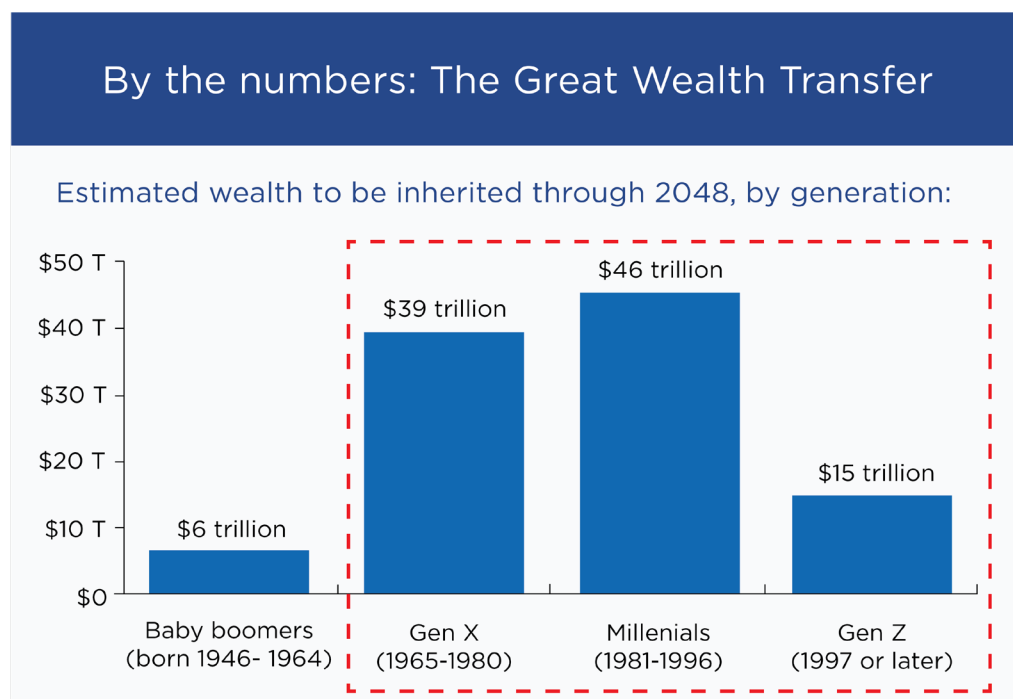


ADVISING THE FUTURE: WHY CAPTURING THE NEXT GENERATION MATTERS

By Raziq Christians, Executive Retail Distribution

A global shift in generational wealth is quietly reshaping the future of financial advice. Over the next two decades, an estimated \$100 trillion in assets will pass from the hands of the baby boomer generation to their children and grandchildren. While this global phenomenon is already well underway in developed markets, South Africa is beginning to feel the ripple effects as well.

For the financial advice profession, this is not just a moment of potential growth, it is a critical juncture. The clients of the future will not only look different demographically; they will think, behave, and expect entirely differently from those who came before. The question is not whether advisers are aware of the so-called “great wealth transfer”, most are. The real question is whether they are ready for what it demands of them.



Source: Cerulli Associates, "The Cerulli Report: U.S High-Net-Worth and Ultra-High-Net-Worth Markets 2024."

A SHIFT IN ENGAGEMENT, NOT JUST WEALTH

It is easy to only focus on the numbers. Trillions in assets. Generations in motion. But what often gets missed is the emotional and behavioural complexity surrounding intergenerational wealth. While some clients are proactive in planning the legacy they'll leave, many families find themselves unprepared, not just financially, but relationally too. Those inheriting often feel disconnected from the financial professionals who advised their parents, and in many cases, they choose to walk away entirely.

The reasons are rarely about investment returns. More often, it is about trust, communication, and a sense of being seen, or not seen, by the adviser. If anything, this speaks to a broader truth that relationships drive retention far more than performance does.

This presents a significant opportunity. Advisers wealth creators and their families, are far more likely to remain the trusted voice through major life transitions. However, this requires a shift in mindset: from transactional advice to relational stewardship.

THE RISE OF WOMEN AND THE LONGEVITY FACTOR

Another structural shift that cannot be ignored is the increasing economic power of women. More women are inheriting wealth, managing businesses, and taking financial leadership roles than ever before. Yet, despite this progress, research by McKinsey & Company found that around 70% of women in the United States changed their financial advisers within one year of their partner passing away.

In addition to this, women are generally living longer than men, often by a decade or more, which means many will assume responsibility for financial decision-making later in life, frequently alone.

Yet, the advice industry still reflects a glaring imbalance. Female representation among financial advisers remains disproportionately low, and women often report feeling underserved or misunderstood in financial conversations. Advisers and firms that take active steps to

better understand and support the unique needs of female clients will be well-positioned to build lasting relationships, especially during life transitions such as inheritance or widowhood, where thoughtful engagement can make a meaningful difference.

The longevity dimension further complicates matters. Retirement is no longer a 15- or 20-year phase. For many, it may stretch into three decades or more. The need for flexible, multi-decade financial planning is not theoretical, it is the new reality.

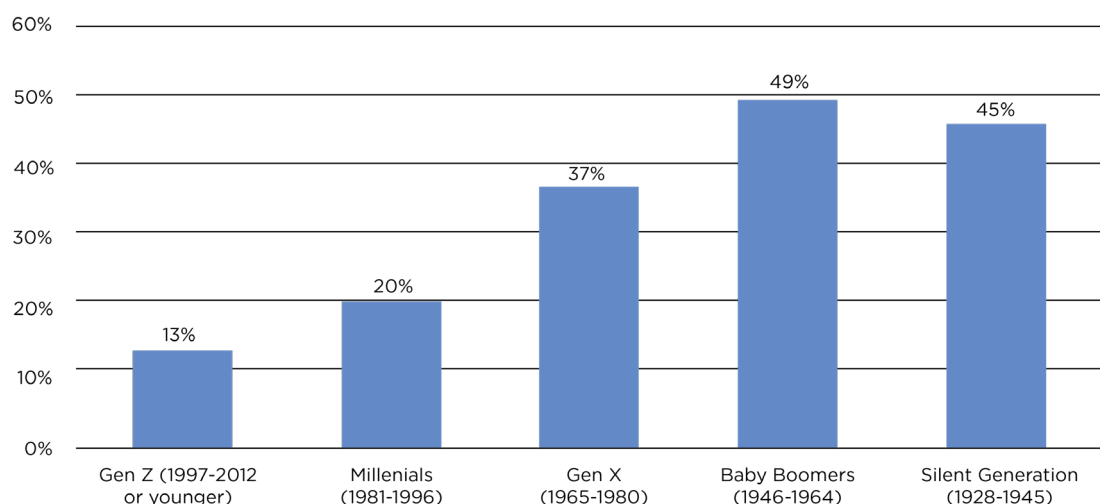
VALUES-BASED ADVICE FOR A NEW GENERATION

For younger investors, particularly millennials and Gen Z, the idea of wealth is not purely financial. Many are deeply values-driven, with a strong preference for transparency, sustainability, and social impact. Environmental, social and governance (ESG) considerations are no longer fringe, they are increasingly central to portfolio discussions. These clients are also digital-first, seeking intuitive, on-demand interactions that blend the efficiency of technology with the empathy of human guidance.

This means that traditional advice models, built around annual reviews, printed statements, and standardised risk profiles, will struggle to resonate. The next generation expects advice to be more personalised, more visual, more interactive, and more aligned to their sense of purpose.

Advisers should also recognise that the next generation is not less capable, but technologically advanced. Many are digitally fluent, comfortable navigating AI-powered tools and quick to self-diagnose financial solutions online. Yet digital confidence doesn't always translate to financial competence. In the U.S., recent data shows that financial literacy levels are declining among younger cohorts, just 13% of Gen Z and 20% of Millennials were able to correctly answer basic financial literacy questions, compared to 49% of Baby Boomers and 45% of the Silent Generation. The paradox, however, is that younger investors are more engaged than ever, turning to platforms like YouTube and TikTok for financial content. Platforms that offer accessibility and relatability, but not always reliability.

Respondents who can correctly answer financial literacy questions (US data)



Source: Global Financial Literacy Excellence Centre

In South Africa we face our own version of this challenge. A baseline survey conducted by the FSCA found that only 51% of adults are considered financially literate, with historically disadvantaged groups, particularly women and people of colour disproportionately affected. This of course, has real implications for intergenerational planning, particularly as more wealth begins to shift into previously underrepresented groups. Without targeted education and support, there's a risk that this transfer of wealth could be lost or poorly managed, undermining the very progress the transfer is meant to enable.

In this context, advisers cannot assume financial confidence equates to financial understanding. With these younger generations turning to social media for advice and financial literacy levels declining, the gap between information and advice is even more apparent. This is where advisers play a pivotal role, not only in managing assets, but in empowering families across generations.

PREPARING TODAY FOR THE CLIENTS OF TOMORROW

Ultimately, the great wealth transfer is not just about a shift in assets. It's a shift in expectations, relationships and the way advice is delivered. Advisers who wait until the next generation inherits wealth may already be too late. Those who invest now in building relationships with the next generation, understanding their goals, their values, and their view of the world, will be far better placed to retain and grow wealth across multiple generations.

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