

Generation Limbo: How Owner Longevity and Trusts Are Reshaping Family Business Succession

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CFAR is a management consulting firm with nearly 40 years of experience supporting family businesses in succession planning, governance, next-generation engagement, leadership development, and strategy. CFAR was one of the founding voices in the field of family business studies. Today, CFAR proudly helps some of the nation's most notable family businesses, family foundations, and family offices. To learn more, visit cfar.com

In the United States, people are living significantly longer. Today, US census data tells us that our average life expectancy is 79.4 years old – a full ten years more than 50 years ago (69.6 in 1955).

Roughly half of small business owners in the U.S. are now over the age of 50, and a large share of first-generation founders are approaching, or well past, traditional retirement age. Longer, healthier lifespans mean many owners are choosing to stay active in leadership far longer than their parents did, sometimes well into their 70s and 80s. This happens for good reasons – leading generation members still want meaning in their lives well into their traditional retirement years. They may also be reliant on the operating company as a source of income in their planned retirement years. And, frankly, it can be difficult to let go of something a founder has spent their entire life building. These factors, among others, can discourage “letting go” of control.

As one can imagine, this choice to retain control has consequences. Though they are not universal – in some family systems, early work on the concept of stewardship keeps the family in alignment during an extended transition; in others, the perceived lack of control and/or feelings of infantilization can become all-consuming. Regardless, for the following generations to thrive together a new balance must be struck.

The Longevity Effect

Ben Persofsky, head of the Center for Family Business at Brown Brothers Harriman, has pointed to the trend of remaining in the business until later in life as a driver of an unusual pattern: some founders are now passing leadership directly to grandchildren rather than their own children, simply because they are still running the business by the time their children reach mid-career and are themselves nearing retirement. Persofsky frames modern succession not as a single handoff but as a transition that can stretch a decade or more, with the outgoing generation retaining a voice through boards, family councils, or advisory roles even after formal control shifts.

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Available data on planning underscores that this is a difficult conversation. Nearly two-thirds of family businesses, per PwC's U.S. Family Business Survey, still lack a documented and communicated succession plan. This data aligns with the findings of the Pulse of Family Business survey conducted in 2024/2025 by Family Business Magazine – in their survey of over 100 family businesses, only 39% had a documented plan in place for anticipated succession in the coming years. PwC's 2025 global survey found succession planning cited as a top business concern by 44% of U.S. family firms and 34% globally — a signal that the problem is not shrinking even as awareness grows.

Generational friction compounds the risk. PwC's NextGen surveys have repeatedly found a "trust gap": across Europe, only about 47% of next-generation family members report strong trust with the current generation, and just over half say they're even aware of a formal succession plan. Many next-generation respondents believe the older generation is reluctant to retire or share authority — a perception directly connected to the longevity trend above.

Extending the involvement of leading generation and/or allowing a lack of clarity to exist has a measurable effect on how eager the next generation actually is to step in. When owners stay in the driver's seat longer, adult children often spend their most ambitious career years without a clear timeline for when — or whether — they'll gain real authority, and some drift toward other careers rather than wait indefinitely. PwC's NextGen research captures this directly: 39% of next-generation family members report active resistance within their companies to embracing leadership change, and barely half say they're even aware of a formal succession plan, let alone involved in shaping it. Being kept at arm's length from planning appears to dampen commitment; NextGen respondents who feel shut out of governance are also the ones reporting the weakest trust in the current generation, a pattern PwC's surveys have found consistently across regions.

The Impact of Trusts

Trusts have emerged as the preferred legal mechanism for transferring ownership without necessarily transferring control on the same timeline. According to Bank of America's 2025 Trends in Trust and Estate Planning survey, a clear majority of attorneys and advisors report that their clients want to pass business interests to the next generation — and trusts are frequently how they do it.

The appeal is structural. A trust lets an owner begin shifting equity out of their taxable estate — often through non-voting shares — while retaining management control for as long as they're active. Revocable trust terms can also be updated over time to reflect how ready (or not) the next generation actually is, rather than locking in a rigid plan years in advance.

But the use of trusts is another factor in the stretching of who has control within the operating entity. The advice of legal counsel — who represent the founder and therefore recommend maintaining control for as long as is reasonable — can often conflict with the incentives required to engage the next generation and bring them fully into the model.

What the Research Suggests Families Should Do

These extended timelines create real tension. Academic research has started to examine the emotional and organizational weight of this dynamic directly. A 2023 study published in the *Journal of Management Inquiry*, "The Mortality of Family Business Leaders: Using a Palliative Care Model to Re-imagine Letting Go," argues that aging founders often experience succession the way patients and families experience end-of-life transitions — a process clouded by identity, denial, and difficulty relinquishing control. The researchers suggest that frameworks borrowed from palliative care, which emphasize honest conversation and gradual transition rather than a single cutoff point, may help families navigate the psychological side of succession more effectively than conventional business planning alone.

Regardless of whether ownership succession happens directly or via trusts, there are a few practical ways to create honest conversations and gradual transitions, which include:

- **Start earlier than feels necessary.** Advisors quoted in Bank of America's research note that owners "busy running the company" tend to delay succession planning, and that starting earlier improves the odds of achieving stated goals.
- **Separate the emotional process from the legal one.** The palliative-care framework proposed in the *Journal of Management Inquiry* suggests treating the psychological work of "letting go" as its own task, distinct from drafting trust documents.
- **Build governance, not just paperwork.** Clear communication, strong relational ties, and deliberate trust-building between generations are consistently identified across the literature as success factors — arguably more predictive of a smooth transition than the legal structure itself.
- **Keep the plan flexible.** Because owners are living and leading longer, and next-generation readiness can lag or accelerate unpredictably, revocable and adjustable trust structures tend to serve families better than fixed, one-time transfers.

The Bottom Line

Longer lifespans are extending the runway of family business founder leadership, which is reshaping succession from a single event into a managed, often decade-long process. Trusts have become the mechanism of choice for handling that extended timeline, because they let owners transfer economic value gradually while retaining flexibility over control and timing. But both the survey data and the academic research point to the same conclusion: the legal structure only works as well as the family communication and trust-building that surrounds it.

Sources: PwC US Family Business Survey (2025); PwC Global NextGen Survey (2024); FBM Pulse of Family Business Survey 2024/2025; Bank of America 2025 Trends in Trust and Estate Planning Survey; Forster-Holt, DeSanto-Madeya & Davis, "The Mortality of Family Business Leaders: Using a Palliative Care Model to Re-imagine Letting Go," *Journal of Management Inquiry* (2023); U.S. Small Business Administration; Odgers Berndtson, "The New Era of Family Business Succession" (2025); InvestmentNews coverage of Brown Brothers Harriman research (March 2026).