Building Tomorrow's Legacy - How Millennials and Gen Z Are Redefining Legacy, Investment, and Governance

TABLE OF CONTENTS

Abstract:

Traditionally, asset allocation strategies were characterized by a conservative approach, especially among older generations like Baby Boomers and Gen X. These investors often prioritized capital preservation and income stability over aggressive growth. Their portfolios typically consisted of a higher proportion of low-risk assets such as fixed deposits, government bonds, and real estate. This approach reflected a preference for predictable returns and risk aversion, partly driven by limited access to diversified investment options and less financial information.

Today, the younger generations, Millennials and Gen Z, are increasingly changing their view on the traditional approach to governance, succession planning and wealth management. Their values that are shaped by digital nativity, a stronger focus on impact, and global awareness are pushing the family offices, advisors and banks to rethink their strategies. Therefore, this paper is going to explore this transformation through three themes: Succession and Governance, Asset Allocation and Technology integration.

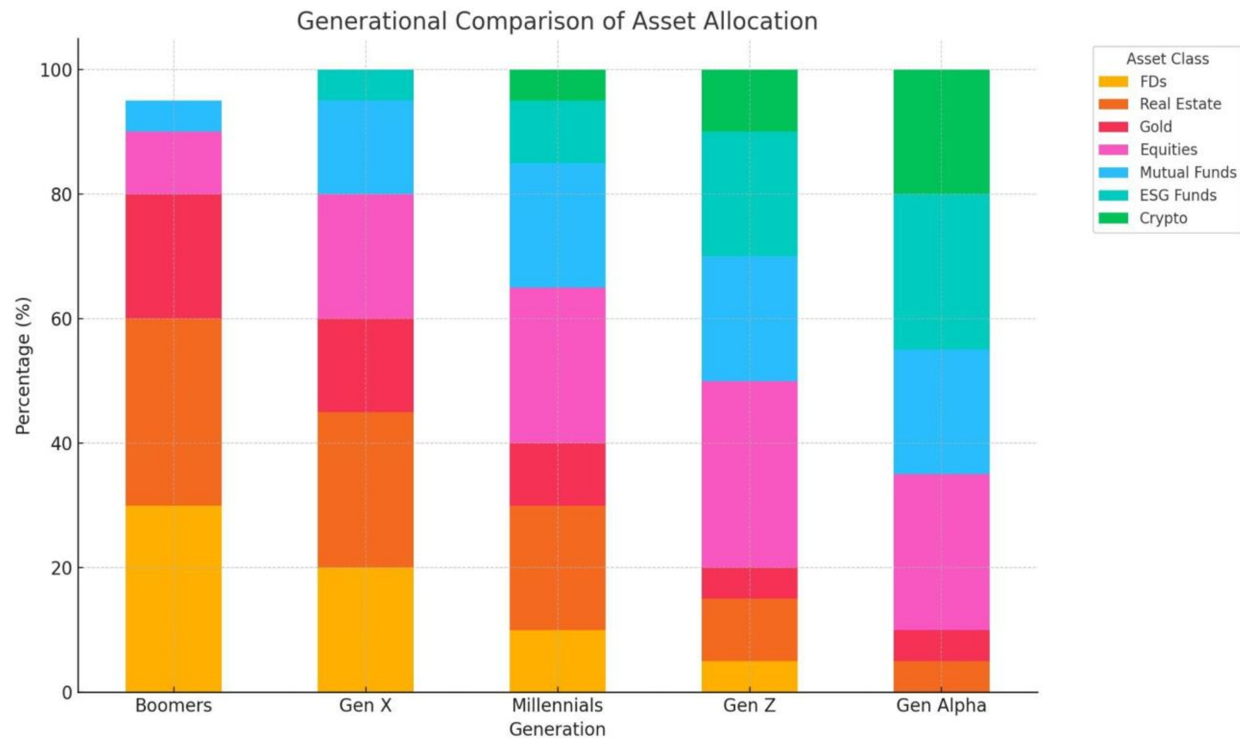
Introduction:

A significant but subtle change is taking place in wealth management. As millennials and gen z start to inherit, manage and increase family wealth they are radically altering conventional financial institutions. Unlike the previous generations that prioritized capital preservation and traditional investment strategies, this new generation prioritizes purpose alongside profit, sustainability alongside scale and technology alongside tradition.

Asset Allocation:

The younger generations are changing the way wealth is invested. Their approaches are more flexible, more aligned with purpose and more informed. Earlier generations such as Baby Boomers and Gen X primarily focused on wealth preservation, favoring stable, tangible assets like fixed deposits, gold, and real estate. In contrast, Millennials embraced diversification, with a growing preference for mutual funds, equities, and digital investment platforms. Gen Z is taking this evolution further, adopting a growth-first mindset with high-risk tolerance, investing in thematic portfolios, ESG-aligned funds, and even alternative assets like cryptocurrencies. Looking ahead, the future of asset allocation is expected to be highly personalized and tech-driven—powered by AI-based advisory platforms, real-time portfolio adjustments, and a strong emphasis on sustainability and purpose. This transition marks a clear movement from preservation to participation, and now towards purpose-led investing.

The picture below will provide an easier understanding of this change and give us a visual comprehension:

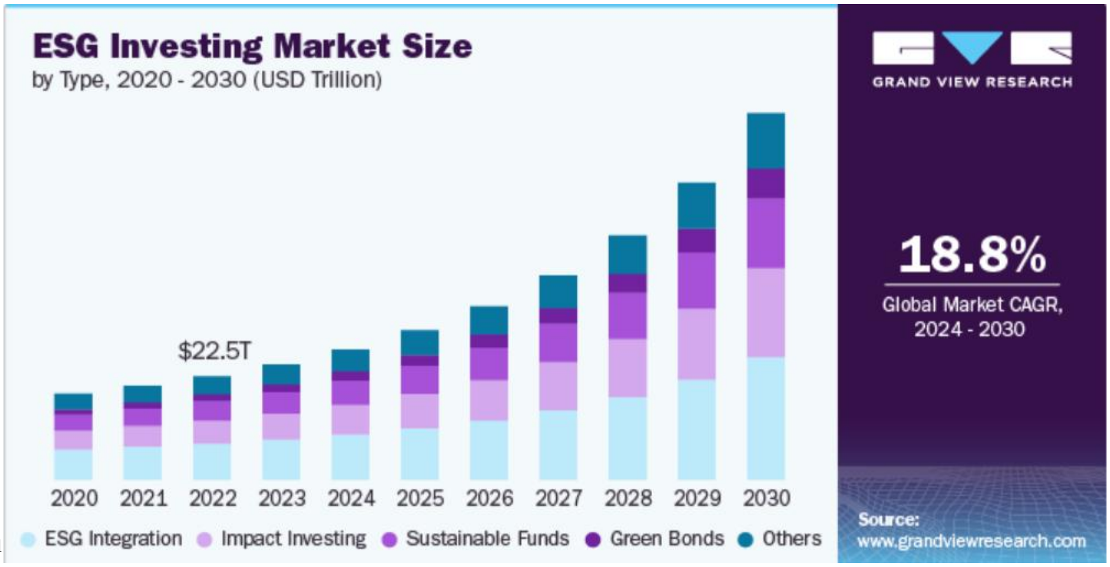


<u>ESG Integration:</u>

E (Environmental) - How a company impacts the environment and planet. Eg. carbon footprint.
S (Social) - How a company treats its people.
G (Governance) - How well a company is managed.

Younger generations are increasingly aware of their investments aligning with their personal values. Many of them don’t prefer to invest in something they don't support publicly. This often includes goals like fighting climate change, supporting mental health, promoting gender equality, etc.

Therefore, they now have access to a growing number of ESG aligned options such as:-
Green bonds - fixed income products with funds specifically for environmental projects
ESG mutual funds and ETFs - funds that only include companies passing ESG filters
Thematic portfolios - customized portfolios that focus on ESG themes
The global ESG investing market size was estimated at USD 25.10 trillion in 2023 and is projected to grow at a CAGR of 18.8% from 2024 to 2030. Over the past decade, there has been a significant increase in public awareness regarding environmental and social issues. Climate change protests, natural disasters, and social justice movements highlighted the urgent need for sustainable practices. Investors are becoming more conscious of their investment choices' impact on the world. This heightened awareness has translated into a greater demand for investment options that align with personal values and contribute positively to environmental sustainability and social equity.



[1]

In India, ESG investing is gaining significant momentum as investors increasingly recognize the importance of sustainable and responsible investing. Awareness is being spread through government initiatives, media campaigns, and growing participation by financial institutions offering ESG-aligned products. Impact funds focused on social and environmental goals are becoming popular, such as Aavishkaar Impact Fund, which supports social enterprises addressing poverty and environmental challenges, and SIDBI's India Inclusive Innovation Fund, promoting clean energy and sustainable livelihoods.

Embracing Alternate Investments and Private Markets

As millennials and Gen Z begin to manage and grow their wealth, their preferences are shifting beyond traditional investments such as gold, real estate and fixed deposits. They greatly focus on alternative investments such as private equity, venture capital, cryptocurrencies and impact startups. These asset classes offer access to innovation, exclusivity while generating higher returns.

Reasons for inclination towards alternative investments:

1. Desire for access and exclusivity: public markets are open to all, private markets give investors a sense of uniqueness
2. Passion for innovation: they support early startup ventures, such as tech driven startups
3. Higher risk appetite: studies consistently show that millennials and gen z have greater willingness to take investment risks as compared to older generations. Their long term horizon allows them to absorb short term volatility in pursuit of long term gains

[1] https://www.grandviewresearch.com/industry-analysis/esg-investing-market-report

Popular Alternative Investment Avenues:

- Venture capital
- Cryptocurrencies and digital assets
- Impact investments
- Private equity
- Real assets through new vehicles

Private market accessibility in India is still evolving. Wealth advising businesses are only now starting to develop carefully selected options for UHNW families and young inheritors, while regulatory regimes are changing.

Higher Risk Appetite and Tech Dependency

More than 70% of Gen Z and Millennials say they are more willing to take chances with their investments. They are less frightened of short-term volatility because they have longer time horizons and better access to information.

Additionally, the Bengaluru study discovered that:

1. The most risk-tolerant generation is Gen Z
2. Financial literacy increases one's appetite for risk

All generations use technology extensively, despite presumptions, but younger customers need real-time data, artificial intelligence capabilities, and mobile-first platforms.

Risk Appetite				
	N	**Mean**	**Std. Deviation**	**Std. Error**
Gen Z	182	9.2253	2.26157	.16764
Gen Y	51	8.7647	2.83964	.39763
Gen X	68	8.2353	2.89682	.35129
Total	301	8.9236	2.54378	.14662

The table from https://mjar.singhpublication.com/index.php/ojs/article/view/130/263 indicates that Gen Z has the highest risk appetite in comparison to Gen Y and Gen X with a mean of 9.2253.

Succession and Governance:

As younger generations take on larger roles in managing family wealth and business, the take on succession and governance is changing. In the past, succession planning was a top down procedure that prioritised control and inheritance. Today, its more collaborative and value based with a focus on heir preparation via structured planning, mentoring and transparency.

In addition to legal and financial frameworks, modern governance today encompasses internet access, inclusive decision-making, and adherence to family values. Governance frameworks must change in tandem with the diversification and globalization of family assets in order to handle complexity, maintain unity, and guarantee long-term continuity.

Engagement:

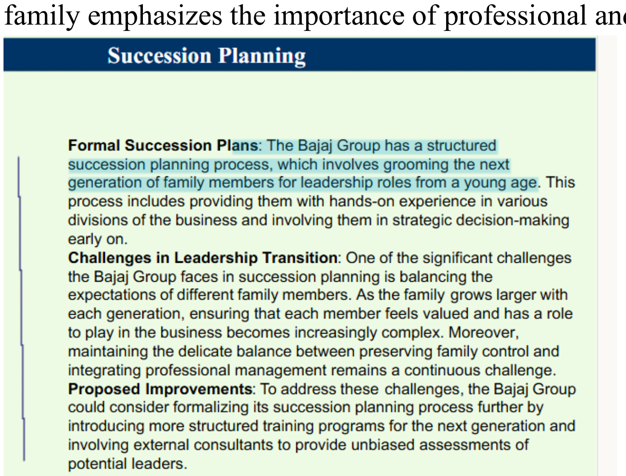
This includes involving younger family members early in wealth discussions to help cultivate a sense of preparedness and ownership.
Families that involve their successors in wealth planning before the age of 25 had a 30% higher chance of achieving successful wealth transfers between generations, per the Campden Wealth Family Business Survey.

1. Godrej Group: Adi Godrej demonstrated a progressive model of gender-inclusive succession in India by handing over leadership to his daughter, Nisaba Godrej.

2. Reliance industries: Isha and Akash Ambani were given important leadership positions at Reliance Industries by Mukesh Ambani, who also made sure they received early exposure and mentoring.

Education:

Both formal and financial education is an essential success factor for the leaders of the next generation. It promotes confident decision making while reducing dependency on extrena financial advisors. The Bajaj family emphasizes the importance of professional and global education to develop leadership readiness.



Succession Planning

Formal Succession Plans: The Bajaj Group has a structured succession planning process, which involves grooming the next generation of family members for leadership roles from a young age. This process includes providing them with hands-on experience in various divisions of the business and involving them in strategic decision-making early on.
Challenges in Leadership Transition: One of the significant challenges the Bajaj Group faces in succession planning is balancing the expectations of different family members. As the family grows larger with each generation, ensuring that each member feels valued and has a role to play in the business becomes increasingly complex. Moreover, maintaining the delicate balance between preserving family control and integrating professional management remains a continuous challenge.
Proposed Improvements: To address these challenges, the Bajaj Group could consider formalizing its succession planning process further by introducing more structured training programs for the next generation and involving external consultants to provide unbiased assessments of potential leaders.

https://www.scribd.com/document/794813031/Family-Business-by-Sushant-Bharti?

Empowerment:

Empowerment goes beyond just education, its about giving younger family members the authority, tools and confidence to act upon the business. This can take the form of leading philanthropic arms, involving them in digital transformation projects within the family office or granting investment responsibility.

With the rise of women's empowerment globally and in india, many family offices and wealth advisory firms are witnessing an increase in women taking proactive roles in managing family wealth. Women today are more educated and financially literate than before and they are actively shaping investment strategies and legacy planning.
For example, daughters and sisters in prominent Indian business families (like Isha Ambani at Reliance Industries) are increasingly involved in decision-making and leadership roles.

For example, Waterfield's HERitage platform helps women manage their wealth with confidence through advice, education and community. It supports women leaders, founders and inheritors in building financial independence. This matches millennial values of empowerment and purposeful investing. https://waterfieldadvisors.com/heritage

Technology Integration:

According to Deloitte's 2023 Global Family Office Survey, 74% of Gen Y and Z clients expect their wealth managers to offer digital experiences on par with leading digital companies. Additionally, over 60% desire better digital tools to manage their investments directly, and 52% are interested in AI-enabled chatbots for assistance.[2]

If Millennials and Gen Z could talk to their grandparents about managing wealth, they'd probably say, "Can we please get an app for that?" Digital natives expect their wealth management to be as seamless and personalized as their favorite streaming service or social media platform. Wealth management is no longer just about numbers and portfolios; it's about combining cutting-edge technology with personal values and real-time insights. Here's how global leaders and tech innovators are shaping this space—and how wealth advisors can ride this digital wave.

Global tech leaders setting the pace:

Country	**Company**
Switzerland	USB and Credit Suisse
Singapore	DBS and OCBC
United Kingdom	Barclays Wealth

Switzerland:

USB and Credit Suisse use AI to look at more than just returns. . They help clients invest in things like green bonds or climate tech companies, based on what matters to them personally.

1. The AI scans large amounts of data - market trends, sustainability reports - to recommend the investments that align with the clients values
2. It runs scenario modelling modeling to help with family succession - predicting how wealth may grow under different conditions to avoid conflicts or shocks

They use a mix of partnerships and proprietary tech with major AI or cloud providers such as Microsoft Azure and IBM Watson to build these tools. However, the exact AI tools they use for scenario modeling aren't fully public, banks keep this kind of tech detail guarded for competitive reasons.

[2] https://www.forbes.com/sites/deloitte/2024/03/22/digital-and-diversity-how-tech-can-help-wealth-managers-expand-their-client-pool/?

Singapore:

DBS and OCBC have developed digital advisory platforms using AI-powered analytics tools like Salesforce Einstein and Google Cloud AI.

AI chatbots and virtual assistants at these banks help answer a wide range of client questions, from simple ones like “What’s my current portfolio value?” or “How has my investment performed this month?” to more complex topics such as “Can you explain how impact investing works?” or “What are the risks and benefits of investing in green bonds?”

By providing clients with immediate access to customized information at any time, without having to wait for an advisor, these technologies create value. They help clients of the future generation make educated judgments by guiding them through complex ideas in simple terms. In addition to increasing customer trust and engagement, this frees up human advisers to provide more strategic counsel. All things considered, financial management is now easier to access, more transparent, and more individualized thanks to these AI-powered assistants.

United kingdom:

Barclays Wealth: Barclays Wealth uses advanced AI tools like Impactasaurus or custom platforms built with AWS AI services to help families manage their philanthropy. These tools make it easy for families to coordinate their giving, track how donations are making an impact, and work together on social projects in real time. The AI also looks at past donation patterns and suggests future giving opportunities that can create the most meaningful impact while matching the family’s values.

Barclays Wealth uses technology to give clients easy digital access and personalized advice. They focus on making wealth management smooth and helping families plan for the future.

In India, wealth management is mostly personal and focused on traditional investments like gold and real estate. But younger people want more digital tools and transparency.

Wealth advisory firms can stand out by combining local expertise with modern tech to meet these changing needs.

Some recommended AI tools for more efficient wealth management:

AI Tool / Platform	Use Case	How It Works
IBM Watson Wealth Advisor	**ESG portfolio analysis and succession planning**	**Analyzes financial + ESG data to recommend investments and simulate wealth transfer scenarios**
Salesforce Einstein	**Personalized client insights and advice**	**Uses client data and preferences to customize portfolio suggestions and communication**
Otter.ai + Microsoft Translator	**Virtual family meetings**	**Real-time transcription and translation to facilitate clear communication in governance**
Impactasaurus	**Philanthropy management**	**Tracks donations, evaluates impact, and helps coordinate giving strategies**
Google Cloud AI / AWS AI	**Chatbots, analytics, and recommendation engines**	**Power client engagement tools and impact measurement dashboards**

Conclusion:

The way wealth is managed, invested, and passed on is changing - because the people behind it are changing. Millennials and Gen Z think about money differently than previous generations. They care not just about growing wealth but about doing it in a way that reflects their values, interests, and goals. They want to make a positive impact, support innovation, and use technology to make better, faster decisions.

As a result, the entire wealth ecosystem - family offices, advisors, banks, and investment platforms - is also changing. It's becoming more flexible, more digital, and more focused on purpose. From how succession is planned to how portfolios are built; every part of the system is being reshaped to fit the priorities of this new generation.

In the end, legacy is no longer just about what you leave behind. For Millennials and Gen Z, it's about what you build today and how you use your wealth to make a meaningful difference in the world.