ATTITUDES TO WEALTH

Exploring evolving perspectives on wealth, taxation and social responsibility

STEP
ADVISING FAMILIES ACROSS GENERATIONS

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About STEP

STEP is a global professional body, with more than 22,000 members comprising lawyers, accountants, trustees and other practitioners that help families plan for their futures.

Our mission is to inspire confidence in families planning their assets across generations by setting and upholding high professional standards, informing public policy, promoting education, and connecting practitioners globally to share knowledge and best practice.

Full STEP members, known as TEPs, are internationally recognised as experts in their field, with proven qualifications and experience.

As experts in inheritance and succession planning, STEP members draft wills and trusts and advise on issues concerning international families, protection of the vulnerable, family businesses and philanthropic giving.

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EXECUTIVE SUMMARY

INTRODUCTION

At the 2024 World Economic Forum in Davos, Switzerland, 250 billionaires and millionaires under the alliance of the Patriotic Millionaires, and by way of an open letter to world leaders, demanded that global political leaders introduce wealth taxes to help pay for better public services around the world. 'Tax the Super Rich' was a protester motto that continued through to the Davos Forum in January 2025 this year.

At the G20 in Brazil 2024, off the back of a report published by French economist Gabriel Zucman into the feasibility of a global wealth tax, finance ministers from Brazil and France announced their intent to tax the wealth of billionaires by at least 2 per cent annually. This prompted ministers from Germany, South Africa and Spain to back the proposal.

It would seem that calls for wealth taxes on the world's super rich as a means to tackle inequality are gaining momentum – but is everyone who falls into the emerging affluent to ultra-high-net-worth (UHNW) wealth categories really calling for higher taxation and wealth taxes? What are global client attitudes to wealth and taxation and their reactions to government proposals? What are wealth, trusts and estates advisors seeing and hearing in day-to-day practice with regards to client viewpoints and behaviours?

STEP, as the leading global professional body for practitioners specialising in wealth and estate planning, decided to conduct its own industry research to get a clearer picture of the status quo and answers to these questions.

What are the current attitudes to wealth witnessed from within the industry and how do these vary from one region to another?

Our research provides evidence of, and insight into, private clients' attitudes to wealth, taxation and behavioural trends, as experienced and reported on by the practitioners serving them. It also delves into the questions and topic areas that advisors raise with their clients. Our research further asked respondents to comment on the attitudes of the wealthy to responsible wealth stewardship, and in turn the role of advisors in addressing these issues with their clients. We consider how our findings and the trends presented can better inform future approaches to wealth transfer and succession.

KEY FINDINGS

With responses from more than 900 participants from 86 countries, our research provides an interesting snapshot of prevailing global attitudes. We observe six key findings:

1. Financial security for future generations remains the top priority for most clients. Advisors report that today's clients are more informed and intentional about their wealth objectives.
2. Awareness of social responsibility is increasing, particularly among younger generations, but this has yet to translate into meaningful action.
3. While taxation remains a key concern, mitigating tax exposure is not the most influential factor for clients and there is a shift towards a more balanced approach prioritising efficiency, compliance and long-term wealth planning. Generational differences may drive new approaches to tax planning and a change in language around tax.
4. More education is needed on trusts and similar structures for clients, policymakers and the wider public.
5. Avoidance and discomfort in discussing wealth with family members remain significant barriers to early and effective wealth planning.
6. Most practitioners are talking to clients about responsible wealth stewardship, some more proactively than others. Clients generally value a holistic approach that leads to more comprehensive and personalised planning that aligns with their values.

THE WAY FORWARD

The next decade will likely see a significant shift in client attitudes, influenced by a combination of technological advances, geopolitical risks, evolving tax policies and growing social responsibility. The challenge for practitioners will be to adapt to these changes, balancing the need for tax-efficient strategies, ethical investments and maintaining personal relationships with clients amid increasing reliance on AI and automation.

In order to thrive in the coming years, this research points to several actions for practitioners. These include:

- Educating clients on wealth stewardship, financial literacy and how to navigate complex family dynamics.
- Adapting strategies to the evolving priorities of younger clients.
- Staying ahead of legislative changes, advising on cross-border tax implications and finding innovative ways to achieve a client's end goals for their wealth and family security, while ensuring compliance.
- Helping clients navigate sustainable investment options and balance impact goals with financial returns.
- Avoiding pitfalls like greenwashing, while adapting to increasing demand for transparency and accountability. Climate change and social justice will be topics practitioners will need to understand and support clients on.
- Providing expertise in cross-border tax, immigration policies and international laws to help clients navigate increasingly complex global scenarios.
- Positioning themselves as trusted advisors, emphasising the value of personalised advice, incorporating technology responsibly to complement rather than replace human expertise.

STEP, through its global network and focus on continuing professional development, is well-placed to support practitioners through the provision of education and the facilitation of knowledge and best practice sharing across geographic and professional boundaries.

Key areas of focus include:

1. **Legacy, values and social contribution** – enhancing education, training and awareness around responsible wealth stewardship, supporting legislative changes for socially responsible investments, and extending awareness to clients and society.
2. **Dispelling myths and improving knowledge** – educating clients on trusts, correcting public misconceptions and keeping practitioners informed on global developments while strengthening training on philanthropy and charitable giving.
3. **Industry leadership and advocacy** – advocating for tax transparency and responsible discourse, preparing the next generation for wealth management and promoting early family communication through advisory support.

ABOUT THIS SURVEY

OBJECTIVES

In this survey, STEP sought to:

- gather insight into, and evidence of, evolving client attitudes to wealth and taxation; and
- establish behavioural trends and consider how these might inform future approaches to wealth and associated planning.

The questions fell under four broad categories.

1. Context framing
    - Who are you and where are you based, as the respondent practitioner?
    - Who are your clients and where are they based?
2. Client attitudes to wealth and its purpose
    - What are clients expressing regarding their intentions and objectives for their wealth?
    - Which concerns and factors are influencing their decision-making?
    - What actions are they taking regarding their wealth planning?
3. Client attitudes towards taxation and structuring
    - What views and perceptions are clients expressing regarding taxation?
    - What are their motivations and influencing factors for planning?
    - What is their knowledge level and what are their views on any structuring methods?
4. Views on the role of the practitioner
    - What questions are practitioners asking their clients?
    - To what extent are practitioners influencing client outcomes?

Key terms

The following terms were used in the survey and are used in this report:

- **Social responsibility** refers to the broader obligation individuals or businesses have to act in the best interests of society.
- **ESG** stands for environmental, social and governance. It's a set of principles and standards that measures how a business impacts the environment and society.
- **Responsible wealth stewardship** refers to sustainable, ethical and long-term wealth management, with an emphasis on legacy and preserving value for future generations.
- **Socially responsible and/or impact investing** refers to actively focusing on financial returns and measurable positive societal impacts while avoiding investments that engage in harmful activities.
- **Wealth inheritors** are individuals who receive substantial inheritance from a previous generation.
- **Wealth creators** are individuals who generate significant financial assets.

Generational cohorts

(NOTE: Age ranges based on survey running in 2024)

- **Traditionalists** are individuals over 79 years of age (people born between 1925 and 1945).
- **Baby Boomers** are individuals 60-78 years of age (people born between 1946 and 1964).
- **Generation X** are individuals 44-59 years of age (people born between 1965 and 1980).
- **Millennials** are individuals 28-43 years of age (people born between 1981 and 1996).
- **Generation Z** are individuals up to 27 years of age (people born between 1997 and 2012).

FRAMING

Survey respondents were asked to consider 'the client' as the private client they serve and/or the beneficiary of whose interests they represent (if a trustee).

Survey respondents were asked to consider their client base as a whole when responding to questions geared towards understanding client attitudes.

Survey respondents were asked to consider their own professional practice and experience when responding to questions geared towards practitioner role.

NOTE: The survey was responded to by trusts, estates and taxation industry practitioners considering their lived practice experiences and perceptions of client attitudes. Clients themselves did not respond to the survey.

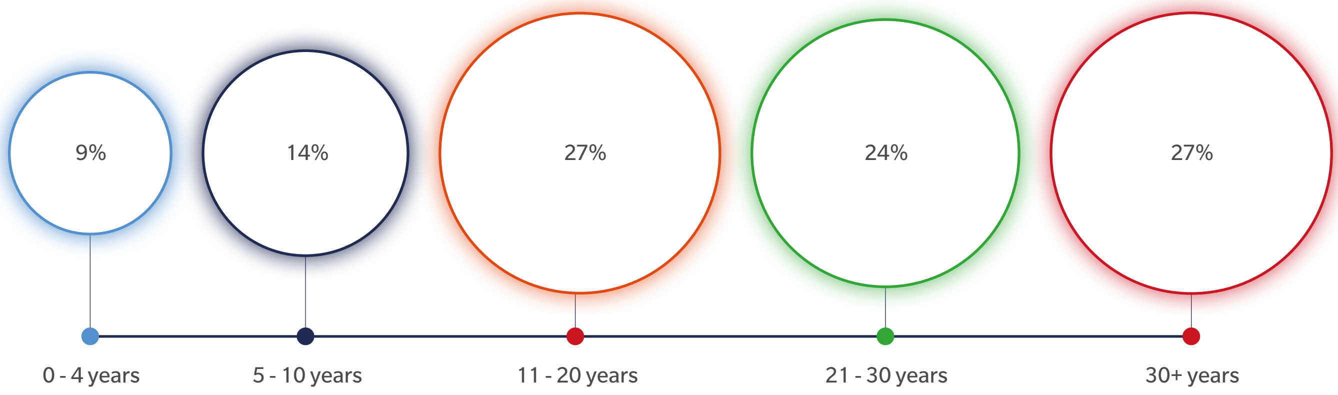
It should be noted that respondents were answering these questions in a year marked by substantial taxation and political changes in a number of jurisdictions.

RESPONDENTS

Our survey ran from 24 October to 13 November 2024. Invitations were sent to all STEP members that are opted in to receive survey emails (totalling 26,672). Members were encouraged to share the link more widely. We received 909 responses from respondents in 86 countries. Respondents represented all STEP regions and the full spectrum of STEP practitioners across the estate and wealth planning sectors. Importantly, the results reported in this survey captured practitioner views and experiences across jurisdictions, professions and experience levels/years in practice.

With 909 respondents, the 'Attitudes to Wealth' survey results are presented at a 95% confidence level and within a +/-4% margin of error.

Q8 How long have you been practising in your area of practice?
(n=843)

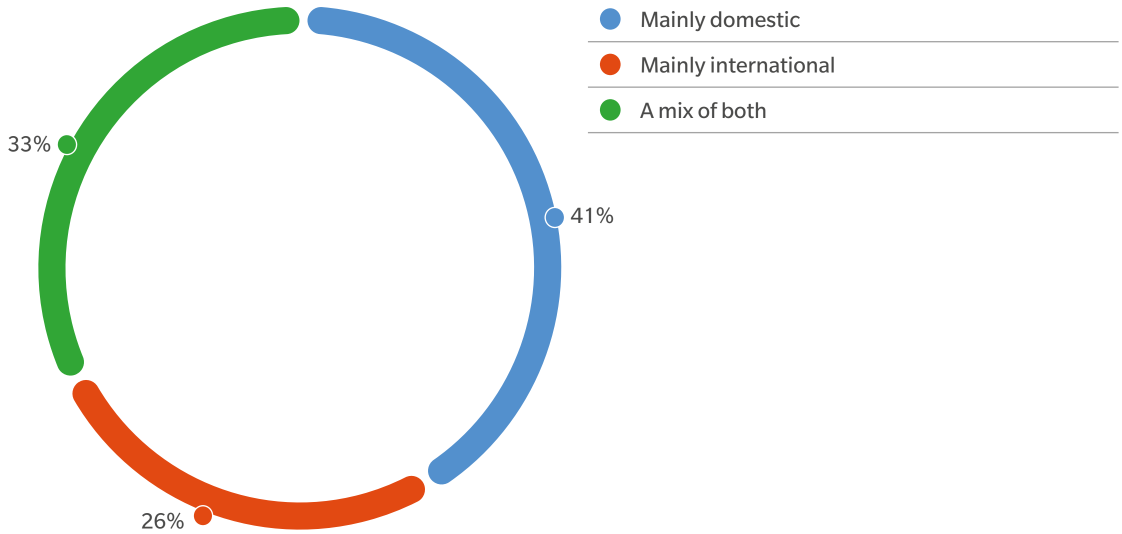


ABOUT THE RESPONDENTS

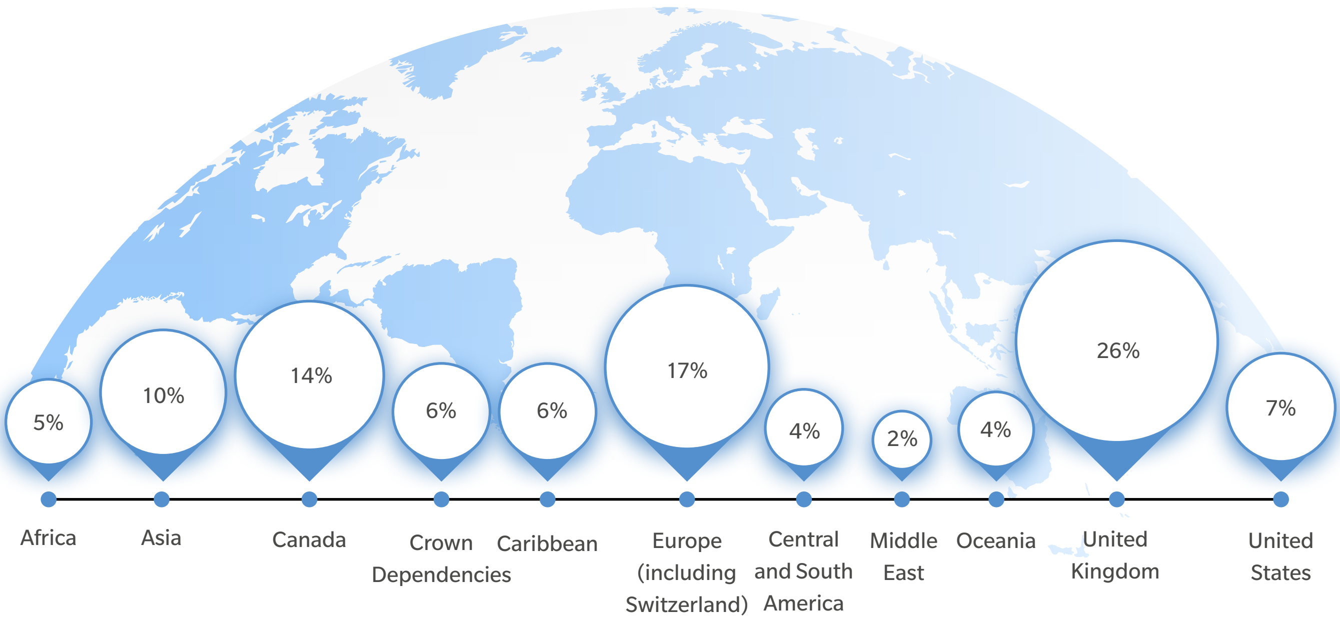
There was a fairly even divide across respondents of their periods of/time in practice.

Nearly half of the respondents fell into the 'Generation X' (44-59 years of age) category, with an equal split of 'Millennial' (28-43 years of age) and 'Baby Boomer' (60-78 years of age) respondents making up nearly the other half. 88% of respondents were STEP members, 11% non-members of STEP, and 1% unsure of their membership status.

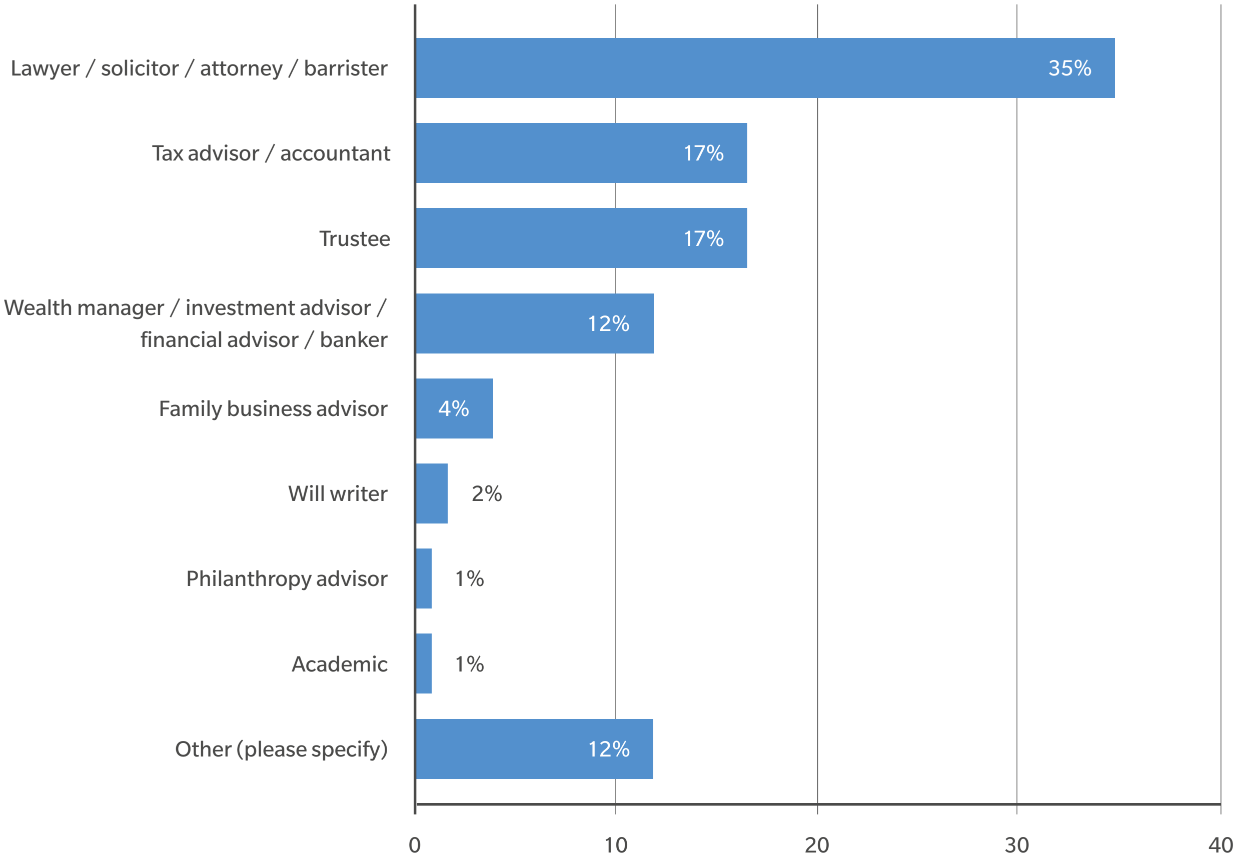
Q10 Is your practice:
(n=798)



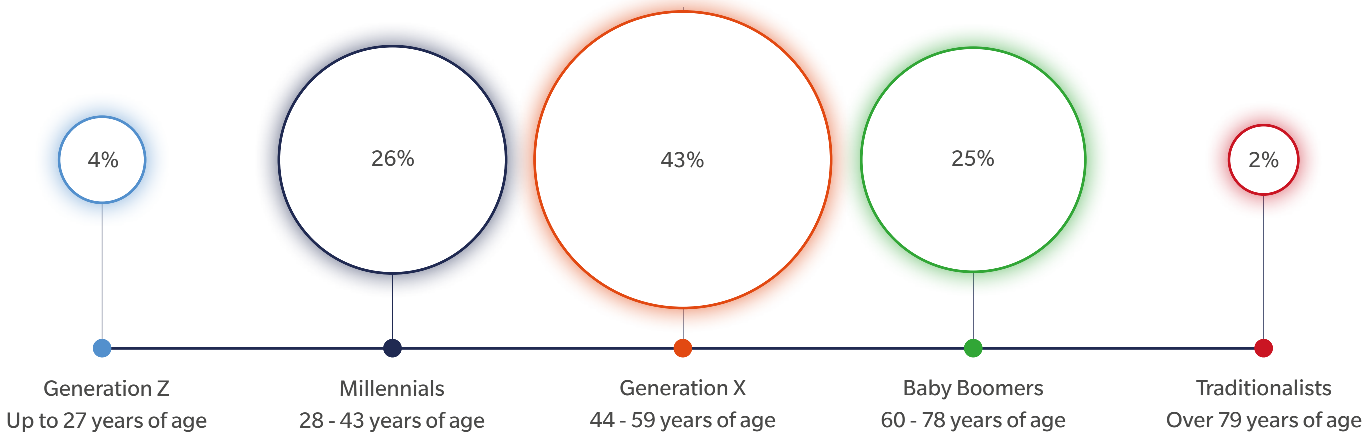
Q1 Which country are you located in?
NOTE: Answers have been grouped into regions (n=896)



Q7 Which of the following categories best describes your primary area of practice?
(n=841)



Q6 What age bracket do you fall into?
(n=851)

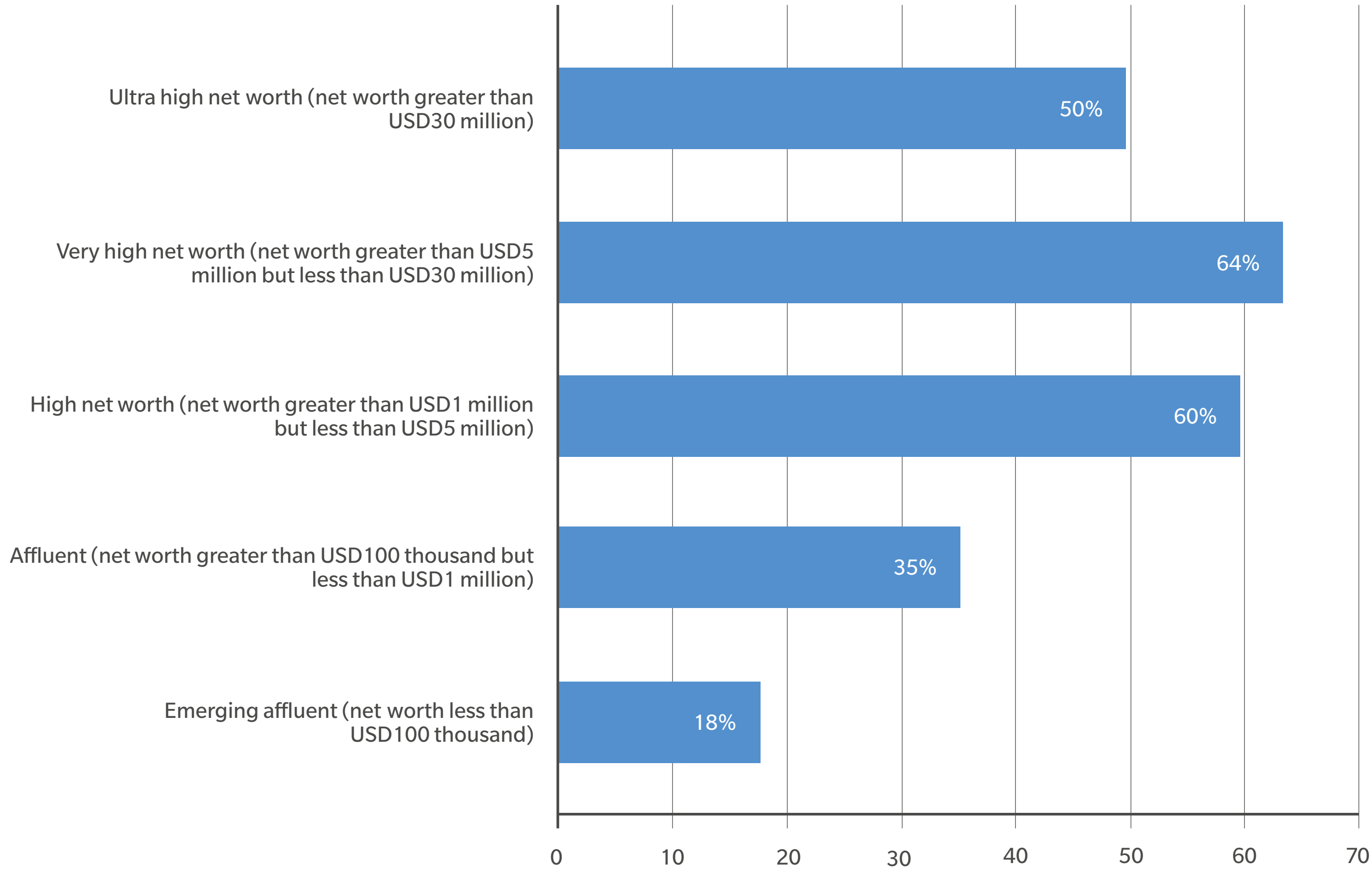


ABOUT THE RESPONDENTS' CLIENT BASE

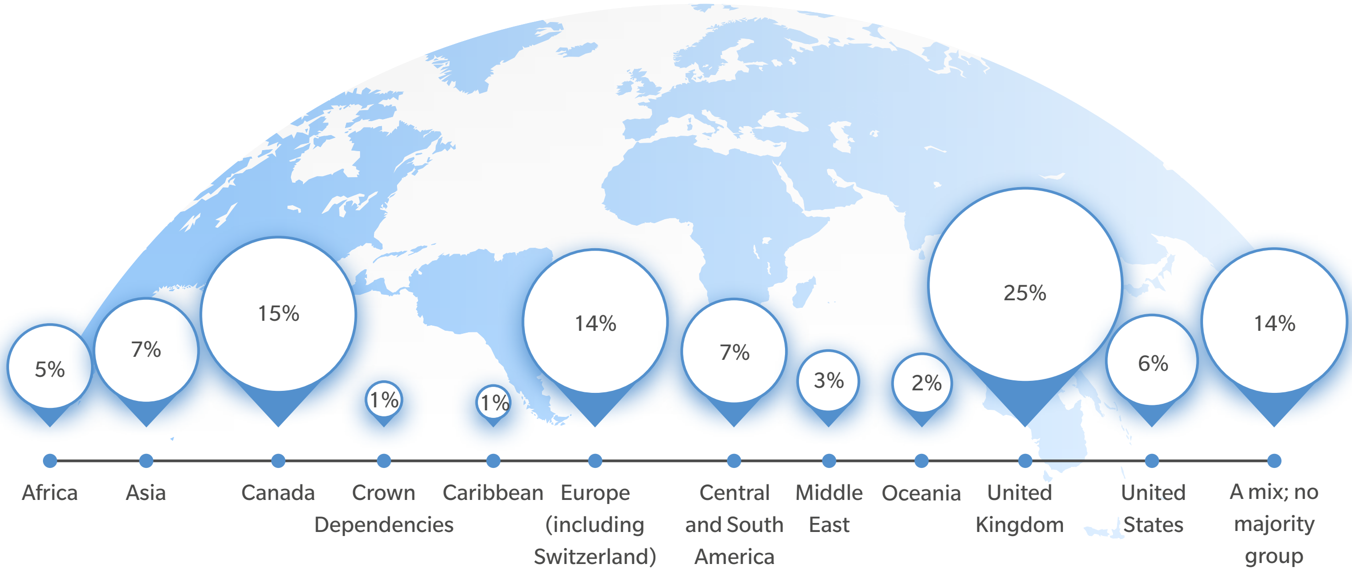
Client bases were across the age ranges with the majority (approx. 80%) having Baby Boomer (60-78 years) and Generation X (44-59 years) clients. Approximately 40% spoke of having Millennial (28-43 years) and Traditionalist (over 79 years) clients, and 20% are seeing Generation Z (27 years and under) clients.

Respondents were asked about the wealth of their clients (definitions are listed in the table below). When asked to select all the categories that apply, half of respondents said they serve ultra-high-net-worth clients, 64% serve very-high-net-worth clients, 60% serve high-net-worth clients, 35% serve affluent clients and 18% serve emerging affluent clients.

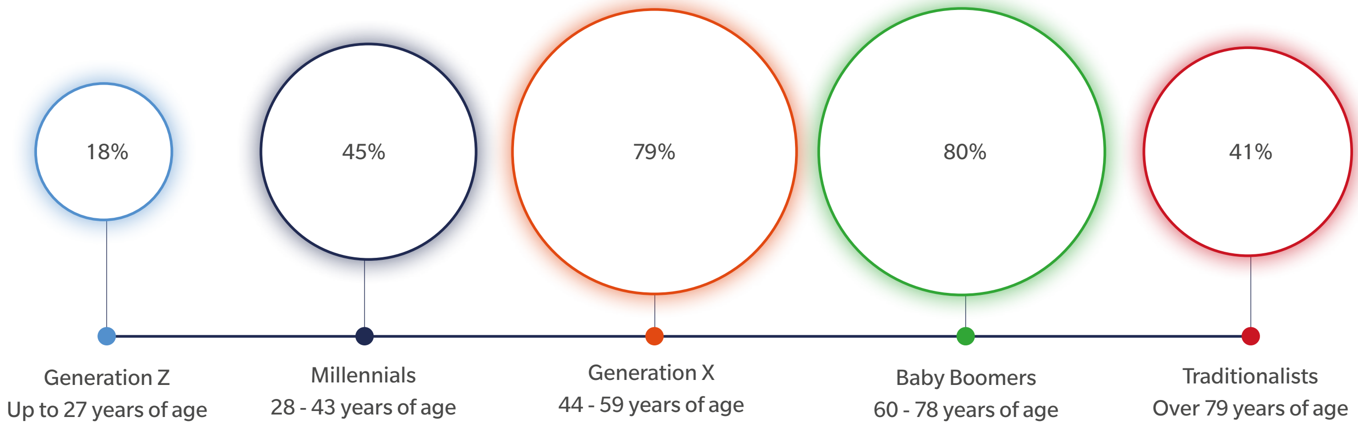
Q12 Indicate the wealth bracket(s) of your client base:
(select all that apply) (n=800)



Q9 Indicate where the majority of your clients are from:
NOTE: Answers have been grouped into regions (n=804)



Q11 Indicate the age bracket(s) of your client base:
(select all that apply) (n=798)



SECTION 1: ATTITUDES TO WEALTH AND PURPOSE

***Finding**: Financial security for future generations remains the top priority for most clients. Advisors report that today's clients are more informed and intentional about their wealth objectives.*

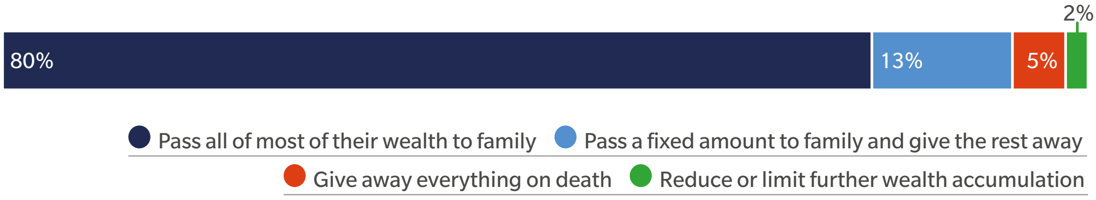
CLIENT SENTIMENT AND OBJECTIVES FOR THEIR WEALTH

Respondents report that their clients are largely positive about their wealth, with 27% saying clients are wholly positive and 55% saying largely positive with some negative. Less than 1% say their clients are wholly negative about their wealth.

The importance of family features most heavily in clients' objectives for their wealth. Ensuring financial security for future generations was a top priority, with 80% intending to pass all or most of their wealth to family. There were some divergences from this, however, with respondents reporting that on average, 2% of their clients intentionally wish to reduce or limit further wealth accumulation and 5% wish to give everything away on death.

While the prioritisation of family-oriented objectives comes as no surprise, and just over half (55%) of respondents had not noted any change in client objectives for their wealth over the past ten years, this was not the case for all: one in five of respondents said that that they had seen changes.

Q15 Considering to your client base as a whole, how many of your clients intend to:
NOTE: Graph displays average proportion of clients engaging in each behaviour per respondent (n=642)



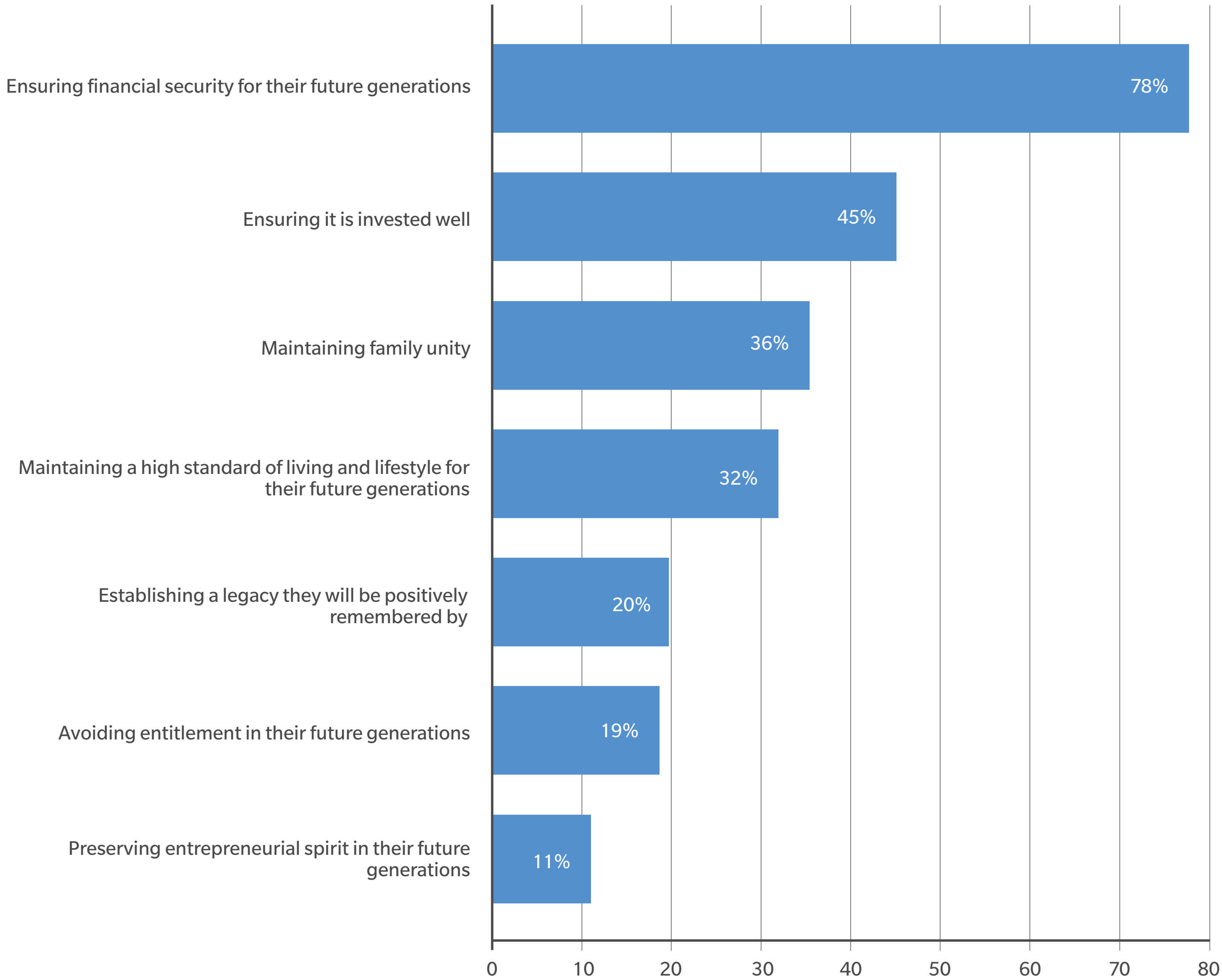
Practitioner takeaway

It is important for advisors to ascertain their clients' objectives for their wealth and not make assumptions. There is a proportion of clients with diverging views that must not be overlooked to ensure tailored advice.

> ***'There's more of a consideration around how much (wealth) is enough to meet their family goals and objectives.'***

> ***'Clients appreciate conversations wider than just tax.'***

Q14 What do clients most commonly raise with you about their objectives for their wealth?
(select up to three) (n=692)



THEMES OF CHANGE

Delving into these changes, the leading theme was clients' attitude shift from importance placed on wealth growth/creation to preservation and maintenance in order to maintain wealth security and intergenerational (and multigenerational) wealth transfer.

Other themes of change include:

- **Taxation:** clients being more tax risk-averse, accepting of increased transparency and focused on compliance and ensuring they pay the right amount of tax.
- **Simplification:** with people living increasingly mobile and busy lives, clients are seeking to simplify wealth management and avoid complexity (even at the cost of paying more tax).
- **Legacy, values and social contribution:** clients are more concerned about legacy and the impact of their wealth on family and society. More social consciousness was cited, with an acknowledgement of wealth inequality and social (in)justice and a desire to contribute positively to society.
- **Charitable and philanthropic giving:** generational shifts in patterns of giving; while older generations are more interested in traditional charitable giving and legacy giving, younger generations are increasingly interested in integrating social impact into their wealth strategies with ESG (environmental, social and governance) investing, social impact investing, strategic philanthropy and lifetime giving featuring.
- **Responsibility for and accountability of the next generation:** clients place importance on preparing the next generation for managing wealth responsibly and doing so early on, teaching financial literacy, governance, leadership roles, accountability and responsible stewardship. There is a desire to secure the financial position of future generations, but an increase in clients wanting to leave 'enough' but not 'too much' to the next generation, citing concerns of entitlement by younger generations. There is also a shift to multigenerational planning; not just with and for the next generation, but the subsequent one, sometimes with inheritance skipping a generation.
- **Concern about future loss of capacity and care costs:** With globally ageing populations and an increased awareness of the associated issues, clients want their wealth planning to address evolving concerns such as long-term care costs and loss of mental capacity.
- **Changes to investments:** There is increased diversification of investments. People are shifting from traditional securities to increased investment in private assets and are more open to new products in their portfolio. A broader adoption of digital assets and non-traditional investments leads to new client objectives and demands for advice and plans that address digital asset succession.

Another key theme emerging from respondents' commentary was a change in clients' levels of sophistication and focus in defining their objectives. They are more 'clued up', informed and specific about what they want to achieve with their wealth.

> ***'Greater professionalisation in terms of defining their purpose and objectives.'***

> ***'More attention being placed on purpose of wealth and a more defined strategy.'***

CONCERNS AND DRIVING FACTORS

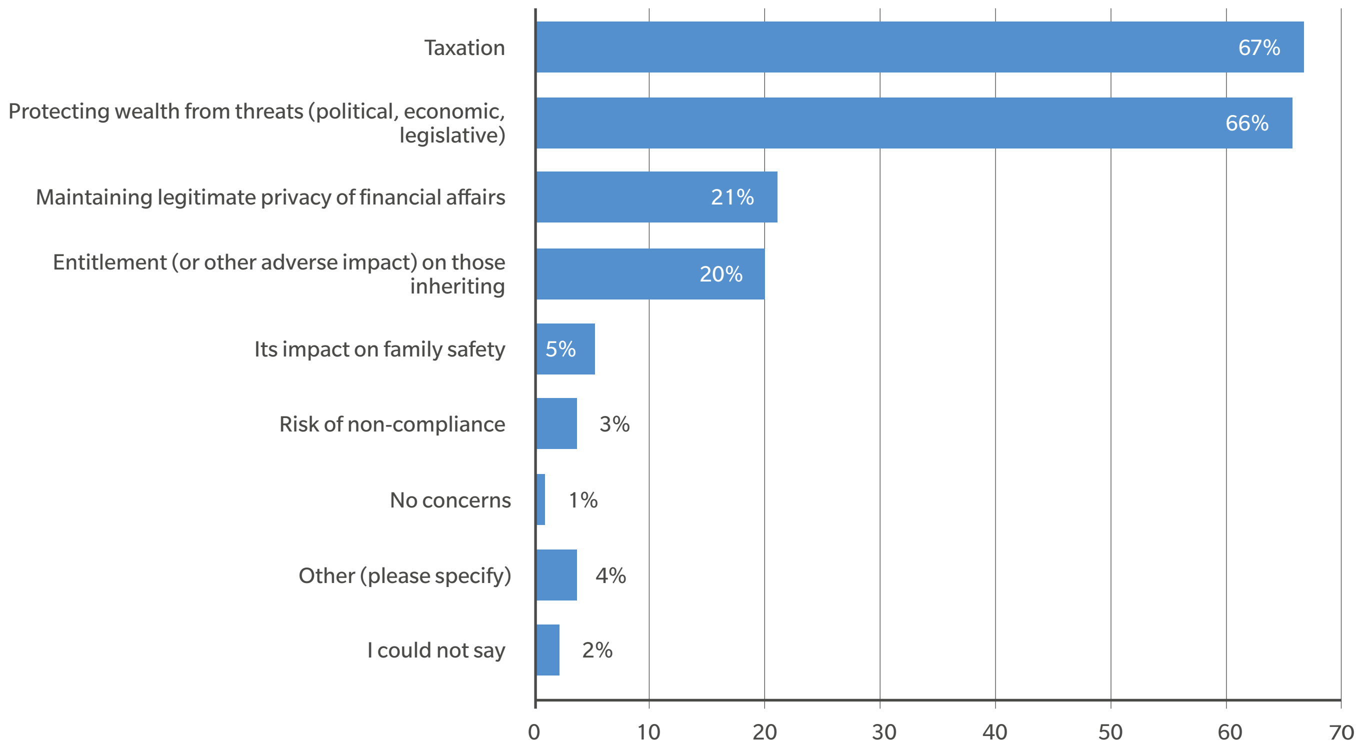
The top two concerns of clients regarding their wealth were:

1. Protection of wealth from political, economic and legislative threats, given the impact of world events and global uncertainties (war, pandemics, natural disasters, climate change, economic instability and market volatility)
2. Taxation: its impact, complexity and ensuring compliance.

Other cited areas of concern and drivers for estate, wealth and succession planning were:

- Protecting wealth from litigation and claims on the estate
- Business continuity and protecting business assets as part of family wealth strategy
- Lifestyle maintenance and future requirements: securing sufficient resources for maintenance of long-term living standards, particularly in retirement and planning for future care costs, and perhaps circumstances such as divorce
- Reputation management: including concern around any planning that may be perceived negatively by the general public, the legacy they will leave behind and social status and perceived success based on their net worth
- The addressing of societal concerns and issues reliant on significant contributions from the wealthy by way of charitable giving and philanthropy
- Faith-based philanthropy obligations
- Personal interests such as the preservation of art collections
- Fears over loss of financial privacy and keeping affairs private
- Expropriation and state interference.

Q18 On average, what are your clients' concerns in relation to their wealth?
(select up to two) (n=692)



REGIONAL VARIANCES IN CLIENT OBJECTIVES

The following regional variances were observed regarding client objectives for their wealth:

- **Africa, Central and South America**: Political and economic volatility sees clients seeking security and diversification, international structures and offshore solutions often resonating.
- **Asia**: Clients exhibit a global mindset and demonstrate a balanced focus on domestic and international wealth strategies.
- **Canada**: Clients exhibit a domestic preference, placing importance and trust in local.
- **Europe and UK**: Clients often have an altruistic dimension to their wealth planning, expressing interest in charitable giving, social responsibility and philanthropy.
- **Middle East (also parts of Africa and Asia)**: Muslim clients wish to invest or leave their wealth in a Shari'a-compliant way.

SECTION 2: ATTITUDES TO SOCIAL RESPONSIBILITY

Finding: *Awareness of social responsibility is increasing, particularly among younger generations, but this has yet to translate into meaningful action.*

SOCIAL RESPONSIBILITY: AWARENESS VERSUS ACTION

There is a growing awareness of social responsibility, with many respondents noting a marked change in how many clients bring this up. However, the majority of respondents said that social responsibility principles only occasionally influence client decisions (65%), with 25% stating them to have no influence on their clients. Just under 9% (nearly one in ten) of respondents said social responsibility was a driving force or influenced decisions to a large extent.

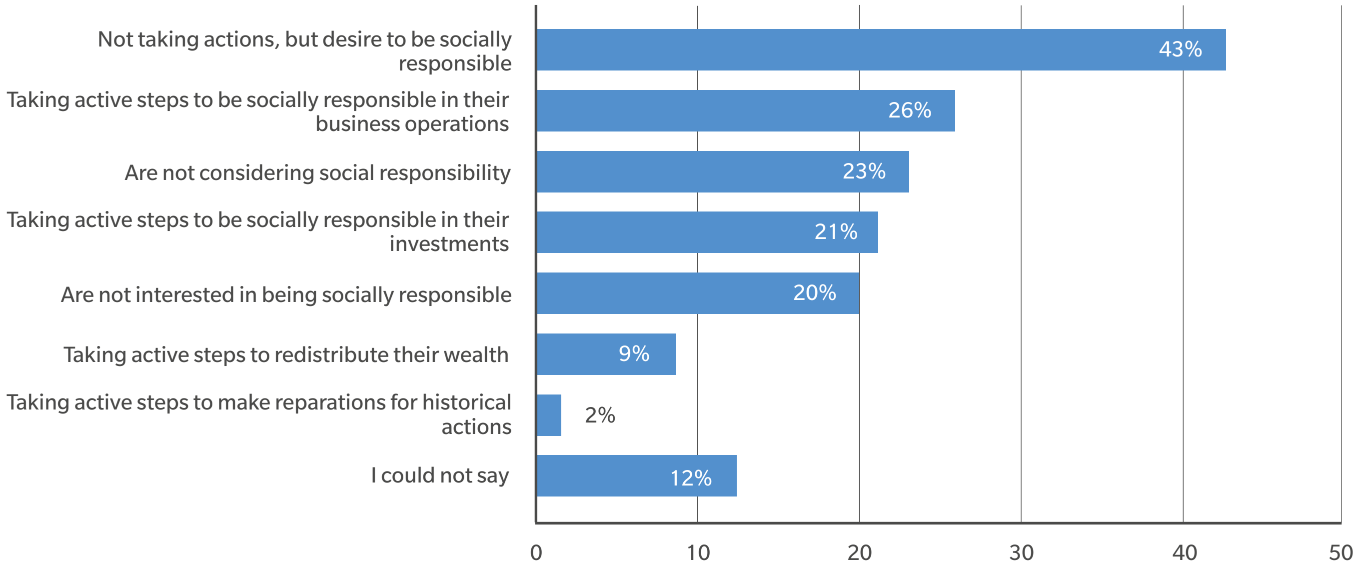
There appears to be increased curiosity and awareness about social responsibility in connection with clients' wealth and decision-making. However, for the majority, it isn't (yet) necessarily translating to action. When citing clients who are thinking about social responsibility, 42% want to take steps to be more socially responsible, but are not yet doing so. A quarter (25%) stated that clients are already taking active steps to be socially responsible within their business operations and investments.

Q21 On average, how much do principles relating to social responsibility influence your clients' wealth planning decisions?
(n=637)

> ***'Greater awareness among clients, but little change in their decision-making.'***

> ***'This has changed a lot. This was never a conversation in the earliest years of my practice, but increasingly has become important, especially to younger generations.'***

Q23 On average, when thinking about social responsibility, my clients are:
(select two most common) (n=641)



THEMES OF CHANGE ACROSS THE SPECTRUM OF CLIENTS

Change in relation to social responsibility was cited across generations. This includes 36% of respondents seeing an increase in social responsibility in clients over 60 years old (of which 4% noted a significant increase); 53% in 40-60 year-old clients (of which 12% noted a significant increase), and 55% in clients under 40 (of which 27% noted a significant increase).

A more marked increase was cited in female clients (50%, of which 15% noted a significant increase) than male clients (42%, 4% significant), and in comparing clients from developed countries (43%, 12% significant) than clients from developing economies (27%, 5% significant). There was less variation cited between wealth inheritors (48% had seen an increase, 17% significant) and wealth creators (52% had seen an increase, 11% significant). Factors for increased social responsibility were cited as owing to:

- a general society-wide increased awareness of the issues and greater availability of information and education;
- more news and social media coverage and discussions about social responsibility;
- an ideological shift over time that has seen a shift to, and greater awareness of, societal correctness and a growth and acceleration of a 'woke' ideology;[1]
- an increased awareness of the importance and power of reputation and risk of reputational damage;
- greater talk and consideration in the business and investment contexts filtering down to private practice;
- the increasing role of the next generation; and
- governments and government grants supporting changes in investment strategies that are more ethical and socially responsible.

> ***'It went from no influence to a regular topic of conversation. Younger generations put more weight on social responsibility in their decision-making; older generations will listen about it (especially if it is their kids raising it).'***

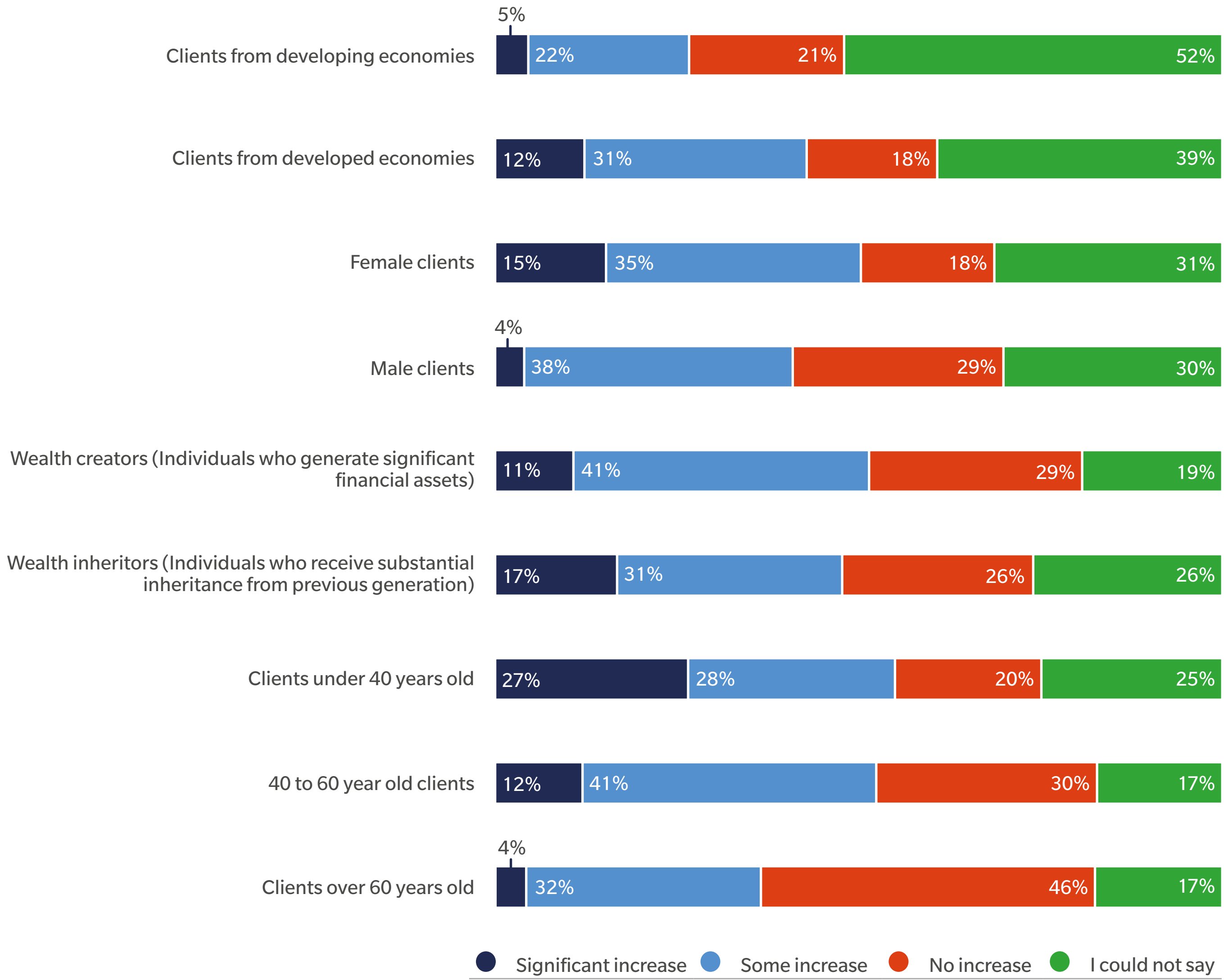
1 Aware of, and actively attentive to, important societal facts and issues (especially issues of racial and social injustice).

Exploring variations of client interest in social responsibility by geography: in Asia and some developing regions, wealth accumulation remains the priority; in Europe and North America there is a moderate and gradual shift towards considering social causes and social responsibility.

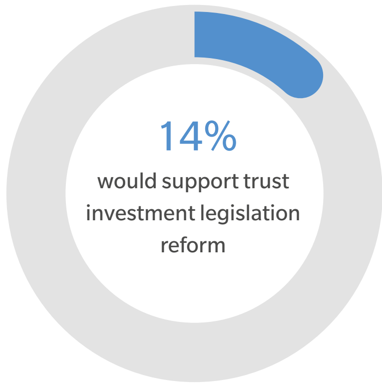
However, alongside cited increases in social responsibility across clients, both numerical results and open-ended commentary also spoke of large portions of the cross-section of clients not increasing their social responsibility in the past ten years.

> ***'It has increased slightly. Not as much as proponents of social responsibility might profess.'***

Q24 In the past ten years, have you noticed a change in social responsibility among the following types of client?
(select one for each) (n=619)



BARRIERS TO SOCIALLY RESPONSIBLE INVESTMENT

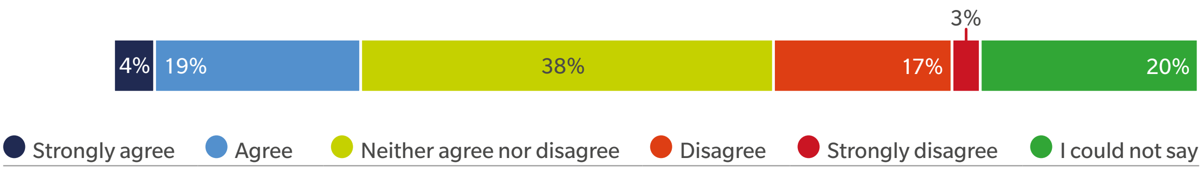


STEP has been concerned that one barrier to trustees considering socially responsible and/or positive impact investments is existing trust legislation. In many jurisdictions, trust laws potentially expose trustees to risk and liability if they engage in socially responsible investments that may underperform financially, but align with the client's non-financial purpose and values.

Trust legislation varies significantly across jurisdictions, with some allowing for socially responsible investments in their legislation, while others have more restrictive frameworks, some even prohibiting investment flexibility to some end.

Survey respondents were asked whether they agreed that domestic trust legislation hinders trustees from considering socially responsible and/or positive impact investments. Of those who responded to the question (60% of survey respondents), 23% held legislation to be restrictive, with 14% stating that they would support trust investment legislation reform.

Q49 In general, do you agree that domestic trust legislation hinders trustees from considering socially responsible and/or positive impact investments?
(n=549)



CHARITABLE GIVING AND PHILANTHROPY

Asked about clients' patterns of charitable giving, results were mixed:

- 54% said their clients don't currently make significant charitable donations
- 36% said their clients do make such donations, while 10% are unsure either way.
- 41% said that clients intended to make significant charitable donations in their lifetime, while 47% said they didn't.
- 49% said that clients have plans for significant legacy giving, while 40% held they do not.

Philanthropy features as a topic clients raise with their advisor about their objectives for their wealth, with 20% citing 'establishing a legacy they will be positively remembered by' as a common objective. Faith-based philanthropy was a part of this, particularly for Jewish and Muslim clients.

Clients were also cited as willing to give a portion of their estate to chosen charities if it means a reduction in taxation for the remainder of the estate.

20% cited philanthropic giving as part of the main discussion, versus 47% citing it as a line of enquiry when it comes to surplus monies, and 27% not raising it unless the client does.

Older respondent practitioners (Baby Boomers; 60-78 years) were more open to discussing philanthropic giving with clients, encouraging structured discussions and seeing practitioners as having a more involved and guiding role in these discussions.

Middle-aged respondent practitioners (Generation X; 44-59 years) recognise the importance of discussing philanthropy but mostly expect clients to introduce the topic. Younger practitioners (Millennials; 28-43 years) exhibited a more passive approach to discussions around philanthropic giving.

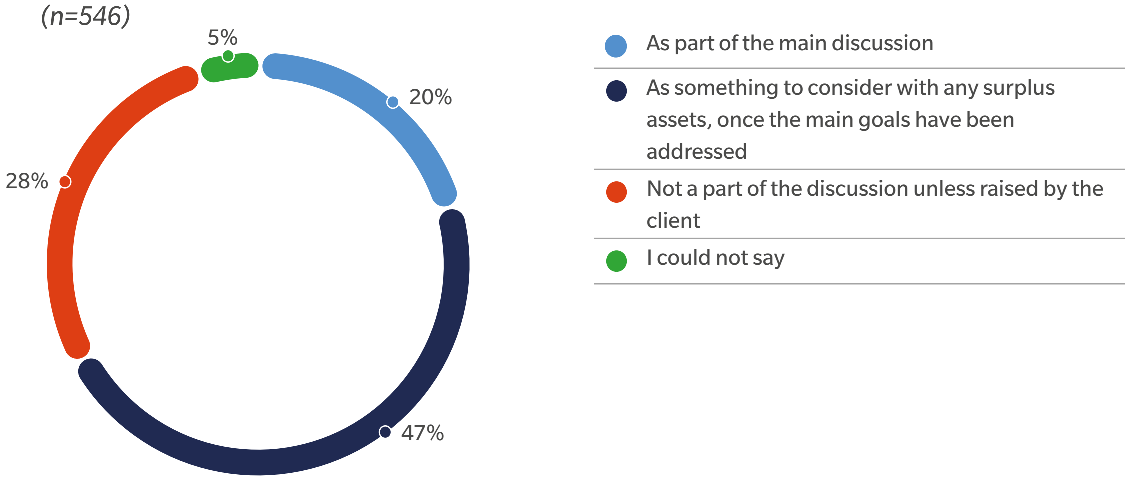
Millennial and Generation X respondents mostly agreed that practitioners should have a limited role. They should raise the topic but not actively guide decisions. A minority in all age groups believed that practitioners should not be involved at all.

Practitioners in Australia, Brazil, Canada, Switzerland and the UK demonstrated higher likelihood of addressing legacy and philanthropy topics regularly with clients, expressing comfort and openness with discussing these topics with clients.

> ***'There has certainly been a move towards thinking more philanthropically for many clients; and there is an awareness of individual contributions to climate change goals and ethical behaviours more generally in society.'***

> ***'More are looking at giving back to community than before – they feel that there is too much wealth for their children/grandchildren to inherit.'***

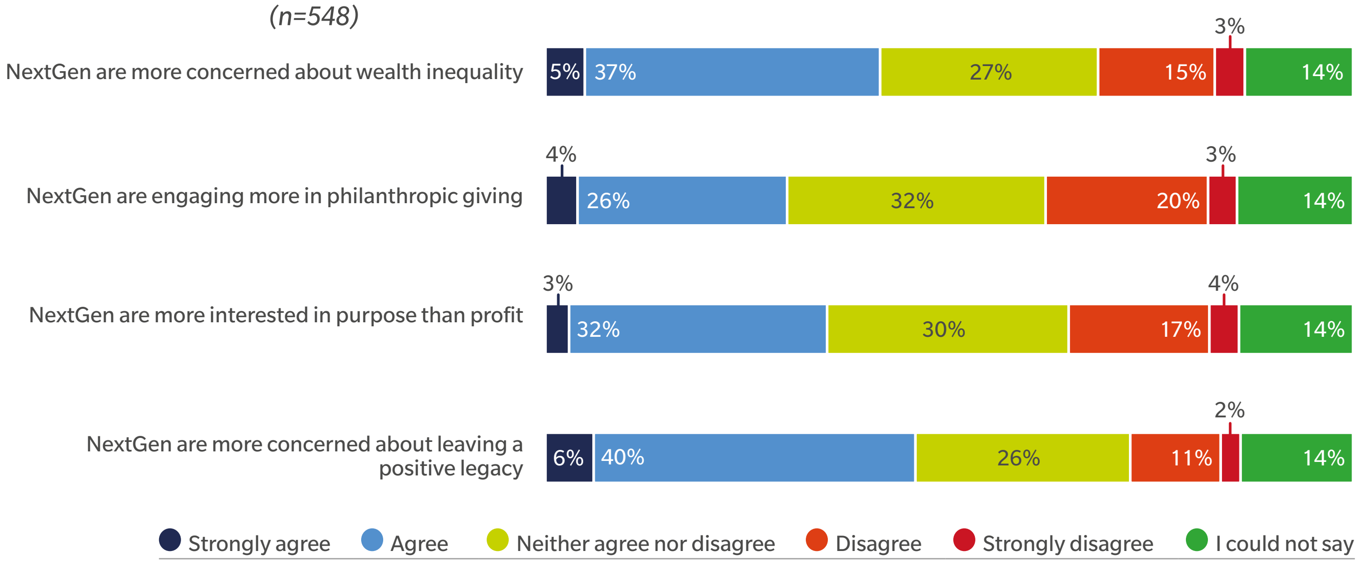
Q46 When discussing long-term wealth plans or legacy with a client, where does philanthropic giving fit in?
(n=546)



Practitioner takeaway

If more practitioners bring philanthropy and charitable giving into the main discussions around objectives for clients' wealth, the number of clients engaging in these activities may, in turn, increase.

Q43 As a practitioner, do you agree with these common assumptions based on the experiences and realities of your NextGen clients?
(n=548)



Views were split on whether the next generation of clients are engaging more with philanthropic giving or not: 30% say they are, 24% say they are not, with the remainder neutral or unable to say. A significant number, but not a majority, agreed with the 'commonly held assumption' that the next generation are more concerned about leaving a positive legacy (40%). Around a third (31%) agreed with the assumption they were more interested in purpose than profit and 37% agreed they were more concerned about wealth inequality.

Predictions for, and patterns of, change reported include that there is and will be a continued increase in clients considering lifetime charitable giving rather than legacy giving, where they instead wish to prioritise wealth passing to family. There is a growing thought movement around 'sufficient wealth', and with that, wealth owners looking to give away or reduce surplus. More considered planning for charitable giving and philanthropy is a feature of changing behaviours.

> ***'More are looking at giving back to community than before – they feel that there is too much wealth for their children/grandchildren to inherit.'***

> ***'Gradual move more towards more philanthropy and objectives including charitable endeavours (often focused on making a difference in their specific geographical area).'***

> ***'Older clients tend to feel that their adult children don't need ALL of their wealth, since they are building their own lives, instead choosing to give a large gift to charity along with transferring wealth to their children.'***

THE FUTURE

Respondent predictions for the future see a continued pattern of change and a shift towards a greater focus on social responsibility. But views on the extent and scale of the shift vary.

Opinions expressed included some scepticism about strong opinions of younger generations translating into actual action and a willingness to personally contribute or pay higher taxes to support societal causes. The challenges of balancing ethical goals and public image considerations with financial return, coupled with environmental concerns, might create tension. In turn, a more selective approach to charitable giving and philanthropy was expressed.

Where change and increase is widely anticipated is in the context of business and investment decisions, it being anticipated that the next generation will continue to place increasing importance on impact investing and ESG factors.

> ***'ESG factors are increasingly impacting the way in which our clients choose to invest. I think this will become even more prevalent when the next generation, who tend to be more socially and environmentally conscious, become the next wealth holders.'***

> ***'I predict more focus on legacy and social good in the future.'***

> ***'Clients are becoming more aware of their social responsibilities and are looking to protect not only their wealth but the environment for future generations.'***

> ***'Clients worry about making "cleaner" investments in terms of sustainability. They want to leave the world in a better situation.' 'They want to secure the planet for future generations.'***

SECTION 3: ATTITUDES TO TAXATION

> ***Finding:*** *While taxation remains a key concern, mitigating tax exposure is not the most influential factor for clients and there is a shift towards a more balanced approach prioritising efficiency, compliance and long-term wealth planning. Generational differences may drive new approaches to tax planning and a change in language around tax.*

PREVAILING ATTITUDES TO TAXATION

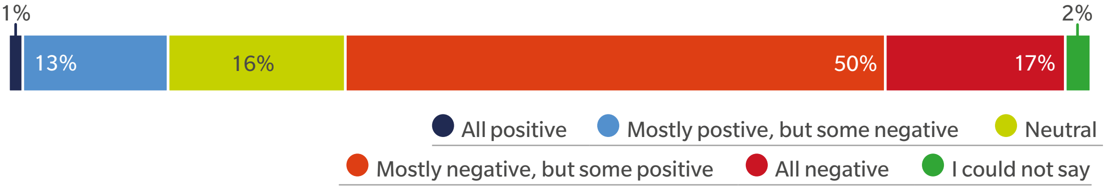
While our research showed that in the main clients view tax more negatively than positively, only 17% of respondents said this was true for all their clients. Half of the respondents reported their clients as being mostly negative with some positive, and 14% said their clients were mostly or all positive about tax.

It should be noted that respondents were answering these questions in a year marked by significant taxation changes in a number of jurisdictions.

The key themes in relation to client dissatisfaction and concern around tax are:

1. **Taxation being disproportionate and unfair, and concerns around changing government policies in this area.**
   The commentary showed that clients frequently express frustration at being taxed in multiple ways, often perceiving taxation as a penalty, rather than a fair contribution. The scale of taxation is frequently cited as disparaging to enterprise, wealth creation and wealth hard-earned. As one respondent said: '*There is a narrative around people with the broadest shoulders needing to bear more, but they feel they already bear a disproportionate amount.*' Another added: '*Taxation should be fair for all – there is a feeling that they are punished for being financially active and working hard.*'
   Some respondents cited client concerns about government policies that they feel 'criminalise' wealth or verge on confiscatory taxation, which they say have led some clients to consider relocation.
   Inheritance tax (IHT) is one of the most contentious taxes with clients globally (where applicable), with strong feelings of unfairness about being taxed again on already taxed income. This sense of 'double taxation' fuels significant dissatisfaction, with many clients seeking ways to mitigate IHT liabilities while ensuring a fair legacy for their heirs.
   Additionally, resentment towards corporate tax avoidance is noted, with individual taxpayers feeling frustrated that large corporations are perceived to not be paying their fair share. '*Clients are happy to pay tax but get annoyed when they read about the big corporations not paying their share.*'
2. **Frustration with how tax revenue is used by governments.**
   Some respondents highlighted client concerns about how their taxes are being

Q26 Considering your client base as a whole, how do clients view taxation as a general concept?
(n=604)

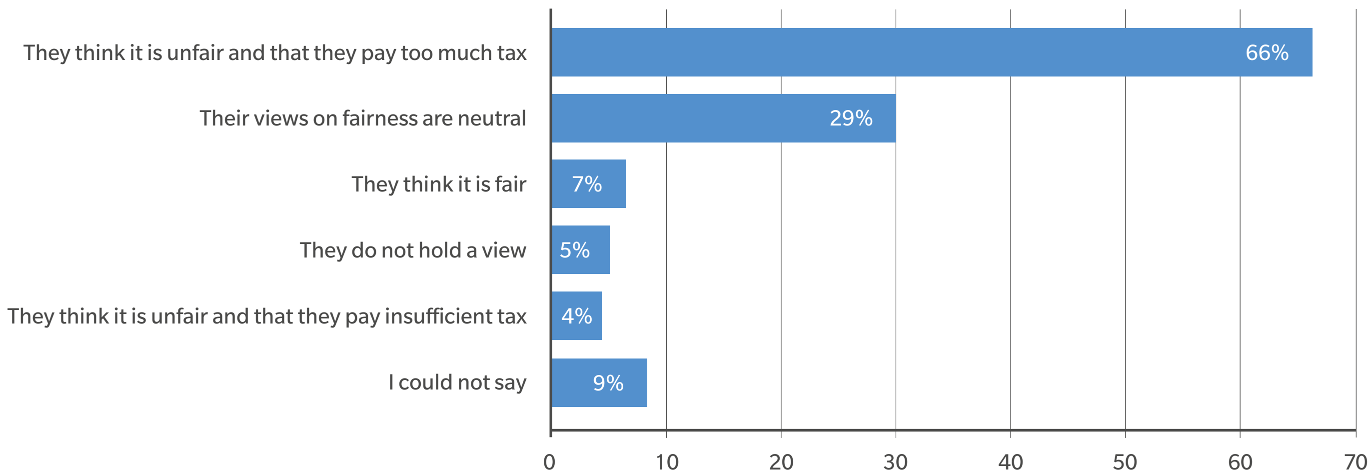


used. Many feel their tax contributions are not resulting in efficient public services, leading to increasing scrutiny over government spending. One respondent said: '*Instead of a constant mantra that more tax should be paid, there should be an assessment about how the tax income is being spent.*'

Clients reportedly cite concerns about wasteful government expenditure, the perceived lack of accountability and insufficient encouragement for people to work rather than rely on social benefits. This is particularly prevalent in regions where high tax rates do not equate to satisfactory healthcare, education or security.

In some regions, dissatisfaction is further compounded by concerns about long-term care fees, with many expressing anger at the perceived injustice of having to pay for care despite a lifetime of tax contributions. '*Clients are troubled with the cost of care, having paid taxes throughout their working life.*'

Q27 What views have you heard clients express about the fairness of the amount of tax they pay?
(select two most common) (n=611)



CHANGING ATTITUDES AND ACCEPTANCE OF TAXATION

Despite this dissatisfaction, there is a shift away from aggressive tax planning towards a broader acceptance of taxation. While 19% of the younger generation were noted as being more tax-positive, there is also a growing trend towards managing tax exposure rather than minimising it.

Additionally, younger clients and wealth inheritors tend to have a more resigned attitude towards taxation, seeing it as an expected responsibility rather than something to be minimised at all costs.

> ***'Younger clients are more resigned to the expectation that they will be taxed during life and after death.'***

> ***'A move towards paying the right amount rather than the least amount.'***

DIFFERENCES ACROSS CLIENT GROUPS

Age and generational differences

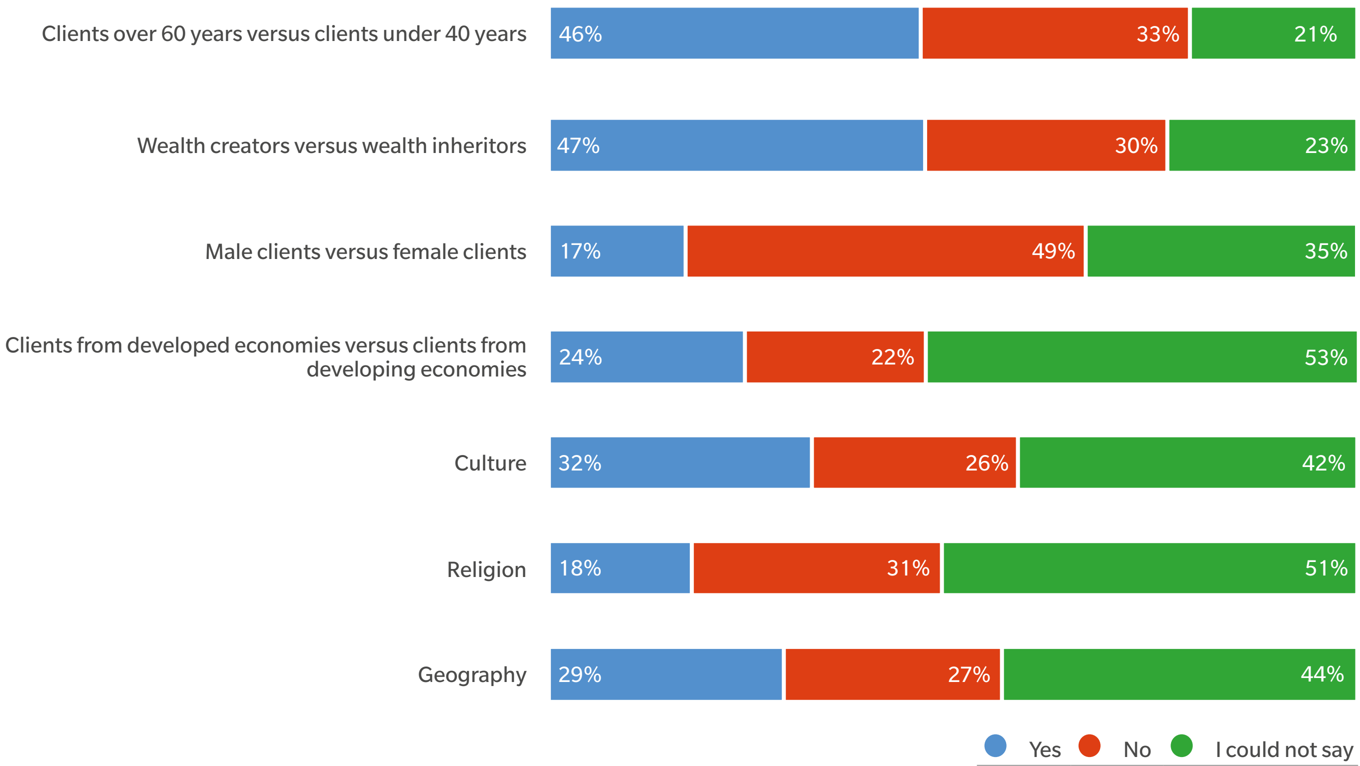
A notable divide exists between older and younger clients, with 46% of respondents stating that attitudes differ between those over 60 and those under 40. Older clients tend to be more resistant to taxation, whereas younger clients are more accepting of tax as a societal necessity.

Wealth creators versus wealth inheritors

Another key distinction is between those who have built their wealth and those who have inherited it. Wealth creators are generally more averse to taxation, feeling that the government did not contribute to their financial success. In contrast, wealth inheritors are more likely to accept taxation as part of wealth stewardship and long-term planning.

> ***'Wealth creators are generally more hard-line against taxes because they feel that the government did not make the same sacrifices they made to earn the wealth. This is much less so with wealth inheritors who often just budget in tax expense.'***

Q32 From your experience, would you say the way clients perceive taxation and make related decisions is different across the following scenarios:
(n=590)



Geographic variations

Regional differences in attitudes towards taxation were also evident. Western Europeans are generally willing to pay tax in exchange for well-funded public services, whereas clients in North America and Latin America are more sceptical about the effectiveness of taxation. In Latin America, corruption and political instability is a particular concern.

Meanwhile, Middle Eastern clients, often from tax-free jurisdictions, tend to be focused on minimising international tax exposure while ensuring compliance.

Clients in Canada displayed the strongest negative sentiment towards taxation, with Central and South America following. Asian clients were reported to be less negative than Western jurisdiction clients.

> ***'Clients from developed countries in North America tend to think taxes are too high, no matter what tax rate they are paying.'***

TAX POSITIVITY AND CHANGING MOTIVATIONS FOR OBTAINING TAX ADVICE

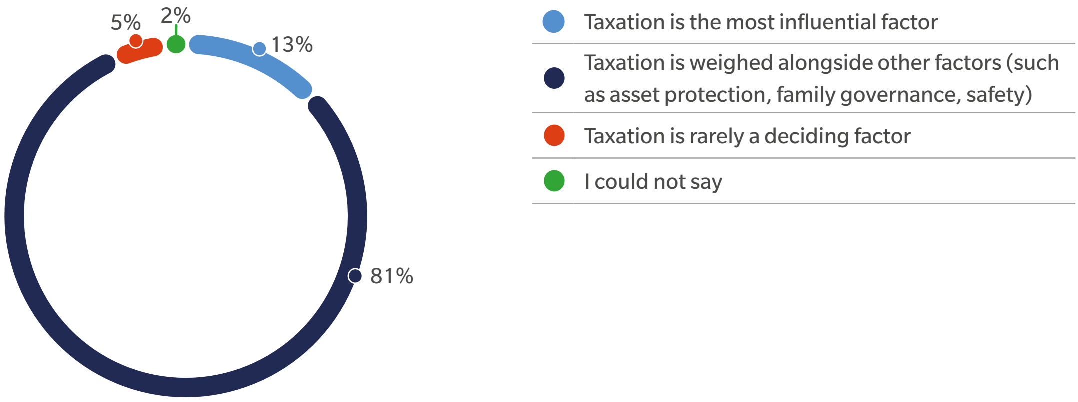
While only 1% of respondents stated that their clients view taxation entirely positively, 13% reported that their clients hold mostly positive views. A notable 37% of practitioners cited cases where clients actively declined tax reliefs and tax reduction strategies, with motivations including simplicity, risk aversion, reputation and moral considerations.

A notable proportion of clients in Canada and the Middle East were stated to actively not pursue tax reliefs and tax reduction strategies.

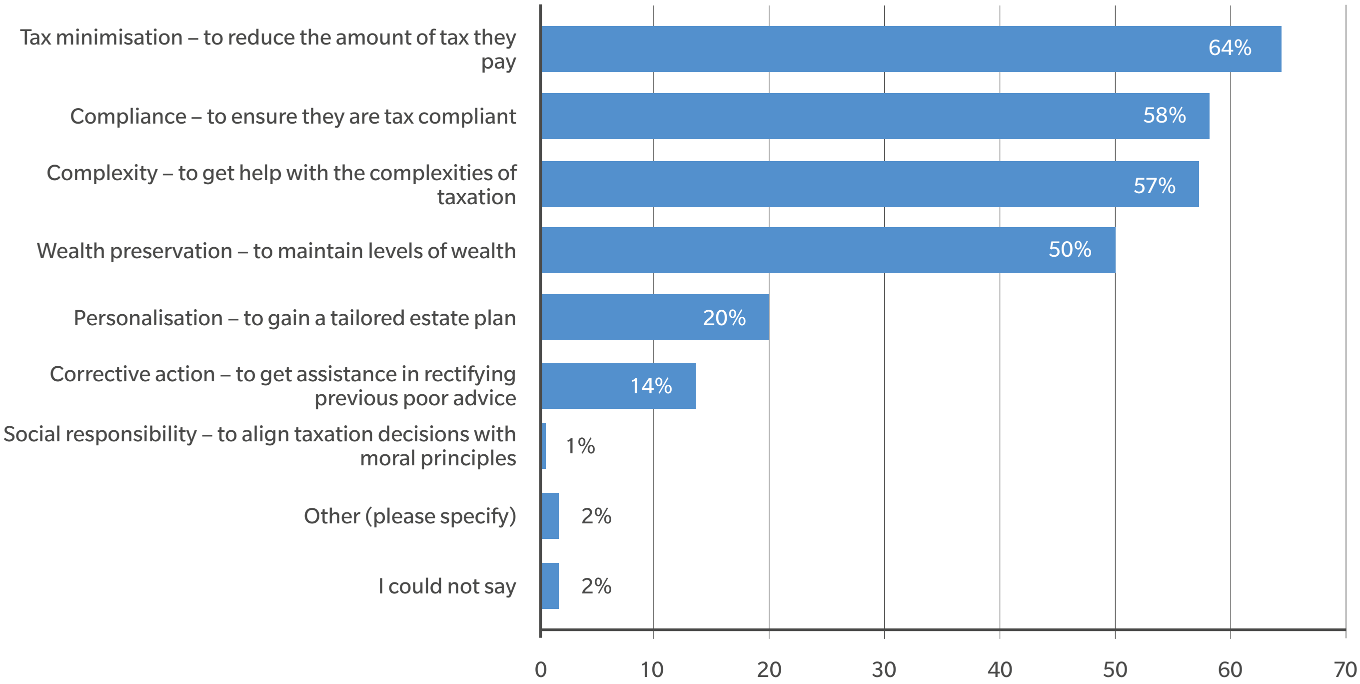
Despite public perceptions, mitigating tax exposure is not the most influential factor for clients when making decisions about their wealth. While 80% acknowledged tax as a factor, it is considered alongside other concerns such as asset protection, family governance and safety. While minimisation remains a primary motive for obtaining tax advice, it is closely followed by compliance and complexity.

A growing number of clients seek holistic estate planning that balances tax efficiency with broader objectives such as family security, entrepreneurship and legacy planning.

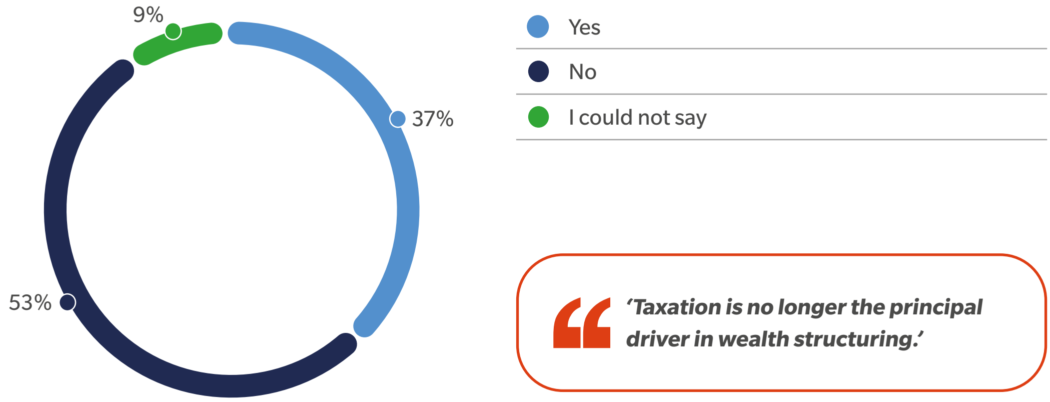
Q30 On average, how influential is taxation for your clients when making decisions about their wealth?
(n=604)



Q29 What are the primary motives for clients obtaining tax advice?
(select up to three) (n=611)



Q39 Have you had any clients decline tax reliefs/benefits and/or refuse tax-reduction strategies?
(n=580)



> ***'Taxation is no longer the principal driver in wealth structuring.'***

> ***'Some say they are lucky to be in a position to need to plan for tax.'***

> ***'I have heard clients complain about assumptions being made that they want to reduce the amount of tax they pay.'***

VIEWS ON LANGUAGE SURROUNDING TAXATION

Respondents were asked whether they believed the language used in the industry when discussing taxation should change. Opinions were notably divided, with 40% considering the language too negative and in need of reform, while 37% regarded the language as neutral and balanced, requiring no change. Only 6% felt it was overly positive, which largely came from respondents in Asia. Younger respondents (Generation Z; up to 27 years of age) tended to express uncertainty in their responses, often stating they lacked the knowledge to assess whether the industry's language was neutral or biased.

The commentary revealed a broad spectrum of views, with some highly polarised opinions. The topic itself appears to generate significant debate within the industry.

Concerns about negative language

A significant proportion of respondents expressed concern that the language surrounding taxation is overly negative, often characterised by terms such as 'tax burden' and 'tax minimisation' rather than a civic duty. The prevailing rhetoric, they argued, suggests an inherent bias towards reducing tax liabilities rather than acknowledging the role of taxation in contributing to society. As one respondent put it:

'The default language used in the tax community is overwhelmingly negative (e.g., tax 'burden'), and tax minimisation is often viewed as an assumed goal.'

Another respondent commented on the adversarial tone sometimes adopted towards tax authorities:

'The industry on the whole sees tax as something to be minimised, as a negative and HMRC as "the opposition". This comes across in literature and presentations and I think it could be much more nuanced.'

Perceptions of language commonly referring to taxation as a 'burden' were highest in North America and Southern Europe, and most pronounced in mid-aged respondents comprising Millennials and Generation X (28-59 years old).

Views on balanced and neutral language

Many respondents felt that the industry takes a neutral stance when discussing taxation, focusing on facts rather than judgement. Respondents from Hong Kong, Singapore and Switzerland generally saw industry language as neutral and strategic. Many older respondents (60-78 year old Baby Boomers and over 79 year old Traditionalists) believed the industry's language to be largely neutral but leaned negative in certain contexts. Some saw this neutrality as appropriate, arguing that taxation is simply a reality that clients seek advice on.

One respondent noted:

'On the whole, the industry is neutral on tax.'

Another added:

'Tax is factual and clients take advice on the facts.'

However, even among those who saw the language as balanced, there was a recognition that improvements could be made. For example, some suggested that while neutrality is largely maintained, there is still too much emphasis on aggressive tax avoidance schemes:

'Language is neutral and balanced save there needs to be less emphasis on contrived tax avoidance schemes.'

UK respondents in particular tended to criticise the language used in industry discussions.

Calls for change and reframing the discussion

Several themes emerged regarding how and where the language surrounding taxation could evolve:

- **Civil duty and social responsibility** – Some respondents argued that taxation should be framed as a necessary and beneficial contribution to society rather than a burden. Greater emphasis on civic duty could shift public perception towards a more cooperative approach to tax compliance. One respondent suggested:

  'If language were more positive – both regarding authorities and taxpayers – greater cooperation would lead to greater compliance and less unnecessary conflict.'

- **Public services and benefits** – Messaging should highlight how tax revenue funds essential public services, reinforcing the idea that taxation is an investment in society rather than a mere obligation.
- **Simplification** – Many respondents pointed out that the language surrounding taxation is often overly complex and filled with jargon. There were calls for a clearer, more accessible way of discussing tax matters:

  'Matters need to be explained in layman's terms and the complexity reduced.'

- **Re-education and dispelling myths** – Efforts should be made to counter negative perceptions passed down through generations. A respondent noted:

  'Children from an early age hear expressions that tax is "bad" from their parents. There needs to be a conscious effort to reframe this understanding.'

- **Legitimacy of tax planning** – There was also a call to defend responsible tax planning and to counteract the notion that structuring one's affairs efficiently equates to tax avoidance. As one respondent stated:

  'The industry shouldn't shy away from the legitimacy of tax planning and structuring one's affairs efficiently and responsibly.'

- **Cooperation across stakeholders** – Several respondents stressed that the industry alone cannot drive change; collaboration is needed between government authorities, the media, educators and taxpayers.
- **Governmental duty and accountability** – Some argued that just as individuals and businesses must fulfil their tax obligations, governments must be held accountable for responsible tax expenditure.
- **Media responsibility** – The role of the media was also scrutinised, with criticism that tax discussions are often skewed for sensationalism. Some respondents called for more balanced reporting, suggesting that demonising wealth to drive viewership distorts public perception and policy discussions. One respondent articulated this sentiment:

  'The media feeds into the idea that there are "clever" ways to get around paying tax. The vocabulary should be about ensuring you pay the correct amount of tax – not too much, not too little.'

Diverging views on the industry's role

While some respondents saw a need for change, others questioned whether it was the industry's responsibility to alter its language on taxation. Some suggested that broader societal and governmental attitudes needed to shift instead.

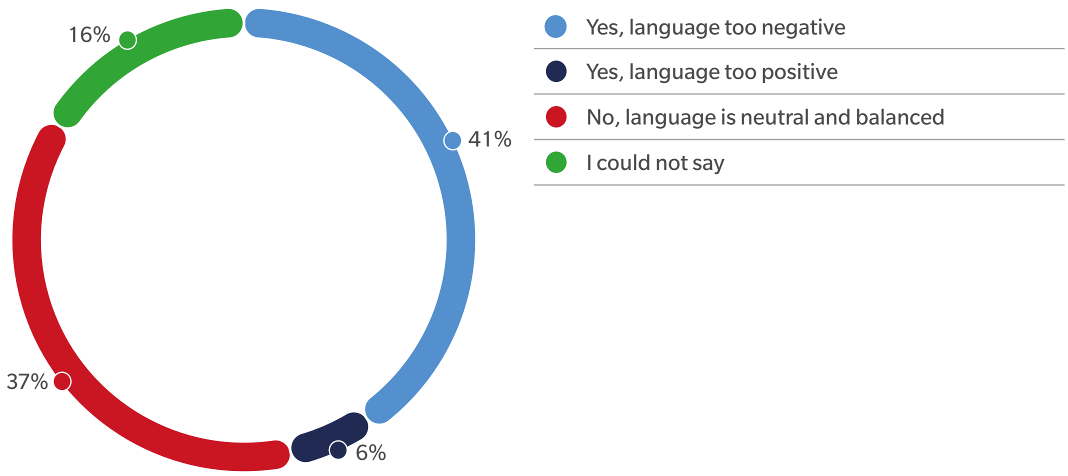
Some were more sceptical of the industry's ability to make meaningful change:

'There is such a variety of attitudes that it is impossible to get this (language) right.'

Conversely, others argued that the industry should take a leading role in shaping tax discourse:

'Our industry needs to lead tax reform and not allow other parties to become the primary voice demanding changes.'

Q33 From your experience, do you feel the industry needs to change the way it talks about taxation?
(n=595)



Practitioner takeaway

Give consideration to any language bias in client interactions, but also in how you and/or your organisation describe your services.

FUTURE TRENDS

As taxation remains a contentious issue, attitudes will likely continue evolving, with a continued shift towards transparency, efficiency and strategic structuring rather than aggressive planning. Marked divergences in younger generations will likely drive new approaches to tax planning and possibly also a change in language around tax, whether to reduce negative framing, improve public understanding or advocate for more responsible tax discourse.

SECTION 4: ATTITUDES TO TRUSTS AND EQUIVALENT STRUCTURES

Finding*: More education is needed on trusts and similar structures for clients, policymakers and the wider public.*

SENTIMENT TOWARDS TRUSTS AND EQUIVALENT STRUCTURES

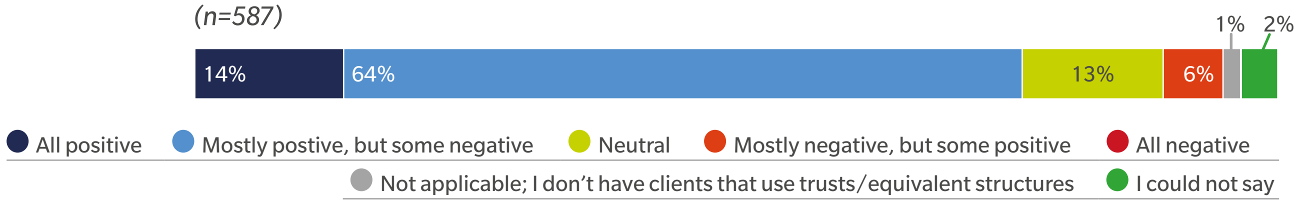
Respondents were asked to consider clients' interactions with trusts and equivalent structures.

When asked to consider their client base as a whole, the majority responded that clients perceive trusts and equivalent structures positively or mostly positive (78%). Only 6% responded that their client base views trusts and equivalent structures mostly or entirely negatively.

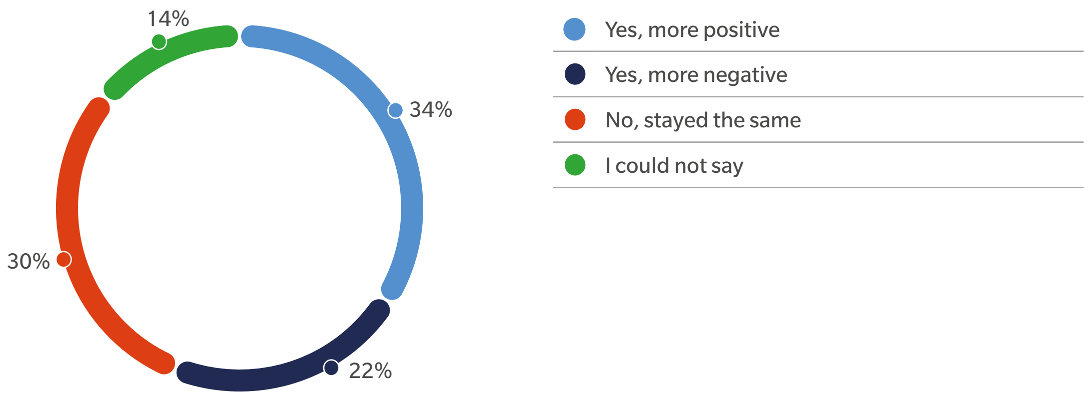
Those citing client negativity stated the root cause being having heard and been influenced by mainstream media/public opinions on trusts structures (44%). Other top reasons were having had a negative experience (39%), or not holding trusts/trust equivalents to have a legal status (10%).

Views on whether client attitudes to trusts and equivalent structures have changed in the past ten years was split, with a third saying they are more positive, just under a third (30%) saying they had stayed the same, and 22% saying they were more negative.

Q35 Considering your client base as a whole, how do your clients perceive the use of trusts/equivalent structures?
(n=587)



Q38 Have clients' attitudes to trusts/equivalent structures changed in the last ten years' of your practice?
(n=583)

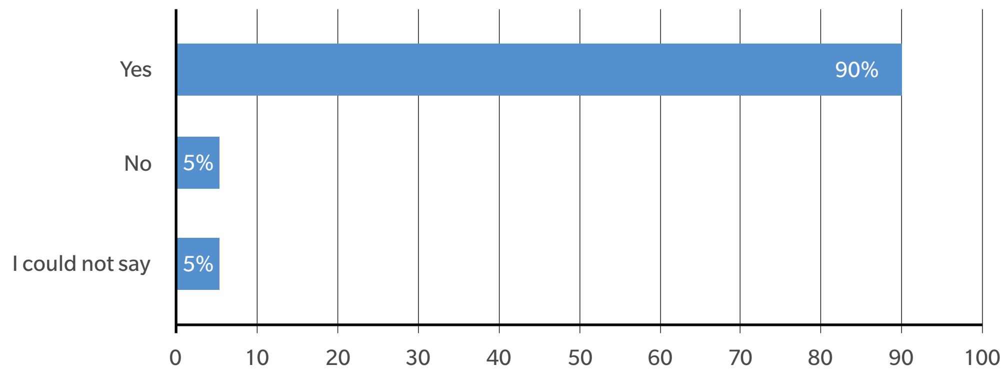


THE NEED FOR MORE EDUCATION

There was overwhelming agreement when asked whether, generally speaking, there is scope to improve education and knowledge levels around trusts and equivalent structures: 90% of respondents held that this is needed. Reasons for this included:

- lack of understanding, especially in civil-law jurisdictions (with clients in Brazil, China, Eastern Europe and Portugal cited);
- dispelling negativity, misconceptions and misunderstanding; explaining their legitimate purpose, and challenging the misperception that they are tools just for the wealthy or for tax avoidance;
- to address the lack of public awareness and provide for more accessible information in different languages;
- to address political education levels in lawmakers and regulators;
- to equip professionals to educate and explain to clients better, simplifying the language without oversimplifying legal nuances;
- providing for positive stories on their uses and legitimacy and how trust structures serve for responsible asset protection, charitable giving, family governance and continuity, and play a significant role in wealth transfer and succession planning;
- to educate beneficiaries as well as wealth creators to ensure they understand the long-term implications of trust structures.

Q37 Generally speaking, do you think there is scope to improve education and knowledge levels around trusts/equivalent structures?
(n=582)



Practitioner takeaway

With a portion of clients cited as perceiving trusts as complicated and not understood, there is an opportunity to build understanding and awareness as to the potential benefits of trusts and equivalent structures among clients.

STEP's Trusts Information Centre serves to assist in this, providing evidence and research about the ways in which trusts can be, and are, used for wider societal benefit, as well as information and case studies demonstrating the varied uses of trusts.

SECTION 5: ATTITUDES TO COMMUNICATION

Finding: *Avoidance and discomfort in discussing wealth with family members remain significant barriers to early and effective wealth planning.*

A COMMUNICATION PROBLEM

Asked how well, on average, clients communicate with their families about their wealth and associated planning, the majority view held was that clients don't communicate very effectively. Only 4% held that clients' communication is very effective, with 41% reporting that communication was somewhat effective, with room for improvement.

Delving into why clients do or don't communicate with family, themes included:

1. **Privacy and confidentiality**

   > ***'They want to keep matters private and fear undue influence.'***

   Some clients wish to keep their wealth during their lifetime private and not disclose details to family owing to a reluctance over family members, especially children or their spouses, knowing the extent of wealth. This is to avoid requests for money or attempted influence over decision-making from relatives. Cultural norms against discussing finances openly and themes of privacy played out in responses about Asian client behaviours.

2. **Fear of creating entitlement**
   Avoiding a sense of entitlement or laziness in the next generation by concealing wealth and encouraging younger generations to work hard and find their own paths. There is quite a frequent desire among wealth creators to ensure next generation children remain motivated and grounded.

   A fear of demotivating children was reported as a dominant observation among US clients, with Asian clients also being cited as wanting to foster independence.

3. **Avoidance of conflict**

   > ***'Privacy concerns; reluctance to enter into controversies.'***

   Wishing to avoid arguments or tensions about inheritance or financial plans. A fear of family disputes, unstable marriages, squabbling or resentment if wealth or plans are revealed.

4. **Discomfort discussing wealth and associated issues**
   Embarrassment or taboo around discussing money within the family. Lack of comfort in raising sensitive topics like mortality, legacy or business succession.

5. **Lack of communication skills and tools; unsure how to approach**

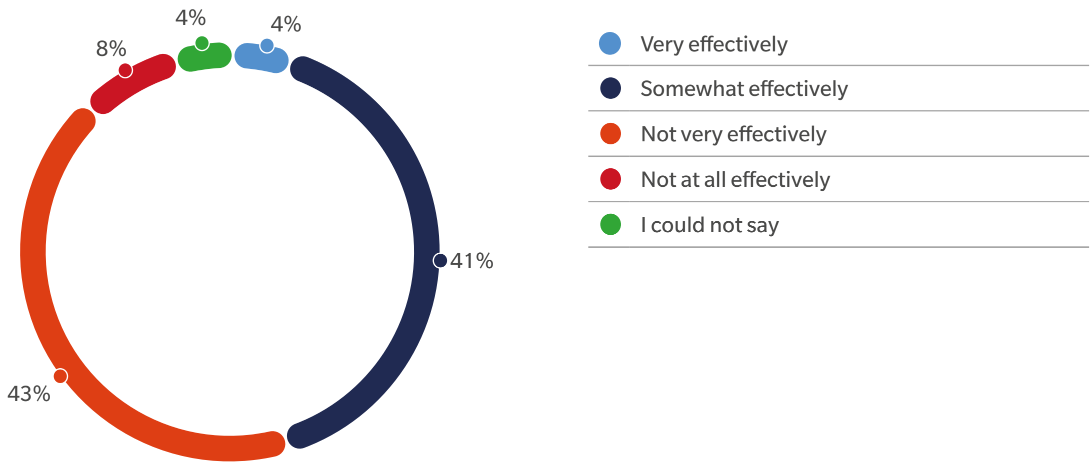
   > ***'They don't know how to broach the subject.'***

   Clients often don't know how to approach wealth-related conversations effectively. Inexperience in raising the topic of conversation and having intergenerational discussions about wealth.

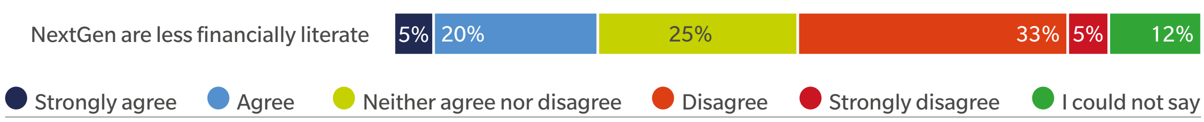
6. **Concerns over next generation readiness**
   Belief that children or beneficiaries are too young or immature to handle the information. Concerns over their financial literacy and a desire to first educate them about finance and wealth management before involving them in discussions.
7. **Cultural and generational factors**
   Cultural norms discouraging discussions about wealth and inheritance. Generational barriers, where older clients avoid conversations about death or financial affairs and prefer to keep control and avoid sharing details until absolutely necessary. Patriarchal structures were observed as strongly influencing decision-making and communication about wealth in Middle Eastern clients.
8. **Procrastination and low priority**
   Succession planning is often not seen as urgent and many clients believe they have time to address these issues later and delay communication due to fear, discomfort or being too busy.
9. **Trust issues and fear of mismanagement or dissipation**
   Concerns about younger generations mismanaging wealth or wasting assets; spendthrift family members or irresponsible heirs. Trust issues, especially with children's spouses or partners.
10. **Desire for flexibility and control**
    Wanting to retain the ability to change their plans without being questioned by family. Avoiding premature discussions to keep options open and maintain flexibility in decision-making.

> ***'They want to manage entitlement, and they believe that the family will be better off not knowing the full extent of the wealth, including safety considerations.'***

Q19 On average, how well do you think clients communicate with their families about their wealth and associated planning?
(n=674)



Q43 As a practitioner, do you agree with these common assumptions based on the experiences and realities of your NextGen clients?
(n=548)



> *‘Clients are often concerned about how knowledge will be used by younger generations and we often see concerns in relation to over reliance or misuse of funds – maturity and education of beneficiaries is often at the crux of addressing these concerns.’*

> *‘Some clients prefer to maintain control/knowledge of their affairs generally leaving spouses and children in the dark. A few do share the knowledge with their spouse and older children.’*

AN OPPORTUNITY FOR PRACTITIONERS

This issue of poor communication within families is not a new one. The same issue was a key finding in STEP’s 2021 research report: Meeting the needs of modern families. That report stated ‘Communication and early planning is essential. Overwhelming identification of the importance of good communication – particularly within families, with early and open conversations about planning and succession – is the key factor for families.’

Practitioners/businesses have a key role to play in addressing this issue. This includes:

- **Facilitating difficult conversations and balancing matters of privacy and transparency:** acting as a neutral mediator to help families discuss wealth, values and succession planning in a non-confrontational way. Using flexible structures to help older generations maintain a level of control while gradually bringing the next generation in.
- **Educating and preparing the next generation:** providing financial literacy and tailored resources to ensure heirs are ready to manage wealth responsibly. Explaining technical aspects to help facilitate meaningful intergenerational family communication.
- **Encouraging early action:** proactively guiding clients to address wealth planning early, framing it as essential to protecting their legacy, preventing future conflicts and surprises, as well as planning for the unforeseen.
- **Engaging the next generation:** using philanthropy, ESG and discussions about social responsibility to engage the next generation.

Practitioner takeaway

The more practitioners can assist clients with their hesitance, difficulties and avoidance of communication with family members regarding their wealth planning and have them see the benefits of good communication, the better.

STEP’s ‘Family Dialogues on the Responsible Stewardship of Wealth: A Guide’ can assist in discussions around family governance and planning to encourage consideration of responsible stewardship and what this means for wealth holders.

SECTION 6: THE ROLE OF THE ADVISOR

Finding: *Most practitioners are talking to clients about responsible wealth stewardship, some more proactively than others. Clients generally value a holistic approach that leads to more comprehensive and personalised planning that aligns with their values.*

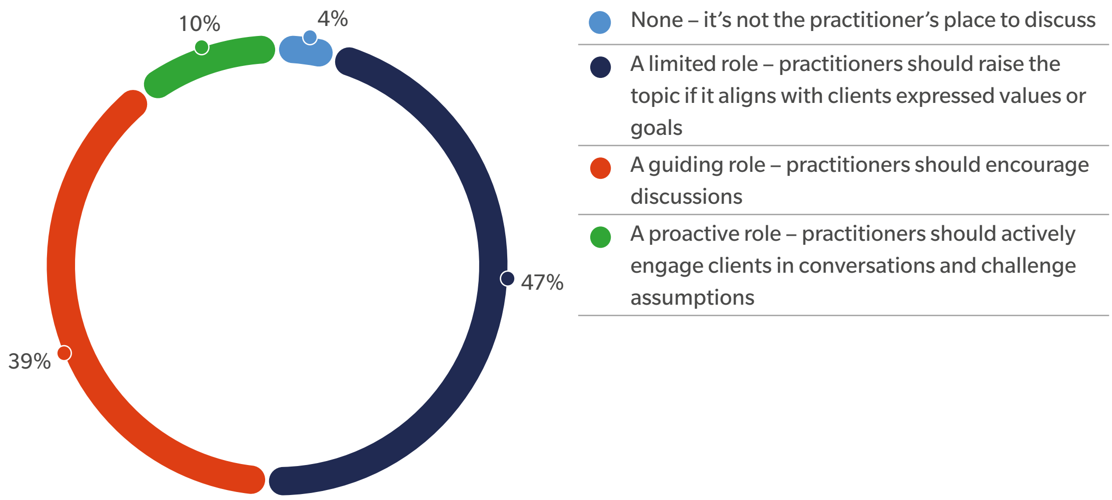
WHAT ROLE SHOULD THE ADVISOR PLAY?

What role should practitioners play in client discussions about responsible stewardship (i.e., sustainable, ethical and long-term wealth management with an emphasis on legacy and preserving value for future generations)? Answers were fairly evenly split between those who felt that practitioners should have a guiding (39%) or proactive (10%) role in client discussions around responsible stewardship, and those who feel that practitioners should only raise the topic if it aligns with clients' expressed values and goals (47%). Only 4% felt that it was not the practitioner's role to discuss this.

Viewpoints of the role practitioners should play varied regionally:

- Western European and North American practitioners expressed a strong preference for advisors playing **guiding** roles. Practitioners from offshore jurisdictions also predominantly held the view of playing guiding roles.
- Asian and Latin American practitioners lent more towards advisors playing more **limited** roles in discussions around responsible stewardship, highlighting cultural emphasis on autonomy and sensitivities to privacy and discretion in wealth management.
- African and Middle Eastern practitioners had a preference for advisors playing **proactive** roles, reflecting on a client openness to discussions around legacy and sustainable wealth practices.

Q47 What role do you believe practitioners should play in client discussions about responsible wealth stewardship?
(n=550)



Open-ended commentary showed a range of views. The majority felt that it should be the role of the advisor and industry to:

- educate and provide options;
- raise awareness of the potential for and benefits of responsible investing and responsible wealth stewardship;
- respect client values and reactions.

Understanding the client and their individual needs and wishes is key. It was felt that advisors should foster awareness without imposing agenda or judgement, respecting client autonomy and remaining neutral.

> ***'We should establish whether there is interest and be in a position to support meaningfully.'***

> ***'I think the industry should promote the role of an advisor as someone who understands broad perspectives and helps clients to make decisions based on having the full picture.'***

QUESTIONS AND TOPICS

When it comes to the questions and topic areas that respondents raise with their clients, the most frequently raised topics included:

- Their family composition and relationship dynamics (72% raised this all of the time)
- Their long-term goals and aspirations for their wealth (70% raised this all of the time)
- Their appetite and tolerance for risk and uncertainty (52% raised this all of the time)
- Their attitudes and views towards taxation (42% raised this all of the time)
- Their views on the legacy they want to leave (41% raised this all of the time)

The following were less consistently raised:

- Their interests in and motivations for philanthropic giving (36% raised this some of the time)
- Their desire to align wealth planning decisions to their values (33% raised this some of the time)
- Their investment preferences (to include socially responsible and/or impact investments) (28% raised this some of the time, and 28% raised this 'Only when they raise it with me')
- Their moral, social and personal values (34% only asked this when the client raised it first)

A small minority say they do not ask their clients questions these topics, with 1-3% in each topic area saying they have never considered to ask these questions. In addition:

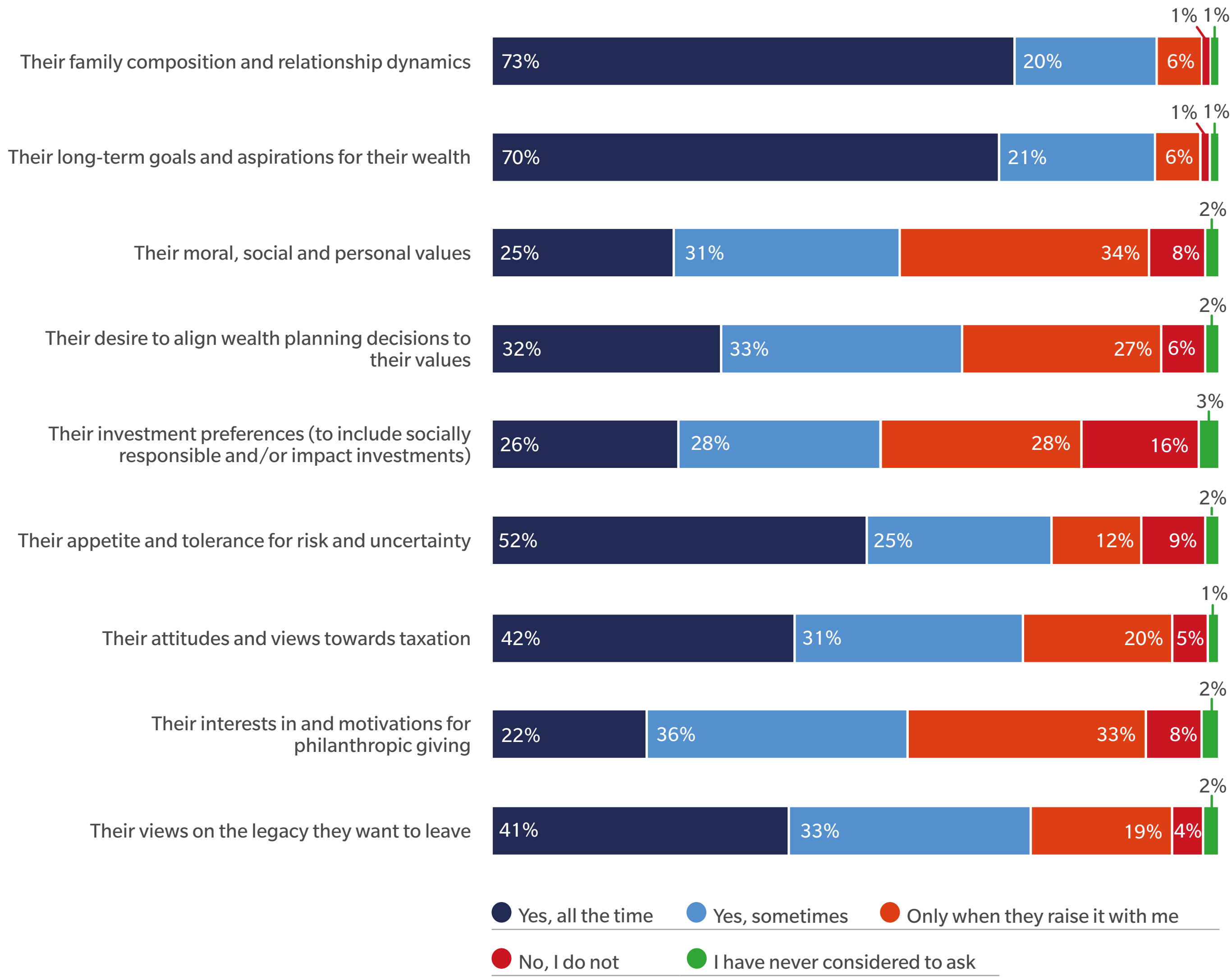
- 16% said they do not ask their clients their investment preferences (to include socially responsible and/or impact investments)
- 9% do not ask their clients their appetite and tolerance for risk and uncertainty
- 8% do not ask their clients their interests in and motivations for philanthropic giving, nor their moral, social and personal values
- 6% do not ask their clients about their desire to align wealth planning decisions to their values

When enquiring of practitioners comfort levels in asking the aforementioned questions of clients, comfort levels sat fairly evenly split between comfortable and very comfortable, with only 6% stating uncomfortable/very uncomfortable.

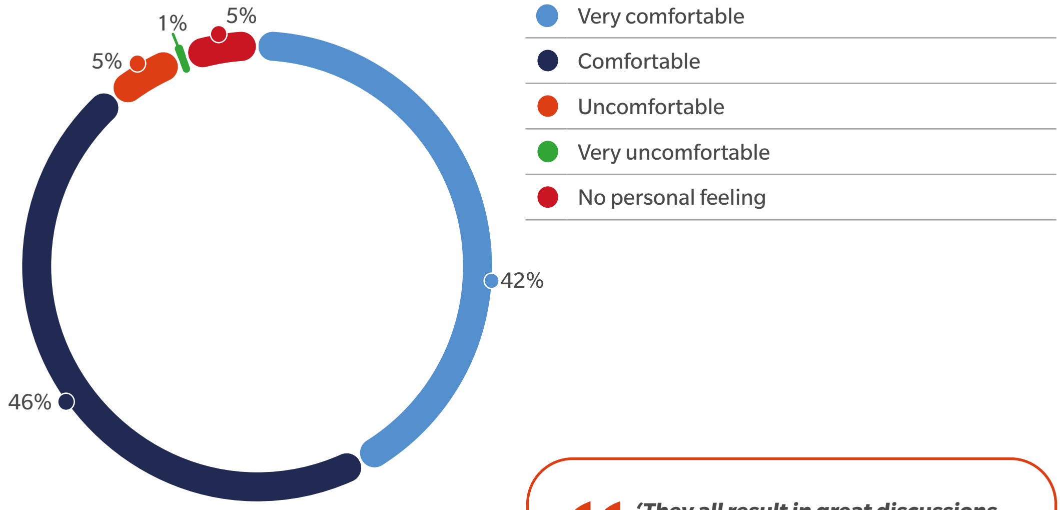
There were some age and regional variations:

- Millennial practitioners (28-43 years of age) were more open to discussing values, investment preferences, philanthropy and raising personal questions with their clients. They were less likely to ask attitudes to tax, unless the client raises the topic.
- Generation X (44-59 years old) and Baby Boomer (60-78 years old) practitioners engage in discussions about long-term goals and legacy planning frequently.
- Generation X only tend to ask about tax attitudes and risk tolerance if the client brings it up, and whilst generally comfortable discussing personal issues, may hesitate on moral/social issues.
- Baby Boomers are most likely to discuss tax attitudes, but less likely to discuss values and social responsibility and exhibited more discomfort with bringing up personal issues unless deemed essential.
- Practitioners in Switzerland and the UK exhibited a more moderate comfort level in raising sensitive questions with clients.

Q44 Do you ask all of your clients about the following:
(n=546)



Q45 As a practitioner, how do you feel about raising the above questions (Q44) with your clients?
(n=545)



> ***'They all result in great discussions with varying outcomes.'***

> ***'On the whole these are received well and understood to be part of our fact find as professional advisors.'***

> ***'Initially the clients are hesitant, but once you continue the discussion and show them why we are asking these questions, they become more comfortable to provide honest responses, and they ask that we do the same for other generations and branches of the family.'***

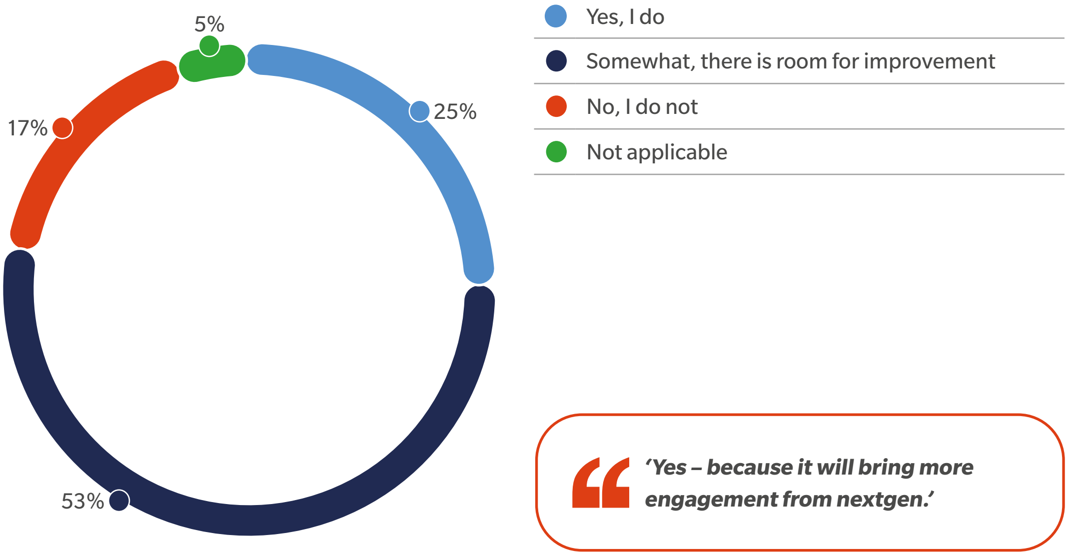
THOSE WHO ASK ARE REWARDED

When asked how these questions are received by clients overall, respondents report clients appreciate being asked thoughtful, well-framed questions that help them to reflect on their wealth's purpose, their wishes and long-term impact. Despite some advisors' perception that certain topics are sensitive and to be avoided unless asked, generally speaking those advisors who do raise the topics of discussion with sensitivity are generally respected and understood for doing so, and they are generally well-received, even if there is some initial hesitation.

THE NEED FOR MORE EDUCATION

When asked if they feel they have sufficient training and awareness around principles of responsible wealth stewardship as it relates to their role in advising clients, only 25% of practitioners felt they did. 53% felt somewhat equipped, but considered there to be room for improvement, and 17% felt ill-equipped and that they would benefit from more training. Education recommendations also extended to educating clients and society.

Q48 Do you feel that you have sufficient training and awareness around principles of responsible wealth stewardship as it relates to your role in advising clients?
(n=551)



> ***'Yes – because it will bring more engagement from nextgen.'***

> ***'Yes, more training around it for advisors to be able to raise and discuss options with clients.'***

Practitioner takeaway

Attention should be paid to the topic areas cited as being less consistently raised or not considered. It is the role of a good advisor to ask all the questions. Asking questions of clients and taking in the responses, results in a better and more rounded service to clients and one that is free from assumptions and misassumptions.

SECTION 7: THE WAY FORWARD

FUTURE TREND PREDICTIONS

Respondents were asked for their predictions as to the biggest changes to client attitudes in the next ten years. The following themes emerged:

- **Geopolitical and economic uncertainty:** Stability, security and safety will increase in importance for clients.
- **Global mobility:** With political ideologies and government revenue-raising driving tax policy change in many jurisdictions, clients are expected to continue to take proactive steps to protect their wealth by re-locating families to different countries.
- **Trusts and offshore structures:** There are predictions that clients will shift away from complex structures due to rising regulations, opting instead for more transparent solutions.
- **Taxation policy:** Changes to both national and global taxation policies are anticipated, with increased tax burden on the wealthy, more transparency and even tighter compliance, fuelled by artificial intelligence.
- **Technology and AI (artificial intelligence):** A message for practitioners to get more knowledgeable, quickly! A need to consider how to position themselves in light of digital innovations. AI tools are going to upskill the client (or at least have them thinking that they know more), making them more likely to accept free advice, go it alone and consequently make mistakes that will need remedying. They will be more critical of advisory services, challenge the cost of structuring wealth, and expect more for less. Potentially a general reassessment of wealth advisors' roles and less loyalty from clients.
- **Philanthropy:** A predicted trend toward a more selective approach to charitable giving and increased economic pressures increasingly leading to a drop in charitable giving.
- **Social responsibility:** An even stronger focus on social responsibility, with climate change issues becoming increasingly important and driving more decisions.
- **Values aligned:** a stronger client desire to align wealth with personal values, particularly in areas like sustainability, social impact and governance. A greater focus on impact, legacy and meaningful investment.
- **Ageing:** As the funding pot for adult social care gets smaller, we are facing a care crisis and clients need to be prepared to plan for covering the cost of their own care, as well as considering planning for loss of capacity.
- **Industry recruitment:** With many advisors retiring, there needs to be industry succession planning and a recruitment drive. With more clients with inherited wealth, the approach to wealth will be less familiar to the advisor community in situ. The rise of social media-driven wealth – 'Insta-wealth' – may also skew perceptions of long-term financial planning, requiring more realistic guidance.
- **Family business succession:** More owners focusing on selling their company rather than passing the ownership of their businesses to their children.
- **Digital assets:** The increasing importance of digital assets re: cryptocurrencies, tokenisation and digital currencies will require clearer legislative frameworks, particularly in how to handle them post-death or in loss of capacity. This presents challenges in ensuring clients are compliant and have proper estate planning in place.
- **Family first:** A stronger emphasis on clients taking care of their own bloodline and focusing on passing wealth to future generations. The 'cost of living crisis' looms large in the minds of many clients who are focused multigenerational planning to secure the financial position of future generations, both children and grandchildren. 'BOMAD' (Bank of Mum and Dad) will remain strong.

The next decade will likely see a significant shift in client attitudes, influenced by a combination of technological advancements, geopolitical risks, evolving tax policies, and growing social responsibility. As a practitioner, the challenge will be to adapt to these changes, balancing the demand to efficiently manage tax exposure, ethical investments and maintaining personal relationships with clients amid increasing reliance on AI and automation.

DEMANDS ON PRACTITIONERS

In order to thrive in the coming years, this research points to a number of actions for practitioners. These include:

- Educating clients on responsible wealth stewardship, financial literacy, how to navigate complex family dynamics, and adapting their strategies to the evolving priorities of younger clients.
- Staying ahead of legislative changes, advising on cross-border tax compliance, and finding innovative ways to preserve wealth while ensuring compliance.
- Helping clients navigate sustainable investment options, balance impact goals with financial returns, and avoid pitfalls like greenwashing, while adapting to the increasing demand for transparency and accountability. Climate change and social justice will be topics practitioners will need to understand and support clients on.
- Providing expertise in cross-border tax, immigration policies and international laws to help clients navigate increasingly complex global scenarios.
- Positioning themselves as trusted advisors, emphasising the value of personalised advice, incorporating technology responsibly to complement rather than replace human expertise. The need to remain curious and ask questions in the discovery process in order to best serve a client, establishing their purpose and motivations.

SECTION 8: CONCLUSION

CLARITY ON THE STATUS QUO AND OUTLOOK

Our research provides an interesting snapshot of prevailing attitudes to wealth, tax, social responsibility and surrounding issues captured amid a period of political and economic change in a number of countries globally.

Given the global scale of the research, it is perhaps surprising that there was not a great deal of variation geographically.

It is clear that protecting and providing for families, both now and across future generations, remains a priority for clients – wherever they are based. We are certainly seeing some shifts in relation to taxation, with a significant shift away from aggressive planning to an approach where simplification, risk mitigation and compliance play a central role. However, we are not seeing widespread calls for higher taxes from clients, with many holding the view that they are taxed disproportionately.

There is, however, clear evidence of a growing awareness of social responsibility, particularly from younger generations, but not exclusively so, with predictions that this will only gain in importance to clients in the future. The proportion of clients holding social responsibility to be a driving force in their decision-making, actively wishing to reduce or limit their wealth accumulation, and wanting to give everything away on death should not be overlooked.

It is positive to see how many advisors today are routinely asking clients about philanthropic giving. There is, however, still further opportunity for it to more consistently be part of the main discussion around client wealth objectives, alongside other topic areas cited as being less consistently raised or not considered, such as exploring clients' values and purpose to align wealth planning decisions to these.

APPLYING LEARNINGS AND TRANSLATING INTO OPPORTUNITIES FOR THE WAY FORWARD

Our mission to conduct our own industry research to get a clearer picture of the status quo has highlighted three areas that STEP can take forward action with, and for, its members, the industry, its clients and society:

1. **Legacy, values and social contribution**

   In light of a continued pattern of change and a shift towards a greater focus on social responsibility, there was consensus in the value and importance of education, discourse and awareness raising in the industry among practitioners, clients and stakeholders alike regarding social responsibility and responsible wealth stewardship. STEP can:

   - Support education, training and awareness around principles of responsible wealth stewardship as it relates to a practitioners' role in advising clients, developing tools and resources to assist and to ensure the industry is staying current and competitive.
   - Extend education and awareness to clients and society.
   - Lead policy direction and legislative change in trust law to eliminate barriers to trustees considering socially responsible and/or positive impact investments.

2. Dispelling myths and improving knowledge

There was agreement that there is scope to improve education and knowledge levels in cited areas. STEP can:

- Improve client education and knowledge levels around trusts and equivalent structures.
- Continue to work to dispel public misconceptions and misunderstanding around trusts, by explaining their legitimate purpose and breadth as a tool of common applicability.
- Keep practitioners apprised and informed of global political, economic and legislative developments impacting wealth planning.
- Extend and consolidate practitioner training around philanthropy and charitable giving to see more advisors having active and central discussions with clients about giving.

3. Industry leadership and advocacy

Leading and directing the discourse, representation and best-practice profile of the industry, STEP can:

- Advocate for and represent the industry and clients in matters of protection of wealth and tax reform, while asserting our commitment to tax transparency and compliance and combatting financial crime.
- Advocate for more responsible tax discourse and take a leading role in seeing that the industry uses language that addresses taxation in a neutral and balanced way.
- Showcase how the industry can prepare the next generation for managing wealth responsibly, teaching financial literacy, governance, leadership roles, accountability and stewardship.
- Raise awareness of the need for early, effective communication among families and highlight how advisors can assist clients in this area through family retreats, roundtables or mediation.

CLIENT-ORIENTED INDUSTRY FOCUSED ON TAILORED ADVICE TO THE INDIVIDUAL

In this research we have asked for a general view on clients, but we recognise that it is very hard to generalise a single client type. But herein lies the opportunity: serving the individual, in a unique and tailored way. Even more so in seeking out the hidden voices and being able to adapt to serve them. There are diverse paths and mixed client experiences. The big message comes down to the power and uniqueness of the client-advisor relationship and of truly understanding each client's unique needs.

The next decade will likely see a significant shift in client attitudes. As a practitioner, the challenge will be to adapt to these changes. For those who have been in practice many years, this isn't new. Cycles of change come around fuelled by next generational and geopolitical changes. The strength of the industry is adapting and responding to adversity, instability and cycles of upturn and downturn. This requires a broad knowledge and skillset and a solid network.

Continuing professional development and the sharing of best practice and experience has never been more crucial. STEP membership serves to provide both the practitioner, and in turn the client, connectivity to other specialists to fill any knowledge or service gaps to enable holistic wealth planning.

STEP's Code of Professional Conduct asserts the 'fiduciary relationship' and 'objectivity' required in the role of a TEP and STEP advisor. This is what current and future clients want and need. It remains the role of a good advisor to ask questions to truly understand their clients' values, objectives and requirements. It is only through truly knowing your client that you can ensure you meet their needs, now and in the future.

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Led by member Catherine Grum TEP, a working group comprising Nuno Cunha Barnabé TEP, Richard Brass, Chris Delaney TEP, Alejandra Esmoris TEP, Michele Fugiel Gartner, Chris Graves TEP, Carol Katz TEP, Ping Ping Lim TEP, Madeleine Schubert TEP and Juliet Valdinger input into the survey questions and analysis of the survey results, supported by STEP staff members Louise Polcaro, Ashwarya Shukla and Emma Yeats. We wish to thank them all, as well as members of STEP's Business Families, International Client and Philanthropy Advisors Special Interest Groups, STEP's Responsible Stewardship of Wealth Working Group, and all 909 survey respondents for providing their valuable insight and experiences.