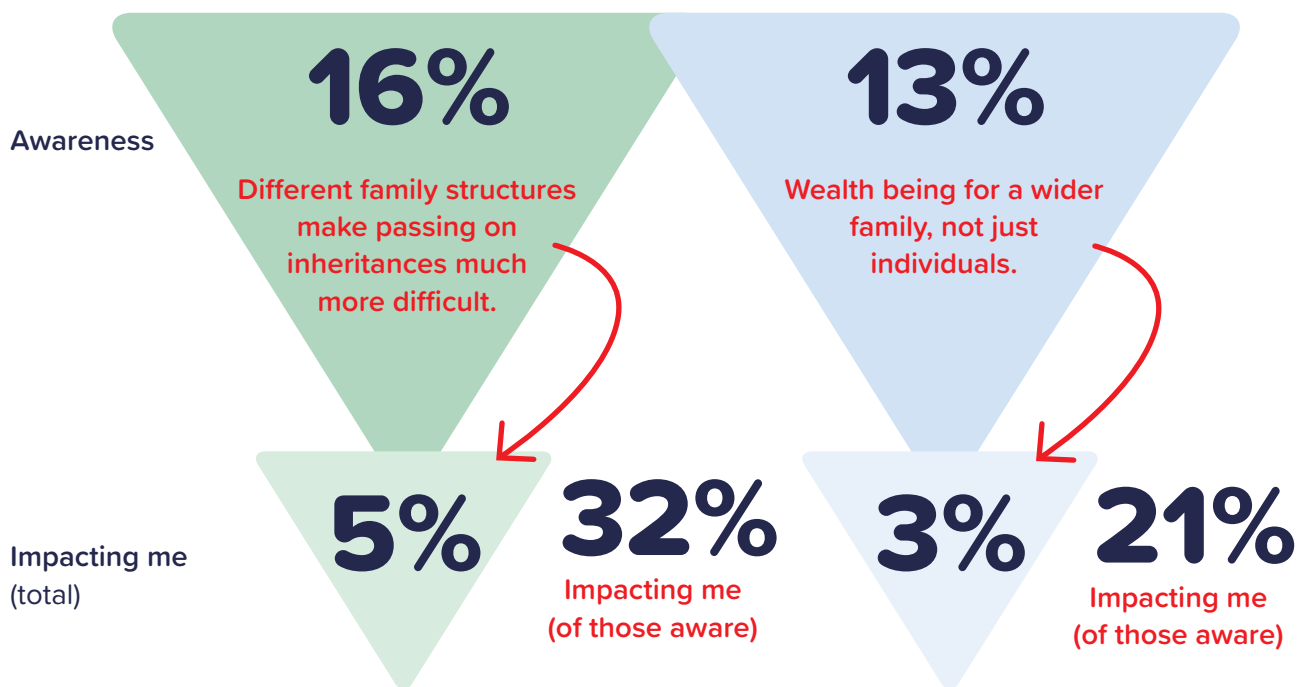
Can legacies come in bite-size chunks?



# Our experts acknowledge that the rise of fragmented families brings complexity to sharing and giving.

While awareness of this is low, its impact on those aware is notable.

## Cultural trend awareness and impact.



### EXPERT INTERVIEW FINDINGS

- > This leads to both a legal and social quagmire. For example, if a person dies, the money might go to the new spouse and the children from the first relationship might not get anything.
- > Fragmented families have even fewer assets making life more of a struggle as they get older.

TRND\_KNW: Which of these trends have you heard of before?  
TRND\_IMP: Which of these trends is directly impacting you?  
Base Total n=1008

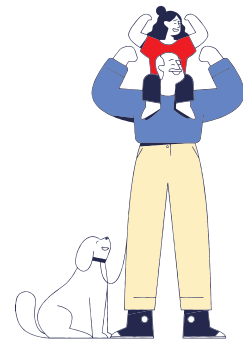
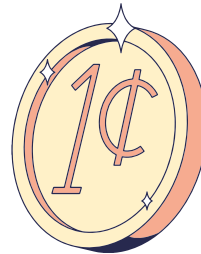
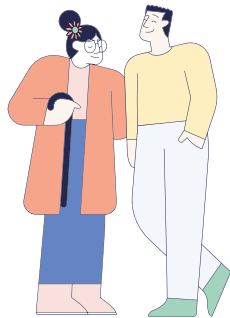
# The aging population also brings forward challenges, as less wealth is being passed down.

## Cultural trend awareness and impact.

Older generations living longer and not being able to pass on as much.

Older generations already passing on wealth.

Inheritances going to grandchildren rather than adult children.



	Older generations living longer and not being able to pass on as much.	Older generations already passing on wealth.	Inheritances going to grandchildren rather than adult children.
Aware of the issue	33%	21%	19%
Impacting me (of total)	9%	3%	3%
Impacting me (of those aware)	27%	17%	19%

## Impacting me (of those aware) X Generation.

Gen Z	Millennial	Gen X	Boomers	Silent Generation
20%	18%	21%	33%	50%

Younger generations are yet to understand the consequences of less wealth being available to pass down, and its direct impact on them...

TRND\_KNW: Which of these trends have you heard of before?  
 TRND\_IMP: Which of these trends is directly impacting you?  
 Base Total n=1008

# Our cultural trends don't affect everyone – **but where they do, they have an impact**

Increasingly there is a need to cater for specific circumstances.

One size fits all products will be less relevant.

How do we meet the needs of the future population?



# How do we protect our legacies? **What is at risk?**

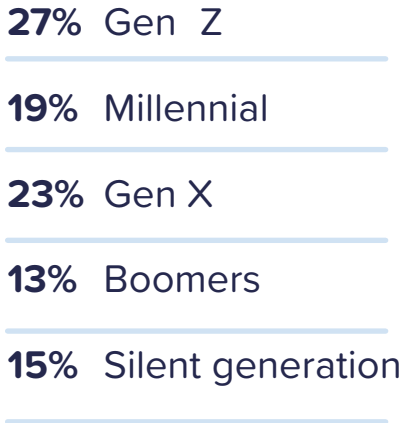


# One in five people feel they don't have enough wealth to worry about protecting it.

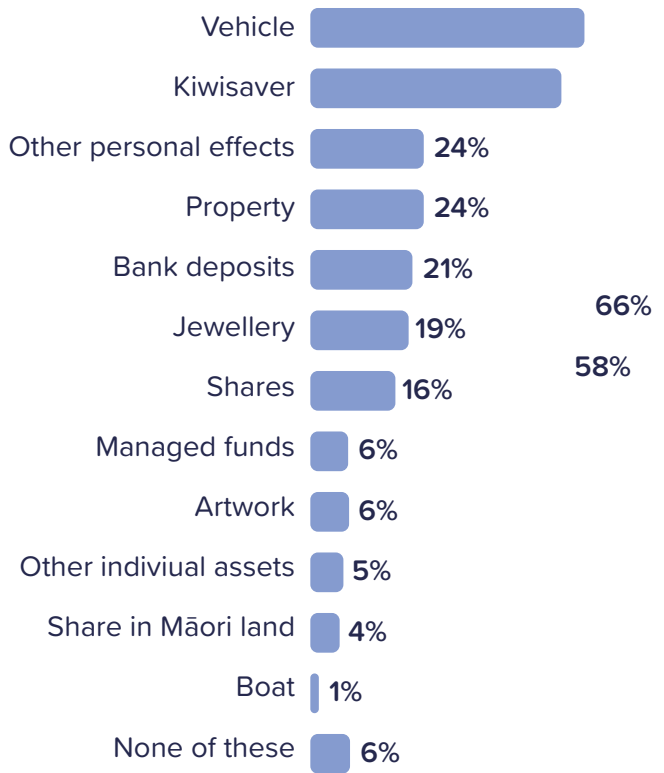
## Wealth protection.



## Feeling of lack of wealth x generations.



## Assets by those who don't feel they have wealth to worry about.



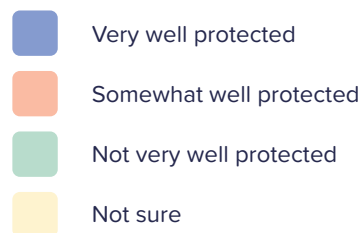
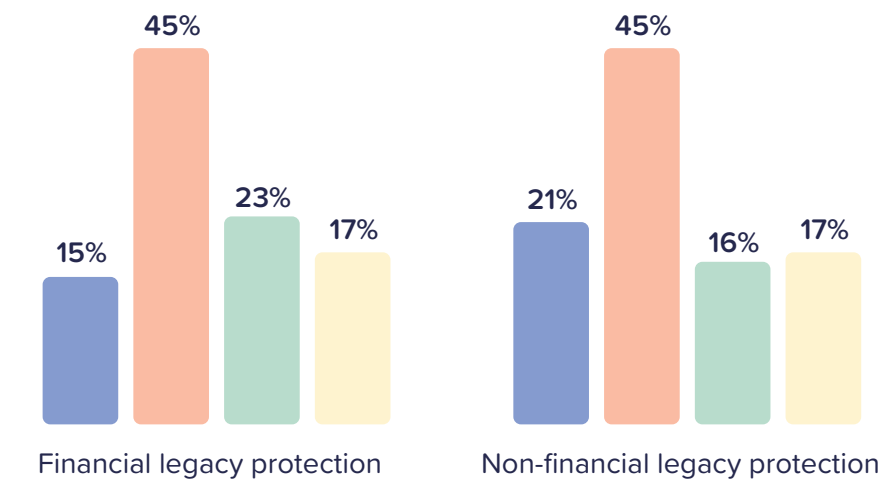
WLTH\_PRT: How well protected do you feel your wealth is?  
 AGE: How old are you?  
 ASSETS\_HELD: Which of the following do you either own or have access to, whether that's solely or jointly?  
 Base Total n=1008



## Our experts tell us that legacy protection is not a comfortable topic for New Zealanders.

This looks to be true for both financial and non-financial legacies. Certainly, very few people feel a high degree of comfort in the protection measures they have in place.

### Legacy and wealth protection.



#### EXPERT INTERVIEW FINDINGS

- > It gets complicated when it comes to dealing with family members equitably.
- > It's an uncomfortable topic because it requires you to think about your own death.

LGC\_PRT1: How well protected do you feel your financial legacy is?

LGC\_PRT2: How well do you feel your legacy, outside of anything financial is?

WLTH\_PRT: How well protected do you feel your wealth is?

Base Total n=1008

## Formal measures can make us feel more protected, but do not give complete surety for people.

### Feeling protection x type of formal protection.

	Net: protection	A will	Trust(s)	Contracts	Something else
Very well protected	21%	21%	31%	31%	15%
Somewhat well protected	54%	55%	57%	59%	27%
Not very well protected	15%	14%	9%	8%	37%
Not sure	9%	9%	3%	2%	21%
Base Size	647	519	142	65	45

LGC\_PRT1: How well protected do you feel your financial legacy is?

PRT\_STRC: What do you have in place to help protect your wealth and legacy?

Base Total n=1008



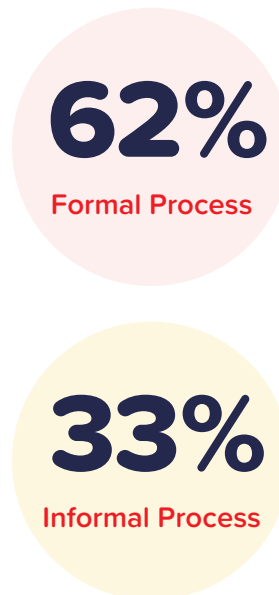
## Formal protection of received assets is often perceived rather than actual.

Lack of knowledge or understanding, as well as personal experiences of what 'formal' processes mean may leave some people vulnerable in the protection of their legacies.

### Asset received



### Process of receipt



### Protection of received asset.

Protection	%
Wasn't formally protected	57%
Contracts	17%
Will	9%
Pre-nuptial agreements	5%
Contracting out clauses	3%
Other (please specify)	3%
Rather not say	6%

### Asset/financial assistance not formally protected.

Protection	%
Bank deposits/term deposits	62%
Vehicle	62%
Jewellery	56%
Property	53%
KiwiSaver	17%

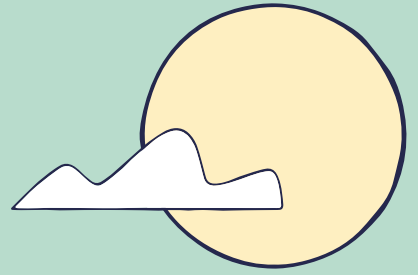
LGC\_PRT1: How well protected do you feel your financial legacy is?

LGC\_PRT2: How well do you feel your legacy, outside of anything financial is?

WLTH\_PRT: How well protected do you feel your wealth is?

Base Total n=1008, Base asset received n=381, Base asset not protected n = 220

# Living legacies are not as well protected as they could be

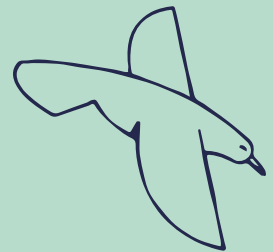


Lack of knowledge.

Lack of interest.

Lack of ease.

‘She’ll be right’ attitude.



## Gen Z and Millennials are feeling less protected due to lack of formal practices to ensure the security of their legacy.

### Feeling of protection x age.

	Gen Z	Millennial	Gen X	Boomers	Silent Generation
Very well protected	10%	12%	10%	24%	28%
Somewhat well protected	45%	44%	44%	46%	48%
Not very well protected	30%	28%	26%	16%	5%
<b>Base Size</b>	<b>83</b>	<b>321</b>	<b>322</b>	<b>205</b>	<b>77</b>

### Protection of assets x age.

	Gen Z	Millennial	Gen X	Boomers	Silent Generation
NET: PROTECTION	42%	50%	63%	88%	95%
A will	16%	31%	52%	81%	91%
Trust(s)	29%	14%	12%	16%	7%
Contracts	12%	9%	6%	4%	4%
<b>Base Size</b>	<b>83</b>	<b>321</b>	<b>322</b>	<b>205</b>	<b>77</b>

PRT\_STRC: What do you have in place to help protect your wealth and legacy?

AGE: How old are you?

ETHN\_LN: What ethnic group(s) do you identify with?

Base Total n=1008

## Nearly half of those with families have yet to take formal actions to protect their legacy.

	Living by myself	Living with my partner only	Living with others	Family with children mostly under 5	Family with children mostly school aged	Family with children mostly older
Net: Protection	71%	79%	38%	52%	62%	62%
A will	54%	67%	26%	35%	46%	54%
Trust(s)	13%	15%	19%	13%	16%	14%
Contracts	6%	6%	7%	14%	8%	3%
<b>Base Size</b>	<b>165</b>	<b>294</b>	<b>125</b>	<b>100</b>	<b>206</b>	<b>111</b>

PRT\_STRC: What do you have in place to help protect your wealth and legacy?

HH\_STR\_SH: How would you best describe your household

Base Total n=1008

# Wills can play a key role in reducing pressure among those leaving and receiving legacies



## Wills associations

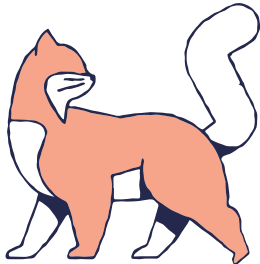
### What wills are seen as.

Makes it easier for when I'm gone	<b>62%</b>
Provides peace of mind	<b>54%</b>
Helps me protect what's important to me	<b>47%</b>
Ensures my legacy is protected	<b>40%</b>

### What wills are not seen as.

Confusing	<b>8%</b>
For wealthy people	<b>7%</b>
Irrelevant	<b>3%</b>
Boring	<b>3%</b>

WILLS\_ASC: What words come to mind when thinking about wills?  
Base Total n=1008



# People’s differing experiences influence their future thoughts about legacy protection.

## Wills associations

### What wills are seen as.

Makes it easier for when I’m gone	Gen Z -12% ▼ Millennial -7% ▼ Boomers +15% ▲ Silent Generation +16% ▲
Provides peace of mind	Gen Z -21% ▼ Millennial -8% ▼ Boomers +11% ▲ Silent Generation +15% ▲
Helps me protect what’s important to me	Millennial -6% ▼ Asian -8% ▼
Ensures my legacy is protected	Silent Generation +14% ▲

### What wills are not seen as.

Confusing	Gen Z +9% ▲ Boomers -7% ▼ Silent Generation -5% ▼
For wealthy people	Millennial +6% ▲ Asian +8% ▲ Boomers -6% ▼ Silent Generation -6% ▼
Irrelevant	Gen Z +6% ▲ Boomers -3% ▼ Silent Generation -3% ▼
Boring	Silent Generation -3% ▼

WILLS\_ASC: What words come to mind when thinking about wills?  
AGE: How old are you?  
ETHN\_LN: What ethnic group(s) do you identify with?  
Base Total n=1008

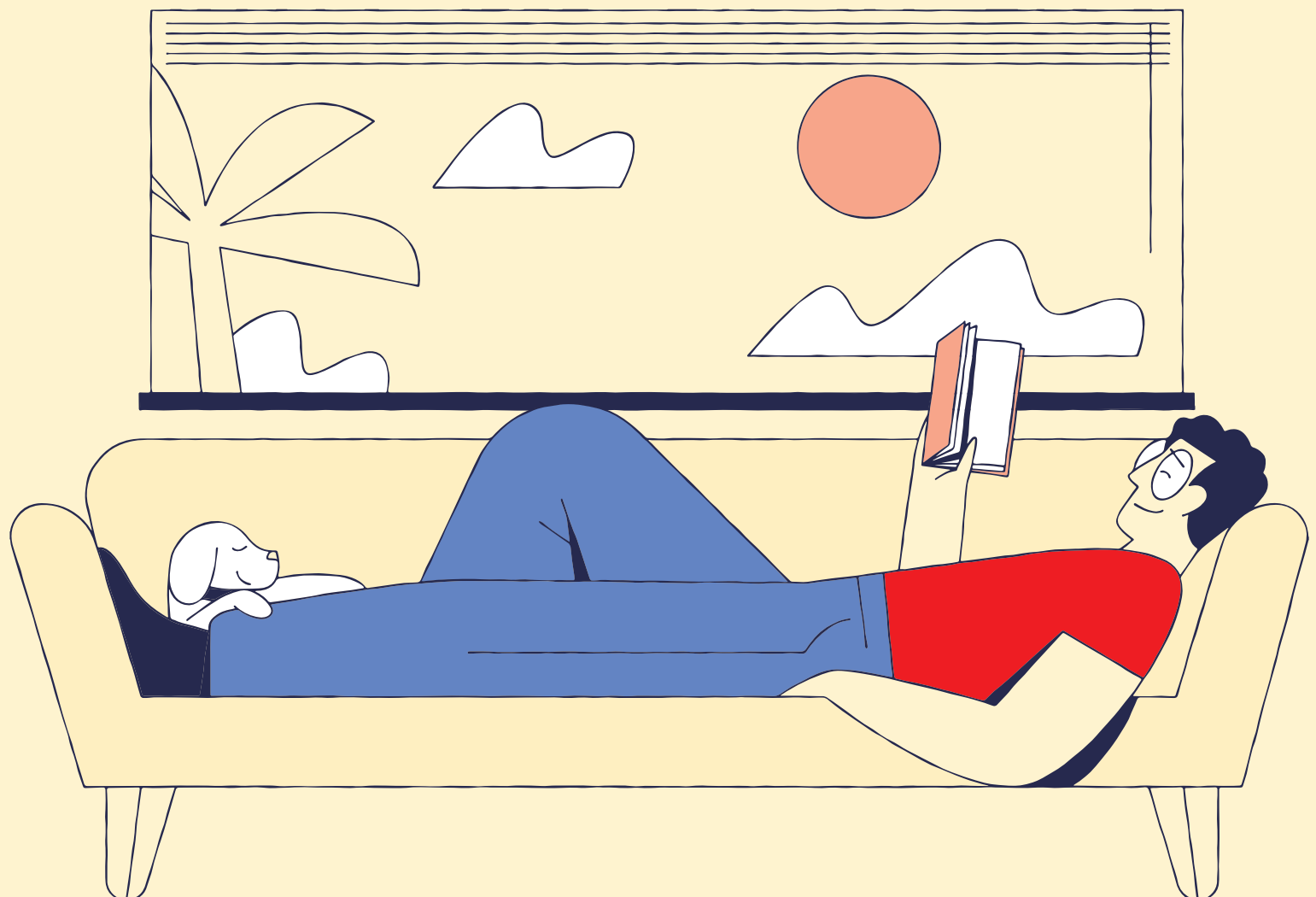
▲ Significantly higher than total  
▼ Significantly lower than total

# Wills help give peace of mind

But still – not everyone who needs one has one.

And they also do not seem to give full  
surety of protection of legacy.

They seem to be more about process  
ease than protection of legacy.





# Our experts suggested reframe techniques that could help

## **Get the death topic out of the way and start planning today.**

One exercise used by financial advisors is to get people to imagine that they died yesterday and to begin chatting about what they'd like to happen with their wealth.

## **Reframe future planning as an opportunity to learn/capture family history.**

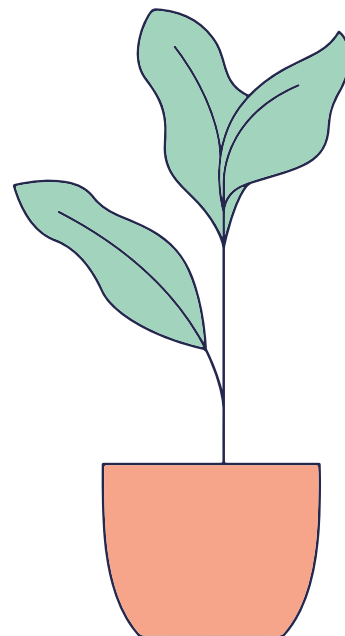
One can think of a will as a way to capture a family's story – not just what is being passed down but why. Further, the stories behind sentimental items can be very powerful.

## **Experience the joy of giving while you can.**

Giving to others is a proven way to increase one's own wellbeing. When wealth is transferred with a warm hand, you get the joy of seeing the positive impact it has on those you care about.

## **It's selfish not to.**

If you really care about the future of your loved ones, then it only makes sense to make a plan to help them after you're gone.



# A note on Māori and legacies

How Māori protect their legacies and what the unique risks in their culture are.



# Māori strongly recognize their emotional inheritances

Māori are seeing the ways in which traditional values can be aligned with materialism – albeit uncomfortably.

**Māori difference in legacy recieved.**



## EXPERT INTERVIEW FINDINGS

Māori have lower financial literacy due to different cultural worldviews:

- > ‘Currency’ is a Pakeha capitalist and social construct which does not easily translate to Te Ao Māori.
- > Currency in Te Ao Māori is manaakitanga; whereby communal generosity supports the needs of the community in a circular and reciprocal manner.
- > Another barrier is intergenerational ways of thinking, such as benefit entitlements to offset imposed poverty.

**Getting on top of financial literacy can be positioned as an act of loyalty and generosity to whānau.**

# Māori hold important connections to those who they receive their legacy from

**Māori difference in legacy recieved and acknowledged.**

Recognising my whakapapa.



Feeling really connected to my ancestors.



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*“Being a Māori mother and putting myself first is an acceptable example of providing capacity and capability in the long-term.”*

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# Māori feel their legacies are protected in formal ways, but do these hold up in the Western world?

## Feeling of protection x Māori.

	Total	Māori	Non-Māori
Very well protected	21%	29%	20%
Somewhat well protected	45%	41%	46%
Not very well protected	16%	16%	16%
Not Sure	17%	14%	18%

### EXPERT INTERVIEW FINDINGS

- > Māori don't recognise capitalist conceptualisation of 'ownership' and don't 'own' anything.
- > Kaitiakitanga is used instead - upkeep and preserve things for the future of both the whanau and the communal good.
- > There's therefore no need to write down "give X to my daughter" in a will.
- > Verbal wishes go out the door and have to be proven in a pakeha court system which is very challenging.

LGCY\_REC: What have you received from others as a legacy? Remember this can be financial or anything else

LGCY\_AKN: What did you do to acknowledge what you were given?

ETHN\_LN: What ethnic group(s) do you identify with?

Base Total n=1008

# Our experts tell us that a cultural reframe is required to encourage Māori to make a will

## Protection of legacy x Māori.

	Total	Māori	Non-Māori
Net: Protection	65%	62%	65%
A will	51%	43%	52%
Trust(s)	15%	22% ▲	14%
Contracts	7%	8%	7%
Something else	4%	5%	4%

### EXPERT INTERVIEW FINDINGS

- > Wills are understood to be a rich man's product – lawyers too expensive.
- > Interesting, vibrant and engaging roadshows in community schools, and marae could help open a discussion and address attitudinal barriers.

*Learning the low-cost possibilities can be empowering. It's about doing it tika (properly) so nobody has the right to change or challenge things. And it's about having a kōrero with no tricks – kanohe te kanohe – waananga style.*

LGCY\_REC: What have you received from others as a legacy? Remember this can be financial or anything else

LGCY\_AKN: What did you do to acknowledge what you were given?

ETHN\_LN: What ethnic group(s) do you identify with?

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# ‘Formal process’ looks different for different cultures

But do they hold up in the Western world?

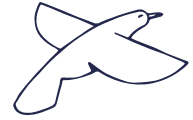
How do we bridge the gap?



# Bringing it all together







# Everyone does want to leave a legacy – our role is to help them do it however they need to

## Giving more than we've received.

Even though individuals want to look after themselves, leaving a legacy is a core need.

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*“Intergenerational wealth transfer is a journey, not an outcome.”*

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## One size does not fit all.

Emotional legacies are important, as are looking after complex and changing situations.

## Property increases awareness.

With increasing non-ownership of property there is danger the category shrinks.

## We've been doing this a long time.

Public Trust has helped all generations thrive through the change - the need now is for greater flexibility and ease of as legacies change.



# Let's talk

