

Mom and dad are giving away \$84 trillion in the ‘great wealth transfer.’ And they have some thoughts on how to spend it

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How the wealthiest individuals decide to give some of their wealth away is changing.

GARY JOHN NORMAN—GETTY IMAGES

Cue the [Succession theme song](#). Less than 15 years ago, the federal estate tax exemption—the amount someone can pass on to heirs without incurring tax—[was around \\$2 million](#). Fast-forward to today, and the exemption stands at \$13.61 million, thanks to a number of changes in U.S. tax law, most notably the [2017 Tax Cuts and Jobs Act](#), under President Donald Trump, that doubled the exemption amount.

That means a married couple can give over \$27 million away before incurring the tax, which can reach 40% on assets above that threshold. And that’s changed how high-net-worth (HNW) and ultra-high-net-worth (UHNW) individuals are deciding to give away their wealth.

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These days, with so much more money at stake, mom and dad are much more hands-on when it comes to what their heirs can do with the money left to them, says Emily Irwin, managing director of advice and planning at Wells Fargo's wealth and investment management division, who used to work with HNW and UHNW clients in private practice. [Trusts are the norm](#), and it's becoming more common to push out the age at which beneficiaries can access the money: Rather than when someone is in their twenties, some distributions are being delayed until those people reach their thirties, forties, or later.

"We see so many individuals saying, 'We want to get it off of our balance sheet, but we don't necessarily want to have our kids and grandchildren be completely able to access it,'" Irwin tells *Fortune*. "We know you used to be competent to manage this money, but now that these numbers are so much bigger, we're going to bring in some help to make sure there's longevity in this trust."

There are any number of reasons for this, including to shield it from divorce, creditors, etc. "It's not just, 'We don't trust you,' it's also, 'We want to protect you,'" Irwin adds.

And of course, some wealthy individuals simply don't want to give away such a large sum without having a say in how it's used. Independent trustees are more common, to ensure the distributions are made properly, Irwin says. Giving away \$2 million requires less hand-holding than nearly \$14 million.

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When wealth is transferred via a trust, for example, the donor can stipulate any number of requirements before a distribution is given. An heir, for example, may have to attend a certain school or get a certain grade point average. They may have to share the funds with specific philanthropic efforts, or the distributions may be required to match the heir's salary to ensure they keep working.

What this means for the 'great wealth transfer'

These developments likely will have a big impact on the approaching [\\$84 trillion](#) "great wealth transfer." More and more billionaires are [acquiring their wealth through inheritance](#) than entrepreneurship, for example. And half of the world's billionaires live in countries with no inheritance tax on money given to children, according to a [2023 report](#) from Oxfam.

Another reason the wealthy are attaching more strings to what they give away? They want to see how it's used while they're alive, says Irwin. And have a bigger say.

"We might see a letter of intent guiding the trustee, which is informal. 'My expectation would be A, B, C lifestyle,'" says Irwin. "That I love, because it's a communication that can be informative, but not controlling."

And heirs still benefit in other ways, such as having medical bills or school tuition covered—with those direct payments not counting against gift and estate exemptions—or having a home renovation paid for. Some receive intra-family loans with extremely friendly terms. And each year, their benefactors can give away a certain amount of money—\$18,000 in 2024, double for couples—tax-free per recipient without using up any of their lifetime gift or estate tax exemptions.

The current wealth tax exemption could [sunset at the end of 2025](#), when a number of individual provisions from [the 2017 tax law expire](#). If Congress doesn't extend the cuts, that would halve the exemption—meaning [some HNW individuals are racing to pass on some of their wealth](#) while the higher exemption stands.

“It’s a perfect storm of ‘We can give more, we think it can go away, they need more,’ and this new sentiment of ‘We’d like to see it during our lifetime, our dollars at work,’” says Irwin. “It’s going to be exponential, people working with their advisors to consider this in the months and weeks before it sunsets.”