



The 2024 Trust & Estate Industry Report

A snapshot of year-over-year trends and learnings for legal and financial professionals.

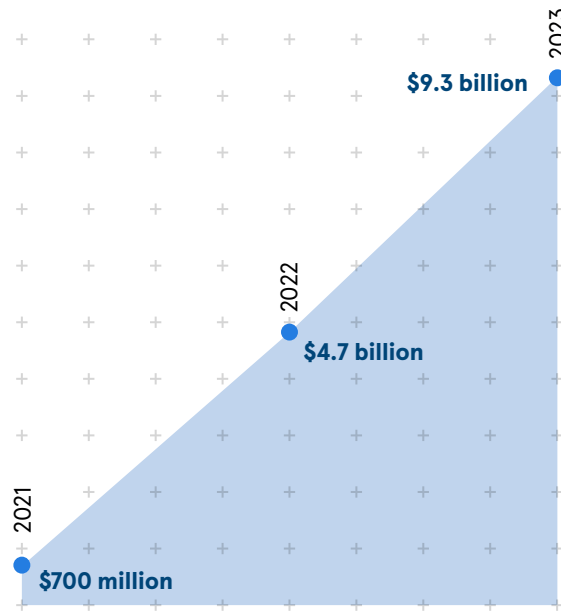
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Welcome to the inaugural Estate of the Industry Report, Estateably’s data and research series designed to provide insights and analysis about the trust and estate planning industry. This year’s report provides a snapshot of year-over-year trends and learnings for legal and financial professionals.

This report is based on aggregated, anonymized data of more than 15,000 matters administered on the Estateably platform as well as external data sources.



Cumulative value of assets logged in Estateably



Source: Data insights from Estateably

Overview

The great wealth transfer continues to drive an increase in the value and volume of estate assets in North America. Once estimated to be \$72 trillion, **the mass distribution** of personal assets from Baby Boomers is now projected to reach \$129 trillion.

On Estateably’s platform alone, we created more than 8,500 cases in 2023, an almost 30 percent increase over the same period last year. The total value of estates being administered on Estateably reached approximately \$4.4 billion, bringing the total of assets supervised on the platform to \$9.3 billion.

The increase of estate values on Estateably tracks with the historical increases in inheritances being passed on across the U.S. **The average inheritance** received in 2016 was about \$295,000, up from \$169,000 in 1989, after adjusting for inflation.

“We’re seeing a surge in trust and estate plans as more professionals expand their services and adopt new ways to handle the scale and velocity of legacy planning,” said Ari Brojde, CEO of Estateably. *“As people age, they recognize the importance of protecting their assets and mitigating difficult inheritance situations that can spark family disputes and costly court battles. Technology is playing a critical role in trust and estate planning administration, helping the process be more efficient, effective, and accurate.”*

Asset Type

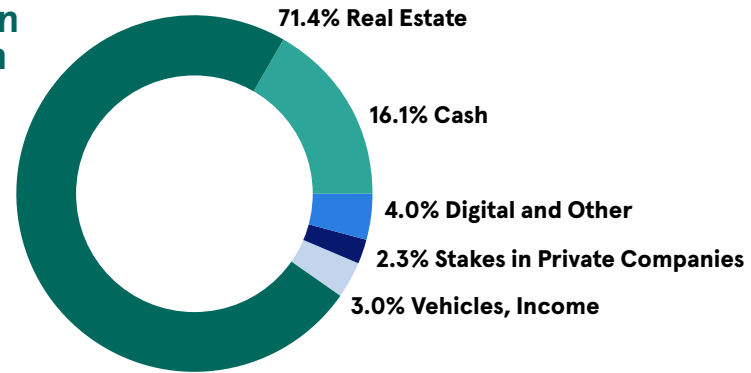
Real Estate Rules Again

Real estate was the most common asset in estate plans on Estateably, comprising 72.1 percent of the total value of estate plan assets. For the third consecutive year, real estate has been the number one asset on Estateably. The value of real estate in our estate plans has steadily climbed from 63 percent in 2021, when it totaled \$2.8 billion, to over \$3.2 billion in 2023. Soaring real estate prices, the large number of **individuals who own second homes**, and the increase in homeownership rates have driven the year-over-year increases.

The homeownership rate in the United States rose slightly in 2022, reaching the highest figure since 2011. In 2022, the proportion of households which are occupied by owners stood at 65.9 percent. A vast majority of these homes are owned by Baby Boomers, who own homes worth \$18 trillion combined, compared to just about \$5 trillion for millennials as of the first quarter of 2023, according to **Redfin**.

“Real estate is the highest value asset owned by most individuals, and the growth we’re seeing in volume and value reflects the important role real estate plays in creating generational wealth,” said Brojde. *“Real estate owners and investors put a premium on trust and estate planning to ensure that their legacies are protected and they prevent family disputes, tax issues, and probate cases. We’re seeing more legal and financial professionals expand their services to handle the increase in real estate-related estate planning.”*

Distribution of Assets in Trusts and Estates



Cash and Other Assets

Cash continues to be the second largest asset in our estate plans after real estate. Although the percentage of cash being transferred to beneficiaries dipped slightly in 2023 to 16.3 percent, down from 17.9 percent in 2022, cash was included in more plans than any other asset. The total value of cash in estate plans reached \$660 million in 2023, flat compared to the same period last year.

“The stockpile of cash in money-market funds has almost doubled since 2018 to about \$5.92 trillion, as investors take advantage of some of the highest U.S. interest rates in decades. Cash is the easiest asset to transfer and is tax-free unless you inherit more than \$12.92 million. Holding cash in estate plans also gives the individual more options and flexibility to use that cash to help them pay for other needs like long-term care services,” noted Brojde.

Digital and other assets ranked third at four percent, an increase of one percent compared to

2022. Legacy planning in digital assets is different from traditional assets because individuals with cryptocurrency assets could be holding their coins with a custodian, hard wallets, or cold storage. *“Including digital assets in estate plans is getting more popular. Estate planning professionals should be speaking with their clients about the importance of legacy planning for digital assets, given the strong returns we saw in 2023 and an uncertain regulatory environment ahead,”* said Brojde

Private Companies

Stakes in private companies held steady at 2.3 percent of asset value in 2023. The total value of stakes held in private companies reached \$101 million, compared to \$90 million last year. With the number of family businesses **appearing to have increased**, up from 24.2 million in 2003 to 32.4 million in 2021, we expect more private company stakes to be held in estate plans in 2024 and beyond.

Technology Impacts

Advancements in AI, automation, and cloud computing are revolutionizing how trust and estate professionals manage and process estate information, leading to greater efficiency and accuracy. The technology revolution is making trust and estate planning administration more accessible and affordable for legal and financial professionals to provide these critical services to more individuals.

“We’re seeing growing interest from banks, wealth managers, and financial advisors looking to participate in the great wealth transfer by adding estate administration services to their suite of solutions. They are expanding their capabilities to stay involved as their clients pass on their wealth and improve their chances of retaining those assets. Being at the center of the estate administration process enables financial professionals to take on the important role of coordinating different “silos” of expertise, an important strategy to remain involved in the transfer process at the time beneficiaries need you the most.”



Regulatory Changes

Fiduciary Accounting

States like California are implementing major regulatory changes in the field of Fiduciary Accounting (FA), which has widespread implications for estate planning and trust administration. This change signifies a larger trend towards more standardized and court-approved accounting practices, influencing how fiduciaries report and manage estate and trust accounts.

Guardianship Rules

We’re closely watching state and federal changes to guardianship rules, which will impact estate plans as more states look to make existing laws less cumbersome or expensive. **In Texas**, for example, a new law increases the amount that the guardian of the person can manage to \$20,000, thus eliminating the need to appoint a guardian of the estate.

Tax Laws

The Tax Cuts and Jobs Act of 2017 (TCJA) significantly increased the lifetime estate and gift tax exemption. In 2023, the lifetime estate tax increased to \$12.92 million (or \$25.84 million for married couples) and the gift tax exemption to \$13.61 million (or \$27.22 million for married couples). Without legislative action, the lifetime estate and gift tax exemption is scheduled to sunset after 2025 to its pre-2018 amount (adjusted for inflation). The reduction in the lifetime estate and gift tax exemption will cause many more people to be potentially subject to federal estate tax at death, increase estate tax liabilities, and drive changes to gifting strategies.

2024 Trust & Estate Industry Trends To Watch



Great Wealth Transfer Gains Momentum.

Looking ahead, we expect more individuals to establish estate plans to protect their financial legacies, care for their beneficiaries, and protect themselves as they age. We forecast the volume of assets to continue growing at double-digit rates as the transfer of wealth gains momentum. Relaxed rules on the federal estate tax, a positive 2024 stock market outlook, and a strong housing market will contribute to higher asset values going forward.



Building More Trusts.

There's been a shift toward incorporating different trust structures to adapt to regulatory changes and philanthropic initiatives. With the lifetime gift and estate tax exemption in the U.S. scheduled to expire at the end of 2025, trusts like Spousal Lifetime Access Trusts could become a larger piece of estate planning. Charitable Remainder Trusts and Charitable Lead Trusts could also gain further traction for their strategic tax advantages. Last, privacy concerns in estate planning are putting a greater focus on trusts to protect individuals from public scrutiny.



Fiduciary Accounting Becomes A Priority.

Trustees and finance professionals have a duty to manage a trust's assets properly—accurately, transparently, and in line with legal regulations and the grantor's wishes. As the diversity of assets included in estate matters and plans continues to grow, accounting for those assets has become a top priority. Each type of asset has to be valued accurately and managed appropriately in its own unique way. Recording the inventory, determining the value of the trust's assets, and managing these assets effectively can be simplified with technology solutions that help streamline the process, reduce manual work, and minimize the risk of human error.



Living Directives Increase in Importance.

We expect more estate plans to incorporate living care and incapacity directives to account for people living longer. As life expectancy increases, there's a growing necessity for comprehensive Power of Attorney arrangements. Nearly 70% of older adults will need long-term care services, according to Harvard's Joint Center for Housing Studies. The cost of living longer is increasing, and a shortage of nursing homes and home care professionals is forcing more people to prioritize Power of Attorney arrangements to ensure they are taken care of in their golden years.



Estate Administration Industry Grows.

Technology is leveling the playing field and allowing more professionals to administer estate plans and support the increasing amount of wealth being passed on. At the same time, the complexity of fiduciary accounting and the rapidly evolving global regulatory environment are driving more professionals to adopt software that can mitigate the risks of handling estate administration. Comprehensive one-stop estate platforms like Estateably have made it possible for more legal and financial professionals to effortlessly add trust and estate administration services to their practices, meeting a critical need for millions of aging individuals.



About Estateably

Estateably is a leading cloud-based platform enabling professionals to streamline their estate and trust administration practices. Professionals save time through the automation of probate forms and precedent letters, the ability to manage inventory and contacts with easy-to-use accounting and one-click reports. The award-winning platform is used by over 800 firms and over 2,500 practitioners across Canada and the United States. Estateably is SOC2 Type II certified. The company has been voted the top estate and trust administration software by Canadian Lawyer Magazine, and named as an industry leader by American LegalTech and others.

Learn more at www.estateably.com

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