Wealth Management 2035: How Testators and Heirs Achieve the Best Possible Return from the Transfer of Wealth

Roland Rupprechter[1]

August 2026

Abstract

This paper deals with the largest transfer of wealth in post-war history: in Germany, up to around EUR 400 billion changes hands every year through inheritances and gifts, in Austria around EUR 15 billion with a rising trend. Written from the perspective of a financial analyst, the paper asks what testators and heirs must pay attention to so that the transfer produces the best possible return — before, during, and after the handover. It describes the heir generations Y, Z, and Alpha, the legal position in Germany and Austria (as of August 2026), and the role of wealth management through 2035.

The results in brief: For testators, the planned, early, and step-by-step handover is the single most effective measure — in Germany because of the personal allowances that renew every ten years, in Austria because transfers are tax-free but subject to reporting duties and to forced-share rules; retained-use rights and contractual reclaim clauses protect the giver. For heirs, a simple structure applies: build a reserve, repay expensive debt, invest cash wealth in broadly diversified, globally oriented equity funds with a long-term investment horizon, direct current income predominantly into monthly equity savings plans, and examine inherited real estate soberly — use it yourself if it fits your life, otherwise sell it in order to downsize and stay mobile.

By 2035, wealth management will be judged by its ability to accompany transitions rather than sell products: more than two thirds of heirs do not stay with their

[1]Roland Rupprechter, Economic Research, R&B Wealth Management, Kreuzgasse 1a, 6850 Dornbirn; Member Austrian Association for Financial Analysis and Asset Management. Email: roland.rupprechter@rbvm.at.
Statement on the use of AI tools: This paper was produced with the selective use of the AI tool Claude (Anthropic). The core elements of the content – including the research question, the objective, the methodology, the data analysis, all calculations, as well as the specialist knowledge and the layout – were produced entirely independently by the author. Under the author's guidance, Claude served as an assistant tool to support research, shorten text, verify derivations and cross-check sources. Some AI-generated text passages were thoroughly reviewed by the author and only incorporated once the content objectives had been met. Finally, the system was used for proofreading (spelling and academic style). The author takes full responsibility for the content of the paper.

parents' adviser after the handover. Whoever wants to keep the heir generation must involve it early, work digitally and personally at the same time, and serve smaller fortunes with suitable, opportunity-rich investment solutions. A separate chapter is devoted to women, who in the great handover usually inherit twice — as widows and as daughters — and whose longer lives, more interrupted working biographies, and disciplined investment behaviour wealth management can answer in a targeted way. Concrete advice for both sides of the transfer is derived from the analysis.

Keywords: Wealth transfer · Inheritance and gifts · Generations Y, Z and Alpha · Equity saving · Equity funds · Real estate · Wealth management.

JEL codes: D14, D64, G51, H24, J11.

Non-Technical Summary

A wave of wealth transfers is rolling towards the German-speaking countries: the baby-boom cohorts have accumulated more wealth than any generation before them, and over the coming years this wealth passes to their children and grandchildren — generations Y, Z, and soon Alpha. Worldwide, wealth of more than one hundred trillion US dollars will be transferred by 2048. This paper answers the practical question of what testators and heirs should pay attention to so that the handover produces the best possible return.[2]

For testators, the paper shows that a planned handover succeeds better than an unplanned one: in Germany, gifts in a ten-year rhythm, the family home, and retained-use rights save substantial tax; Austria has had no inheritance and gift tax since 2008, but it does have reporting duties, real estate transfer tax, and a forced-share regime that counts gifts to entitled persons without any time limit. Whoever transfers early, in writing, and with safeguards avoids disputes and preserves his own standard of living.

For heirs a simple order applies: first a reserve for emergencies, then repayment of expensive debt, then the cash wealth invested for the long term in broadly diversified global equity funds, and current income directed predominantly into monthly equity savings plans. An inherited property is not a monument: if it fits your life, owner-occupancy pays; if it does not, selling is often the better choice — it makes you smaller, more mobile, and free for education, career, and family. Precisely the youngest, who face expensive housing and an uncertain start to working life, gain time and freedom of choice with this conception.

The paper also describes from whom the heir generation can learn investing — from parents and grandparents, from school and public education programmes, from books and vetted digital sources — and where the limits of social media lie, from which a large share of the young draw their financial knowledge today. A separate chapter is devoted to women, who usually inherit twice — as widows and as daughters — and for whom good wealth planning achieves particularly much because of their longer lives and larger pension gap. Finally, the paper positions wealth management: what it delivers today, what it can offer smaller fortunes, and what it will stand for in 2035 — for accompanying transitions between generations, not for selling individual products.

[2] On the global magnitude, Cerulli Associates (2024): around USD 124 trillion of transfers through 2048, of which around USD 105 trillion to heirs.

Contents

1 Introduction

Rarely do three developments coincide as clearly as in the wealth transfer of the coming decade. First, the quantity: in Germany, wealth of up to around EUR 400 billion is given and bequeathed every year, in Austria around EUR 15 billion with a rising trend; worldwide, research puts the transfers through 2048 at around USD 124 trillion. Second, the recipients: with generations Y, Z, and Alpha, for the first time a group inherits that grew up digitally, frequently draws its financial information from social media, and at the same time faces more expensive housing and a more uncertain start to working life than its parents did. Third, the legal position: Germany taxes inheritances and gifts with personal allowances unchanged since 2009, while Austria has managed without an inheritance and gift tax since 2008 — two neighbouring countries, two fundamentally different starting points for the same task.[3]

Research provides solid foundations for these questions. Kotlikoff and Summers (1981) showed that a large part of aggregate wealth is not self-saved but transferred — a magnitude Modigliani (1988) countered with a lower estimate without disputing the importance of transfers; Piketty (2011) describes the return of inheritance as a defining source of wealth; for Germany, the DIW estimates that by now around half of private wealth stems from inheritances and gifts. On the investment side, Bodie, Merton, and Samuelson (1992) and Cocco, Gomes, and Maenhout (2005) show that young people can carry high equity quotas because of their future labour income; Andersen and Nielsen (2011) document that unexpected inheritances can trigger the step into the stock market; Chiteji and Stafford (1999) show that children of shareholders are more likely to hold shares and equity funds later themselves — the parental home is the first school of finance. Barber and Odean (2001) counsel caution: frequent trading reduces returns; Thaler and Benartzi (2004) show, conversely, how automated saving rules outwit one's own weaknesses.[4]

The contribution of this paper lies in combining three essential perspectives that are usually treated separately: the generational perspective (who inherits, what shapes the recipients, what must they pay attention to), the legal and country perspective (Germany and Austria compared, as of August 2026), and the investment perspective (how cash wealth, current income, and inherited real estate are best deployed). They are brought together in the question of what advantageous role wealth management can play — today and in 2035. The paper is a factual economic analysis based on publicly available sources; it is general information, not legal, tax, or investment advice for the individual case.

[3] Volumes: Grabka and Tiefensee for the Hans Böckler Foundation (2021) for Germany; Momentum Institut (2023) based on the Household Finance and Consumption Survey for Austria; Cerulli Associates (2024) globally.

[4] See also Lusardi and Mitchell (2014) on the economic importance of financial literacy and DIW Berlin (2026), Wochenbericht 4/2026, on the distribution of taxable transfers.

The paper is structured as follows. Section 1 (the present section) develops the research question and surveys the literature. Section 2 illuminates the wealth transfer in Germany and Austria and describes the starting position of the young in the labour and housing markets. Section 3 introduces generations Y, Z, and Alpha, their investment behaviour, and the sources from which they can learn investing. Section 4 compares the legal position of transfers in both countries and answers the question of whether it is better to give early or to bequeath. Section 5 develops the rules for deploying the inheritance — cash wealth, current income, real estate. Section 6 summarises the advice for testators and for each heir generation. Section 7 is devoted to women who inherit — to what is specific about women and investing and to the particular benefit wealth management can create for them. Section 8 positions wealth management — what it stands for, what it offers smaller fortunes, and what it will stand for in 2035 — and Section 9 presents the conclusion and recommendation.

2 The Great Wealth Handover

2.1 The Handover in Numbers: Germany, Austria, the World

The magnitude of the coming handover is without precedent. For Germany, studies estimate the annual volume of inheritances and gifts at up to around EUR 400 billion — far more than the tax statistics show, because allowances and exemptions leave the largest part of transfers entirely unrecorded: in 2026, only around EUR 117 billion is expected to be assessed for tax, supplemented by around EUR 31 billion of business assets transferred tax-free, with tax revenue of around twelve billion euros. For Austria, which levies no inheritance tax and therefore has no tax statistics, analyses of the household wealth survey put the annual inheritance volume at around EUR 15 billion, rising towards more than 22 billion; over the three decades to 2053 this adds up to more than 600 billion euros. Table 1 assembles the key figures.[5]

[5] DIW Berlin, Wochenbericht 4/2026 (taxable transfers); Momentum Institut (2023) for Austria; all figures approximate.

Table 1: The wealth handover in numbers

Indicator	Value	Source, as of
Annual inheritances and gifts, Germany	up to around EUR 400 bn	Hans Böckler Foundation, 2021
Of which assessed for tax (2026 forecast)	around EUR 117 bn	DIW, 2026
Inheritance tax revenue, Germany (2026)	around EUR 12 bn	DIW, 2026
Share of the richest 10% of beneficiaries in the volume	around one half	DIW, 2021
Annual inheritances, Austria	around 15, rising to more than EUR 22 bn	Momentum Institut, 2023
Average inheritance, Austria	around EUR 275,000	Momentum Institut, 2023
Global transfers through 2048	around USD 124 tn, of which 105 to heirs	Cerulli, 2024

Source: Studies as cited; own compilation. All figures approximate.

Several characteristics of this handover deserve emphasis. First, its concentration: around half of the German inheritance volume goes to the richest tenth of beneficiaries, and transfers of five million euros or more account for less than one per cent of tax cases but for around a third of the taxable volume; in Austria, the average inheritance of the top ten per cent of households is around one and a half times the mean, and there too around half of the inheritance volume goes to the richest tenth. Second, its timing: according to the available analyses, people predominantly inherit between their mid-forties and mid-sixties — a phase of life in which their own wealth formation is largely complete. Whoever hands over earlier shifts the return of the transfer to where it achieves the most. Third, its unpreparedness: according to a large German survey, almost two thirds of those concerned are reluctant to talk about inheritance, and only a good third of potential testators have a will.[6]

2.2 The Starting Position of the Young: Jobs and Housing

The recipients of the handover start under different conditions than their parents. The labour market entry has become noticeably harder: youth unemployment in Austria stood at around 11.5 per cent in 2025, clearly higher than in the years before, in Germany most recently at a good seven per cent; behind the rates stand fixed-term contracts, internship loops, and the real wage losses of the inflation years 2022/23, which hit labour market entrants in particular. Whoever is thirty today has, on average, reached a stable income later than the parent generation at the same age — and starts wealth formation correspondingly later.[7]

[6] Deutsche Bank, study "Erben und Vererben" (2024): 64 per cent reluctant to discuss inheritance, 35 per cent with a will, wills drawn up at 58 years on average; DIW (2026) and Momentum Institut (2023) on concentration. The age figure rests on older analyses and should be read as an approximation.

[7] Youth unemployment: Statistik Austria (March 2026) for 2025; Destatis/Eurostat (August 2026) for Germany, as of June 2026.

The housing market weighs even more heavily. Square-metre prices for owner-occupied housing average close to EUR 5,000 in Austria and little less in Germany; in Munich, the credit-financed purchase of an average flat absorbs around 41 per cent of the average household income — almost twice as much as renting — and in Vienna the large majority of households rent. With financing rates most recently at around 3.6 to 4.3 per cent for ten-year fixed periods, home ownership in the metropolitan areas is barely attainable for Generation Z from its own income; Austria's mortgage lending regulation (the KIM-Verordnung) expired in mid-2025, but its benchmarks — at most 90 per cent loan-to-value, at most 40 per cent debt service — continue as recommendations. Two things follow for the wealth transfer: for many of the young, the inheritance is the only realistic access to home ownership — and at the same time the reason not to tie up what they inherit prematurely in concrete where it would cost mobility. Section 5 takes up this trade-off.[8]

From this starting position follows an investment policy for the young that differs from their parents'. First, renting plus capital market saving is frequently the superior choice in expensive locations: whoever consistently saves the difference between purchase burden and rent into a world portfolio builds wealth without chaining himself to one place. Second, the handover becomes an equity question: for many members of generations Y and Z, a gift or inheritance from their parents is the only realistic route to the equity share that banks have required since the lending rules of the 2020s — which further raises the value of the early, planned transfer of Section 4. Third, the price of immobility rises: whoever wants to seize opportunities in a tight labour market needs wealth that can move along — one more reason why this paper treats inherited real estate in the wrong place with sobriety.

3 The Heir Generations Y, Z, and Alpha

3.1 What the Generations Stand For

Generation labels are simplifications — they bundle birth cohorts into groups with shared formative experiences, without every member fitting the picture. Read with this caution, they are useful for the wealth transfer because they show into which life situations and mindsets the transferred wealth falls. Generation Y (born 1981 to 1996) grew up with the rise of the internet, experienced the financial crisis and the zero-rate years at the start of working life, and today stands in the middle of family formation and the housing question. Generation Z (born 1997 to 2012) knows no life without a smartphone, draws information and entertainment from social media, and entered the labour market between pandemic and inflation. Generation Alpha (born from around 2010/2013) is still in kindergarten and

[8] Prices: Deloitte Property Index (2024); purchase burden Munich: Postbank Wohnatlas (2026); interest rates: Finanztip (August 2026); ownership rates 2024: Germany 47, Austria 54 per cent (Eurostat); KIM regulation: FMA (June 2025).

school; it will be the first generation to experience artificial intelligence as a matter of course — and it will inherit what the baby boomers and Generation X leave behind. Table 2 orders the characteristics.[9]

Table 2: The heir generations at a glance

Characteristic	Generation Y (1981-1996)	Generation Z (1997-2012)	Generation Alpha (from ca. 2010/13)
Formative experiences	Rise of the internet, 2008 financial crisis, zero-rate years	Smartphone, social media, pandemic and inflation	Artificial intelligence, climate debate, screen-filled everyday life
Life phase today	Family formation, mid-career, housing question	Education and labour market entry, first savings plans	Childhood and school; account and pocket money digital
Access to money matters	Online banking and comparison portals; advice appreciated	Neobrokers and social media; advice rare	First encounters money as a number on a screen
Strengths	Pragmatic, informed, retirement-aware	Early in the capital market, low cost tolerance, high interest	Grows up with financial education programmes
Typical mistakes	Postponed investment decisions, buying property at any price	Short-term trading, fashionable stocks, crypto overweight, unvetted sources	Consumption and gaming incentives in apps

Source: Pew Research Center (2019); McCrindle; BaFin (2024); own presentation.

Market data show how differently the generations invest. For 2025, the Deutsches Aktieninstitut counted around 14.1 million people in Germany holding shares, equity funds, or exchange-traded index funds — a record increase of two million within one year, more than sixty per cent of which came from those under forty; among 20- to 29-year-olds, almost one in five already invests in equities. Around 5.3 million people save regularly into equity funds, and across continental Europe around 15 million such savings plans are executed monthly at an average rate of EUR 125, possible from one euro a month. In Austria, around a third of the population aged 16 and over owns securities — around 2.4 million people, trend rising. The heir generation is thus not shy of the capital market; on the contrary, it is in the market earlier and more broadly than any young generation before it.[10]

3.2 Investment Behaviour and Sources of Error

Early market access has a flip side: the source of knowledge. According to a survey by the German financial supervisor, more than half of young investors consider social media a reliable source of information on money matters, six in ten even see it as a workable

[9] Definitions after Pew Research Center (2019) for Y and Z and McCrindle for Alpha (2010-2024) and the Generation Beta born from 2025; all year ranges are conventions.
[10] Deutsches Aktieninstitut, shareholder numbers 2025 (January 2026); extraETF, European ETF Savings Plan Study (February 2026); Aktienbarometer 2026 of Aktienforum and Vienna Stock Exchange.

substitute for professional advice — and more than a third do not know that finfluencers are paid for recommendations. Among users of social finance media, the crypto ownership rate is almost twice as high as among the rest. The old mistakes of the trading floor thus repeat themselves on the screen: too much trading, too narrow bets, too much trust in loud voices. The research here is unambiguous — frequent trading costs returns (Barber and Odean, 2001), and investment success comes from rules, not reactions (Thaler and Benartzi, 2004).[11]

The tasks differ by generation. Generation Y must above all make the leap from postponed decisions to a durable solution: because of the zero-rate years it often lacks ten investment years, which only consistent equity quotas and long horizons can recover — not chasing past trends. Generation Z brings savings-plan discipline but must learn diversification: a global equity fund instead of five fashionable stocks, crypto assets as a limited addition rather than the core, scrutiny instead of faith in recommendations. For Generation Alpha, home and school will decide whether it gets to know money as a game or as a craft; children's account apps, pocket-money rules, and first joint savings plans are the most effective financial education here. For all three, the finding of Bodie, Merton, and Samuelson (1992) applies: the longer the future working life, the more fluctuation the portfolio can bear — youth is the best carrier of risk.[12]

Roles beyond the portfolio come on top. Generation Y stands in the middle of two handovers: it raises children while its own parents age — it will thus inherit and transfer almost simultaneously and carries the main burden of family organisation, from the parents' powers of attorney to the children's junior accounts. In Generation Z, an above-average share works part-time, fixed-term, or self-employed; where the employer drops out as a pension sponsor, the private savings plan must take over that role, and the reserve must be larger than with secure employment. Crypto assets were the entry door to investing for many of this generation — the productive response is not prohibition but translation: the same saving discipline, the same app, but the core of the wealth in broadly diversified productive assets instead of price bets. Generation Alpha, finally, first experiences money as a number on a screen; whether a sense of value grows out of that will be decided by home and school in the next ten years.[13]

[11] BaFin survey of 18- to 45-year-olds (2024); Klarna (2023): 31 per cent of Generation Z in Germany name social media as a source of their financial education.

[12] Bodie, Merton, and Samuelson (1992); Cocco, Gomes, and Maenhout (2005) on the equity quota over the life cycle.

[13] Deutsches Aktieninstitut (2026): the growth in young investors is concentrated in the group up to 39; Aktienbarometer 2026 for Austria.

3.3 From Whom the Heir Generation Can Learn Investing

The first and most effective school of finance is the parental home. Children of shareholders are considerably more likely to hold shares later themselves (Chiteji and Stafford, 1999), and two thirds of pupils regularly talk to their parents about money decisions — what is discussed leaves its mark. Testators who let their children and grandchildren look at portfolio statements, investment decisions, and mistakes early pass on, together with the wealth, the ability to keep it. The second source is school and state: Austria has pursued a national financial literacy strategy since 2021 with by now more than 150 registered programmes, Germany launched an education initiative with its own platform in 2023; in the OECD's international adult survey both countries reach top places — Germany 76, Austria 72 of 100 points against an average of 60. The level is there; it just does not reach everyone.[14]

The third source is vetted texts and figures: the standard works of investment literature, the return triangles of the Deutsches Aktieninstitut, the free offerings of central banks and supervisors — sources that sell nothing. The fourth source is social media and finfluencers: they reach the young like no other, and serious educators do exist there; whoever uses them should ask three test questions — what does the sender live on, is the recommendation concrete enough to be capable of being wrong, and would it still hold if nobody were watching. The fifth source, finally, is professional guidance — from the bank adviser to wealth management — whose strengths and limits Section 8 discusses. The best order is the one given: first the parental home, then the foundation of school and standard knowledge, then guidance; social media as a stimulus, never as the final authority.[15]

4 The Legal Position: Germany and Austria

4.1 Germany: Inheritance and Gift Tax

Germany taxes acquisitions on death and lifetime gifts under a regime whose personal allowances have been unchanged since 2009: EUR 500,000 for spouses and registered partners, EUR 400,000 per child and parent, EUR 200,000 per grandchild, EUR 20,000 for siblings, nieces, nephews, and unrelated persons. Tax rates rise with the size of the acquisition and the distance of kinship from seven to fifty per cent. Decisive for planning is the ten-year rule: acquisitions from the same person within ten years are aggregated — after that, the allowances become available anew. Added to this are the special

[14] OECD/INFE survey 2023 (Germany 76, Austria 72 out of 100 points, international average 60); on the earlier German survey Bucher-Koenen and Lusardi (2011); OeNB (2024); national financial literacy strategy (BMF/OeNB, since 2021); Initiative Finanzielle Bildung (BMF/BMBF, since 2023); OECD (2024) on the role of parents.

[15] On the return triangles Deutsches Aktieninstitut (2026); on the effect of financial literacy Lusardi and Mitchell (2014).

maintenance allowance (EUR 256,000 for spouses, age-graduated up to EUR 52,000 for children), the household effects allowance, and the complete exemption of the family home: for spouses on gift and on death, for children only on death and up to 200 square metres of living space — in each case on condition that the home is occupied without delay and lived in for ten years. Table 3 summarises the key values.[16]

Table 3: Personal allowances and tax rates of the German inheritance and gift tax

Acquirer	Allowance	Tax class	Rate band
Spouse, registered partner	EUR 500,000	I	7 to 30%
Children, stepchildren	EUR 400,000	I	7 to 30%
Grandchildren	EUR 200,000	I	7 to 30%
Parents and grandparents (on death)	EUR 100,000	I	7 to 30%
Siblings, nieces and nephews, children-in-law	EUR 20,000	II	15 to 43%
All other acquirers	EUR 20,000	III	30 to 50%

Source: Sections 16 and 19 ErbStG; own presentation. In addition, maintenance allowances under Section 17 ErbStG and the family home exemption under Section 13 ErbStG.
Notes: Allowances per acquirer and donor, available anew every ten years (Section 14 ErbStG). As of August 2026.

Two developments increase the planning pressure. First, valuation: since 2023, real estate has been valued much closer to market for tax purposes; in worked examples, tax values rose by half, so that unchanged allowances are eroded in real terms — an average single-family house in a large city now regularly exceeds a child's allowance. Second, legal uncertainty: the legislator has not raised the allowances despite recurring initiatives, a reform concept of the junior coalition partner of January 2026 was rejected, and the Federal Constitutional Court hears argument in October 2026 on the far-reaching reliefs for business assets. Whoever wants to transfer knows today's rules — not those of 2030; this, too, argues for early, staggered action.[17]

Beyond the basic rules, German practice knows proven arrangements. Since allowances apply per relationship between donor and acquirer, both parents together can give one child EUR 800,000 tax-free per decade; between spouses, wealth can first be ordered tax-free via the family home or the equalisation of accrued gains before it passes to the children — although with indirect onward gifts through the other parent, genuine freedom of decision of the intermediate acquirer is essential, otherwise the tax authorities deny the double use of allowances. For business assets there are extensive reliefs of 85 to 100 per cent under holding and payroll conditions — precisely the privileges on which the Federal Constitutional Court hears argument in October 2026. Such steps belong in the hands of

[16] Sections 14, 16, 17, 19 as well as 13(1) no. 1a (household effects) and no. 4a-4c of the German Inheritance and Gift Tax Act (ErbStG). The family home exemption lapses retroactively if owner-occupancy ends within ten years without a compelling reason.
[17] Valuation: Annual Tax Act 2022, effective from 2023; Federal Constitutional Court, oral hearing on 13 October 2026, case 1 BvR 804/22, on Sections 13a, 13b ErbStG.

tax adviser and notary; their common denominator is always the same: time — each of these arrangements works the more strongly, the earlier it begins.[18]

4.2 Austria: Tax-Free, but Not Rule-Free

Austria let its inheritance and gift tax expire on 1 August 2008 after the Constitutional Court had objected to the outdated standard values; since then, inheritances and gifts as such have been tax-free, and despite recurring political initiatives nothing had changed in this respect by August 2026. Tax-free, however, does not mean rule-free. First, the reporting duty: gifts of cash, securities, and participations must be reported to the tax office within three months once they exceed EUR 50,000 per year among relatives (EUR 15,000 within five years among others); intentional failure costs up to ten per cent of the value. Second, real estate: its gratuitous transfer triggers real estate transfer tax on a graduated scale — 0.5 per cent up to EUR 250,000, two per cent up to EUR 400,000, 3.5 per cent above that, based on the property value — plus a 1.1 per cent registration fee. Since July 2025, tightened rules for share transfers in real estate companies and a 30 per cent surcharge on rezoning gains apply in addition.[19]

Third, income tax bites on a later sale: whoever sells an inherited property steps into the acquisition of the predecessor. For old assets — acquired by the predecessor before 31 March 2002 — the real estate income tax amounts to an effective 4.2 per cent of the sale proceeds, for younger assets to 30 per cent of the gain; the deceased's main residence exemption does not carry over — the heir must earn it anew through own use (two years continuously from acquisition, or five of the last ten years). Fourth, the forced share: descendants and spouses — parents no longer, since the 2017 reform — are entitled to half of the statutory inheritance share as a money claim; gifts to entitled persons are counted towards it without any time limit, gifts to third parties only within two years before death. Whoever gives in Austria therefore saves no inheritance tax — there is none — but orders forced-share claims, protects himself through usufruct, housing rights, and prohibitions of encumbrance and sale, and uses the graduated scale, for instance by transferring properties per acquirer and in partial steps.[20]

For larger fortunes and special family situations, Austrian law holds two further remedies. The renunciation of inheritance or forced share, which must be notarised, allows claims to be settled in advance by agreement and usually against compensation — the

[18] Aggregation per donor-acquirer relationship under Section 14 ErbStG; business asset relief under Sections 13a, 13b ErbStG; on indirect gifts the settled case law on so-called chain gifts.
[19] Constitutional Court G 54/06; Section 121a of the Federal Fiscal Code (gift reporting); Section 7 of the Real Estate Transfer Tax Act (graduated scale); Budget Accompanying Act 2025 (share consolidation from 75 per cent, rezoning surcharge), effective 1 July 2025.
[20] Section 30 of the Income Tax Act (real estate income tax, successor steps into the acquisition); Sections 756 et seq. and 782 et seq. of the Civil Code as amended by the 2015 succession law reform; deferral of the forced share for up to five, exceptionally ten years.

sharpest remedy against later disputes, for instance in blended families or business successions. The private foundation, in turn, keeps wealth together across generations, protects it from fragmentation through successive inheritances, and orders benefits by rules instead of inheritance quotas; its price is the foundation entry tax of 3.5 per cent (for properties plus an equivalent to the real estate transfer tax), ongoing taxation and administration, and — weighing heaviest — the founder's loss of control to the foundation's governing bodies. Both remedies pay only from magnitudes at which the costs of the structure become small against the costs of a dispute; for the typical family fortune, gift, retained rights, and will suffice.[21]

4.3 The Country Comparison at a Glance

Table 4 sets the two regimes side by side. The core difference: in Germany, tax decides the timing and form of the handover; in Austria, civil law and the real estate transfer tax decide. Common to both countries is the EU Succession Regulation: for cross-border cases, the law of the last habitual residence governs, unless the will expressly chooses the law of nationality — for the many families with homes in both countries, this choice of law is the single most important sentence in the will.[22]

Table 4: Wealth transfers in Germany and Austria compared

Area	Germany	Austria
Inheritance/gift tax	7 to 50% after allowances and tax class	None (expired 1 August 2008)
Allowances	EUR 500,000/400,000/200,000 (spouse/child/grandchild), renewed every 10 years	Not applicable
Reporting duties	Acquisition must be notified to the tax office	Gift report from EUR 50,000 per year (relatives)
Real estate transfer	Tax value close to market since 2023; family home exempt (conditions)	Transfer tax 0.5/2/3.5% on a graduated scale plus 1.1% registration
Later sale	Ten-year speculation period (private assets); heir inherits the periods	Real estate income tax 30% or effectively 4.2% for old assets; main residence exemption must be earned anew
Forced share	Half the statutory share; gifts counted for 10 years, melting annually	Half the statutory share; gifts to entitled persons counted without time limit
Protection of the giver	Usufruct, housing right, reclaim clauses	Usufruct, housing right, prohibition of encumbrance and sale

Source: ErbStG, BGB; BAO, GrEStG, EStG, ABGB; own presentation, as of August 2026.
Notes: Simplified overview without the special rules for business assets and agriculture and forestry.

[21] Renunciation of inheritance and forced share: Section 551 of the Civil Code (notarial deed); Foundation Entry Tax Act; the rate was raised from 2.5 to 3.5 per cent with effect from 1 January 2026; for property endowments additionally real estate transfer tax including the foundation entry tax equivalent.
[22] Regulation (EU) 650/2012, applicable since 17 August 2015; the choice of law under Art. 22 must be declared expressly in a disposition of property upon death.

4.4 Give, Bequeath — or Both?

This answers the testators' question: give early, leave everything to the will — or give parts and bequeath the rest? In Germany, the arithmetic of the allowances argues for staggering. Whoever gives a child EUR 400,000 every ten years transfers EUR 1.6 million tax-free within thirty years — with a single inheritance it stays at EUR 400,000 and the rest is taxed; Figure 1 shows the difference. Retained-use rights strengthen the effect: if the donor retains the usufruct of a rented property, its capitalised value often reduces the taxable base by half and more, and the income continues to flow to the giver. The flip side must be kept in view: for the forced share, the ten-year melting period for gifts does not start to run as long as the usufruct is retained — tax planning and forced-share planning follow different clocks.[23]

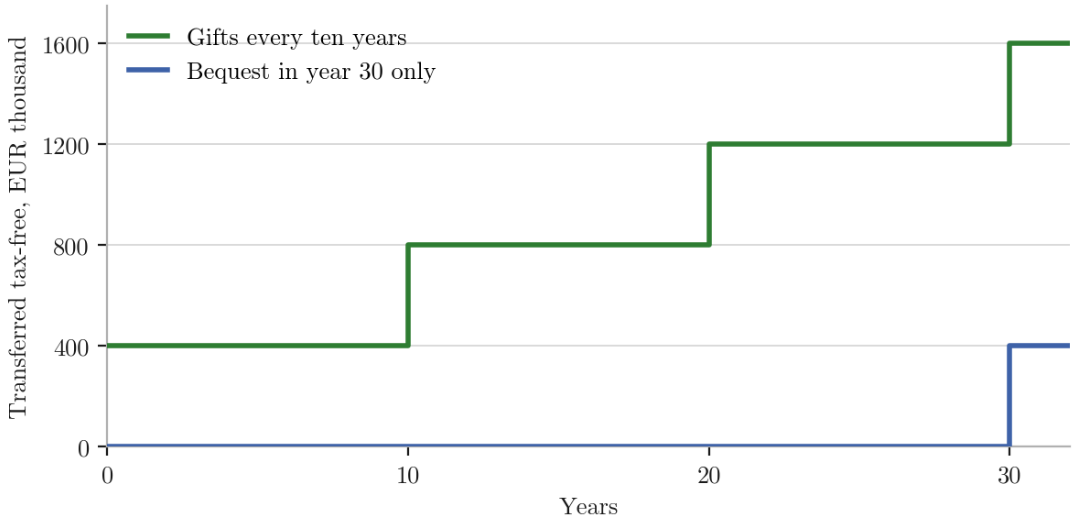

Figure 1: Wealth transferable tax-free to one child in Germany over thirty years: gifts in a ten-year rhythm compared with a single inheritance. Own calculation based on Sections 14 and 16 ErbStG (allowance per child and parent EUR 400,000). Source: Own presentation.

In Austria, the tax urgency falls away — the benefit of the early handover does not. First, the legal position itself: today's tax exemption is not politically guaranteed — whoever transfers while it applies has certainty. Second, the graduated transfer tax scale, which can be used several times over by splitting transfers among several acquirers. Third, the determination of forced shares: early, documented gifts with clear crediting provisions avoid later valuation disputes among siblings. And fourth, the real return of the early handover, which is the same in both countries: the wealth reaches the recipients in the phase of life in which it finances education, housing, and family formation — not only in the heirs' sixth decade. Table 5 orders the considerations; the golden middle is usually the combination:

[23] Sections 14, 16 ErbStG; on the valuation of the usufruct Sections 14-16 of the Valuation Act (annual value, for capital 5.5 per cent, for property capped at one 18.6th of the value); Section 2325(3) of the Civil Code on the melting rule — that the period does not start to run while a usufruct is retained follows from the case law of the Federal Court of Justice, not from the wording of the statute.

give in steps during one's lifetime, with retained rights and reclaim clauses, and order the rest through a clear will.[24]

Table 5: Lifetime giving and bequeathing compared

Consideration	Lifetime gift	Bequest by will
Tax (Germany)	Allowances renewable every ten years; retained-use rights reduce the taxable base	Allowances only once; valuation at the date of death
Effect on the recipient	Arrives in the build-up phase; learning under the giver's guidance	Typically arrives between the mid-40s and mid-60s
Control of the giver	Shapeable through retained rights (usufruct, housing right) and reclaim clauses	Full control until death; no guidance afterwards
Risk of the giver	Substance is gone; own standard of living must be secured	None during lifetime
Forced share	DE: crediting melts over ten years (not with retained usufruct); AT: unlimited crediting for entitled persons	Forced-share claims arise on death
Family peace	Clarity during lifetime, conversation possible	Dispute-prone when dispositions are missing or surprising

Source: Own presentation based on the provisions cited in Sections 4.1 and 4.2.

5 Deploying the Inheritance Wisely

5.1 The Basic Structure: Reserve, Debt, Horizon

Before a single inherited euro is invested, it requires direction. First the reserve: liquidity for three to six months of expenses — more with uncertain income — remains available daily; it is the price of never having to sell in weak market phases. Then the debt: consumer and card credit at interest rates above any expectable capital market return is repaid in full; a cheap, long-term fixed housing loan may remain if the expected investment return exceeds the borrowing rate. Only then does investing begin — and with it the most important decision, which is not a product decision: the investment horizon. Whoever dedicates inherited wealth to the next ten and more years can bear the fluctuations of the stock market; whoever needs it in three years for a flat invests it short-term at interest. Nothing decides the return of the handover more strongly than this assignment.[25]

[24] Reclaim rights (for instance for the donee's prior death, insolvency, or divorce) must be agreed contractually; in addition there are statutory claims in case of the donor's impoverishment (Section 528 of the German Civil Code; in Austria Section 947 of the Civil Code).

[25] On the role of the liquidity reserve as the condition for holding on, see also the results of the paper "Liquidity as a Condition of Survival" (Rupprechter, 2026).

5.2 Cash Wealth: Long Term into Global Equity Funds

For the long-term part of inherited cash wealth, the data speak clearly. Global equities have returned around five per cent per year in real terms since 1900 — around four and a half percentage points above money market investments; the MSCI world index has returned around nine per cent nominal per year since the end of 1987, and the return triangles of the Deutsches Aktieninstitut show that twenty-year investment periods in the German benchmark index have historically ended without loss. Implementation is simpler than ever: globally diversified equity funds, supplemented by a bond or money market quota according to risk tolerance — the diversification that Markowitz (1952) described as the only free lunch in investing. Figure 2 shows what the combination of time and return achieves: EUR 250 a month becomes, at seven per cent per year, more than EUR 600,000 in forty years — four fifths of which is return, not contribution.[26]

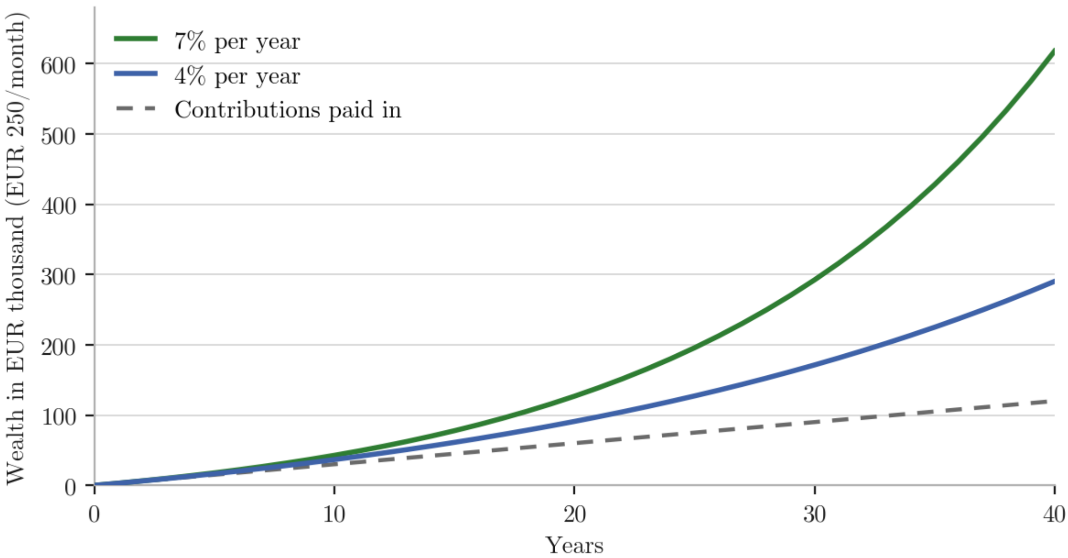

Figure 2: Wealth accumulation through monthly equity saving: terminal wealth at a monthly rate of EUR 250 and returns of four and seven per cent per year, compared with the contributions paid in; nominal calculation with monthly compounding, before taxes. Source: Own presentation.

For the lump-sum investment of a larger inheritance, the question of entry timing arises. Arithmetically, immediate investment usually wins because the market rises more often than it falls; whoever staggers the entry over six to twelve months gives up some return on average but gains the certainty of not having caught the one bad day — a fair price if it secures the holding-on. More important than fine-tuning the entry are three abstentions:

[26] Dimson, Marsh, and Staunton (UBS Global Investment Returns Yearbook); MSCI factsheet as of 31 July 2026 (9.0 per cent per year since 31 December 1987, gross in US dollars); Deutsches Aktieninstitut, return triangles (January 2026).

no single-stock cluster out of attachment to the inherited portfolio, no fashionable themes as the core, and no trading on news. An inherited securities portfolio deserves the same sober examination as cash: positions one would not buy with fresh money are — with due regard to the tax position — moved into the target structure; attachment is not an investment strategy.[27]

5.3 Current Income: The Monthly Equity Savings Plan

The inheritance does not replace one's own wealth formation — it accelerates it. For current income, therefore, the same rule applies as before the inheritance, only with more room: a fixed share — as a guide, ten to twenty per cent of net income, after an inheritance rather at the upper edge — flows predominantly into monthly savings plans based on global equity funds. The savings plan is investment practice's best invention for human beings: it buys automatically even when the headlines are bad, it lowers average entry prices in falling markets, and it turns the saving rate into a habit instead of a monthly act of willpower — precisely the automatism whose effect Thaler and Benartzi (2004) documented. From one euro a month it is accessible to everyone today; the average rate in Europe is EUR 125. Increases follow income: whoever puts half of every pay rise into the savings rate builds wealth without feeling the sacrifice.[28]

5.4 Inherited Real Estate: Use, Let, or Sell

More than half of all inheritance cases contain a property — and no asset class is treated more emotionally. The sober examination begins with a single question: would one buy this object today at the market price, in this place, in this condition, for one's own life? If the answer is yes, owner-occupancy is usually the best use — it saves rent, in Germany moving in within the required periods secures the family home exemption, in Austria the main residence exemption for a later sale can be earned anew. If the answer is no, selling is not impiety but right-sizing: it converts an indivisible, location-bound single risk into divisible, diversifiable wealth — and preserves for the heirs the mobility that education and the labour market demand today. A house in the wrong place is not a pension; it is an anchor.[29]

Letting, the third route, demands the most honest calculation. Out of the gross rent must come maintenance, administration, vacancies, and — in Austria for younger assets

---

[27] On behaviour, Barber and Odean (2001); on rule-binding, Thaler and Benartzi (2004). In Austria, capital gains are taxed at 27.5 per cent, in Germany at 25 per cent plus surcharges; inherited portfolios take over the deceased's acquisition data.

[28] extraETF, European ETF Savings Plan Study (February 2026): around 15 million savings plans executed monthly in continental Europe, average rate EUR 125, minimum rates from one euro.

[29] Deutsche Bank (2024): 54 per cent of inheritances contain real estate. On the return side Jordà et al. (2019): residential property earned equity-like long-run returns — before maintenance, transaction costs, and concentration risk.

— the later real estate income tax; four per cent gross quickly becomes two per cent net, bought with concentration risk and work. Letting pays where location, condition, and one's own proximity to the object are right; otherwise: sell, sort the proceeds, diversify. For the sale decision itself, three numbers help: the achievable net rent relative to the market value, the investments due in the next ten years — and the transaction costs of around ten per cent that arise with every change of property and should make the decision as rare as possible. Table 6 summarises the deployment rules for the main asset types.[30]

Table 6: Deploying the inheritance by asset type

Asset type	Recommendation	Reasoning
Cash wealth	Reserve and debt repayment first; the long-term part into global equity funds, entry immediate or staggered over 6-12 months	Highest expected long-run return; staggering as the price of holding on
Inherited securities portfolio	Move soberly into the target structure; reduce clusters	Attachment is not a strategy; the deceased's tax attributes carry over
Current income	Predominantly into monthly equity savings plans (guide: 10-20% of net income)	Automatism beats willpower; average-cost effect in falling markets
Property that fits one's life	Use it yourself; observe the conditions of the tax exemptions	Saved rent as a safe return; exemptions in DE (family home) and AT (main residence)
Property that does not fit	Sell and invest the proceeds by the rules above — downsize, stay mobile	Indivisible single risk; location-binding costs career and life chances
Property with good location and proximity	Let only after an honest net calculation	Maintenance, vacancy, and taxes quickly halve the gross return

Source: Own presentation; tax details in Sections 4.1 and 4.2.

5.5 The Allocation in a Worked Example

A worked example shows what the allocation can look like. A thirty-year-old heir receives EUR 300,000 in cash; her income is stable, a property purchase is conceivable in the medium term but not decided. The allocation for this initial scenario yields: around EUR 20,000 as a daily available reserve; EUR 10,000 to repay an instalment credit in full; around EUR 60,000 at short to medium-term interest as provision for possible equity capital and larger purchases; the remaining roughly EUR 210,000 for the long term in a globally investing equity fund, invested immediately or in two steps. From current income, an additional EUR 300 a month flows into the savings plan. At seven per cent per year, the long-term part alone grows to around EUR 1.6 million in thirty years, and the savings plan contributes a further roughly EUR 350,000 — together a multiple of the inheritance,

[30] Purchase incidental costs: in Germany, depending on the Land, around 9 to 12 per cent, in Austria around 10 to 12 per cent of the price (transfer tax, registration, contract drafting, brokerage).

without a single timing decision. Should she later decide to buy a flat after all, reserve and provision would stand ready as equity without touching the long-term part.[31]

6 Advice for Testators and Heirs

6.1 For the Testators

First: start early — the handover is a project of decades, not a short-term event. Whoever wants to use the German allowances several times needs decades; whoever wants to structure Austrian forced shares cleanly needs documented, scheduled gifts. Second: your own provision first. Only what is demonstrably not needed for standard of living, care, and the unforeseen is given away; retained-use rights such as usufruct or a housing right and contractual reclaim clauses — for the donee's prior death, insolvency, or divorce — belong in every larger gift. Third: document it in writing. A clear will or inheritance contract, in cross-border cases with an express choice of law, plus powers of attorney and a living will; only around a third of potential testators have a will today — the rest leave the distribution to statute and the dispute to their children.[32]

Fourth: treat equally or explain. Unequal treatment of children is permissible, but it wants to be spoken and justified during one's lifetime — nothing destroys family wealth more reliably than a surprise at the reading of the will. Fifth: bequeath liquidity along. Whoever transfers real estate provides the means from which forced shares, taxes, and maintenance can be paid, otherwise the estate forces distressed sales. Sixth: train the recipients. Introduce children early to account, savings plan, and portfolio statement, take joint investment decisions, tell your own mistakes — the parental home is the most effective school of finance, and the best handover is the one in which the ability passes with the wealth. Seventh: have the handover accompanied. Tax adviser, notary, and a wealth adviser who brings both generations to one table cost a fraction of what unplanned handovers cost in taxes, discounts, and rifts.[33]

6.2 For Generation Y

Generation Y inherits first — often in the middle of the family phase and the housing question. First: clarify the investment horizon. Whatever part of the inheritance belongs to the next ten and more years belongs in a broadly diversified, globally investing equity fund; no caution will recover the lost zero-rate years — only the equity quota will. Second: calculate the housing question, do not feel it. Owner-occupancy pays when place, size, and

[31] Own calculation, nominal, before taxes and costs: EUR 210,000 at 7 per cent over 30 years yields around EUR 1.6 million; EUR 300 a month at 7 per cent around EUR 351,000. Model assumptions, not a forecast.

[32] Deutsche Bank (2024); on the choice of law Regulation (EU) 650/2012, Art. 22.

[33] Chiteji and Stafford (1999) on the transmission of investment behaviour; OECD (2024) on the role of parents in financial education.

financing fit one's life — otherwise selling and diversifying is the better pension; an inherited house does not justify a life centred on the wrong place. Third: family protection before return-seeking — term life and disability cover, emergency fund, only then the investment. Fourth: automate your own provision, with savings rates that grow with every career step. Fifth: talk to your own parents about their plans — Generation Y is future heir and future testator at once and can order both handovers together.

6.3 For Generation Z

Generation Z has the best ally of all investors: time. First: start immediately, regardless of any inheritance — a savings plan from the first salary uses the four decades that Figure 2 makes visible. Second: diversification before story. A globally investing equity fund is the core; single stocks, themes, and crypto assets are an addition of together at most ten to fifteen per cent — whatever the platform is currently celebrating. Third: check your sources. Whoever learns from finfluencers asks what they live on; more than a third of the young do not know that recommendations can be paid. Fourth: avoid dealing — that is, trading. The portfolio is not a game; every switch needs a reason that will still hold in five years. Fifth: keep calm when inheriting — Generation Z's inheritances are often partial amounts during the givers' lifetime; they follow the same criteria as any other money: reserve, debt, long-term investment. And sixth: protect the most valuable asset of your situation — mobility. Whoever ties all equity into the first-best flat at the end of their twenties sells their freedom of choice in the labour market at the highest price.[34]

6.4 For Generation Alpha — and Its Parents

Generation Alpha inherits last and longest: what is invested for a child today has more than half a century until that child's retirement. First, to parents and grandparents: the junior savings plan is the most effective gift — EUR 50 a month from birth becomes, at seven per cent per year, more than EUR 21,000 by the eighteenth birthday and a six-figure amount by the sixtieth; in Germany, accounts in the child's name additionally use the child's own allowances. Second: make money graspable — pocket money with freedom of decision, a youth account with clear rules, the first joint equity fund investment as illustration; whoever can read a portfolio statement at twelve will not fall for a paid tip at twenty-two. Third: limit the consumption and gaming incentives of children's apps — the first currency of Generation Alpha is game credit, and the difference between buying and investing wants to be experienced early. Fourth, as a principle for this generation's

[34] BaFin (2024) on information sources and paid recommendations; Andersen and Nielsen (2011) on inheritance as the trigger of market participation.

testators: better to support earmarked and in stages (education, first flat, self-employment) than to hand over once and unprepared.[35]

6.5 For Both Sides of the Handover Together

The most effective advice applies to both sides of the handover at once. First, the annual family finance conversation: a fixed date at which wealth position, plans, and responsibilities are discussed openly — the amounts need not be on the table, but the overall arrangement must. Second, the emergency folder: will and powers of attorney, list of accounts and portfolios, insurance policies, digital access, contacts from tax adviser to house bank — in one place, known to both generations, updated annually. Third, the documentation of every larger gift: in Austria the timely report and a clear crediting provision for the forced share, in Germany the notification to the tax office and a record of value and purpose — today's paper saves tomorrow's expert opinions. Fourth, shared investment practice: a jointly managed account, or even just the jointly read annual statement, teaches heirs more than any guidebook and shows testators whom they can entrust with what. Fifth, external moderation in case of conflict: before siblings quarrel over valuations, a neutral third party — notary, tax adviser, wealth adviser — is the cheapest investment of the entire handover.[36]

7 When Women Inherit

7.1 The Double Heir: Why the Handover Is Female

In most families the great wealth handover proceeds in two steps — and the first leads to a woman. Women in Germany and Austria live around four and a half years longer than men, and within couples the man is on average a good two years older; taken together, the widow frequently manages the family wealth alone for a decade before it passes to the children. Women thus usually inherit twice — horizontally from their partner and vertically from their own parents — and it is they who decide on the final version of will, gifts, and investment policy. Their share of private wealth is growing correspondingly fast; for the United States, women are expected to control well over forty per cent of wealth by 2035, and the European direction is the same. For wealth management this is perhaps the single most important number of this paper: around seventy per cent of widows leave the

[35] Own calculation (EUR 50 monthly, seven per cent per year, monthly compounding, before taxes); on early formation OECD (2024) and Chiteji and Stafford (1999).
[36] On the reporting duty Section 121a of the Austrian Federal Fiscal Code; on the notification duty Section 30 ErbStG; on crediting provisions Sections 781 et seq. of the Austrian Civil Code.

couple's previous adviser within a year of the bereavement — whoever meets the wife only at the funeral has already lost the mandate.[37]

7.2 What Is Specific about Women and Investing

The first difference lies not in behaviour but in biography. Around every second employed woman in Germany and Austria works part-time — among men around every eighth —, the pay gap stands at around sixteen per cent in Germany and almost eighteen per cent in Austria, and at the end of working life this turns into the real gap: women's old-age pensions are around forty per cent below men's in Austria and around a quarter below in Germany. Women must therefore finance a longer life from a smaller pension of their own. From this follows the opposite of the widespread counsel of caution: whoever lives longer on less pension needs more return-strong, long-term investment — higher saving rates, earlier starts, higher equity quotas — and planning that reckons with the woman's horizon, not the couple's.[38]

The second difference lies in execution — and it favours the female investor. Women trade less often, stick to rules better, and chase fashions less: according to the classic study by Barber and Odean (2001), men trade around 45 per cent more often and cost themselves around one percentage point of annual return; an analysis of more than five million accounts found women on average 0.4 percentage points per year ahead of men. What is often labelled risk aversion is thus an advantage in execution. The real weakness lies earlier: women are still clearly less present in the stock market than men, hold more uninvested cash, and start later — not from ignorance but from reticence: research shows that around a third of women's measured knowledge gap is simply a lack of confidence — they choose “do not know” where they would know the right answer. The task is thus clearly outlined: not different products, but an earlier start, more of the (equity) market — and confidence.[39]

7.3 The Particular Benefit of Wealth Management for Women

From biography and behaviour follows what good wealth care can deliver for women — more, indeed, than for the average client, because it addresses the larger gaps. First, planning for longevity: withdrawal, care, and pension planning into the high nineties, calculated on the woman's horizon. Second, goal-based advice instead of a performance contest: investment success is measured against life goals — independence, the children's education, retirement — which suits women's disciplined investment style and does not

---

[37] Life expectancy 2024: Germany 83.5 against 78.9 years, Austria 84.3 against 79.8 years (Destatis; Statistik Austria); McKinsey (2020) on women's share of wealth and on widows switching advisers.
[38] Part-time rates and pay gap: Destatis and Statistik Austria (gender statistics 2024/2026, Austrian pay gap 17.6 per cent for 2024); pension gap: around 40 per cent in Austria (2024), around a quarter in Germany.
[39] Barber and Odean (2001); Fidelity (2021) based on more than five million client accounts; Bucher-Koenen, Alessie, Lusardi, and van Rooij (2025), “Fearless Woman”.

reward overactivity in the first place. Third, the rule of involving both partners from the very first meeting — with a relationship, access, and documentation of her own for the female client; it is the most effective answer to the widows' adviser switch. Fourth, the review of entitlements and protection: pension rights of her own instead of merely derived claims, closing part-time gaps through voluntary contributions, clear provisions in marriage and partnership contracts, and use of the legal protections — from the German maintenance allowance and family home to the surviving spouse's statutory right to remain in the marital home in Austria.[40]

Fifth, education at eye level: clear language without a backdrop of jargon, calculations instead of assertions, women-only formats where desired — confidence grows from understanding, not from persuasion. Sixth, finally, product truth: women need no specially labelled “women's products” that wrap the same content in extra costs; they need the same broadly diversified global equity funds as all investors — only with higher quotas, longer horizons, and an earlier start, because life expectancy and the pension gap demand it. The particular benefit of wealth management for women thus lies not on the shelf but in the calculation and in the relationship. Table 7 condenses the specifics and the matching answers.[41]

Table 7: Specifics of female heirs and the answers of wealth management

Specific	Evidence	Answer of wealth management
Longer life, usually the younger partner	Around four and a half to five years higher life expectancy	Planning on the woman's horizon; withdrawal and care planning into the high nineties
More interrupted working biography	Part-time rate around every second woman; pension gap around 40% (AT) and around a quarter (DE)	Higher saving and equity quotas, earlier start, pension rights of her own
Disciplined execution, less trading	Around 0.4 percentage points ahead per year; men trade around 45% more	Strengthen rule-based strategies instead of re-educating
Confidence gap despite knowledge	Around a third of the knowledge gap is lack of confidence	Education at eye level, clear language, accompanied decisions
Adviser switch after bereavement	Around 70% of widows switch within a year	Involve both partners from the start; build a relationship with the female client
Handover in two steps	First to the widow, then to the children	Estate, power-of-attorney, and liquidity planning for both stages; no special products with extra costs

Source: Destatis; Statistik Austria; McKinsey (2020); Fidelity (2021); Barber and Odean (2001); Bucher-Koenen et al. (2025); own presentation.

[40] In Austria, the statutory preferential legacy (Section 745 of the Civil Code) secures the surviving spouse's continued residence in the marital home; in Germany, the maintenance allowance (Section 17 ErbStG) and the family home exemption come on top.

[41] On how female investors assess advisory quality and on the preference for goal-based planning, see McKinsey (2020) and EY Global Wealth Research (2025).

8 Wealth Management: Today and in 2035

8.1 What Wealth Management Stands For

Wealth management denotes the holistic care of private wealth: investment management and financial planning combined with retirement, succession, and tax coordination — across generations and across all asset types, not per product. In this it differs from mere securities distribution as from mere portfolio management: the yardstick is not the individual account but the client's life and family balance sheet. Classically, this care begins in the German-speaking countries at investment sums of about half a million to one million euros — individual houses open their private banking from around EUR 100,000 — and in Switzerland often only from one to five million francs. The market behind it is growing strongly: private banking assets in Germany rose by almost nine per cent in 2024 to around EUR 6.5 trillion, with forecasts of EUR 8.5 trillion by 2030.[42]

Its use in the wealth transfer lies in four services that individual products do not provide. First, translation between the worlds of rules: tax law, succession law, and investment interlock — whoever optimises only one loses in the other. Second, moderation of the family: handovers fail more often from silence than from tax; a good adviser brings both generations to one table before the inheritance occurs. Third, behavioural guidance: the measurable added value of guidance lies less in security selection than in keeping investors from selling in weak phases and from overconfidence in euphoric ones. Fourth, continuity: powers of attorney, emergency folder, documented investment policy — so that the testator's death forces no wealth decision under time pressure.

8.2 What Wealth Management Offers Smaller Fortunes

The most important development of the past decade is the opening downwards. What used to be reserved for millionaire wealth is available today as individual services from small amounts: global diversification from a savings plan rate of EUR 50, digital portfolio management with minimum investments ranging from a few euros to several thousand depending on the provider and all-in costs averaging around one per cent per year — the cheapest providers stay below 0.6 per cent —, fee-based advice by the hour for the individual questions of the handover. For smaller fortunes, the recommendation of this paper is therefore: organise the standard services yourself, rule-based and at low cost — global equity funds and equity savings plans — and buy in professional advice selectively where mistakes are expensive and rare: at the inheritance, at the property decision, at the

[42] Definition after CFA Institute (2026); thresholds after Fuchsbriefe (2025); market data zeb private banking study (2025).

will, at the tax return. In this way even a fortune of EUR 50,000 obtains the substance of wealth management — structure, diversification, discipline — without its price tag.[43]

This also says what smaller fortunes should not buy: expensive bundled products whose costs exceed the expectable extra return, participations without a secondary market, and any investment whose functioning cannot be explained in two sentences. The cost rule is the hardest of all investment rules because it works with certainty: one percentage point of additional running costs — not earned back through additional performance — consumes, over forty saving years, around a fifth to a quarter of the terminal wealth — more than any realistic advisory service makes up.[44]

Regulation strengthens this cost truth. Since the end of June 2026, payments by trading venues to neobrokers for forwarding client orders have been prohibited throughout the EU, and the retail investment strategy politically agreed at the end of 2025 obliges providers to demonstrate value for money in their products — a general ban on commissions is not coming, but comparability is rising. For smaller fortunes this means in practice: ask separately about running product costs and advisory remuneration, compare the commission against the fee model — with limited advisory needs, an hourly fee for the few important decisions is usually the cheaper form — and measure every recommendation against the simple question of what costs it causes per year.[45]

8.3 Wealth Management 2035

What will wealth management stand for in 2035? The industry numbers set the direction: assets under management worldwide are projected to reach around USD 200 trillion by 2030, the wealth of high-net-worth clients reached a record in 2025 — and at the same time the clientele changes with the great handover: more than two thirds of heirs have so far not stayed with their parents' adviser — more recent surveys are milder but show the same underlying problem: only around a third of heirs are sure they will keep their parents' adviser, and only a good quarter feel involved in their parents' wealth affairs. The industry itself has declared succession its defining theme. From this follows the first shift: in 2035, a firm's success will be measured less by how it manages wealth than by how it holds transitions — from the first family conversation through gift planning to accompanying the heirs in their own language and on their own devices.[46]

[43] Fees and minimums of digital wealth managers according to a comparison of 32 German providers (average around 0.99 per cent, median 0.96 per cent, 2026); savings plan minimum rates extraETF (2026).
[44] Own calculation: EUR 250 monthly over 40 years; seven versus six per cent per year yield around EUR 618,000 versus around EUR 477,000 of terminal wealth (minus 22.8 per cent).
[45] EU-wide ban on payment for order flow effective 30 June 2026; political agreement on the retail investment strategy of 18 December 2025 (value-for-money requirements instead of a general commission ban).
[46] PwC, Asset and Wealth Management Revolution (2025); Capgemini, World Wealth Report (2026); Cerulli (2021/2025) and EY Global Wealth Research (2025) on heirs switching advisers; BCG, Global Wealth Report "The Succession Reckoning" (2026).

The second shift is the division of labour between human and machine. By 2035, artificial intelligence takes over the diligence work — data preparation, reporting, tax simulation, monitoring of investment guidelines — for which three quarters of advisers expressly wish relief; what becomes scarce is not computing power but the human being who listens: only a sixth of wealthy clients today experience their care as seamless and personal at once. The third shift concerns products: private market investments grow into the portfolios of smaller clients too — with the same test questions on exit, valuation, and costs that this series of papers has developed elsewhere. The fourth concerns the clientele itself: women command a rapidly growing share of private wealth, and the heir generations expect sustainability and value questions as normality, not as an add-on. Table 8 condenses the change.[47]

Table 8: Wealth management today and in 2035

Dimension	Today	2035
Core task	Manage wealth and provide products	Plan and accompany transitions between generations
Access	Thresholds from around EUR 0.5-1 m; digital offers separate	Seamless range from the one-euro savings plan to the family fortune; hybrid of human and machine
Relationship	One contact person, one testator	Family relationship across two to three generations; heirs involved early
Technology	Digitalisation of processing	Artificial intelligence for analysis and administration; the human being for judgement, moderation, and behaviour
Products	Securities, funds, property financing	Plus broad access to private markets with strict cost and exit scrutiny
Measure of success	Assets under management and performance	Families retained across the inheritance; quality of behaviour and planning

Source: BCG (2026); Capgemini (2026); McKinsey (2026); PwC (2025); zeb (2025); own assessment.

9 Conclusion and Recommendation

The title question of this paper — what testators and heirs must pay attention to in order to achieve the best possible return from the transfer of wealth — can be answered in three sentences. For testators: hand over early, in steps, and in writing, secure your own provision with retained rights, in Germany use the ten-year allowances and the family home, in Austria observe the reporting duties, the graduated transfer tax, and the strict forced-share regime — and pass on the ability together with the wealth. For heirs: first reserve and debt repayment, then the cash wealth for the long term and broadly diversified into global equity funds, current income predominantly into monthly savings plans, inherited real

[47] Capgemini (2026): 76 per cent of advisers wish AI relief, 17 per cent of clients experience care as seamless-personal; McKinsey (2026) on adviser shortage and women's share of wealth; PwC (2025) on private markets.

estate examined soberly — use it if it fits your life, otherwise sell and stay mobile. For both together: the handover succeeds as a conversation, not as a surprise.[48]

For wealth management, the great handover is a test and a source of growth at once. It plays its advantageous role where individual products fail: in connecting tax, legal, and investment questions, in moderating the family, and in guiding behaviour across market cycles — and, as Section 7 shows, especially for the women with whom the great handover usually arrives first and works longest. Smaller fortunes obtain the substance of this service today rule-based and at low cost — global equity funds, savings plan, selective advice — and in 2035 the industry will be measured by whether it wins the heir generations as partners instead of administering them as holdings. The limits of this paper lie in the legal position — the German rules stand under reform reservation, the Austrian tax exemption under political reservation, both dated August 2026 — and in the nature of generational statements, which describe groups, never individuals. The core message is unaffected: the best possible return from the transfer of wealth arises not in the portfolio but in the planning — time is its greatest ally, on both sides of the handover.[49]

[48] Summary of Sections 4 to 7 with the legal bases and sources cited there.

[49] Legal position: 28 August 2026; on the pending hearing of the Federal Constitutional Court, Section 4.1.

References

Preliminary note: legal sources (ErbStG, BGB, BewG; ABGB, BAO, GrEStG, EStG; Regulation (EU) 650/2012), publications of authorities and official statistics as well as product and market materials are cited in the footnotes and in the source lines of the tables and are not repeated here.

Andersen, S., Nielsen, K.M. (2011). Participation constraints in the stock market: Evidence from unexpected inheritance due to sudden death. Review of Financial Studies, 24(5), 1667-1697.

Barber, B.M., Odean, T. (2001). Boys will be boys: Gender, overconfidence, and common stock investment. Quarterly Journal of Economics, 116(1), 261-292.

BCG (2026). Global Wealth Report 2026: The Succession Reckoning. Boston: Boston Consulting Group.

Bodie, Z., Merton, R.C., Samuelson, W.F. (1992). Labor supply flexibility and portfolio choice in a life cycle model. Journal of Economic Dynamics and Control, 16(3-4), 427-449.

Bucher-Koenen, T., Alessie, R., Lusardi, A., van Rooij, M. (2025). Fearless woman: Financial literacy, confidence, and stock market participation. Management Science, 71(9), 7414-7430.

Bucher-Koenen, T., Lusardi, A. (2011). Financial literacy and retirement planning in Germany. Journal of Pension Economics and Finance, 10(4), 565-584.

Capgemini (2026). World Wealth Report 2026. Paris: Capgemini Research Institute.

Cerulli Associates (2024). U.S. High-Net-Worth and Ultra-High-Net-Worth Markets 2024: The Great Wealth Transfer — Capturing Money in Motion. Boston: Cerulli Associates.

Chiteji, N.S., Stafford, F.P. (1999). Portfolio choices of parents and their children as young adults: Asset accumulation by African-American families. American Economic Review, 89(2), 377-380.

Cocco, J.F., Gomes, F.J., Maenhout, P.J. (2005). Consumption and portfolio choice over the life cycle. Review of Financial Studies, 18(2), 491-533.

Deutsche Bank (2024). Erben und Vererben 2024. Frankfurt am Main: Deutsche Bank AG.

Deutsches Aktieninstitut (2026a). Aktionärszahlen 2025: Aktienanlage weiter im Aufwind. Frankfurt am Main: DAI.

Deutsches Aktieninstitut (2026b). Rendite-Dreiecke. Frankfurt am Main: DAI.

Dimson, E., Marsh, P., Staunton, M. (2026). UBS Global Investment Returns Yearbook 2026. Zurich: UBS.

DIW Berlin (2026). Bach, S., Sinclair, T.: Erbschaftsteuerreform — Vergünstigungen abbauen, Freibeträge erhöhen, Steuertarifstufen reduzieren. DIW Wochenbericht 4/2026, 39-47. Berlin: Deutsches Institut für Wirtschaftsforschung.

extraETF (2026). European ETF Savings Plan Study 2026. Berlin: extraETF Research.

EY (2025). 2025 Global Wealth Research Report. London: Ernst & Young.

Fidelity Investments (2021). 2021 Women and Investing Study. Boston: Fidelity Investments.

Jordà, Ò., Knoll, K., Kuvshinov, D., Schularick, M., Taylor, A.M. (2019). The rate of return on everything, 1870-2015. Quarterly Journal of Economics, 134(3), 1225-1298.

Kotlikoff, L.J., Summers, L.H. (1981). The role of intergenerational transfers in aggregate capital accumulation. Journal of Political Economy, 89(4), 706-732.

Lusardi, A., Mitchell, O.S. (2014). The economic importance of financial literacy: Theory and evidence. Journal of Economic Literature, 52(1), 5-44.

Markowitz, H. (1952). Portfolio selection. Journal of Finance, 7(1), 77-91.

McKinsey & Company (2020). Women as the next wave of growth in US wealth management. New York: McKinsey & Company.

McKinsey & Company (2026). US wealth management in 2035: A transformative decade begins. New York: McKinsey & Company.

Modigliani, F. (1988). The role of intergenerational transfers and life cycle saving in the accumulation of wealth. Journal of Economic Perspectives, 2(2), 15-40.

Momentum Institut (2023). Achleitner, S., Hasdenteufel, M.: Erbschaften in Österreich. Policy Brief 04/2023. Vienna: Momentum Institut.

OECD (2023). OECD/INFE 2023 International Survey of Adult Financial Literacy. Paris: OECD Publishing.

OECD (2024). PISA 2022 Results (Volume IV): How Financially Smart Are Students? Paris: OECD Publishing.

Piketty, T. (2011). On the long-run evolution of inheritance: France 1820-2050. Quarterly Journal of Economics, 126(3), 1071-1131.

PwC (2025). Asset and Wealth Management Revolution 2025. London: PricewaterhouseCoopers.

Rupprechter, R. (2026). Liquidity as a condition of survival: The collapse of the Signa group and investor lessons for engaging in illiquid asset classes. Working Paper, R&B Wealth Management.

Thaler, R.H., Benartzi, S. (2004). Save More Tomorrow: Using behavioral economics to increase employee saving. Journal of Political Economy, 112(S1), S164-S187.

zeb (2025). Private Banking Study Germany 2025. Münster: zeb consulting.

Disclaimer

All figures, dates, and legal statements in this paper are based on publicly available sources — legal texts, publications of authorities, central banks, and research institutions, industry studies, and the literature cited — which the author considers reliable. No warranty is given for accuracy, completeness, or timeliness; figures are approximate values with the stated as-of dates, and legal statements reflect the position as of 28 August 2026, which may change through legislation and court decisions — for instance the hearing of the German Federal Constitutional Court referred to in Section 4.1.

This paper serves general information and academic discussion only. It constitutes neither legal nor tax nor investment advice, contains no recommendation to buy or sell financial instruments, and does not replace individual advice; worked examples serve illustration only, and past performance and model assumptions are not a reliable indicator of future results. Before transfer, property, and investment decisions, the involvement of a tax adviser, notary, or lawyer is recommended. No liability is accepted for decisions taken by third parties on the basis of this paper.

Generation labels describe groups in a simplifying manner and make no statement about individuals. The author gratefully receives notices of inaccuracies and will take them into account in future versions.