



Planning for the future of your wealth

How to integrate emotional, financial and practical dimensions

When it comes to your legacy, wealth transfer planning extends beyond the numbers. It's not just about crafting a strategy for minimising taxes – although that remains vital. Today, successful intergenerational wealth planning integrates emotional, financial and practical dimensions, ensuring your wishes are fulfilled and your beneficiaries are equipped to responsibly carry forward your hard-earned wealth.

Historically, wealth transfer planning has often focused on mitigating liabilities, particularly those related to Inheritance Tax. While this remains crucial in protecting the value of one's estate, modern approaches consider the bigger picture. But how can one ensure these plans succeed?

We explore some critical factors in passing on your wealth effectively, from starting family conversations to seeking professional advice.

THOUGHT-PROVOKING QUESTIONS FOR EFFECTIVE WEALTH TRANSFER PLANNING

You've worked hard to build wealth, so it's natural to want your assets managed responsibly after you pass away.

To do so, asking yourself these key questions is essential:

- Have I accurately assessed how much money I will require throughout the rest of my life, including potential costs for later-life care and unexpected expenses?

- What is the total value of my estate likely to be, considering all assets such as cash, investments, properties, businesses and valuables like artwork or jewellery?
- Who do I wish to support through my legacy financially, and are there specific individuals or entities?
- Who do I want to exclude?
- How should my assets be divided among my beneficiaries to reflect my values and intentions?
- Have I considered the benefits and implications of gifting portions of my wealth during my lifetime, and how might this support my broader financial and generational goals?
- What mechanisms can I implement to ensure that my wealth is preserved and passed down to benefit future generations in the way I intend?

These enhanced questions are designed to help you pause and reflect, offering a foundation to shape a comprehensive and meaningful wealth transfer strategy.

PREPARING CHILDREN FOR A SIGNIFICANT WEALTH TRANSFER

For some, leaving a financial inheritance is not just about transferring assets – it's also about transferring knowledge. Without proper planning, your hard-earned assets may dwindle due to mismanagement or lack of financial education. It has long been claimed that 70% of wealth transfers fail by the second generation, and only 13% of family businesses survive through the third generation. I've certainly heard these 'facts' over time^[1].

If you believe your parents hold considerable wealth but haven't discussed it, it's worth investigating whether they receive professional financial advice. Similarly, preparing your children for the responsibility of inheritance is crucial.

ENCOURAGING FINANCIALLY SAVVY HEIRS

A meaningful starting point is turning wealth management into a family discussion. Explaining the hard work, dedication and motivation behind





your investments can inspire future generations to preserve and grow your legacy.

Simultaneously, involve your children in financial conversations sooner rather than later. Introducing them to your trusted advisers or teaching them about concepts such as budgeting, investing or philanthropy offers invaluable insights. A report highlighted that only 12% of UK adults seek professional advice when transferring their wealth to younger generations^[2]. This statistic underscores the need for increased awareness and utilisation of financial advisory services in wealth transfer planning.

STRUCTURING YOUR LEGACY THROUGH TRUSTS AND TAX PLANNING

If transferring your wealth is on the horizon, be sure your Will is up to date and aligned with your wishes. This will ensure all arrangements are precise, clear and optimally structured. Trust structures, for example, can help you maintain control over how, when and who benefits from your wealth. Beyond preserving your intentions, such structures offer additional protection for beneficiaries and can assist with mitigating inheritance taxes in the UK.

It's also worth exploring options such as a Deed of Variation, which allows beneficiaries to redirect their inheritance, potentially to help a younger generation. While these tools offer flexibility, they're best implemented with advice tailored to your family's unique circumstances.

NAVIGATING SENSITIVE FAMILY DYNAMICS

Transferring wealth always involves complex emotions, which sensitive family dynamics can further heighten. For example, circumstances

such as divorce or strained relationships may prompt you to protect assets from in-laws while simultaneously ensuring your children and grandchildren remain financially secure.

Further, conversations about avoiding potential disputes help safeguard future relationships. Unfortunately, family disagreements concerning inheritance are common, and addressing such matters proactively can mitigate misunderstandings.

SEEKING PROFESSIONAL HELP FOR YOUR WEALTH TRANSFER

Planning to transfer your wealth isn't just a logistical task – it's an opportunity to solidify your legacy and empower your beneficiaries. That's why comprehensive wealth transfer plans must balance your personal values, financial goals and family dynamics.

This is where obtaining professional advice from us comes into play, receiving expertise to guide you through these considerations. Additionally, we can liaise with your legal professionals to ensure solutions – such as trusts, tax-efficient structures or lifetime gifting – are properly implemented. ■

WANT TO START PLANNING YOUR WEALTH TRANSFER WITH CONFIDENCE?

We'll collaborate closely with you, your family and your legal advisers to ensure your legacy is carried out precisely as you intend. If you would like further information on transferring your wealth to the next generation, please don't hesitate to contact us to begin the conversation.

Source data:

[1] Study by John Ward in 1987 called 'Keeping the family business healthy'.

[2] Resolution Foundation analysis of YouGov, UK inheritances and intergenerational wealth transfers, December 2021.

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THE VALUE OF YOUR INVESTMENTS CAN GO DOWN AS WELL AS UP, AND YOU MAY GET BACK LESS THAN YOU INVESTED.

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