



## Preserving wealth for the next generation

### How the right coverage can make it possible to transition wealth

Millennials stand to inherit \$30 trillion from their predecessors, a phenomenon that has been dubbed “the great wealth transfer.”<sup>1</sup> Protecting your assets through insurance will assist with the wealth transfer to the next generation.

We understand you have a busy and complex life. As your wealth increases, your needs may evolve as well. You may undergo life changes, such as: homeownership, family, careers, volunteering, employing domestic staff, international travel and collecting prized possessions. Your lifestyle means you face diverse risks. You may also be more susceptible to risks simply because you have more assets or are in the public eye more than the average person.

#### Consider the following

One in 10 financially successful individuals doesn’t have excess liability insurance.<sup>2</sup> Insurance is fundamental to a sound financial plan; it’s about preparing for the future. Many successful families or individuals are not adequately protected. Insurance is often purchased before or during the initial wealth accumulation and is not revisited afterwards.

Your home is one of the largest investments you will likely ever make. About two of every three homes in America are underinsured.<sup>3</sup> Covering jewelry, art and other collectibles under the personal property portion of your

homeowners policy could leave you heavily underinsured, as many policies have sub-limits or utilize depreciation and will not provide full replacement value. Home and auto policies offer liability coverage, but it’s often not enough. A lawsuit can destroy your wealth in an instant.<sup>3</sup>

Insurance can be complicated, especially when it comes to high-net-worth individuals and families. Some questions to ask yourself:

- Is your home(s) insured to value?
- Do you have adequate insurance for your collections?
- Is your family trust covered under your insurance?
- Are you protected when serving on the board of your local non-profit?
- Do you have adequate insurance limits to protect your net worth if sued?
- Will you have enough coverage if someone else is uninsured or underinsured?
- Do you really need lower deductibles, or are you willing to retain some risk for premium savings?
- What if your nanny decides to sue for discrimination?
- What have you done to protect your identity?

The right insurance can help provide you with peace of mind knowing that you have protection for your assets and your family’s wealth — now and in the future.

## How Nationwide Private Client responds

Nationwide Private Client exists to help make you and your family whole again in the event of a loss. Our coverages were designed with you in mind.

- **Home** policies designed to protect customized homes with specialized architecture and materials
- **Collections** limits up to \$5 million for cherished valuables
- **Auto** insurance includes agreed value and OEM parts options to better protect high end vehicles
- **Excess liability** has available limits up to \$25 million, the ability to consult with a trusted counsel on defenses we provide and more

## What you can do today

Studies have shown that 70% of family wealth is lost by the end of the second generation and 90% by the end of the third.<sup>4</sup> Below are some tips for a successful wealth transfer.

1. **Have a trusted wealth manager or financial advisor and legal counsel.** It's always good to have an expert that can help structure a will, create a trust, plan for retirement and manage investments and wealth allocations.
2. **Find a trusted insurance advisor.** Build a relationship with an agent that has high-net-worth insurance expertise.
3. **Get a protection review.** A protection review can help uncover coverage gaps, recommend risk mitigation techniques and uncover potential discounts. Periodic reviews should follow to help make sure you remain adequately insured.
4. **Understand your risks and exposures.** Invite the whole family to sit down with your insurance advisor together. You and your family should understand the exposures, risks and perils applicable to your lifestyle. For example, what are the potential risks with holding dinner parties at your house, posting on social media, letting someone drive your car, traveling abroad?
5. **Get an excess liability policy.** Liability limits should at least equal your net worth and take into account your future earnings.
6. **Utilize your trusted advisor to help make a plan.** Protect your current and future wealth. Understand this plan isn't "once and done," but should be ongoing with continued monitoring to make adjustments as needed.

7. **Educate your children and other family members about financial responsibility.** Make sure they understand that when it comes to insurance, the lowest price may not mean adequate coverage.
8. **Begin the dialogue about wealth transfer with family members.** Communicate any stipulations that help preserve lifelong financial stability. Let them know an inheritance isn't a license to be complacent. Discuss your family values (lifestyle, philanthropy, etc.) and your overall goals and intentions for the inheritance. Be open about your fears and beliefs about money.

## Why Nationwide Private Client

Affluent clients' insurance needs may not be met by most mass-market carriers. Nationwide Private Client is dedicated to helping protect the assets and reputations of our clients. Our highly personalized insurance products, services and concierge-style claims management are thoughtfully designed to meet the distinctive needs of affluent individuals and families. We are committed to providing you a superior experience whenever you need assistance.

Nationwide Private Client offers these added benefits:

- **Claims** — Exceptional claims handling provided by Nationwide Private Client.
- **Financial strength** — Nationwide, a Fortune 100 company,<sup>5</sup> is one of the largest and strongest diversified insurance and financial services organizations in the U.S. and is rated A1 by Moody's and A+ by both A.M. Best and Standard & Poor's.<sup>6</sup>
- **Charitable giving** — Nationwide Private Client demonstrates a commitment to local communities through its Partners in Giving program, helping numerous lives each year. This supports Nationwide's belief in being a good corporate citizen where we work and live. Since 2000, the Nationwide Foundation, a nonprofit, private foundation, has contributed more than \$430 million to charitable organizations across the U.S.

<sup>1</sup>[nypost.com/2018/03/13/get-ready-for-one-of-the-greatest-wealth-transfers-in-history/](http://nypost.com/2018/03/13/get-ready-for-one-of-the-greatest-wealth-transfers-in-history/)

<sup>2</sup>[cnbc.com/2018/03/26/this-hidden-threat-can-devour-more-than-100000-of-your-wealth.html](http://cnbc.com/2018/03/26/this-hidden-threat-can-devour-more-than-100000-of-your-wealth.html)

<sup>3</sup>[weabenefits.com/article\\_view.aspx?id=3482](http://weabenefits.com/article_view.aspx?id=3482)

<sup>4</sup>[nypost.com/2017/04/24/most-rich-families-will-lose-it-all/](http://nypost.com/2017/04/24/most-rich-families-will-lose-it-all/)

<sup>5</sup>Based on revenue, Fortune (July 2018).

<sup>6</sup>Ratings affirmed 11/7/17 by Moody's, 10/2/17 by A.M. Best, and 5/10/18 by Standard & Poor's.