

Inheriting Wealth Is a Re-Selection Event

Inheriting wealth is a re-selection event — heirs rarely keep the adviser who served the generation before.

This article sets out what inheriting wealth actually means, the first decisions that follow, and the choice the incumbents rarely name.

A re-selection event

Inheriting wealth is usually described as a windfall to be managed: receive the assets, settle the tax, build a plan, and carry on. For the generation now receiving one of the largest transfers of private capital on record, the description is too small. Receiving the capital is the easy part. The consequential part is the decision that arrives with it: who manages the next chapter.

This article sets out what inheriting wealth actually means, the first decisions that follow, and the choice the incumbents rarely name. It is written by IMS Group, a private markets investment group and partnership of family offices, in an institutional and sourced register, for readers inheriting not only money but, increasingly, a portfolio and a relationship they did not choose.

What It Means to Inherit Wealth

Inheriting wealth means acquiring assets (cash, securities, property, business interests, or a managed portfolio) through an estate, trust, or beneficiary designation rather than through earnings. In personal finance this is usually called inherited wealth, as distinct from earned wealth, and it is the entity most search engines associate with this question. The distinction matters because the two carry different responsibilities: earned wealth is built decision by decision, while inherited wealth arrives as a finished structure, complete with the choices someone else already made.

That structure is now changing hands at unprecedented scale. Estimates of [the great wealth transfer](#) place the sum moving between generations across the coming two decades at roughly **\$84 trillion to \$124 trillion** in the United States alone, with a further **£5.5 trillion to £7 trillion** projected in the United Kingdom. Those figures are projections, not settled facts. The direction is clear and the magnitude is contested, and they are best read as a range rather than a single headline number. What is not in doubt is that a very large cohort is about to inherit, many of them for the first time.

Is \$500,000 a big inheritance?

It depends entirely on context. In absolute terms, an inheritance of \$500,000 is substantial and sits well above the median. In relative terms, measured against an existing balance sheet, a family's total capital, or the cost of the life it is meant to support, it may be modest. Size is best judged against what the capital is for, not against an external benchmark.

The First Decisions

The most useful first move is restraint. Before acting, it helps to take inventory of what was actually inherited: the asset types, where they are held, any existing adviser or manager relationships, and the obligations attached. Decisions made in the first weeks tend to be the hardest to reverse, and there is rarely a penalty for pausing.

A few tax points are worth knowing in general terms, though none of this is advice and rules vary by jurisdiction. In the United States, inherited assets often receive a **step-up in basis** to their value at the date of death, which can reduce capital-gains exposure on a later sale. Inherited retirement accounts are commonly subject to a **10-year distribution rule** for many non-spouse beneficiaries, and a small number of US states levy a separate **inheritance tax**, distinct from federal estate tax. These are starting points for a professional conversation, not a substitute for one.

As for what not to do, the recurring counsel is to avoid irreversible commitments while still adjusting: large purchases, hurried liquidations, or restructuring a portfolio before the inventory is even complete. This is well-covered ground. The more interesting question sits one level up.

The Transfer Is a Re-Selection Event

This is the decision incumbents seldom put on the table. When wealth passes to the next generation, the adviser or manager relationship passes with it, almost always by default. The portfolio arrives already managed, on a platform someone else chose, and the relationship is simply presumed to continue. Inheriting the capital and inheriting its custodian are treated as one event when they are, in fact, two.

That presumption is increasingly being questioned. Bank of America's Private Bank Study of Wealthy Americans found a pronounced generational divide in how investors approach their wealth: **72% of investors aged 21–43** said they no longer believe traditional stocks and bonds alone can deliver above-average returns, against just **28% of those over 44**. Read alongside the re-selection question, that scepticism points to a cohort re-evaluating the inherited approach rather than retaining it by default. The younger cohort is not rejecting capital; it is rejecting the assumption that the inherited playbook should simply be retained. This is the substance of [the generational divide](#), a behavioural gap and not merely a demographic one.

Read together, the macro and the behaviour point the same way. The transfer is not only a movement of assets; it is a moment of re-selection. The next generation inherits a relationship it did not choose, and a growing share of it treats that inheritance as grounds to reopen the decision. The relationship is inherited by default. Whether it is kept is, increasingly, a decision.

What Changes When You Inherit an Allocator Role

For families of substantial capital, the inheritance is rarely just money. It is frequently a portfolio with a particular shape, a set of existing managers, and sometimes a family-office relationship with its own mandates and history. Inheriting all of that is inheriting an allocator role: the standing responsibility to decide how capital is deployed across public and private markets, and across cycles.

This is the part the retail explainers do not reach, because their reader is assumed to be an individual managing a sum, not a successor stepping into a deployment role. A rising allocator inherits questions the previous generation already answered: how much sits in private markets versus public; how exposure is spread across alternatives such as private credit and real assets; which relationships generate genuine access and which simply persist. Inheriting the role means those questions reopen.

It also raises a more structural one, namely whether the existing arrangement still fits. Some successors inherit, or choose to establish, [a single family office](#) to consolidate decision-making under their own mandate. For readers approaching this for the first time, it is worth understanding [what a family office is](#) and how its responsibilities differ from a conventional advisory relationship. The common thread is that an allocator role, once inherited, is not administered on autopilot. It is exercised.

Choosing Who Manages the Next Chapter

A considered re-selection is not a rejection of what came before, and it is certainly not a complaint about fees. It is an assessment, on the successor's own terms, of whether the existing arrangement is right for the chapter ahead. The useful criteria are straightforward. Does the manager generate access the successor could not obtain alone? Does the underwriting discipline hold across strategies, not just in the one that built the track record? And is the relationship aligned with how the next generation actually intends to allocate? That line of questioning is the practical content of what is now called **next gen wealth management**: less a product than a posture, in which the heir re-decides rather than simply inherits the answer.

That posture is also why IMS Group exists in the form it does. The Group operates as a partnership of family offices and operating partners rather than a distribution channel, and readers re-considering who manages the next chapter can explore [IMS Group's partnership network](#) to see how that buy-side model is built. The re-selection is the real event, and it is worth the same care as any other decision about substantial capital.

Conclusion

Inheriting wealth is a decision as much as an event. The capital changes hands, and so does an allocator role and the manager who came attached to it. What the previous generation accepted as a given, a rising cohort increasingly treats as an open question. For readers weighing that question, IMS Group invites a closer look at how [the next generation of the partnership](#) approaches allocation, and at the wider work across [the next-generation-allocators series](#).

This article is provided by IMS Group, a private markets investment group, for general information only. It is not financial, tax, or legal advice. Inheritance, tax, and estate rules vary by jurisdiction and change over time; readers should seek professional advice on their own circumstances.

Frequently asked questions

What is it called when you inherit wealth?

Wealth acquired through an estate, trust, or beneficiary designation rather than through earnings is generally called inherited wealth, as distinct from earned wealth. The assets may also be referred to as a bequest, a legacy, or simply an inheritance. The defining feature is that the capital is received rather than generated, often arriving as an already-structured portfolio.

Do you have to pay taxes on inherited wealth?

It depends on the jurisdiction and the asset. In the United States, beneficiaries usually do not pay income tax simply for receiving an inheritance, but later events, such as selling appreciated assets or drawing down inherited retirement accounts, can trigger tax. A small number of US states levy an inheritance tax, separate from federal estate tax. Rules vary and change, so professional advice on specific circumstances is essential.

Is \$500,000 a big inheritance?

In absolute terms, yes — \$500,000 sits well above the median inheritance. In relative terms it depends on the family's total capital and what the money is meant to support, since the same figure can be transformative for one household and incidental for another.

What is the best way to transfer wealth to children?

There is no single best method; the appropriate structure depends on jurisdiction, asset type, family circumstances, and objectives. Commonly used approaches include trusts, lifetime gifting within available allowances, and clear beneficiary designations, often combined and reviewed over time. The more important point is that transfer planning and the question of who manages the capital afterwards are best addressed together.

What is the psychology of inheriting wealth?

Inheriting wealth often carries an identity dimension that earned wealth does not. Recipients frequently describe a sense of stewardship, a responsibility to preserve what was built rather than simply to spend it, alongside uncertainty about decisions made by a previous generation. Acknowledging that responsibility, rather than treating the inheritance as a purely financial windfall, tends to lead to more considered decisions about how the capital is managed.

What should you not do with an inheritance?

The recurring guidance is to avoid irreversible decisions while still adjusting: large discretionary purchases, hurried liquidations, or restructuring an entire portfolio before taking full inventory of what was inherited. It is also unwise to assume the existing adviser or manager relationship must be retained without examination. Pausing to assess, including who should manage the capital next, is rarely a mistake.

Sources & important information

1. Cerulli Associates. U.S. High-Net-Worth and Ultra-High-Net-Worth Markets — US great wealth transfer sizing (projection/range): ~\$84 trillion through 2045 (Cerulli, earlier 2021 estimate) rising to ~\$124 trillion through 2048 (Cerulli, updated 2024). US figures. UK great wealth transfer (£5.5 trillion to £7 trillion, projection/range): lower bound £5.5 trillion — Kings Court Trust / Cebr, Passing on the Pounds (2017, period 2017–2047); upper estimate £7 trillion — Vanguard, Navigating the Great Wealth Transfer (2023, by 2050). Internal Revenue Service. Step-up in basis (IRC §1014); inherited IRA 10-year distribution rule (SECURE Act); estate and inheritance tax guidance. IRS.gov, general reference, accessed 2026-06-24.

Point-in-time figures are volatile and should be re-verified on the date of publication.

Important information

This document is provided by IMS Group ("the Group") for general informational and educational purposes only. It does not constitute investment advice, an offer to sell, or a solicitation of an offer to buy, any security or investment product, and should not be relied upon as the basis for any investment decision.

Forecasts and projections are illustrative only and are not guarantees of future results. Past performance does not predict future returns. Point-in-time figures cited are volatile and should be re-verified on the date of publication. © 2026 IMS Group. All rights reserved. This is an internal-review mockup, not for client distribution.

The next-generation
buy-side, read as a re-
allocation event.

IMS Group

info@groupims.com

groupims.com

IMS Group operates across investment management, venture building, sports finance and proprietary technology — IMS Capital Management, IMS Digital Ventures, IMS Labs and IMS Sports Capital. This brochure is for information purposes only and does not constitute investment advice or an offer. © 2026 IMS Group.