Security Choice across Generations: The Role of Investment Advisors

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Abstract

In this paper, we analyze detailed account-level data on a large sample of retail bank clients and document similarities between parents and their children in security selection and in the timing of purchases and sales. These effects are significantly stronger if parents and children share a common investment advisor. Additional tests suggest that both cross-selling by advisors and spillovers of advice within families contribute to such synchronized holdings and trading. Overall, our results show that advisors play an important role in aligning investment decisions across generations.

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1. Introduction

Prior research documents similarities in the investment behavior of parents and their children, for example, with respect to stock market participation and the portfolio share invested in equities.[1] Knüpfer et al. (2023) show that children tend to invest in the same *securities* as their parents, perpetuating wealth inequality and behavioral biases. Despite the potentially far-reaching consequences of these results for intergenerational wealth mobility, little is known about the channels driving these similarities in investment behaviors and outcomes.

In this study, we use detailed account-level data on clients of a Swiss retail bank covering the years 2009 to 2021 to analyze the role financial advisors play in facilitating similar security selection and timing of trades between parents and children. First, we confirm that in our data children are significantly more likely to own a particular security if their parents own the same security. Second, we show that, besides owning similar securities, the trading in these securities is also synchronized between parents and their children: If parents buy (sell) a security in a given month, the probability that their children will buy (sell) the same security in the same month increases significantly. Third, we show that shared investment advisors act as an important mediator of these parent-child similarities in investment behavior. The economic magnitude of our findings is quite sizeable: Conditional on parental ownership, children's probability to own a given security is 11% when parents and children have different advisors and 26% when they have the same advisor. Likewise, a parental purchase (sale) in a given month increases the probability that children buy (sell) the same security by 6pp (3pp) when they have different advisors and by 21pp (13pp) when they have the same advisor.

The influence of advisors on parent-child similarities in portfolio holdings and trades may be driven by cross-selling, i.e., the joint advisor inducing parents and children to trade in the same securities. A second channel through which advisors may indirectly contribute to these parent-child similarities are spillovers of advice within the family. To empirically study these two channels, we exploit unique data on client-advisor contacts. Specifically, we define "advised" trades as any purchase or sale that takes place within a four-day window after an investment-related advisory contact (i.e., a physical meeting or a phone / mail conversation). Trades that do not meet this criterion and occur in months without such an advisory contact are flagged as "unadvised". When both generations have the same advisor, an advised purchase (sale) by the

[1] See, e.g., Hellström et al. (2013), Li (2014), Black et al. (2017), and Fagereng et al. (2021). For similarities in the investment behavior of identical and fraternal twins, see, e.g., Cesarini et al. (2010), Barnea et al. (2010), Calvet and Sodini (2014), and Cronqvist and Siegel (2014).

parents leads to a 5pp (3pp) increase in the probability of an advised purchase (sale) by their children in the same month. These findings suggest that advisors cross-sell to family members and induce them to sell certain securities at a similar point in time. The likelihood that children make an *unadvised* purchase (sale) also increases by 3pp (2pp) in months with an advised parental purchase (sale), which may point to spillovers of advice between family members with a common advisor. In contrast, the effects of cross-selling and spillovers of advice are weaker when parents and children have different advisors.[2]

A potential concern could be that the observed influence of joint advisors stems from confounding factors. For instance, if parents and children live in close proximity to each other, they could be more likely to have the same advisor *and* to interact more closely, resulting in a closer alignment of their investment decisions, even if the advisor has no influence.

As a first step to address this concern, we analyze which variables determine whether parents and children have the same advisor. We find that the probability increases if they live in the same ZIP code, if children are older, and if parents are wealthy private banking clients. We then re-estimate the baseline results across multiple subsamples. First, we split the sample according to the determinants of joint advisors identified in the previous test, namely parental wealth, child age, and geographic proximity between parents and children. The rationale behind these tests is to mitigate the risk that the influence of joint advisors stems from one of these correlated variables. We find that the economic magnitude of the estimates within each subsample consistently increases when parents and children have the same advisor. Moreover, the subsample analysis shows that wealthy private banking clients and their children display stronger similarity in their investment decisions compared to retail clients, leading to a larger portfolio share of securities jointly held by both generations. This result is likely to be driven by a higher prevalence of shared advisors, which, in turn, could be due to a closer personal relationship between private banking clients and their advisors. Supporting this view, we find that private banking clients discuss investment opportunities more frequently with their advisors. Second, we analyze whether the influence of joint advisors is limited to either individual stocks or mutual funds. On the one hand, the influence of joint advisors may be exclusively driven by cross-selling of mutual funds (e.g., see Hoechle et al., 2018). On the other hand, clients may have stronger opinions about investments into individual companies, possibly

[2] It is to be expected that cross-selling is less pronounced when parents and children have different advisors. Moreover, spillovers of advice may depend on the existence of a personal relationship between children and the advisor that serves as a trust-building mechanism (see, e.g., Gennaioli et al. (2015) for the importance of trust in delegating investment decisions). Consistent with this conjecture, additional tests show that these spillover effects are stronger if children have an established personal relationship with the shared advisor.

leading to a closer alignment of investment behavior. However, we obtain qualitatively similar results for individual stocks and mutual funds. Third, the bank's in-house funds may have an undue influence on our baseline results, e.g., because advisors may be strongly incentivized to cross-sell these products to family members. To rule out such a possibility, we exclude the bank's in-house funds and show that the results remain qualitatively unchanged. Fourth, we investigate whether the results depend on the general popularity of a security, which we measure as the unconditional ownership probability of clients in our sample. To illustrate, the influence of joint advisors may be confined to the most frequently held securities (e.g., Swiss large cap stocks), but may not apply to more exotic securities. The results strongly suggest that this is not the case, as the coefficient estimates for the 100 most popular securities are very similar to those of all other securities that are less popular. Fifth, to address endogeneity concerns, we focus on parents and children who, at some point during the sample period, switch from different advisors to the same advisor or vice versa. In this restricted sample, estimates are significantly larger in the joint advisor case, pointing to a causal relationship.

To address concerns that we capture mechanical or bank-wide effects that lead us to overestimate parental influence on children and the effect of joint advisors, we conduct placebo tests. In these tests, parents are replaced with either (1) a random client, (2) a random client similar to the parent in terms of age, gender, and customer segment, or (3) a random client with the same advisor as the child.[3] A significant coefficient in the first specification would suggest that our results (at least partially) arise mechanically. A significant coefficient in the second specification could stem from clientele effects, i.e., bank-wide commonalities between particular types of clients and their children to hold or trade certain securities. A significant coefficient in the third specification provides a reasonable estimate for "advisor effects", i.e., a tendency of clients of a particular advisor to hold or trade certain securities that may reflect that advisor's investment philosophy, regardless of family ties between clients. We find that there is no significant effect for placebo parents drawn from the entire population. For placebo parents with similar characteristics as the parents, there is a small but statistically significant similarity in security holdings and purchases, possibly due to clientele effects. Finally, for placebo parents with the same advisor as the children, we document a significant similarity in security choice and trading behavior, pointing to general "advisor effects". However, these effects are substantially weaker than for children's actual parents.

[3] These "placebo parents" are drawn out-of-sample from the population of 21,307 clients for whom data on family relationships is missing.

First and foremost, this paper relates to the literature on intergenerational similarity in investment behavior (e.g., Hellström et al., 2013; Li, 2014; Black et al., 2017; Fagereng et al., 2021; Knüpfer et al., 2023).[4] We add to this literature by showing that investment advisors play a key role in synchronizing security purchases and sales between parents and children, as well as in facilitating the parent-child similarity in security selection shown in prior research. Moreover, we present evidence that both cross-selling by advisors and spillovers of advice within families contribute to the influence of joint advisors.

Second, we contribute to the literature on financial advice. Our result of significant "advisor effects" in placebo tests is consistent with Foerster et al. (2017), who find that advisor fixed effects explain more variation in clients' equity share and home bias than a set of investor characteristics and Linnainmaa et al. (2021), who show that advisors' personal beliefs and investment choices are reflected in their clients' portfolios. Furthermore, while prior research shows that advice can mitigate underdiversification at an individual level (e.g., von Gaudecker, 2015; Hoechle et al., 2017), a tendency of shared advisors to recommend identical securities to parents and children could potentially lead to lower diversification at the family level.

Third, this paper relates to a strand of the literature that analyzes return heterogeneity as a driver of wealth inequality (e.g., Campbell et al., 2019; Bach et al., 2020; Fagereng et al., 2020).[5] Our results show that wealthy private banking clients and their children exhibit closer coordination in their investment decisions, show a larger portfolio overlap at an individual-security level, *and* are significantly more likely to share a common advisor, which may exacerbate the impact of heterogeneity in financial sophistication documented in the extant literature.

2. Data

2.1. Sample selection and variable construction

The data sample is provided by an anonymous Swiss retail bank ("the bank"), whose services include checking and saving accounts, mortgages, private and business loans, investment accounts, retirement funds, and other mutual funds. The bank also offers investment mandates where investment decisions are fully delegated to an advisor. Although the bank focuses

[4] A related literature examines peer effects in investment behavior (e.g., Hong et al., 2004; Ivkovic and Weisbenner, 2007; Brown et al., 2008; Kaustia and Knüpfer, 2012; Bursztyn et al., 2014; Hvide and Östberg, 2015; Zhang et al., 2018; Ouimet and Tate, 2020 and Hellstroem et al., 2022). While a family member can be considered a different kind of "peer", family relationships arguably have a different quality than social interactions among colleagues or neighbors, not least because of shared genetics.

[5] There is also a theoretical literature that models return heterogeneity as a driver of wealth inequality, see, e.g., De Nardi and Fella (2017) and Benhabib et al. (2019).

primarily on relationship banking in its home market, it serves clients throughout Switzerland and some clients abroad.

First, a random sample was drawn from the population of the bank's clients with financial assets of more than CHF 75,000 at one point in time, but never more than CHF 10 million. The bank also provided data on all clients who are related to the clients drawn in the first step. The dataset covers the 150-month period from January 2009 to June 2021 and contains detailed information on clients' account balances, investment positions, security trades, net new money, demographic characteristics (e.g., gender and year of birth), home address ZIP code, an identifier for the advisor assigned to each client, and, for some clients, information on family relationships, which the bank collects for cross-selling purposes. Moreover, it includes information on client-advisor contacts (i.e., physical meetings or phone / mail conversations), with multiple flags for the topics that were discussed, and a flag indicating whether the client or the advisor initiated the contact.

We apply several sample screens. First, we restrict the observation period for each client to ages 18 to 99 and exclude all clients with missing gender or year of birth. Clients must own at least one stock or mutual fund to be included in the sample in a given month. We further exclude all clients who own a joint investment account, since another person with access to the account (e.g., the client's partner) might be responsible for the investment decisions. Finally, we exclude all clients with investment mandates (which are managed by bank employees on behalf of the client), resulting in a screened sample of 22,886 clients. From this sample, we construct parent-child pairs using data on family relationships. The final panel contains 754 parents and 834 children, which together form 895 parent-child pairs. The total number of pair-months is 60,885.[6]

In the main empirical analysis, we focus on client's investments in stocks and mutual funds. We include proprietary in-house funds sold by the bank, but exclude voluntary ("pillar 3a") retirement funds, as clients cannot buy and sell these funds whenever they choose (see, e.g., Hoechle et al., 2023). Excluding direct bond holdings and other financial assets ensures that redemptions at the maturity date are not misinterpreted as a joint sale. In total, the sample contains 2,174 different stocks and mutual funds. To create an estimation sample that comprises clients' actual and *potential* investments, we assume that clients can always invest in the entire

[6] For a parent-child pair to be included in a given month, both the parent and the child must own at least one stock or mutual fund. If this is the case for a child and both of her parents, this results in two pair-month observations. The same logic applies for parents with multiple children in the dataset. We exclude pairs that remain in the sample for less than six months.

universe of stocks and mutual funds and retrieve the full set of pair-security-month combinations. We then define a dummy variable $invested$ that equals one if a client owns a security in month t, and zero otherwise.

Bank wealth corresponds to the sum of all financial assets (i.e., cash holdings, investment positions, and retirement funds) a client holds with the bank, while investment wealth refers only to the sum of all investment positions (i.e., non-cash financial wealth, excluding retirement funds). Clients' co-held security share is defined as the amount invested in securities jointly held by both generations relative to total investment wealth.[7] As clients in the sample may have other important banking relationships, bank wealth is an imperfect proxy of a client's total financial wealth. To identify wealthy clients, we therefore use a dummy variable that equals one for private banking clients and zero for retail clients. Since private banking services are generally only available to individuals with high net worth, we expect this variable to be a better indicator of high economic status. We calculate monthly returns on investment wealth, using data on net new money to account for security purchases and sales.[8] Finally, to investigate the impact of joint advisors, we define a dummy variable $same\ advisor$ that equals one if parents and children have the same investment advisor in month t, and zero otherwise. Table A1 in the Appendix describes all variables used in the empirical analysis.

2.2. Summary statistics

Panel A of Table 1 shows descriptive statistics on client and portfolio characteristics. The average age of children (parents) is 39 (70) years, 22% (28%) are private banking clients, and 43% (52%) are female. 51% of parents and children have the same advisor and 51% live in the same ZIP code. Mean bank wealth of children (parents) is CHF 232,024 (CHF 541,378), of which CHF 114,648 (CHF 362,872) is investment wealth. On average, children (parents) invest in 4.7 (6.5) different securities, have at least one investment-related advisor contact in 4% (7%) of all months, earn a portfolio return of 0.33% (0.26%) per month, and invest 50.0% (49.4%) in stocks, 8.2% (6.0%) in equity funds, 3.3% (7.0%) in bonds, 5.7% (10.1%) in bond funds, 30.8% (24.9%) in other / balanced funds and ETFs, and 2.0% (2.6%) in other direct investments. Finally, children's mean (median) portfolio share in co-held securities equals

[7] In particular, when a child (parent) and his or her parent (child) are both invested in a particular security in month t, the position counts towards the child's (parent's) co-held security portfolio.

[8] To mitigate the impact of outliers, we drop returns above the 99th or below the 1st percentile. As the bank calculates net new money using closing prices and exchange rates at the last trading day of the prior month, actual returns may differ in months with purchases or sales since clients typically do not trade at month-end.

30.7% (11.0%), and 24.4% (8.6%) for their parents, highlighting that there is significant overlap in the portfolio composition of parents and children at an individual-security level.[9]

Panel B shows descriptive statistics on clients' investment decisions for the full estimation sample and clients' actual investments in stocks and mutual funds. As for the latter, children (parents) buy in 4.13% (3.09%), sell in 2.18% (1.93%), and hold – without buying or selling – in all remaining security-months.[10] Table A2 in the Appendix presents separate summary statistics for the same-advisor and different-advisor subsamples.

[Table 1 about here]

3. Main results

3.1. Security selection across generations

We first set out to examine the probability that children own a particular security, conditional on their parents owning the security. Using the full estimation sample, which represents clients' actual and potential investments in stocks and mutual funds, we estimate a linear probability model as follows:

$$invested_{c,j,t} = \alpha + \beta \times invested_{p,j,t} + \varepsilon\,, \tag{1}$$

where c denotes children, p denotes parents, and $invested$ is a dummy variable that equals one if a client owns security j in month t, and zero otherwise. Children's conditional ownership probability thus equals $\hat{\alpha} + \hat{\beta}$ ($\hat{\alpha}$) for securities owned (not owned) by their parents. Throughout the paper, for all regressions conducted using the pair-security-month sample, standard errors are two-way clustered at the parent and security levels to account for multiple children per parent and correlated investment decisions within a given security (Knüpfer et al., 2023).

Column (1) of Table 2 shows the results. The probability that children own a given security equals 19.66% (0.12%) if their parents own (do not own) the security, which corresponds to a statistically significant difference of 19.54pp (t-value: 10.1). This outcome is consistent with Knüpfer et al. (2023), who report a conditional probability of 15.8% (12.2%) if the investor's mother (father) owns the security and 0.3% (0.3%) if she (he) does not.

[9] Figure A1 in the Appendix also shows a slight increase in the mean and median co-held security share for children and parents from January 2009 to June 2021.

[10] Moreover, for children (parents), 0.28% (0.40%) out of all security-months are classified as "advised" purchases, 0.22% (0.35%) as "advised" sales, 3.53% (2.35%) as "unadvised" purchases, and 1.79% (1.39%) as "unadvised" sales. See Section 3.3 and Table A1 in the Appendix for definitions of these variables.

We next analyze the influence of shared investment advisors by including a dummy variable $same\ advisor$ that equals one if parents and children have the same advisor in month t, as well as an interaction term between this dummy variable and the indicator for parental ownership:

$$invested_{c,j,t} = \alpha + \beta \times invested_{p,j,t} + \gamma \times invested_{p,j,t} \times same\ advisor_{c,p,t} + \delta \times same\ advisor_{c,p,t} + \varepsilon \quad (2)$$

Children's ownership probability for securities owned (not owned) by their parents now equals $\hat{\alpha} + \hat{\beta} + \hat{\gamma} + \hat{\delta}$ ($\hat{\alpha} + \hat{\delta}$) if both generations are advised by the same person and $\hat{\alpha} + \hat{\beta}$ ($\hat{\alpha}$) otherwise.

Results in Column (2) show that when parents and children have the same advisor (different advisors), children's ownership probability equals 25.6% (10.8%) if their parents also own the security. The difference in the predictive power of parental ownership is statistically significant, with a coefficient for the interaction term of 14.8pp (t-value: 5.6), suggesting that shared advisors play an important role in facilitating the intergenerational correlation documented in Column (1).

The baseline regressions in Columns (1) and (2) do not account for the general popularity of a particular stock or mutual fund. Parental ownership may therefore also reflect the fact that a security generally has a higher likelihood to appear in clients' portfolios.[11] To address this issue, we add security × month fixed effects to the specifications shown in Equations (1) and (2).

Comparing the results in Column (3) to those in Column (1) shows that including security × month fixed effects leads to a small decrease in the coefficient from 19.5pp to 16.3pp, however, it remains highly statistically significant (t-value: 9.5). Further, results in Column (4) show that the predictive power of parental ownership is still significantly stronger when parents and children are advised by the same person, with a statistically significant interaction term of 15.0pp (t-value: 6.0).

Before analyzing purchases and sales in more detail in the next section, we examine whether parents and children have similar timing when *entering* or *exiting* a security position. To do so, we follow the approach used in Knüpfer et al. (2023) and include security × client fixed effects to analyze the within-variation in security holdings.

[11] The five most frequently held securities are an in-house mixed equity / bond fund, followed by four Swiss large cap stocks: Nestlé, Zurich Insurance, Novartis, and Roche.

While Knüpfer et al. (2023) report an increase in the probability of children entering or exiting a security position by 2.4pp (3.8pp) if the father (mother) enters or exits the security position in the same year, the coefficient in Column (5) is substantially larger at 11.0pp (t-value: 7.7). This difference may be explained by the fact that Knüpfer et al. (2023) only observe security holdings at an annual frequency and therefore miss parent-child similarities when entering or exiting security positions that occur *within* a given year. Importantly, Column (6) again shows a significantly larger effect when both generations have the same advisor.

[Table 2 about here]

3.2. Security purchases and sales across generations

Estimating a regression with security × client fixed effects as in Knüpfer et al. (2023) comes with at least two major drawbacks. First, this approach only examines changes at the extensive margin (i.e., clients newly entering or completely closing a security position). Changes at the intensive margin (i.e., clients increasing or decreasing an existing security position) are not captured by this analysis. Second, this approach does not allow us to separately analyze buy and sell decisions. This is problematic because it may well be that parents and children behave more similarly when buying securities than when selling, or vice versa.

We now conduct an analysis that considers the similarity between parents and children in buying and selling securities separately. To this end, we estimate the following linear probability model once for buy and once for sell decisions:

$$buys_{c,j,t} = \alpha + \beta \times buys_{p,j,t} + \mu_{j,t} + \varepsilon \tag{3}$$

$$sells_{c,j,t} = \alpha + \beta \times sells_{p,j,t} + \mu_{j,t} + \varepsilon\,, \tag{4}$$

where c denotes children, p denotes parents, and $buys$ ($sells$) is a binary variable that takes the value one if the client was a net buyer (seller) of security j in month t, and zero otherwise. We add security × month fixed effects, $\mu_{j,t}$, to control for market-wide changes in the probability that certain securities are traded in a given month. To examine whether joint investment advisors mediate the intergenerational correlation, we then also test two alternative specifications:

$$\begin{aligned} buys_{c,j,t} = \alpha + \beta \times buys_{p,j,t} + \gamma \times buys_{p,j,t} \times same\ advisor_{c,p,t} + \\ \delta \times same\ advisor_{c,p,t} + \mu_{j,t} + \varepsilon \end{aligned} \tag{5}$$

$$\begin{aligned} sells_{c,j,t} = \alpha + \beta \times sells_{p,j,t} + \gamma \times sells_{p,j,t} \times same\ advisor_{c,p,t} + \\ \delta \times same\ advisor_{c,p,t} + \mu_{j,t} + \varepsilon \end{aligned} \tag{6}$$

Panel A of Table 3 presents the results. Comparing Columns (1) and (3), the absolute increase in the probability that children make the same investment decision is larger when parents buy a given security in month t, with a coefficient of 14.8pp (t-value: 6.6), than when parents sell a given security in month t, with a coefficient of 8.8pp (t-value: 6.8). However, accounting for the fact that the unconditional probability of security purchases is approximately 1.9 times higher in the estimation sample (see Panel B of Table 1), the *relative* increase in the probability is slightly larger for security sales.

Consistent with the results of the previous section, Columns (2) and (4) reveal a substantial influence of joint advisors. When parents have a different advisor than their children and buy (sell) a given security in month t, the chance that their children buy (sell) the same security increases by 6.2pp (2.6pp). This intergenerational correlation in security trades is amplified when both generations share a common advisor, as evidenced by the statistically significant coefficients on the interaction terms. In particular, a parental purchase (sale) of a given security in month t then leads to an increase in the likelihood that children buy (sell) the same security of 6.2pp + 14.4pp = 20.6pp (2.6pp + 10.3pp = 12.9pp).

[Table 3 about here]

3.3. Advised and unadvised security trades

Next, we investigate which channels drive the influence of joint advisors documented in the previous section. To do so, we exploit a unique feature of the dataset, namely that the data contain information about the exact date and purpose of any physical meeting or phone / mail conversation with a client advisor. This allows us to identify contacts whose primary purpose was to discuss investment opportunities or the overall performance of the client's portfolio. Focusing on these investment-related contacts, we define trades as "advised", if they take place within an event window spanning the day of the contact and the following four days. On the other hand, we define trades as "unadvised", if they (1) take place outside of this window and (2) occur in months without an investment-related contact. We apply this second restriction to mitigate the risk of falsely categorizing trades as "unadvised" that occur shortly before or after the specified event window.

We then re-estimate the regression specifications in Equations (3) to (6), focusing on advised purchases (sales) by the parent as the independent variable and relating this variable to either advised or unadvised purchases (sales) of children as the dependent variable.

When parents and children share a common advisor, the coefficient of a regression with children's advised purchases as the dependent variable can be interpreted as a measure of cross-selling, assuming that advisory contacts of family members tend to be scheduled in the same month.[12] The coefficient of a regression with children's advised sales as the dependent variable measures the extent to which parents and children simultaneously follow the sell recommendations of their advisor, perhaps switching to another stock or mutual fund.

When parents and children have different advisors, a statistically significant coefficient may instead reflect bank-wide sales efforts for certain funds, the bank's house view on individual stocks, or other types of commonalities in the advice provided by the bank's advisors.

In contrast, the coefficients in regressions with children's *unadvised* purchases or sales as the dependent variable capture spillovers of advice within the family, whereby social influence causes children to also respond to investment advice primarily intended for their parents.

The results are reported in Panel B of Table 3. While the baseline coefficients in Columns (1), (3), (5), and (7) are all positive and statistically significant, these results are, to a large extent, driven by parents and children with a common advisor. In the joint advisor case, Columns (2) and (4) show that an advised parental purchase (sale) leads to an increase in the probability of an advised purchase (sale) by their children of 1.1pp + 3.5pp = 4.6pp (0.8pp + 1.9pp = 2.7pp), while Columns (6) and (8) show an increase in the likelihood that children make an *unadvised* purchase (sale) of 1.8pp + 0.9pp = 2.7pp (-0.1pp + 1.9pp = 1.8pp). When parents and children have different advisors, the effects of cross-selling and spillovers of advice are weaker and less significant, indicating that both effects contribute to the role of shared advisors as a mediator of the intergenerational correlation in investment decisions.[13]

In summary, we find (1) that parents and their children tend to select the same securities, (2) that this similarity extends to the timing of security purchases and sales, (3) that all of these relationships are *significantly* stronger when parents and children are advised by the same

[12] The data support this hypothesis. For the same-advisor subsample in Table A2 in the Appendix, the probability that children have at least one advisory contact in a given month is approximately 5%. In months with an advisory contact by their parents, this probability increases more than fivefold to 26.4%.

[13] Column (8) even shows a statistically significant negative coefficient. However, the economic magnitude is negligible at -0.06pp. It is to be expected that the prevalence of cross-selling is lower when parents and children have different advisors. For sell decisions, the spillover effect of advice is also significantly weaker, which may be explained by children being less likely to respond to advice if they have no prior personal relationship with the advisor. This conjecture is supported by tests explained in Section 4.3, which show that spillover effects are more pronounced when children have an established personal relationship with the shared advisor.

person, and (4) that both cross-selling and spillovers of advice within the family contribute to this increase.

4. Robustness tests

This section addresses concerns that the documented influence of joint advisors is driven by another variable. In the first subsection, we investigate which variables affect the probability that parents and children have a common advisor. In the second subsection, we conduct subsample tests in which we split the sample by these determinants of joint advisors (and other variables) and re-estimate the baseline results. Finally, the third subsection presents additional subsample tests for the cross-selling and spillover channels that may contribute to the influence of joint advisors.

4.1 Determinants of joint advisors

The probability that parents and children share a common advisor is expected to be higher if parents are private banking clients. As private banking clients interact more frequently with their advisor, they might build a closer personal connection and therefore exhibit a higher propensity to recommend their advisor to their children.[14] In addition, private banking includes "cross-generational" services, such as tax-efficient estate planning. Hence, parents and children in this segment may benefit more from receiving advice from a common source. Moreover, private banking clients may have the bargaining power to have their children accepted as wealth management clients, even though they would otherwise not qualify.[15] Assuming that clients exhibit some degree of inertia in their choice of advisors, young children may be more likely to have the same advisor as their parents, while older children with more investment experience may be more likely to actively switch to an advisor who best suits their needs. Furthermore, geographic proximity between parents and children may correlate with a common advisor, for example, because it is more convenient for clients to visit a nearby bank branch for an advisory meeting. Finally, clients may choose advisors that are similar to themselves in terms of gender or age, so the probability of shared advisors could be higher (1) if the age distance between parents and children is lower and (2) if they have the same gender (i.e., for mother-daughter and father-son pairs).

[14] In particular, we find that private banking clients and their children have significantly more months with at least one investment-related contact (10% for parents and 6% for children), compared to their peers in the retail segment (6% for parents and 3% for children).

[15] Supporting this view, 73% of all children of private banking clients are themselves classified as private banking clients, while the figure is only 2% for children of retail clients.

To investigate the determinants of joint advisors, we therefore estimate the following logistic regression with the $same\ advisor$ dummy as the dependent variable:

$$logit(P) = \alpha + \beta \times private\ banking_{p,t} + \gamma \times age_{c,t} + \delta \times age\ distance_{c,p} + \theta \times same\ ZIP\ code_{c,p,t} + \varphi \times same\ gender_{c,p} + \varepsilon \quad (7)$$

The unit of observation corresponds to a (parent-child-)pair-month. Standard errors are clustered at the parent level. Results are presented in Table 4. We report marginal effects.

Column (1) shows that the probability of shared advisors increases if parents are private banking clients. In Column (2), we find a statistically significant coefficient for child age, but not for the age distance between parents and children. In Column (3), the coefficients for the $same\ ZIP\ code$ and $same\ gender$ dummy variables are both statistically insignificant. However, Column (4), which includes all explanatory variables, shows an increase in the probability of shared advisors if parents are private banking clients, if children are older, and if both generations live in the same ZIP code.

[Table 4 about here]

4.2 Subsample analysis

In this section, we conduct subsample tests of the baseline results on parent-child similarity in security selection (Columns (3) and (4) of Table 2) and trading behavior (Panel A of Table 3). Regressions are set up according to Equations (1) to (6) and include security × month fixed effects. Results are presented in Table 5. Panel A reports results on security holdings, Panel B on security purchases, and Panel C on security sales.

4.2.1 Results by parent wealth, child age, and geographic proximity

First, we split the sample according to parent wealth, child age, and geographic proximity of parents and children, which the previous section has shown to affect the probability that both generations have the same advisor. The rationale behind these subsample tests is to mitigate the risk that the influence of joint advisors documented in Section 3 stems from one of these correlated variables.

Columns (1) and (3) of Panel A show that the baseline results mask substantial heterogeneity by parent wealth. For parents who are private banking clients, parental ownership increases children's probability of owning the security by 20.7pp (t-value: 7.7), about twice as large as

the 10.4pp (t-value: 9.3) increase for parents who are retail clients.[16] Columns (2) and (4) also show a marked increase in the coefficients when parents and children have the same advisor. This difference shows up in both subsamples, given the positive and statistically significant coefficients for the interaction terms. However, it is much larger if parents are private banking clients, with a borderline significant coefficient of 3.1pp (t-value: 1.9) in the different advisor case. These results suggest that the influence of the advisor largely outweighs the social influence of family members in the case of wealthy families. For security purchases and sales in Panels B and C, the pattern looks similar.

Columns (5) and (7) show results from regressions estimated separately for children who are 40 years old or younger and for children who are older than 40 years. The similar economic magnitude of the coefficients in Panels A to C suggests that there are no pronounced life-cycle effects. Columns (6) and (8) confirm a large impact of joint advisors on the similarity between parents and children in security selection and trading behavior.

Columns (9) and (11) split the sample by the geographic proximity of parents and children, which we approximate by both generations living in the same ZIP code. Panels A and B display a stronger similarity in security choice and security purchases when parents and children are located in the same ZIP code, possibly because living in the vicinity of family members provides more opportunities to talk about investment ideas.[17] In contrast, the coefficients are almost identical for security sales in Panel C. Finally, Columns (10) and (12) once more show a considerable influence of joint advisors.

Overall, the evidence presented in this section suggests that the influence of joint advisors does not originate from a correlated variable, in particular, parent wealth, child age, or geographic proximity. In addition, the results reveal a much stronger alignment in the investment decisions of wealthy private banking clients and their children.

4.2.2 Results for stocks versus mutual funds

Another concern may be that the results are driven by either stocks or mutual funds. For example, investors may have a stronger opinion on the prospects of individual companies than

[16] Consistent with a closer alignment in investment behavior, there is significantly larger portfolio overlap at the individual-security level between private banking clients and their children. In particular, the mean (median) share of investment wealth in securities co-held by parents and children is 29.2% (18.9%) for private banking clients and 35.3% (23.9%) for their children, compared to 22.6% (4.9%) for retail clients and 29.0% (6.5%) for their children.

[17] This view is consistent with research that documents peer effects among neighbors (see, e.g., Hong et al., 2004, Ivkovic and Weisbenner, 2007, and Brown et al., 2008). Alternatively, if family members have a closer relationship to begin with, this may simultaneously cause more coordinated investment behavior and a higher propensity to live in the same location.

on diversified funds. Assuming that family members are more likely to talk about the former, parents and children may behave more similarly when investing in individual stocks. On the other hand, cross-selling by the advisor might result in a larger effect for mutual funds. To test these competing hypotheses, we split the sample by security type, with the first subsample containing only mutual funds and the second subsample containing only individual stocks.

Columns (13) and (15) show that the baseline results are not confined to either stocks or mutual funds. Furthermore, Columns (14) and (16) show that joint advisors matter irrespective of security type, as evidenced by the consistently positive and statistically significant coefficients for the interaction terms.

4.2.3 Excluding in-house funds

In addition, we test the robustness of the results after excluding in-house funds. If advisors are strongly incentivized to cross-sell the bank's own funds to family members, these sales efforts may exert an undue influence on the key finding that the coefficients increase significantly when both generations share a common advisor.

To address such concerns, we identify all of the bank's in-house funds, exclude them from the estimation sample and then re-estimate the baseline results. Columns (17) and (18) show that the results remain qualitatively unchanged after restricting the investment universe to stocks and third-party funds. In fact, doing so leads to a slight increase in the size and statistical significance of the coefficients.

4.2.4 Results for most frequently held securities versus all others

The general popularity of a given security might also play a role. For example, the influence of joint advisors could be limited to a small number of securities that are much more likely to constitute part of an investor's portfolio, while not being present among less popular securities, such as foreign small cap stocks. To test this conjecture, we first identify the 100 most popular securities, measured by clients' unconditional ownership probability. We then re-estimate our baseline results for these securities and all other 2,074 less frequently held securities.

Columns (19) and (21) show that the influence of parents' investment decisions on those of their children can be observed in both subsamples, with coefficients statistically significant at the 1% level.[18] Columns (20) and (22) show that, within both subsamples, this influence is

[18] Naturally, the conditional probability that children own or trade the security if their parents do *not* is much larger for the 100 most popular securities. This can be seen when comparing the intercept terms, which are not displayed in Table 5. For example, in Column (17) of Panel A the intercept equals 1.73 (t-value: 20.4), while in Column (19) of Panel A the intercept equals 0.05 (t-value: 13.6).

significantly stronger if parents and children have the same advisor. Based on these outcomes, we conclude that our baseline results also hold for securities that are less likely to appear in an investor's portfolio.

4.2.5 Changes in same advisor status

To address endogeneity concerns, we next re-estimate the baseline results for parent-child pairs that switch from different advisors to the same advisor or vice versa. Out of a total of 895 parent-child pairs in the sample, such a change occurs for 236 parent-child pairs. The remaining parents and children either share a common advisor or have different advisors throughout the entire sample period.

Supportive of a causal relationship, Column (24) shows that we still obtain positive coefficients for the interaction terms when we restrict the sample to parent-child pairs that switch to or from a shared advisor. However, for security purchases in Panel B, the coefficient is not statistically significant. Overall, the results are consistent with those in Section 3.3, which show that cross-selling and spillovers of advice within the family both represent plausible channels for a causal influence of joint advisors.

[Table 5 about here]

4.3 Subsample analysis for advised and unadvised trades

In this subsection, we first conduct an additional test for the cross-selling channel, which may contribute to the influence of joint advisors. Specifically, we restrict the sample to months with an investment-related contact between children and their advisor, either in the current month t or the previous month $t-1$.[19] As advised trades require a contact between children and their advisor, we would expect a stronger cross-selling effect in this restricted sample than in the baseline specification (see Columns (1) to (4) of Panel B of Table 3). Results are reported in Table A3 in the Appendix. Columns (1) and (3) show that the coefficients are almost three times as large in the restricted sample compared to our baseline results. However, the positive coefficients on the interaction terms for joint advisors in Columns (2) and (4) are not statistically significant, possibly due to the smaller number of observations in the restricted sample.

Second, we test whether spillovers of advice within the family are stronger when there is a pre-existing client-advisor relationship. In particular, a higher level of trust resulting from previous interactions with the advisor may facilitate spillovers of advice from parents to children when

[19] We include month $t-1$ because, for example, a client may have an investment-related advisory contact on the 30th of January and then buy a security on the 2nd of February. We would then classify this trade as an "advised" purchase, as it occurs within a 4-day window after the contact.

both generations share the same advisor.[20] To empirically test this conjecture, we restrict the sample to children who have had more than five months in the past with at least one advisory contact. Since our goal is to measure the relationship intensity, we consider all types of contacts between advisors and their clients. We then re-estimate the regression specifications in Columns (5) to (8) of Panel B of Table 3. Compared to the baseline results, Columns (5) to (8) of Table A3 show that spillovers of advice within the family are more pronounced when children have established a relationship to their advisor through more than five months with an advisory contact.

5. Placebo tests

To deal with concerns that bank-wide effects or biases originating from our estimation methodology result in an overestimation of the parental influence on children and the impact of joint advisors, we conduct several placebo tests. Specifically, we replace children's parents with randomly selected clients and examine the predictive power of these clients' investment decisions for those of the children by estimating regressions with security × month fixed effects, as described in Equations (1), (3), and (4). Each month, these "placebo parents" are drawn out-of-sample from the population of all clients who hold at least one stock or mutual fund, but for whom data on family relationships are missing, which is the vast majority of clients in the initial sample (21,307 in total). We test three different methods of assigning these clients:

First, we simply assign a random client from the cross-section of all eligible clients in a given month. This specification serves to ensure the validity of the estimation approach used in the main analysis. If the investment decisions of children are significantly predicted by those of bank clients randomly selected from the entire cross-section, this indicates that our results (at least partially) arise mechanically. Second, we select a random client with similar characteristics as the parent, in particular, clients with matching customer segment (i.e., private banking or retail), gender, and birth decade. If we obtain significant coefficients in this setup, this suggests the existence of clientele effects, i.e., bank-wide commonalities among particular groups of clients and their children to own or trade certain securities. Third, we draw a random client with the same advisor as the child. This specification provides a reasonable estimate for "advisor

[20] The importance of trust in facilitating delegation of investment decisions is demonstrated in a model proposed by Gennaioli et al. (2015), among others.

effects", whereby clients of a particular advisor tend to hold and trade similar securities, possibly reflecting that advisor's personal investment philosophy.[21]

Table 6 presents the results. In Column (1), none of the coefficients turn out significant when placebo parents are randomly selected from the entire population. When drawing placebo parents from the population of clients whose demographic traits resemble those of the parents in Column (2), there is a significant but economically small similarity in security holdings and purchases, suggesting a limited influence of clientele effects. Finally, Column (3) shows that children's security holdings and purchases are significantly predicted by those of placebo parents with the same advisor as the children, even though the effects are much weaker than for children's actual parents. Nevertheless, the results suggest that the influence of joint advisors shown in Tables 2 and 3 is at least partly due to an "advisor effect", i.e., a tendency of clients of a particular advisor to hold or trade certain securities according to that advisor's beliefs and incentives.

[Table 6 about here]

6. Conclusion

Prior research shows that social influence in the family induces parents and children to hold the same securities (Knüpfer et al., 2023). Analyzing monthly data on portfolio holdings of clients of a Swiss retail bank from January 2009 to June 2021, we show that the similarity between the security holdings of parents and their children becomes *significantly* stronger when parents and children share a common investment advisor. Hence, our results suggest an important role of advisors in facilitating the parent-child similarity in security selection documented in prior literature. Furthermore, we present novel evidence that this intergenerational correlation extends to the timing of security purchases and sales.

When parents and children have different advisors, children's propensity to own a particular security equals 11% if their parents also own the security. The probability that children buy (sell) a particular security in a given month increases by 6pp (3pp) if their parents buy (sell) the same security. In contrast, when parents and children have the same advisor, children's conditional ownership probability increases to 26% if their parents also own the security. Similarly, the probability that children buy (sell) a particular security in a given month increases by 21pp (13pp) if their parents buy (sell) the same security. Exploiting granular data on trades

[21] This line of reasoning is consistent with Foerster et al. (2017), who find that advisors exert substantial influence over their clients' asset allocation, and Linnainmaa et al. (2021), who show that advisors personally hold the investments they recommend to their clients.

and advisor-client interactions, additional tests suggest that both cross-selling and spillovers of advice within the family contribute to the documented effect of joint advisors.

The influence of joint advisors survives various subsample tests, making it unlikely that the effect stems from another correlated variable. Within subsamples stratified by parents' wealth, children's age, geographic proximity between parents and children, security type, or security popularity, the economic magnitude of the estimates consistently increases when parents and children have the same advisor. This also applies to a sample restricted to parent-child pairs who switch from different advisors to the same advisor or vice versa. Moreover, wealthy private banking clients and their children exhibit coefficients that are twice as large compared to clients in the retail segment, suggesting a closer alignment of investment behavior among members of affluent families.

Finally, a placebo test in which we randomly replace children's parents with other clients shows that children's investment decisions are significantly predicted by those of random clients with the same advisor as the children. In contrast, the effect is insignificant for clients randomly drawn from the entire population of the bank's customers. Overall, these outcomes point to a general "advisor effect" in investment behavior.

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Table 1: Summary statistics

Panel A of this table presents summary statistics on client and portfolio characteristics. Panel B shows clients' average monthly investment decisions in stocks and mutual funds. The unit of observation in Panel A is a (parent-child-)pair-month and the unit of observation in Panel B is a pair-security-month triplet. The unbalanced panel consists of 895 parent-child pairs and spans a 150-month period from January 2009 to June 2021. For a parent-child pair to be included in a given month, both the parent and the child must own at least one stock or mutual fund. Exact variable definitions are provided in Table A1 in the Appendix.

Panel A: Client / portfolio characteristics

	Children				Parents			
	Mean	Median	SD	N	Mean	Median	SD	N
Age (years)	38.67	39.00	12.46	60,885	69.45	70.00	11.97	60,885
Female (d)	0.43	0.00	0.49	60,885	0.52	1.00	0.50	60,885
Private banking (d)	0.22	0.00	0.41	60,885	0.28	0.00	0.45	60,885
Same advisor (d)	0.51	1.00	0.50	60,885	0.51	1.00	0.50	60,885
Same ZIP code (d)	0.51	1.00	0.50	56,482	0.51	1.00	0.50	56,482
Bank wealth (CHF)	232,024	111,399	534,548	60,885	541,378	223,880	1,666,806	60,885
Investment wealth (CHF)	114,648	32,259	311,195	60,885	362,872	98,897	1,521,486	60,885
Share in co-held securities (%)	30.73	11.04	36.99	60,885	24.44	8.64	31.33	60,885
Investment advice (d)	0.04	0.00	0.19	60,885	0.07	0.00	0.25	60,885
Number of securities held (#)	4.66	3.00	5.39	60,885	6.53	4.00	6.10	60,885
Monthly portfolio return (%)	0.33	0.37	3.52	58,652	0.26	0.29	2.95	58,651
Direct equity share (%)	50.01	46.69	43.31	60,885	49.40	43.72	39.92	60,885
Equity fund share (%)	8.20	0.00	21.22	60,885	6.02	0.00	16.30	60,885
Direct bond share (%)	3.30	0.00	11.98	60,885	6.99	0.00	16.23	60,885
Bond fund share (%)	5.72	0.00	18.92	60,885	10.09	0.00	22.48	60,885
Other / balanced fund share (%)	30.79	0.00	39.77	60,885	24.86	5.40	32.80	60,885
Other direct holdings share (%)	1.96	0.00	9.18	60,885	2.64	0.00	9.34	60,885

Panel B: Mean investment decisions in stocks and mutual funds

	Children		Parents	
	Full estimation sample (multiplied by 100)	Actual investments (invested = 1)	Full estimation sample (multiplied by 100)	Actual investments (invested = 1)
Invested (d)	0.1656	1.0000	0.2211	1.0000
Buy (d)	0.0068	0.0413	0.0068	0.0309
Buy advised (d)	0.0005	0.0028	0.0009	0.0040
Buy unadvised (d)	0.0058	0.0353	0.0052	0.0235
Buy unclassified (d)	0.0005	0.0032	0.0007	0.0034
Sell (d)	0.0036	0.0218	0.0043	0.0193
Sell advised (d)	0.0004	0.0022	0.0008	0.0035
Sell unadvised (d)	0.0030	0.0179	0.0031	0.0139
Sell unclassified (d)	0.0002	0.0017	0.0004	0.0019
N	132,363,990	219,232	132,363,990	292,594

Table 2: Similarity in security choice across generations

This table shows the results of panel regressions of a binary variable for children's ownership of a given security on a binary variable for parents' ownership of the same security, a dummy variable for a joint advisor with the children, and interaction terms between the two. Each month, the investment universe of parents and children consist of all stocks and mutual funds that appear in the final dataset, resulting in 2,174 × 60,885 = 132,363,990 pair-security-month triplets. Columns (1) and (2) present baseline estimates of children's conditional ownership probabilities. Columns (3) and (4) include security × month fixed effects. Columns (5) and (6) include both security × month and security × client fixed effects. Regressions are set up according to Equations (1) and (2). Exact variable definitions are provided in Table A1 in the Appendix. The sample period spans January 2009 to June 2021. Standard errors are double-clustered at the parent and security level. t-statistics are provided in parentheses. Coefficients are multiplied by 100 to reflect percentage point changes. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level.

	Dependent variable: Child invested					
	(1)	(2)	(3)	(4)	(5)	(6)
Parent invested	19.54***	10.69***	16.30***	7.29***	10.97***	5.91***
	(10.05)	(7.28)	(9.51)	(6.81)	(7.72)	(6.35)
" × same advisor		14.76***		15.02***		8.50***
		(5.63)		(5.99)		(5.54)
Same advisor		0.02		0.02		-0.00
		(1.36)		(1.59)		(-0.45)
Intercept	0.12***	0.11***	0.13***	0.12***	0.14***	0.14***
	(10.02)	(7.93)	(20.03)	(13.54)	(45.02)	(39.47)
adj. R^2	0.051	0.058	0.077	0.084	0.745	0.746
N	132,363,990					
Fixed effects: Security × month	No	No	Yes	Yes	Yes	Yes
Fixed effects: Security × client	No	No	No	No	Yes	Yes

Table 3: Similarity in security purchases and sales across generations

Panel A of this table shows the results of panel regressions of a binary variable for children's net purchase (sale) of a given security on a binary variable for parents' net purchase (sale) of the same security, a dummy variable for a joint advisor with the children, and interaction terms between the two. Columns (1) and (2) show results for buy decisions and Columns (3) and (4) show results for sell decisions. Regressions are set up according to Equations (3) to (6). In Panel B, the dependent variables are advised or unadvised trades of children. The independent variables are advised trades of parents, a dummy variable for a joint advisor with the children, and interaction terms between the two. Section 3.3 and Table A1 in the Appendix provide details on the construction of these variables. All specifications include security × month fixed effects. The unit of observation is a pair-security-month triplet. The sample period spans January 2009 to June 2021. Standard errors are double-clustered at the parent and security level. t-statistics are provided in parentheses. Coefficients are multiplied by 100 to reflect percentage point changes. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level.

Panel A: Baseline results

Dependent variable:	Child buys		Child sells	
	(1)	(2)	(3)	(4)
Parent buys	14.80***	6.20***		
	(6.61)	(5.49)		
" × same advisor		14.44***		
		(4.51)		
Parent sells			8.83***	2.55***
			(6.81)	(3.57)
" × same advisor				10.34***
				(5.15)
Same advisor		-0.00		0.00
		(-0.49)		(0.12)
Intercept	0.01***	0.01***	0.00***	0.00***
	(17.88)	(9.62)	(15.77)	(9.83)
adj. R^2	0.034	0.039	0.015	0.018
N	132,363,990			
Fixed effects: Security × month	Yes	Yes	Yes	Yes

Panel B: Advised trades of parents

Dependent variable:	Child buys advised		Child sells advised		Child buys unadvised		Child sells unadvised	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Parent buys advised	3.28***	1.09			2.34***	1.77		
	(3.07)	(1.48)			(3.24)	(1.53)		
" × same advisor		3.53*				0.93		
		(1.93)				(0.71)		
Parent sells advised			1.94***	0.76*			1.12**	-0.06***
			(3.39)	(1.78)			(2.53)	(-3.96)
" × same advisor				1.90*				1.90***
				(1.85)				(2.86)
Same advisor		0.00***		0.00***		0.00		0.00
		(2.65)		(2.79)		(0.22)		(0.30)
Intercept	0.00***	0.00***	0.00***	0.00***	0.01***	0.01***	0.00***	0.00***
	(8.95)	(4.17)	(7.78)	(3.17)	(17.98)	(9.48)	(16.65)	(10.24)
adj. R^2	0.002	0.003	0.001	0.001	0.012	0.012	0.005	0.006
N	132,363,990							
FE: Sec. × month	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 4: Determinants of same advisor status

This table presents results for logistic regression models, where the dependent variable is a dummy variable that equals one if parent and children have the same investment advisor in month t, and zero otherwise. Parent-child age distance is computed as the difference in years between the age of parents and their children. Same gender is a dummy variable that equals one if both the parent and the child are male or female, and zero otherwise. Exact variable definitions are provided in Table A1 in the Appendix. The unit of observation is a (parent-child-)pair-month. The sample period spans January 2009 to June 2021. The table reports marginal effects. Standard errors are clustered at the parent level. t-statistics are provided in parentheses. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level.

	Dependent variable: Same advisor			
	(1)	(2)	(3)	(4)
Parent private banking client	1.06***			0.80***
	(5.53)			(3.71)
Child age		0.02***		0.01**
		(2.95)		(2.03)
Parent-child age distance		0.02		0.00
		(1.21)		(0.32)
Same ZIP code			0.21	0.34**
			(1.43)	(2.34)
Same gender			-0.05	-0.03
			(-0.31)	(-0.22)
Intercept	-0.24***	-1.19**	-0.13	-1.04*
	(-2.76)	(-2.07)	(-0.93)	(-1.73)
Pseudo-R^2	0.038	0.008	0.002	0.028
N	60,885	60,885	56,482	56,482

Table 5: Subsample analysis

This table shows subsample tests of the baseline results on parent-child similarity in security choice (Columns (3) and (4) of Table 2) and trading behavior (Panel A of Table 3). The dependent variable is a dummy variable for children's ownership (Panel A) purchase (Panel B), or sale (Panel C) of a given security, which is regressed on the corresponding variable for the parents, a dummy variable for a joint advisor with the children, and interaction terms between the two. Regressions are set up according to Equations (1) to (6). For brevity, the coefficients of the intercept and the dummy variable for joint advisors are omitted. Columns (1) to (4) show results by parent wealth (i.e., for parents who are private banking clients vs. parents who are retail clients). Columns (5) to (8) show results by child age (i.e., for children who are at most 40 years old vs. older children). Columns (9) to (12) show results by parent-child geographic proximity (i.e., for parents and children who live in the same ZIP code vs. all others). Columns (13) to (16) show results by security type (i.e., single stocks vs. mutual funds). Columns (17) and (18) show results after excluding all of the bank's in-house funds from the estimation sample. Columns (19) to (22) show results by security popularity (100 most frequently held securities vs. all others). Columns (23) and (24) show results for parent-child pairs with a change in "same advisor" status. All specifications include security × month fixed effects. Exact variable definitions are provided in Table A1 in the Appendix. The unit of observation is a pair-security-month triplet. The sample period spans January 2009 to June 2021. Standard errors are double-clustered at the parent and security level. t-statistics are provided in parentheses. Coefficients are multiplied by 100 to reflect percentage point changes. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level.

	Dependent variable: Child invested / buys / sells											
Independent var.:	Parent wealth				Child age				Parent-child geographic proximity			
Parent invested /	Private banking client		Retail client		≤ 40 years		> 40 years		Same ZIP code		Different ZIP code	
buys / sells	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Panel A: Holdings												
Parent invested	20.72***	3.06*	10.36***	8.08***	15.80***	8.35***	16.46***	5.88***	16.32***	11.07***	11.06***	3.44***
	(7.65)	(1.88)	(9.27)	(6.47)	(7.43)	(5.94)	(7.43)	(3.51)	(7.33)	(5.84)	(6.33)	(3.49)
" × same advisor		23.01***		5.11***		13.33***		16.51***		9.02**		14.12***
		(6.27)		(2.96)		(3.78)		(5.11)		(2.52)		(5.44)
adj. R^2	0.121	0.134	0.062	0.063	0.082	0.089	0.079	0.086	0.081	0.084	0.062	0.069
Panel B: Purchases												
Parent buys	21.40***	3.55***	8.02***	6.93***	15.11***	6.99***	14.31***	4.59**	13.21***	8.86***	9.78***	3.03***
	(5.76)	(2.80)	(7.05)	(4.88)	(6.03)	(5.43)	(3.91)	(2.22)	(4.97)	(4.47)	(4.93)	(3.29)
" × same advisor		23.34***		2.53		15.18***		14.39***		7.85*		12.64***
		(5.05)		(1.48)		(3.82)		(2.98)		(1.93)		(3.72)
adj. R^2	0.058	0.068	0.026	0.026	0.044	0.051	0.027	0.031	0.036	0.038	0.021	0.025
Panel C: Sales												
Parent sells	12.12***	0.97**	5.35***	3.40***	8.99***	2.79***	8.62***	2.16**	6.63***	4.14***	6.65***	0.91**
	(5.34)	(2.05)	(4.86)	(3.28)	(5.71)	(3.11)	(4.21)	(2.03)	(5.19)	(3.21)	(3.47)	(2.14)
" × same advisor		15.39***		4.01**		11.08***		9.76***		4.35**		10.52***
		(5.21)		(2.52)		(4.40)		(3.22)		(2.10)		(3.31)
adj. R^2	0.025	0.031	0.011	0.012	0.019	0.023	0.012	0.015	0.013	0.014	0.011	0.015
N	36,849,300		95,514,690		72,402,896		59,961,094		62,615,548		60,176,320	
FE: Sec. × month	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 5 (cont.)

	Dependent variable: Child invested / buys / sells											
Independent var.:	Security type				Excluding		Security popularity				Change in	
Parent invested /	Stocks		Mutual funds		in-house funds		Top 100 most popular		Other 2,074 securities		same advisor variable	
buys / sells	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
Panel A: Holdings												
Parent invested	19.67***	9.52***	11.09***	4.39***	17.69***	8.10***	17.98***	8.64***	13.51***	4.83***	12.10***	8.21***
	(8.18)	(6.25)	(8.26)	(3.53)	(9.39)	(7.07)	(8.78)	(6.96)	(6.45)	(3.91)	(6.06)	(4.89)
" × same advisor		16.13***		12.05***		15.09***		16.08***		13.71***		6.57**
		(4.62)		(5.09)		(5.59)		(5.73)		(4.17)		(2.52)
adj. R^2	0.095	0.103	0.052	0.057	0.084	0.091	0.088	0.097	0.026	0.032	0.071	0.072
Panel B: Purchases												
Parent buys	16.89***	7.57***	11.85***	4.53***	16.44***	6.21***	14.03***	8.08***	15.74***	3.37***	6.50***	4.95***
	(5.17)	(5.40)	(5.98)	(2.69)	(6.22)	(5.44)	(5.86)	(5.13)	(4.97)	(3.77)	(7.06)	(4.41)
" × same advisor		14.94***		13.14***		16.08***		10.58***		19.43***		2.56
		(3.37)		(3.91)		(4.60)		(3.51)		(4.32)		(1.59)
adj. R^2	0.038	0.043	0.030	0.034	0.035	0.041	0.036	0.038	0.030	0.040	0.021	0.021
Panel C: Sales												
Parent sells	7.86***	3.04***	10.15***	1.84*	9.38***	2.71***	6.64***	2.65***	10.80***	2.43**	4.76***	3.38**
	(6.13)	(3.48)	(4.36)	(1.89)	(6.89)	(3.86)	(6.46)	(2.98)	(5.42)	(2.51)	(3.52)	(2.37)
" × same advisor		8.03***		13.46***		10.60***		6.84***		13.28***		2.23*
		(3.93)		(3.85)		(5.15)		(5.21)		(4.32)		(1.79)
adj. R^2	0.012	0.014	0.018	0.023	0.015	0.018	0.012	0.013	0.019	0.024	0.011	0.011
N	75,680,055		56,683,935		103,262,131		6,088,500		126,275,490		48,323,672	
FE: Sec. × month	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 6: Placebo tests

This table shows the results of placebo tests, in which children's parents are replaced with another client ("placebo parent"). The dependent variable is a dummy variable for children's ownership (Panel A) purchase (Panel B), or sale (Panel C) of a given security, which is regressed on the corresponding variable for placebo parents. Regressions are set up according to Equations (1), (3), and (4). For brevity, the coefficients of the intercept terms are not reported. Each month, placebo parents are randomly drawn out-of-sample from the cross-section of all bank clients for whom data on family relationships is missing (21,307 clients in total). In Column (1), we draw from the entire population of clients. In Column (2), we draw from the population of clients with the same gender, birth decade and client type (retail or private banking client) as the parent. In Column (3), we draw from the population of clients who have the same advisor as the child. All specifications include security × month fixed effects. Exact variable definitions are provided in Table A1 in the Appendix. The unit of observation is a pair-security-month triplet. The sample period spans January 2009 to June 2021. Standard errors are double-clustered at the parent and security level. t-statistics are provided in parentheses. Coefficients are multiplied by 100 to reflect percentage point changes. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level.

	Dependent variable: Child invested / buys / sells		
Independent variable: Client invested / buys / sells	(1) All clients	(2) Clients with similar characteristics as parent	(3) Clients with same advisor as child
Panel A: Holdings			
Client invested	0.12	1.97***	4.54***
	(1.29)	(3.33)	(4.42)
adj. R^2	0.044	0.044	0.045
Panel B: Purchases			
Client buys	0.11	0.32*	2.12**
	(0.76)	(1.93)	(2.53)
adj. R^2	0.012	0.012	0.012
Panel C: Sales			
Client sells	-0.03	-0.01	1.78*
	(-0.33)	(-0.09)	(1.79)
adj. R^2	0.005	0.005	0.006
N		132,363,990	
FE: Sec. × month	Yes	Yes	Yes

Table A1: Variable descriptions

This table contains definitions of all variables used in the empirical analysis.

Variable	Description
Panel A: Client / portfolio characteristics	
Age (years)	Age of client in years.
Age distance (years)	Difference between the age of the parent and the age of the child in years.
Female (d)	Dummy that equals one for female and zero for male clients.
Private banking client (d)	Dummy that equals one if the person is classified as a private banking client, and zero if the person is classified as a retail client.
Same advisor (d)	Dummy that equals one if the parent and the child have the same investment advisor in a given month, and zero otherwise.
Same ZIP code (d)	Dummy that equals one if the home addresses of the parent and the child are located in the same ZIP in a given month, and zero otherwise.
Same gender (d)	Dummy that equals one if both the parent and the child are male or female, and zero otherwise.
Bank wealth (CHF)	Financial wealth a client holds at the bank in CHF, defined as the sum of cash holdings, financial investments (i.e., direct security holdings and fund shares), and voluntary "pillar 3a" retirement assets (accounts and funds). We deduct account overdrafts, but do not net against mortgages and loans.
Investment wealth (CHF)	Investment wealth a client holds at the bank in CHF (i.e. direct security holdings and fund shares), excluding cash holdings and "pillar 3a" funds.
Share in co-held securities (%)	Share of investment wealth in securities that parents and children jointly own in a given month.
Investment advice (d)	Dummy that equals one if there was at least one investment-related client-advisor contact in a given month (i.e., meeting or mail / phone contact).
Number of securities held (#)	Within investment wealth, total number of different securities owned by a client at the beginning of the month.
Monthly portfolio return (%)	Portfolio return on investment wealth per month in percent, adjusted for security purchases and sales. For parents and children, returns that rank above the 99th or below the 1st percentile are dropped.
Direct equity share (%)	Share of investment wealth in direct stock holdings.
Equity fund share (%)	Share of investment wealth in all-equity funds.
Direct bond share (%)	Share of investment wealth in direct bond holdings.
Bond fund share (%)	Share of investment wealth in all-bond funds.
Other / balanced fund share (%)	Share of investment wealth in mixed bond-equity, exchange-traded, private equity, hedge, commodity, and real estate funds.
Other direct holdings share (%)	Share of investment wealth in structured products, derivative instruments, and precious metal accounts.
Panel B: Investment decisions in stocks and mutual funds	
Invested (d)	Dummy that equals one if a client owns a security in a given month, and zero otherwise.
Buy (d)	Dummy that equals one if a client is a net buyer of a security in month t and zero otherwise.
Buy advised (d)	Dummy that equals one if a client is a net buyer of a security in month t and bought within a four-day window after an investment-related contact.
Buy unadvised (d)	Dummy that equals one if a client is a net buyer of a security in month t, bought outside of a four-day window after an investment-related contact and did not have an investment-related contact in the current month.
Sell (d)	Dummy that equals one if a client is a net seller of a security in month t and zero otherwise.
Sell advised (d)	Dummy that equals one if a client is a net seller of a security in month t and sold within a four-day window after an investment-related contact.
Sell unadvised (d)	Dummy that equals one if a client is a net seller of a security in month t sold outside of a four-day window after an investment-related contact and did not have an investment-related contact in the current month.

Table A2: Summary statistics: Same-advisor versus different-advisor subsample

This table shows client / portfolio characteristics and average monthly investment decisions in stocks and mutual funds for parent-child-observations in which parents and children have the same advisor, compared to parent-child-observations in which parents and children have different advisors. Panels A and B (C and D) report this information for children (parents). The unit of observation in Panels A and C is a (parent-child-)pair-month and the unit of observation in Panels B and D is a pair-security-month triplet. The unbalanced panel consists of 895 parent-child pairs and spans a 150-month period from January 2009 to June 2021. For a parent-child pair to be included in a given month, both the parent and the child must own at least one stock or mutual fund. Exact variable definitions are provided in Table A1 in the Appendix.

Panel A: Client / portfolio characteristics for children

	Same advisor				Different advisor			
	Mean	Median	SD	N	Mean	Median	SD	N
Age (years)	39.84	40.00	12.44	31,172	37.45	37.00	12.37	29,713
Female (d)	0.48	0.00	0.50	31,172	0.38	0.00	0.48	29,713
Private banking (d)	0.38	0.00	0.48	31,172	0.05	0.00	0.21	29,713
Same advisor (d)	1.00	1.00	0.00	31,172	0.00	0.00	0.00	29,713
Same ZIP code (d)	0.54	1.00	0.50	27,562	0.48	0.00	0.50	28,920
Bank wealth (CHF)	308,026	142,764	695,676	31,172	152,291	87,047	255,687	29,713
Investment wealth (CHF)	168,745	44,437	407,710	31,172	57,894	20,531	133,274	29,713
Share in co-held securities (%)	34.45	20.37	37.16	31,172	26.83	1.71	36.40	29,713
Investment advice (d)	0.05	0.00	0.21	31,172	0.03	0.00	0.17	29,713
Number of securities held (#)	5.42	3.00	6.01	31,172	3.86	2.00	4.52	29,713
Monthly portfolio return (%)	0.36	0.37	3.47	30,133	0.30	0.38	3.56	28,519
Direct equity share (%)	50.02	47.32	42.22	31,172	50.00	45.40	44.43	29,713
Equity fund share (%)	8.72	0.00	20.85	31,172	7.66	0.00	21.58	29,713
Direct bond share (%)	4.94	0.00	14.09	31,172	1.59	0.00	8.96	29,713
Bond fund share (%)	7.07	0.00	20.54	31,172	4.32	0.00	16.94	29,713
Other / balanced fund share (%)	26.53	0.00	37.34	31,172	35.26	1.30	41.69	29,713
Other direct holdings share (%)	2.72	0.00	10.81	31,172	1.18	0.00	6.99	29,713

Panel B: Children's mean investment decisions in stocks and mutual funds

	Same advisor		Different advisor	
	Full estimation sample (multiplied by 100)	Actual investments (invested = 1)	Full estimation sample (multiplied by 100)	Actual investments (invested = 1)
Invested (d)	0.1966	1.0000	0.1331	1.0000
Buy (d)	0.0071	0.0362	0.0065	0.0491
Buy advised (d)	0.0006	0.0031	0.0003	0.0023
Buy unadvised (d)	0.0059	0.0298	0.0058	0.0437
Buy unclassified (d)	0.0006	0.0033	0.0004	0.0031
Sell (d)	0.0039	0.0198	0.0033	0.0249
Sell advised (d)	0.0005	0.0026	0.0002	0.0017
Sell unadvised (d)	0.0030	0.0153	0.0029	0.0219
Sell unclassified (d)	0.0004	0.0019	0.0002	0.0013
N	67,767,928	133,250	64,596,062	85,982

Table A2 (cont.)

Panel C: Client / portfolio characteristics for parents

	Same advisor				Different advisor			
	Mean	Median	SD	N	Mean	Median	SD	N
Age (years)	70.67	71.00	11.94	31,172	68.17	68.00	11.86	29,713
Female (d)	0.55	1.00	0.50	31,172	0.50	0.00	0.50	29,713
Private banking (d)	0.38	0.00	0.48	31,172	0.17	0.00	0.38	29,713
Same advisor (d)	1.00	1.00	0.00	31,172	0.00	0.00	0.00	29,713
Same ZIP code (d)	0.54	1.00	0.50	27,562	0.48	0.00	0.50	28,920
Bank wealth (CHF)	715,668	248,043	2,174,806	31,172	358,530	204,400	815,880	29,713
Investment wealth (CHF)	535,545	127,806	2,022,608	31,172	181,720	81,262	622,627	29,713
Share in co-held securities (%)	28.26	15.18	32.18	31,172	20.43	1.71	29.90	29,713
Investment advice (d)	0.07	0.00	0.26	31,172	0.06	0.00	0.24	29,713
Number of securities held (#)	7.43	5.00	7.02	31,172	5.59	4.00	4.79	29,713
Monthly portfolio return (%)	0.28	0.31	2.98	30,097	0.24	0.28	2.91	28,554
Direct equity share (%)	51.20	45.76	39.32	31,172	47.52	40.92	40.45	29,713
Equity fund share (%)	6.44	0.00	17.10	31,172	5.58	0.00	15.41	29,713
Direct bond share (%)	7.45	0.00	16.67	31,172	6.50	0.00	15.74	29,713
Bond fund share (%)	9.52	0.00	21.47	31,172	10.69	0.00	23.48	29,713
Other / balanced fund share (%)	22.62	4.34	31.57	31,172	27.21	8.05	33.88	29,713
Other direct holdings share (%)	2.77	0.00	9.74	31,172	2.50	0.00	8.91	29,713

Panel D: Parents' mean investment decisions in stocks and mutual funds

	Same advisor		Different advisor	
	Full estimation sample (multiplied by 100)	Actual investments (invested = 1)	Full estimation sample (multiplied by 100)	Actual investments (invested = 1)
Invested (d)	0.2588	1.0000	0.1814	1.0000
Buy (d)	0.0079	0.0307	0.0057	0.0313
Buy advised (d)	0.0011	0.0042	0.0007	0.0038
Buy unadvised (d)	0.0060	0.0232	0.0044	0.0241
Buy unclassified (d)	0.0008	0.0033	0.0006	0.0034
Sell (d)	0.0051	0.0196	0.0034	0.0189
Sell advised (d)	0.0009	0.0036	0.0006	0.0033
Sell unadvised (d)	0.0036	0.0139	0.0025	0.0139
Sell unclassified (d)	0.0006	0.0021	0.0003	0.0017
N	67,767,928	175,414	64,596,062	117,180

Table A3: Subsample analysis for advised and unadvised trades

This table shows subsample tests of the results reported in Panel B of Table 3. In Columns (1) to (4), we restrict the sample to months, in which children have an investment-related client-advisor contact in the current month t or the prior month t-1. In Columns (5) to (8), we restrict the sample to children with more than 5 months in the past, in which they had at least one client-advisor contact (investment-related or for any other purpose). The dependent variables are advised or unadvised trades of children. The independent variables are advised trades of parents, a dummy variable for a joint advisor with the children, and interaction terms between the two. Section 3.3 and Table A1 in the Appendix provide details on the construction of these variables. Regressions are set up according to Equations (3) to (6). All specifications include security × month fixed effects. The unit of observation is a pair-security-month triplet. The sample period spans January 2009 to June 2021. Standard errors are double-clustered at the parent and security level. t-statistics are provided in parentheses. Coefficients are multiplied by 100 to reflect percentage point changes. ***, **, and * denote statistical significance at the 1%, 5%, and 10% level.

Subsample:	Investment-related client-advisor contact in current or previous month				> 5 past months with any client-advisor contact			
Dependent variable:	Child buys advised		Child sells advised		Child buys unadvised		Child sells unadvised	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Parent buys advised	12.94***	9.52			3.43***	1.17		
	(3.53)	(1.54)			(3.09)	(0.89)		
" × same advisor		4.15				3.07*		
		(0.55)				(1.82)		
Parent sells advised			7.37***	5.75*			1.59**	-0.05**
			(3.45)	(1.78)			(2.32)	(-2.45)
" × same advisor				2.02				2.38**
				(0.47)				(2.55)
Same advisor		0.00		0.00		-0.00		0.00
		(0.11)		(0.67)		(-1.23)		(0.02)
Intercept	0.01***	0.01***	0.00***	0.00***	0.01***	0.01***	0.00***	0.00***
	(12.50)	(5.67)	(9.19)	(3.87)	(9.15)	(5.44)	(8.47)	(4.61)
adj. R^2	0.020	0.020	0.012	0.012	0.011	0.011	0.005	0.006
N	9,452,552				41,575,576			
FE: Sec. × month	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Figure A1: Co-held security share over the sample period

This figure shows the median and mean share in co-held securities for children and parents over the sample period. If a child (parent) and his or her parent (child) are both invested in a particular security in month t, the position counts towards the child's (parent's) co-held security portfolio. The child's (parent's) co-held security share is then defined as the amount invested in securities jointly held by both generations divided by the child's (parent's) total investment wealth. Exact variable definitions are provided in Table A1 in the Appendix. The sample period spans January 2009 to June 2021.