The Engagement Gap

Why UHNW Families Are Leaving:
What the Firms Keeping Them Are Doing Differently

A perspective on client engagement strategy for Multi-Family Offices and advisory firms serving UHNW families in North America

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The Competitive Game Has Changed

For decades, the primary competitive advantage in UHNW wealth management was access: access to exclusive investments, tax strategies, and seasoned advisors. Those advantages still matter. But they no longer determine which firms retain families across generations.

Today, the advantage belongs to firms that have mastered something far more nuanced: the ability to translate complex portfolio information into shared understanding, and shared understanding into lasting trust.

The firms that are losing ground are not failing at investment performance. They have built strong investment and operational capabilities. The gap is emerging elsewhere—specifically in how that value is experienced and understood by clients. Their reporting is accurate but not always understood. Their advisors are skilled but not always consistent. Their systems are sound but the experience those systems produce has never been deliberately designed. It simply happened, shaped by individual habits and inherited workarounds. And in a world where the next generation is already deciding whether to stay, that gap does not announce itself. It simply closes the door quietly on the way out.

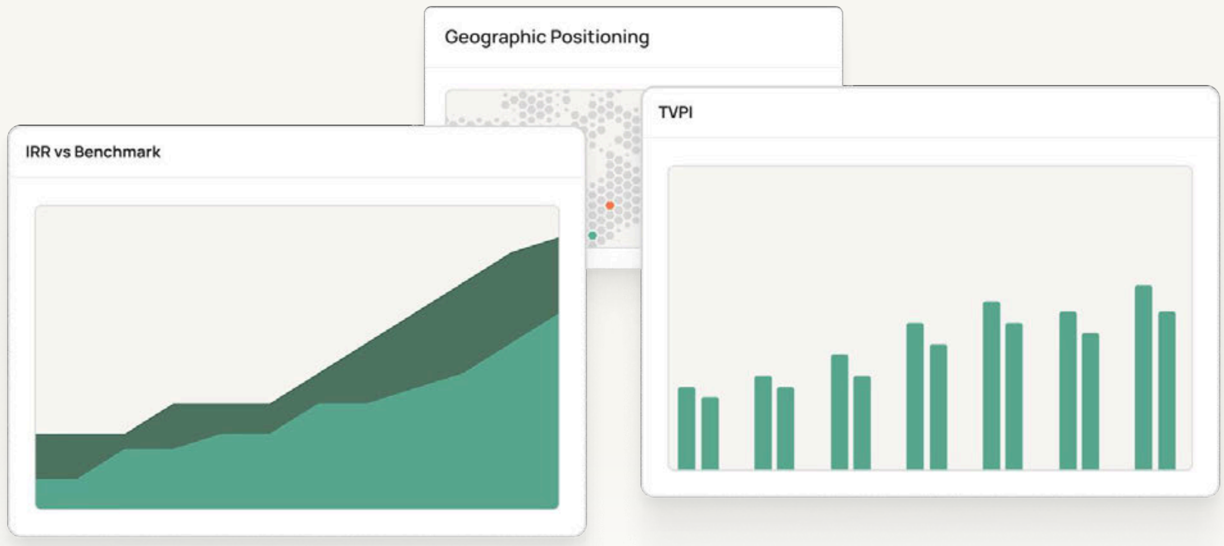
This whitepaper examines the structural forces driving a growing gap between portfolio infrastructure and client experience, as we observed across North American advisory firms and family offices, further supported by broader industry research. It explores what the engagement-ready firm looks like, why the firms that close this gap win on retention and growth, and what questions every Managing Partner and Head of Relationship Management should be asking right now.

81%	73%	50%
of next-gen heirs plan to replace their parents' wealth management firm (Capgemini)	of family offices are underinvested or only moderately invested in operational technology (Deloitte)	of UHNW families feel unprepared for the transition of wealth across generations (EY 2025)

THREE FORCES CONVERGING NOW

$124	$124 trillion in generational wealth transfer through 2048
81%	81% of next-gen heirs plan to replace their parents' wealth management firm
13%	RIAs growing 13% annually in UHNW relationships, moving directly upmarket

The window to build a durable next-generation engagement model is open. It will not stay open indefinitely.



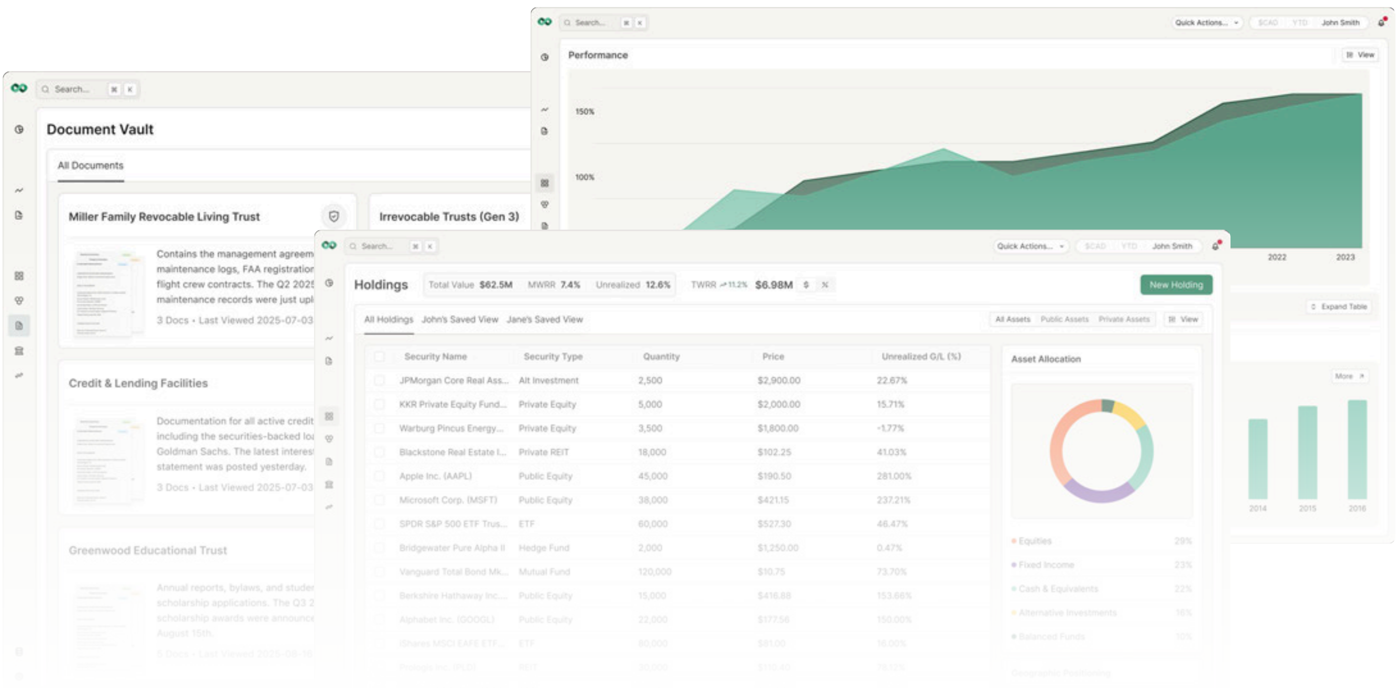
SECTION 1

Complexity Is Outpacing Clarity

The families served by leading MFOs and advisory firms today hold wealth of a fundamentally different character than they did a generation ago. Private equity, venture capital, real estate across multiple jurisdictions, alternative credit strategies, co-investments, and direct deals. The modern UHNW portfolio spans asset classes, legal structures, geographies, and time horizons in ways that were once the exclusive domain of institutional investors.

Many firms have adapted well to this increasing complexity from an investment and operational standpoint. The challenge is less about managing complexity, and more about communicating it clearly across a broader and more diverse audience.

This is not a problem unique to a few unusually complex clients. It is now the baseline. According to Bank of America's 2025 Family Office Report, family offices allocate an average of 35% of their portfolios to alternative investments, assets that by their nature are harder to report on, harder to visualize, and harder for clients to intuitively understand.



At the same time, the number of people with a stake in understanding that portfolio has grown. Multi-generational households. Spouses with independent perspectives. Adult children beginning to engage. External advisors including tax, legal, and estate counsel who need selective visibility. The complexity of the audience has grown alongside the complexity of the assets.

Firms have continued to invest in the infrastructure that manages wealth. The infrastructure that communicates it has not kept pace. Reports arrive on time. Understanding does not always follow.

This gap is not a technology failure. It is a strategic one. The firms that recognize complexity as a client experience challenge, not just an operational one, are the ones pulling away from the rest.

SECTION 2

The Hidden Cost of "It Works"

Most firms serving UHNW families have invested meaningfully in portfolio management systems, reporting platforms, and accounting infrastructure. The data is accurate. The systems are live. By most operational measures, things work.

And yet, walk into the operations of nearly any MFO or advisory firm and you will often find similar patterns of manual effort and workarounds beneath the surface. Quarterly reporting assembled manually. Portfolio views maintained in Excel because the formal systems don't produce the right output for client conversations. Advisors preparing for meetings in different ways, pulling from different sources, arriving with different stories to tell. Senior staff absorbing hours each cycle in work that produces nothing the client ever sees or values.

57% of service providers report that approximately 80% of family offices continue to depend heavily on Excel for investment tracking and reporting. (Campden Wealth / Simple Family Office Report)

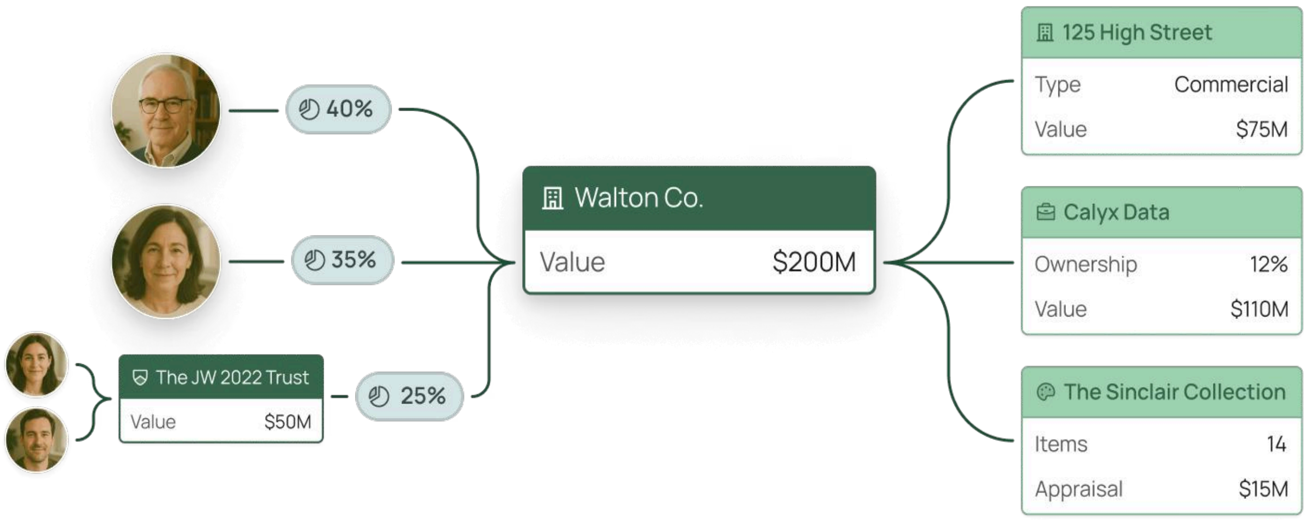
40% of family offices surveyed by Campden Wealth cited too much reliance on spreadsheets, with 38% still manually aggregating financial data.

The manual work is a symptom. The underlying condition is that the client-facing layer (the experience the family actually sees, reads, and engages with) has evolved incrementally rather than through a deliberate, firm-wide design standard. It has accumulated. It often reflects individual advisor habits and historical workarounds more than it reflects a deliberate, firm-wide standard for how complex wealth should be communicated.

The cost of this is not measured in hours. It is measured in relationships. When clients receive different quality experiences depending on which advisor serves them, trust becomes person-dependent. When the next generation encounters a portal that requires explanation before it can be understood, the firm has already communicated something about how much it values their experience. When a family waits three weeks for a consolidated view of their own wealth, they start wondering whether another firm might move faster.

> *"The problem was never that clients couldn't access their data. The problem is that data without context doesn't create confidence. And confidence is what retains UHNW families across generations."*
>
> Dasha Smyth, CEO, Portfolio Xpressway

Deloitte's research found that nearly three-quarters of family offices admit they are either underinvested or only moderately invested in the operational technology needed to run a modern business. Nearly one in five identify inadequate technology investment as a core firm risk. These are not firms in decline. These are well-run organizations that have, entirely reasonably, prioritized investment infrastructure over engagement infrastructure. The gap has simply become too wide to ignore.



SECTION 3

The Generational Tipping Point

A pattern we see more than firms expect

A mid-sized MFO serving sixteen families seemed to weather two senior advisor retirements in the same eighteen months without obvious damage. Satisfaction scores held. Most assets stayed. But three next-generation family members, all of whom had inherited primary client status within that period, quietly moved a meaningful portion of their assets to a competing firm within the following year.

When leadership examined what had happened, the answer was not performance. It was familiarity. The next-generation clients did not know the firm. They knew their parents' advisor. When that relationship ended, there was too little institutional connection underneath it to hold them. No digital relationship. No shared history with the firm. No reason, beyond inertia, to stay.

This is not an unusual story. Versions of it play out every year at firms that never saw it coming.

Every firm in the UHNW space is aware of the great wealth transfer. The numbers have been widely cited: Cerulli Associates projects $124 trillion in wealth will change hands through 2048, with more than $62 trillion flowing from HNW and UHNW households. Nearly 50% of family offices expect that transition to happen within the next ten years.

What is less widely discussed is the relationship risk embedded in that transfer. The families staying together are not the ones with the best-performing portfolios. They are the ones where the next generation already feels connected to the firm, where they know the advisors, understand the strategy, and have been given an experience worth inheriting.

81%

of “next generation millionaires” plan to replace their parents’ wealth management firm after inheriting. Most cited poor digital offerings or a lack of personalized engagement. (Capgemini World Wealth Report 2025)

28%

Only 28% of UHNW clients have been adequately engaged by their advisor on wealth transfer issues, despite 64% describing it as very important. (EY Global Wealth Research 2025)

The 81% figure from Capgemini deserves to sit with leadership for a moment. It does not mean next-generation clients are dissatisfied with investment performance. It means they have not been given a reason to stay. They were not engaged beyond their relationship with the primary advisor.

They did not have a valued connection with the broader firm. The digital experience they were offered told them the firm had not thought much about them.

The firms that are winning this transition are not doing so by launching next-gen education programs or hosting annual family events. They are doing so by giving next-generation family members a way to stay connected to their portfolio that feels nothing like a quarterly PDF and everything like the tools they already use to manage their lives.

RBC and Campden Wealth’s North America Family Office Report 2025 found that 30% more family offices have succession plans in 2025 than they did in 2024. The urgency is registering. The question is whether the engagement infrastructure exists to act on it.

SECTION 4

What the Engagement-Ready Firm Looks Like

Client engagement at the highest level of wealth management is not a communications function. It is a firm-wide operating standard. The firms that have built it share four characteristics that distinguish them from those still assembling the client experience manually.

Shared Truth	Firm Consistency	Digital Access	Scalable Delivery	THE ENGAGEMENT-READY FIRM
One view for all parties	Standard set by the system	Next-gen mobile experience	Growth without added strain	

These characteristics are not absent in most firms; rather, they tend to exist unevenly or informally, depending on individuals or teams. Leading firms have made them systematic.

01 | A single version of the truth

Most client meetings begin with time spent reconciling different views of the same portfolio that should already be shared.

Engagement-ready firms have eliminated the gap between what the advisor sees and what the client sees. When both parties enter a conversation referencing the same portfolio view, across entities, asset classes, and associated documents, the conversation changes. It becomes forward-looking rather than explanatory. The advisor and client can spend that time on what to do next, not on confirming what the portfolio contains.

Shared visibility is the foundation on which institutional trust is built. Not trust in the advisor's word. Trust in the firm's standard.

02 | Consistency that belongs to the firm, not the person

If your three best advisors left next month, how much of your client experience would leave with them?

The quality of the client experience at most firms is a function of the individual advisor's preparation habits, communication style, and institutional knowledge. When that advisor leaves, or a relationship is transitioned, much of the experience leaves with it. Engagement-ready firms have built their standard into the system, so the consistency belongs to the firm, not the person.

When an advisor leaves, the client barely notices the difference. That is what it means for the standard to belong to the firm.

03 | A digital layer that meets next-generation expectations

The next generation is not comparing your portal to other family office portals. They are comparing it to every other digital experience in their lives.

Engagement-ready firms have moved past the static PDF report and the quarterly call. They offer ongoing, mobile-native access to a portfolio view that is clear, current, and navigable without an advisor present to explain it. For next-generation family members, that is not a minor upgrade. It is the first time the firm has actually spoken to them directly.

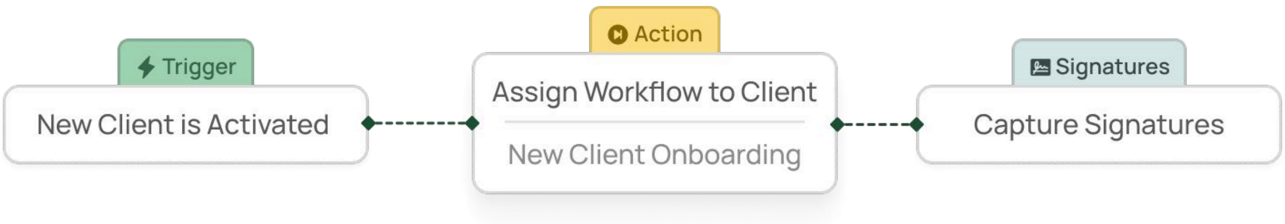
The firms that treat digital access as a nice-to-have are making a bet that relationship inertia will hold. The 81% switching statistic suggests that bet is not paying off.

04 | Scalability that does not require proportional headcount

Every growing MFO eventually faces the same question: can we take on this family without compromising the ones we already serve?

The defining characteristic of the engagement-ready firm is that it can take on more complex relationships without adding proportional service strain. The infrastructure does the work of consolidation, organization, and presentation. The advisor's time is reserved for strategy, judgment, and the conversations that require a human in the room.

When that infrastructure is in place, growth stops being an operational constraint and becomes a strategic choice.



SECTION 5

Five Questions Every MFO Leader Should Be Asking

The engagement gap is rarely visible from the inside. Clients rarely articulate it as a complaint. They simply drift. The five questions below are designed to surface where the gap exists, how wide it has become, and surface where opportunity exists relative to how the market is evolving. For each one, consider both the honest answer and how far it sits from where you want to be.

01 If your most important client family were to leave tomorrow, would they say they had a relationship with your firm, or a relationship with one advisor?

What we hear: Most firms, when pressed, admit the relationship lives with the advisor. The family knows one name, one number, one voice. That is a retention risk most firms have mistaken for a feature.

What good looks like: The family can name three people at the firm. They have interacted with the portal independently. They feel known by the institution, not just by their advisor.

02 How many hours does your team spend each reporting cycle assembling, formatting, and delivering materials that could be automated without sacrificing quality?

What we hear: The honest answer is usually somewhere between two days and two weeks per cycle, depending on the number of relationships and the complexity of the portfolios involved. Most firms have simply absorbed this as the cost of doing business.

What good looks like: Reporting is generated, not assembled. The team's time in the cycle is spent on review and insight, not on formatting and chasing data.

03 When the wealth transfers, the first thing the next generation will do is evaluate whether to stay. What will they find?

What we hear: At most firms, they will find a portal that requires a desktop, shows only part of the picture, and needs an advisor walkthrough to make sense of. That experience does not say ‘we built this for you.’ It says ‘we built this for your parents.’

What good looks like: A next-generation family member opens an app, sees the full household view across traditional and alternative assets, and understands it without a phone call. That experience is not just convenience. It is the beginning of a relationship with the firm that will outlast the one with their parents.

04 When an advisor leaves or a relationship is reassigned, how much of the client experience leaves with them?

What we hear: More than firms are comfortable admitting. The preparation approach, the communication cadence, the way the portfolio story gets told. These often live in the advisor’s habits, not in a system. When they leave, what holds the relationship together is whatever the next advisor can piece together from notes and memory.

What good looks like: A new advisor picks up the relationship and delivers the same standard within one cycle. The client notices no degradation because the standard belongs to the firm, not the person.

05 If you took on 20% more complex families today, would your service model scale, or would it break?

What we hear: Most firms know the honest answer. Growth is currently gated by headcount because the manual work scales linearly with complexity. Adding families means adding staff, which compresses margins and slows the decision to grow.

What good looks like: The firm absorbs new complexity without proportional headcount growth because the engagement infrastructure carries the weight. Growth becomes a strategic choice, not an operational constraint.

How to read your answers

Uncertainty on questions 1 and 4 points to a consistency problem.

The client experience is too dependent on individuals rather than the firm. When advisors change, relationships fracture.

Uncertainty on question 3 points to a generational risk.

The next transfer event is closer than most firms think, and the digital relationship with the next generation has not yet been started.

Uncertainty on questions 2 and 5 points to a scalability constraint.

The manual work is quietly capping how far the firm can grow without proportional cost. Growth is an operational decision when it should be a strategic one.

Most firms find themselves uncertain across more than one area. That is not dysfunction. It is a sign that engagement infrastructure has not yet been treated as a strategic priority.

The firms that answer these questions with confidence did not get there by accident. They made a deliberate decision to treat client engagement as infrastructure, not instinct.

SECTION 6

What Leading Firms Are Doing Differently

The firms that have made client engagement a strategic priority tend to report the same three things. None of them are surprising in hindsight. What catches firms off guard is how fast they show up.

Conversation quality changes immediately

When advisors and clients are looking at the same thing before the meeting starts, the first twenty minutes stop being wasted. Prep time shrinks. The meeting gets to the point faster. Advisors describe it as getting an hour back in every meeting. Clients describe it as finally feeling like the conversation is about them, not about a presentation.

Advisor transitions stop being crises

Firms that have built a consistent, system-driven engagement standard report a fundamental shift in how they experience advisor departures and relationship handoffs. What was previously high-anxiety becomes manageable. Several firms have described this as the moment they stopped feeling like their best client relationships were held hostage by their best advisors.

The next generation leans in

Firms that gave next-generation family members early access to a clear, mobile digital experience consistently found those family members becoming more engaged as the transfer approached. They asked better questions. They came to meetings prepared. The digital experience did not replace the advisor relationship. It gave the next generation a reason to show up to it.

3x	Three times more family offices are leveraging technology to improve operations in 2025 compared to 2024, with automated reporting and client engagement cited as primary drivers. (RBC / Campden Wealth North America Family Office Report 2025)

None of these outcomes required firms to change their investment philosophy, restructure their teams, or replace their core systems. They required one decision: to treat client engagement as infrastructure and build it properly, the same way they built everything else that matters.

SECTION 7

Where This Is Heading

Three forces are converging in the UHNW advisory market, and each one makes the engagement gap harder to close. Firms that delay building this capability may find the relative advantage harder to capture by the time they decide to start.

The RIA channel is moving upmarket, fast

Independent RIAs, historically focused on the core millionaire segment, are now competing directly for UHNW relationships. Between 2016 and 2022, relationships of ten million dollars or more grew at thirteen percent annually in the RIA channel, compared to eight percent for wirehouses and private banks. That growth has continued. By 2027, RIAs are projected to control nearly one-third of all advised assets in North America. These are not generalist firms. Many are purpose-built boutiques with institutional-grade investment capabilities and, critically, a digital-first client experience designed from the ground up for the expectations of the next generation.

The firms that win the next generation's loyalty will not necessarily be the ones with the best investment track records. They will be the ones that offered a better experience when the wealth transferred.

AI is raising the service floor for everyone

Advances in AI and workflow automation are enabling firms of all sizes to deliver what was previously only achievable at institutional scale. The family-office-style experience that has historically differentiated MFOs is becoming accessible to a broader set of advisors. McKinsey's analysis of the wealth management landscape through 2035 identifies AI-native firms as an emerging fourth archetype: digital-first competitors built specifically around what the next generation of inheritors actually expects from a wealth management relationship.

This does not mean the human relationship loses its value. At the UHNW level it remains central. But it does mean that a manual, inconsistent, advisor-dependent engagement model is harder to justify every year. Firms that do not evolve their engagement model may increasingly be asked to explain, to an increasingly discerning next-generation client, why they should pay for something a better-equipped competitor offers as baseline.

The transfer window is narrowing

The math is straightforward. Almost 50% of family offices expect the generational wealth transfer to happen within the next ten years. The next-generation clients who will inherit that wealth are already forming opinions about their parents' advisors. In many cases, those opinions are already being acted on. Capgemini's research found that 81% plan to replace their parents' wealth management firm. Most of those decisions will not happen at the moment of transfer. They will happen in the years before it, as the next generation evaluates whether they have a relationship with the firm worth keeping.

The firms that build that relationship now, through a digital experience that is intuitive, mobile, and consistent, will retain the wealth. The firms that wait will discover, as many already have, that the transfer event is not the risk. The quiet disengagement that precedes it is.

The Gap Is Closable

The engagement gap at most MFOs and advisory firms is not the result of neglect or poor judgment. It reflects years of rational prioritization in a market where investment capability was the primary differentiator. Client experience was something that happened around it. That is no longer true.

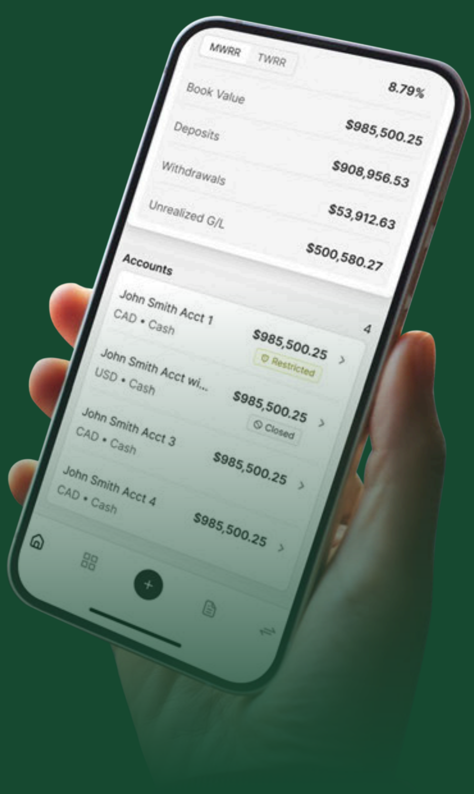
The next decade of UHNW wealth management will be shaped by which firms have built the capacity to engage, not just manage, the families they serve. The firms that close the engagement gap will hold onto more families through generational transitions, earn deeper trust as portfolio complexity grows, and take on more without the headcount to match it.

The firms that do not will continue to lose next-generation relationships to competitors who gave those families a reason to stay.

About Portfolio XpressWay

Portfolio Xpressway (PXW) was built specifically to close the client engagement gap described in this report. PXW is a client engagement platform for Multi-Family Offices and advisory firms, connecting to existing portfolio management systems, bringing total portfolio information and documents into one connected, client-ready experience. It does not replace core investment infrastructure. It ensures that infrastructure produces the engagement it was always meant to enable.

If the questions in Section 5 surfaced a gap worth exploring, we'd welcome a confidential conversation.



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