

Scan her wealth

A deep dive into
wealthy Scandinavian
women's thoughts on
succession.





Wealthy Scandinavian women's views on inheritance and what they want to achieve with their wealth

In collaboration with Kantar Sifo Prospera, Formue has asked more than 450 wealthy women in Scandinavia about their experiences of inter-generational wealth transfer, how they discuss inheritance with their children and what they want to achieve with their own succession. To gain a deeper insight, Formue has conducted in-depth interviews with six wealthy women in Norway

and Sweden who have themselves inherited or will pass on a large amount of wealth. Their ages range from 26 to 78. The aim of this work has been to gain more knowledge about how Scandinavian women experience inherited wealth, what thoughts they have about succession, and what opportunities and challenges inheritance presents for themselves and their children.

Wealthy women: A key driver of succession

In the future, far more women will have decision-making power over how assets are managed and how they are passed on to the next generation.

The number of wealthy women is growing rapidly. As this report shows, a large number of women are creating their own wealth. At the same time, we are in the midst of the greatest wealth transfer in history. Globally referred to as “The Great Wealth Transfer”. Forbes Magazine¹ estimates that “The Silent Generation” (persons born between 1 and 1925) and “The Baby Boomers” (1945-1945) are due to transfer between 1964 and 30 trillion dollars to the next generation.

In this transfer, women and men will be much more equal than before. At the same time, the number of wealthy widows is increasing, as women have a longer average life expectancy than men. Figures from the Centre for Economics and Business Research² show that 60% of the UK's private assets will be owned by women by the year 2025. The majority come from spouses. There is a potential or an opportunity in every fortune. The Nordic word for wealth comes from the German word vermöge, which can be translated as capacity. Historically, it has mainly been men who have been responsible for making use of this potential and deciding who should inherit what. In the future, far more women will have this decision-making power. How will this affect society, and how must the financial industry adapt to this economic change? Wealth covers much more than just

money in the bank. It is about ownership and roles in family businesses, investments in different types of securities and real estate that have been passed down for generations. Our job as advisors is to gain insight into how women want to manage their wealth and how they plan to pass it on to the next generation. In this way, we can be good advisors and can help ensure that their wealth is preserved and developed in line with their preferences. That's why, for the second year running, we have produced the Scan Her Wealth report – a unique deep dive into how wealthy women view being wealthy.

In this report, we have taken a closer look at women's experiences of inheritance, how they want to transfer their wealth and what they want to achieve with their succession. The report is not definitive, but it does provide us with valuable insight into what is of importance to the 452 women who participated in our survey and the women with whom we conducted in-depth interviews. You can read their responses on the following pages.



Yours sincerely,
Alexander Heiberg
Head of Wealth Planning at Formue

1. Forbes, Nov 2021: “Millennials Are Banking On The Great Wealth Transfer, 4 Words Why You Shouldn't”
2. FT, April 2022: “Neglected heirs: widows who take over the family finances”

Where do we come from? Who are we? Where are we headed?

BY: GÖRAN EVERDAHL

Life's major questions, which almost every human being ponders at some time. Not least artists, poets and theologians.

That's one way of viewing life's big questions – as existential, mysterious. Although, to be honest, they are just as often practical in nature. We all have our own unique financial life stories to consider prior to future decisions. And the fact is that art and culture are surprisingly helpful aids when the time comes.

"Know thyself" urged the Ancient Greeks, with Aristotle leading this philosophy. Only then can you fulfil your potential, he argued, only then can you become the best version of yourself. Aristotle's method is based on self-analysis, an honest interrogation of ourselves. For example, we can try to answer life's three big questions.

Where do we – and any wealth we have – come from? Have I managed inherited assets, created a new business, or perhaps both? How has this affected me?

Coco Chanel grew up in poverty but succeeded in founding a worldwide fashion company. Lady Ada Lovelace, less well known, was, on the contrary, well off, a countess. She wrote the first computer programs – but she did so in the 19th century, long before her innovations

became practically useful, and she did not earn a penny from them. Yet they led to a new epoch, an intellectual fortune that the world inherited.

So we all have our own circumstances, not just financial but also psychological. Was there social capital, in other words, contacts? Who cheered me up and showed me the way?

The past leads us naturally to question two: *Who am I? What do I want to do with my life and, by extension, with my wealth?*

This is a question that preoccupies many of the great heroines of classical literature. Like Elizabeth Bennet in Jane Austen's "Pride and Prejudice". Sure, a love story – but in its own way also a financial thriller. Elizabeth Bennet doesn't just flirt with the handsome Mr Darcy, she is also in financial difficulty. She will have no inheritance to speak of and must secure her own future. 10 000 pounds a year wouldn't be bad, the pragmatically minded Austen points out.

Nora in Henrik Ibsen's classic play "A Doll's House" is in a completely different situation. Unlike Elizabeth, she is financially secure in her life as a middle-class housewife. But she does not control the money herself; she is completely dependent on the goodwill of others and breaks free. Classic life conflicts: are you a Nora who wants to be able to create something new, or

an Elizabeth in search of financial security? One thing the pragmatists Ibsen and Austen knew is that both freedom and happiness are often a matter of financial leeway.

And so we come to the third big question – the most important one, the grand finale to which the previous questions lead. *Where am I headed?*

If I am wealthy, the answer is fairly clear: towards a succession. My assets will eventually be passed on, distributed among my loved ones or elsewhere. How this happens is based on my history, who I am or rather who I have become.

There are many films and dramas about succession, and they are usually quite dark: Wagner's "Das Rheingold", the business soap "Succession" on HBO, Shakespeare's "King Lear". So many angry relatives!

However, things don't have to end up this way in real life, at least not with a little careful planning. "Death cleaning" has become a popular term in Sweden, but it's a good idea to clean up at any time in life – sort things, discard things and think about the future, i.e. do the work in advance. Life cleaning, if you will.

This doesn't just apply to those dusty old boxes in the attic – bank accounts, insurance policies and investment funds can also gather dust. And

Where are we headed?

What are the most important milestones you see ahead of you? Think as far ahead as possible. There are those who think across several generations.

Who are we?

Interests, values, house/real estate or other things – both tangible and abstract – that you identify with and want to pass on.

Where do we come from?

Describe, in a few words, the most important events, decisive moments, important decisions and the biggest obstacles you have overcome.



Göran Everdahl is a Swedish cultural journalist specialising in film and popular culture. He has written books such as *The Education Crisis* and *The Book of Lagom* (translated into ten languages). In 2021, he published the book *Formue – The Nordic Path to a Richer Life* on behalf of Formue. The book highlights, from a philosophical and historical perspective, the potential of wealth – beyond the financial aspect. Each chapter aims to provide readers with a reliable idea that can help them make the most of their wealth.

Most have created their wealth themselves

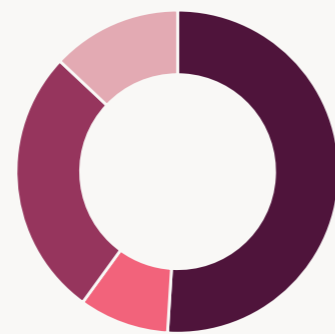
The fact that most wealthy women state that they have created their wealth themselves demonstrates the progress being made in the area of gender equality. Women are entering environments where great wealth is created.

Historically, it is men who have controlled the stock markets, held highly paid positions in business and been behind successful companies. They have dominated the positions and environments where financial wealth is created. In recent years we have seen an improvement in this uneven gender distribution – even if the changes are occurring slowly. The fact that a change is taking place is uniquely documented in this survey. Half of the 452 wealthy Scandinavian women who participated stated that they have created their wealth themselves.

Women creating their own wealth is not an explicit gender equality goal. But to become wealthy, individuals need to hold positions in environments where financial wealth is created. When more women create their own wealth, it means that more women have either invested, held top management positions in business or been partners in PE firms, law firms and financial companies. This shows that gender equality is heading in the right direction.

The survey responses show that there are differences between countries. While the majority of Swedish and Danish women have created their wealth themselves, most Norwegian women state that they have become wealthy through inheritance. This does not necessarily mean that Norwegian women are lagging behind when it comes to gender equality. It could be due to an early wave of succession in Norway as a result of the Norwegian oil adventure.

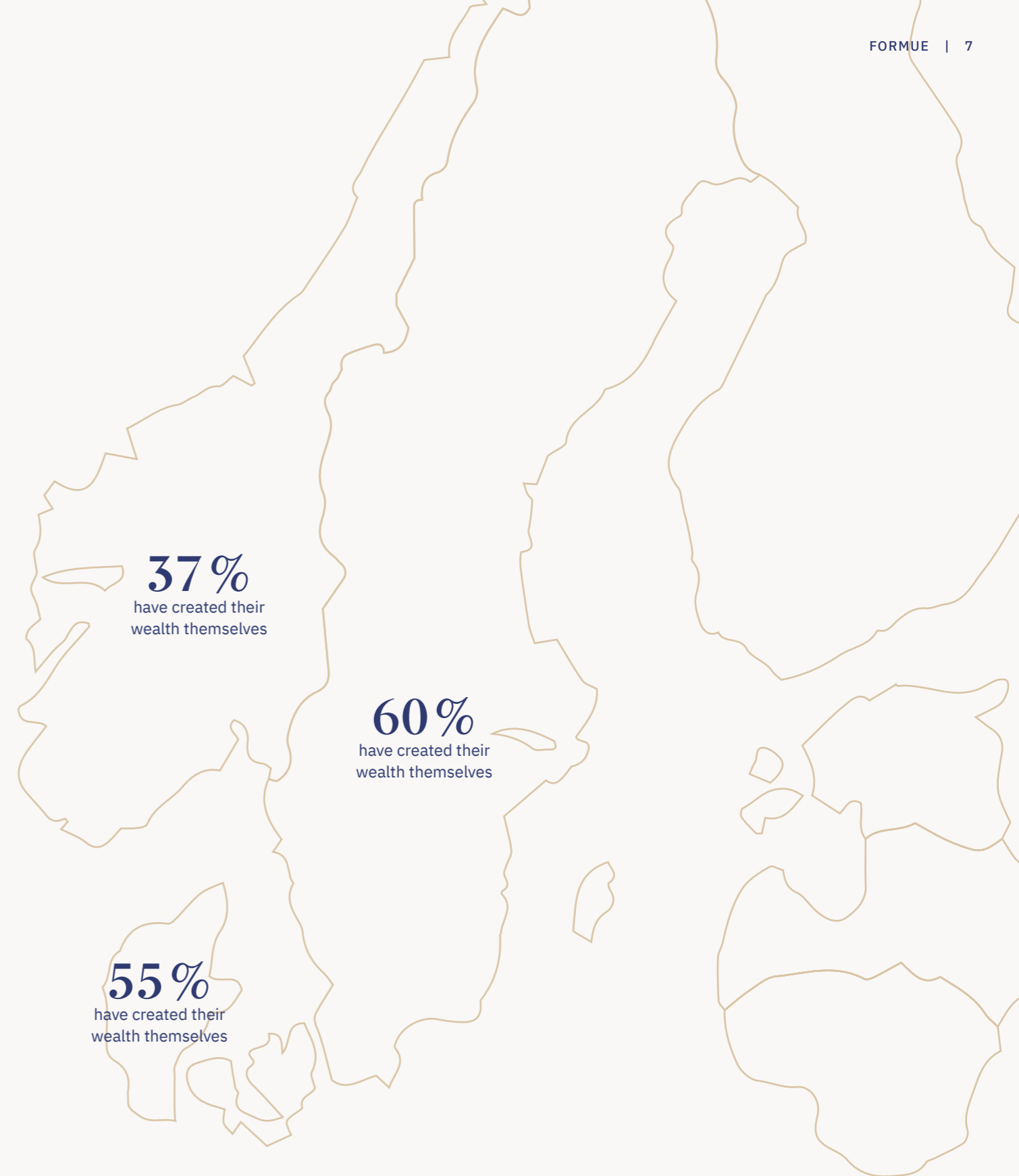
The survey shows that, to date, few Scandinavian women have become wealthy through marriage,



- 51 % Have created their wealth themselves
- 9 % The wealth was created through marriage
- 27 % The wealth was created through inheritance
- 13 % Other/Don't know/Not answered

51 % state that they have created their wealth themselves.

despite the fact that the majority of our survey participants were over 65 years old. But we expect this figure to grow in the future as women have a higher average life expectancy than men. Wealth creates opportunities. In order to grasp these opportunities and create change, it is important that women take ownership of the assets, regardless of whether they have created them themselves or obtained them via inheritance or marriage. This is particularly relevant in terms of how assets should be transferred to the next generation.



We asked wealthy women how their wealth arose, to see if this affected the responses they gave regarding succession.

- Denmark**
55 % have created their wealth themselves
15 % have obtained their wealth through marriage
12 % have inherited their wealth
- Sweden**
60 % have created their wealth themselves
6 % have obtained their wealth through marriage
27 % have inherited their wealth
- Norway**
37 % have created their wealth themselves
6 % have obtained their wealth through marriage
43 % have inherited their wealth

90%

Around 90% are not worried about their own succession, despite the fact that almost half have made little or no preparations. Women seem to lack a sense of urgency – they procrastinate. Why?

Make a plan now

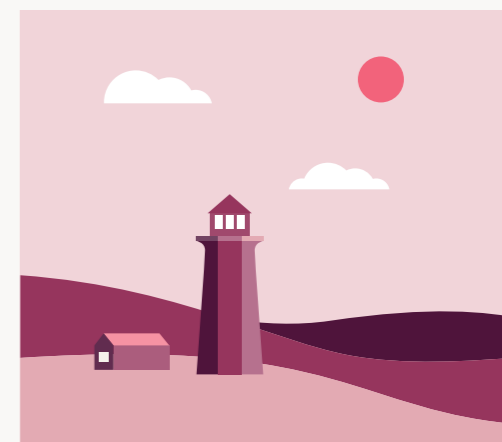
Wealthy women are poorly prepared but are not worried about their own succession. Why?

BY: HELENA VON DER ESCH

Family businesses are the cornerstone of Nordic society and the rest of the world. The EU has identified private equity as a major part of the solution to the green transition. Effectively managing succession will be important in securing the potential that exists in wealth and in companies. In the future, far more women will become decision-makers in these transitional changes.

The responses in this survey provide food for thought. Around 90% of wealthy women have no concerns about how they will transfer their wealth to the next generation. At the same time, around half say that they have made little or no preparations. This suggests that there is a risk that many will perceive that the succession is not proceeding as expected – with conflicts and potential loss of value as a consequence. The most common reasons for things going wrong are poor communication and unstructured planning. When we talk to wealthy women as advisors, we find that female owners think long-term and are keen to preserve value for the next generation. What could be the reason why so many have not made a good plan for their own succession?

Several of the women over the age of 50 who participated in our in-depth interviews say they still have or have had emotional challenges associated with being the owner of their wealth. One obvious reason is that many of them were themselves poorly prepared when they inherited their wealth. As one of our respondents said: “My siblings and I were poorly prepared and had little information about the business we inherited. It was a long and costly process.” Another woman



who inherited her wealth 15 years ago said: “I am currently unable to pass on the inheritance to my daughters, as I myself am not clear about the relationship to the management and handling of the inheritance.”

Many successions result in family members owning something together. In order for this to work well, good preparations, guidance and dialogue are important. Otherwise, there is a risk of mixing the roles in the family with the roles as owners. One of the female heirs we spoke to said: “It’s nice to own something with my sister, but it also gives me a knot in my stomach. Owning something together is not entirely painless.”

In the future, we will see more succession involving an increasing number of family members. A new generation of owners must be prepared to take over ownership of companies. It seems that young heirs feel a greater responsibility for both the process and outcome of the succession they are facing relative to what today’s

owners did when they were younger. The younger heirs demand a dialogue with their parents and challenge them regarding their future inheritance and the roles they need to prepare for. As one 26-year-old heir said: "We want to inherit one day, but we are already talking to dad so that we can start steering the company in the direction we want."

The young heirs are on the right track. Structured planning, good engagement and open communication are key factors for succession. Many people are looking for the right time, the right opportunity, to present itself, while some put things off out of fear that the process will lead to uncomfortable discussions and decisions. Having worked as an advisor to business-owning families for almost 15 years, it is my experience that it's never too early to start. The right time is usually now.



Helena von der Esch is one of Formue's leading experts in ownership advice for families. Helena von der Esch is part of the group's team of experts working in Norway and Sweden on advice to families regarding succession and management structures.

This is what the wealthy women we spoke to said

"Taking over a family business can be overwhelming. It's not just a matter of taking over a role just because you're someone's daughter or son. I need to know that I have the skills and knowledge required. My parents and the employees in the group are very good at involving me and my brother. I'm extremely lucky in that respect. I have spoken with others in my situation who have not had the same experience."

– WOMAN AGED 26

"When my parents passed away, I knew very little about what I would inherit. I had to travel to Switzerland and find out about the inheritance. The bank balance was so large that the bank clerk had to write it out by hand. The machines couldn't handle such a large number. I was lucky. Through relatives in Switzerland I came into contact with good advisors who assisted me further."

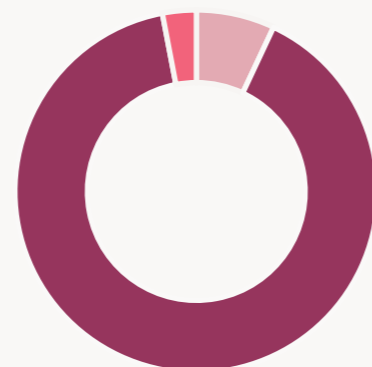
– WOMAN AGED 78

"The rest of the owners and the organisation were not well enough prepared for it. It is difficult because there are emotions involved. We can't handle this alone, so we have advisors."

– WOMAN AGED 50

"The next succession will be different from when my siblings and I inherited. There are more heirs and they are further away than the four of us are. The company has also become more complex. We don't yet have any thoughts about how things will be."

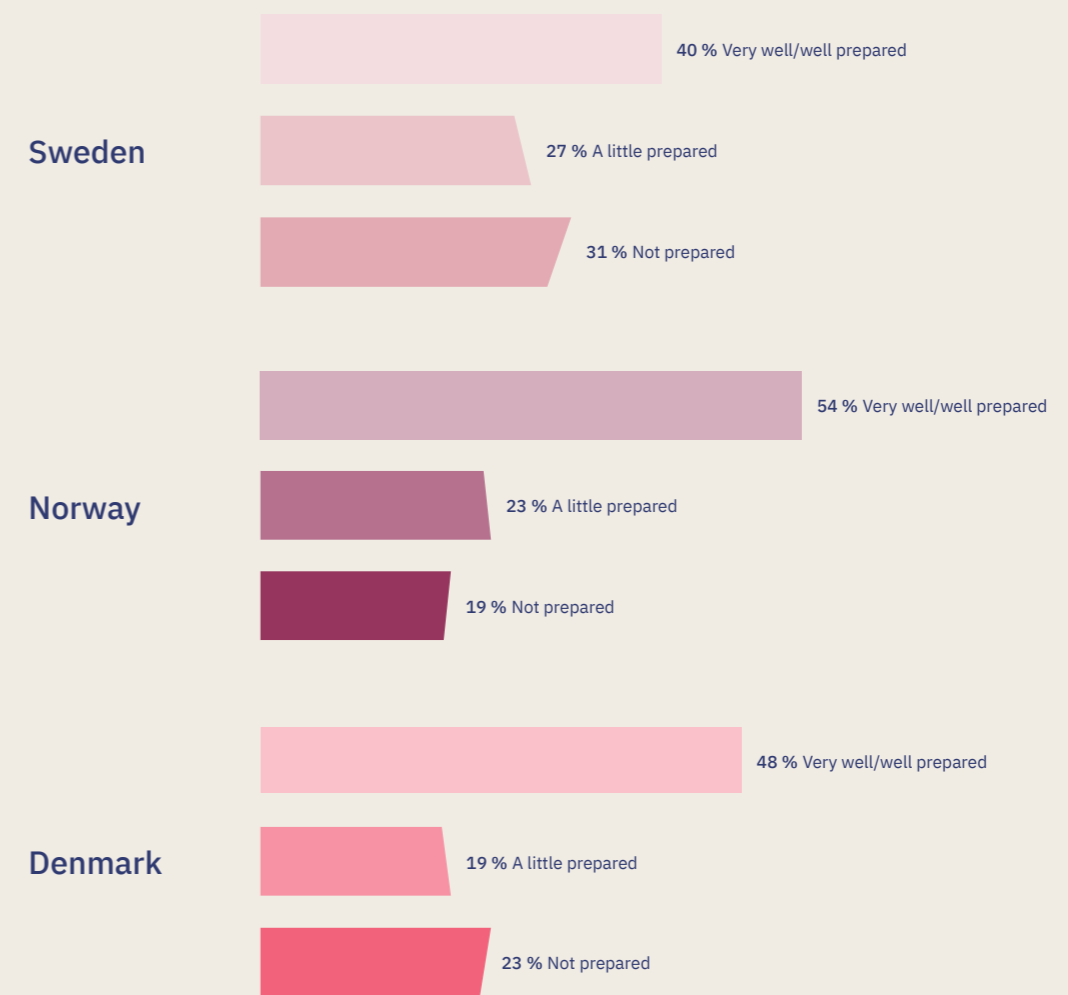
– WOMAN AGED 45



We asked women if they are worried about a succession

- 90 % Are not worried
- 7 % Are worried
- 3 % Don't know/Not answered

We asked women how well prepared they are for their own succession



Source: KANTAR Sifo 1601062, online interviews autumn 2021 (MaPe). Statistically significant differences between the relevant group and the complement group are calculated at the 95 % level using the chi2 method.

Is the next generation ready to take over?

A succession is defined as a transfer of wealth. Money, shares or real estate can be transferred quickly. But transferring sound values and knowledge requires much more of us and takes longer.

BY: ALEXANDER HEIBERG. HEAD OF WEALTH PLANNING AT FORMUE

So: Who will be taking over (something) from you one day? What knowledge and core values are important for them to succeed? How can you ensure that they have the right characteristics?

Talk to your children

How you raise your children is an important aspect of the succession. The basic values you convey (and live by), the choices you make and the choices they make can be very important. In a 2015 survey in the US (T. Rowe Price: Parents, Kids, and Money Survey), 18% of parents said that they were very reluctant to discuss wealth with their children.

As many as 72% were relatively guarded. More than half justified this by saying that they didn't want to cause concern. Several also felt that this was none of the children's business. Many people are concerned that parents' wealth will be a hindrance and will limit the next generation's own desire to create something. The question is whether we, with the best of intentions, are burying our heads in the sand.

Our study suggests that many Scandinavian parents are reluctant to talk to their children about these issues. Only around half have already talked to the next generation of owners about succession. The question is whether these discussions also show the possibilities associated with being wealthy – and not just the wealth itself.

Take control over the information

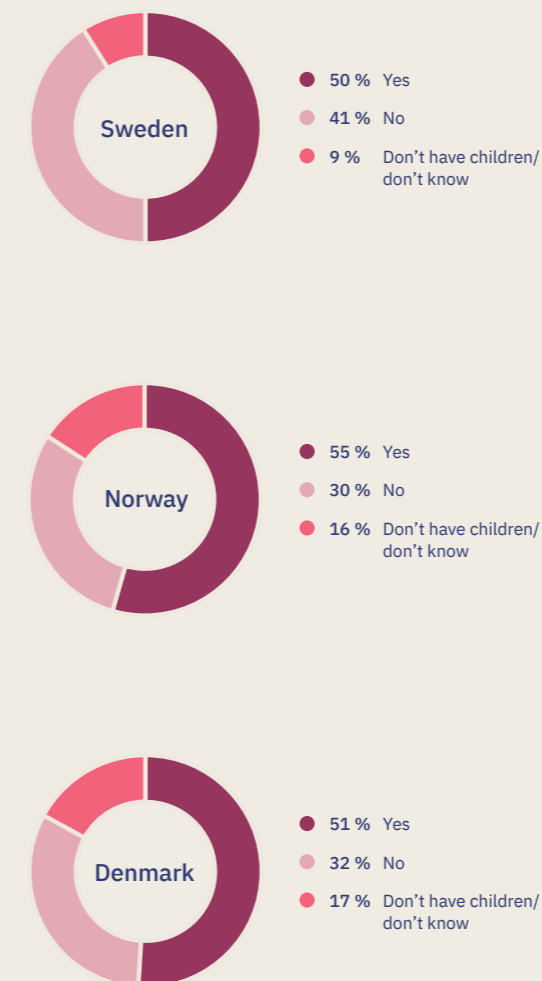
Children pick up more than you might think, and you have little control over what others say and do. Perhaps your daughter's classmate has heard someone at home say that your family is wealthy. Isn't it better for your daughter to hear this from



you rather than another pupil at her school? At least then you have a certain opportunity to position the message. Our advice is to start early. This doesn't mean that a child of primary school age needs to know exactly how wealthy the family is. On the contrary, this information could create challenges and issues for the child himself and issues for the child. But he or she should know what's involved with owning wealth and the responsibilities that come with such a situation.

The content and form of the information should be adapted to the age of the child. For young children a good story could be the best way to communicate. Older children will have a greater understanding of facts and why things are the way they are. We are determined to include these issues in our planning with families. Perhaps it could also alleviate some of the concerns that many people have. We all want what's best for our children, and in many ways we talk about contributing to just that; that your children have the best life possible – both while you're alive and afterwards.

We asked if they had spoken to their children about the succession



This is what the wealthy women we spoke to answered

"I've spoken to my 19-year-old about my wealth. She's a very structured person, and I have to be careful not to stress her out."
– WOMAN AGED 50

"For me, it's important that my children are well supported in coping with the rules that come with being wealthy. Wealth can quickly feel like a safety net, causing them to skip over problems instead of becoming good at dealing with them. I want them to learn to face up to problems and not let money be the solution when challenges arise."
– WOMAN AGED 57

"My children are much more informed and involved than I was at their age. When I was growing up, people didn't think of wealth that way. It's not about gender, it's about commitment."
– WOMAN AGED 55

"I don't think our children feel that we are richer than others. We talk about the company and the family foundation at home, but we're also worried about what things cost."
– WOMAN AGED 45

Source: KANTAR Sifo 1601062, online interviews autumn 2021 (MaPe). Statistically significant differences between the relevant group and the complement group are calculated at the 95 % level using the chi2 method.

Gender-equal or fair

Most people want their children to inherit the same amount. But is an equal distribution always possible – or fair?

BY: ALEXANDER HEIBERG. HEAD OF WEALTH PLANNING AT FORMUE

Historically, discrimination was not uncommon. Swedish inheritance law is a classic example of appointing an heir for the sake of the estate. In the same way, the control of many family businesses has passed to an heir in the belief that it ensures the continuation of good management. But for most, the starting point is just the opposite. Most successions are planned on the basis of distributing the inheritance as equally as possible between the heirs, so that they will feel equally valued and equally loved. And there may not be any good reasons to discriminate. But in practice, we see that a desire for equal treatment can be both difficult and wrong.

It sounds so simple; an equal distribution between the heirs based on an objective assessment of the wealth at a given point in time. But an inheritance settlement is also a subjective perception of a story that begins long before the mother or father dies. There may be ownership interests or roles in family businesses, holiday homes and childhood homes to which many emotions are attached. But there may also be different needs and circumstances among the heirs. One of the siblings may have taken an early role in the family business, while the others have chosen careers outside the company. They may have taken on a role caring for their parents, thus turning their back on the opportunity to earn a salary and pension. There may have been local work days that no one has ever attended. Or there may have been challenges along the way that have led to some receiving financial support that others have not. How should this be compensated? Or should it be compensated at all? What is fair?

In our experience, these issues need to be addressed to ensure a successful inheritance

“In practice, we see that a desire for equal treatment can be both difficult and wrong”



settlement. It is easier to understand a decision if you have participated in the discussion and heard the arguments. Open discussions should be facilitated on the issues of who is best suited to different roles, who is the right owner of the family business and the needs and wishes of the individual. This makes it easier for individuals to view their role in a wider context.

In our survey, almost 50% of women say that the aim of succession is to provide equal wealth to the next generation, while just under 30% say that the distribution of wealth should be fair. Don't let the inheritance settlement become a secret box that is only to be opened once you are gone. There's no guarantee that this will create the outcome you imagine.

This is what is most important for wealthy women to achieve with their succession



This is what the wealthy women we spoke to answered

“I made it easy for myself when I said my brother could take over the family estate. I managed to get agreement that an external valuation would be performed. My mother could rely on her own judgements. Then I would have an option for my children to be able to take over the estate if my brother's children didn't want to take it over. There's been a lot of whining, and I feel that my mother always puts her own spin on things.”

– WOMAN AGED 50

“The most important thing is that my younger brother and I are equally involved in the future, and that we receive enough information. We are different as individuals. I ask more questions and ask for more help. One of my mother's big

concerns is that my brother will feel that he is not being seen and heard.”

– WOMAN AGED 26

“When my father sold the company, the inheritance was divided equally between me and my siblings. If we're going to fight about anything in the future, it's the property left by our parents. It's up to us to decide how big or small we want to be. There may be things buried away that should have been addressed earlier. Only time will tell.”

– WOMAN AGED 57

“There must be three piles, but I don't want the heirs to get everything.”

– WOMAN AGED 78

Important for the green transition

Women think holistically and long-term when managing their wealth. This is why wealthy women can be important for the green transition.

When asked what they want to achieve with their wealth, most (more than 60%) wealthy women say that they want to preserve wealth for the next generation, while around 30% say that they want to invest in sustainable businesses. Preserving and developing wealth requires a number of strategic choices. First and foremost, a sustainable investment strategy adapted to today's social changes.

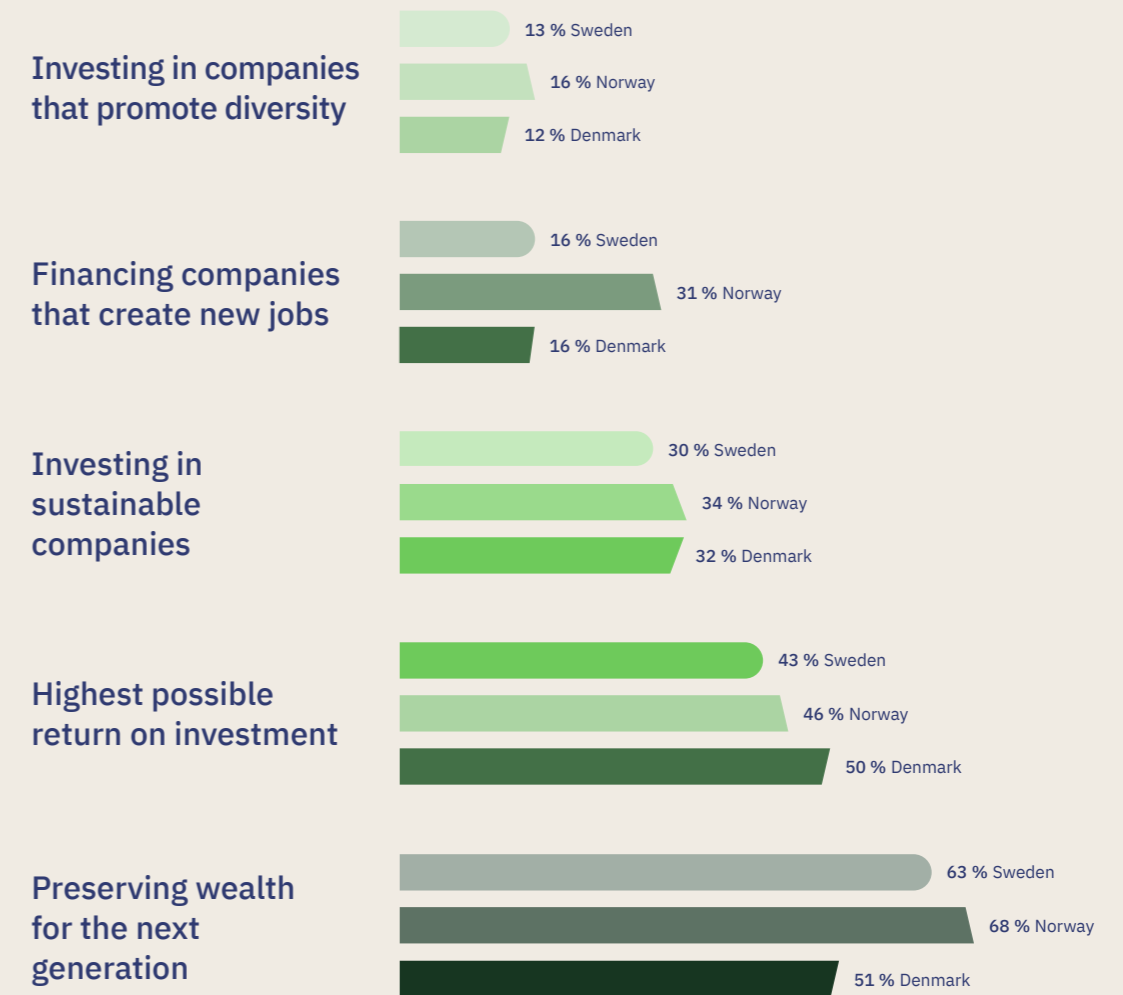
“Preserving and developing wealth requires a number of strategic choices. First and foremost, a sustainable investment strategy adapted to today's social changes.”

Wealthy people are important contributors to the green transition. In 2015, the richest ten percent of the world's population accounted for about half of all global emissions (Oxfam, 2015). Emissions are linked to economic resources and private consumption. In the future, far more people will seek advice and knowledge about sustainability when it comes to their financial portfolio, as well as in relation to the company they may own and the impact they want to create through the way they live their lives. Many feel that they lack the knowledge, evidence and good advice required to take the right steps in relation to the green transition. There will be a growing need to adopt a holistic view of the private and financial ecosystem and to help identify the actions that make a difference. The development of our sustainability advice is an important focus area for us in 2023.

In the future, the management of capital and business operations will be aligned with current and future goals concerning the environment, corporate governance, equal treatment and gender equality (ESG goals). We are seeing that companies with more gender-balanced management teams and boards have come a long way in this area. Wealthy women have the decision-making power to contribute to this development.



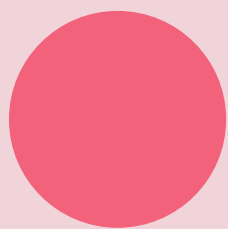
We asked women what they want to achieve with their wealth



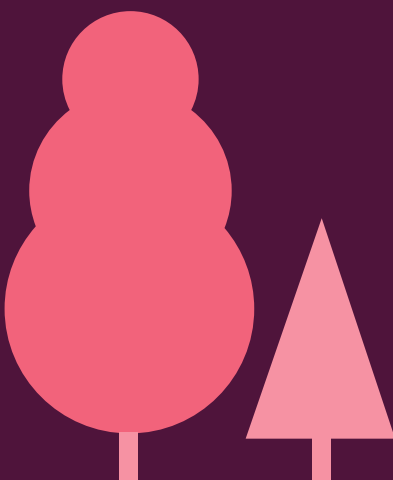
Source: KANTAR Sifo 1601062, online interviews autumn 2021 (MaPe). Statistically significant differences between the relevant group and the complement group are calculated at the 95 % level using the chi2 method.



We would like to thank everyone who contributed to this report, and everyone who participated in the survey. A total of 452 wealthy Scandinavian women participated in the survey, which was conducted in the autumn of 2021. 164 of the participating women were from Sweden, 114 from Norway and 174 from Denmark. The women have a financial wealth of at least NOK 6 million / SEK 5 million / DKK 4 million. We would also like to give a special thanks to the six wealthy women we interviewed. Their stories and experiences have been very valuable in producing this report.



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