

## Great wealth transfer

Preparing both 'the family' and 'the money' for the transition of wealth to the next generation

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Some people may find compelling reasons to avoid giving away wealth during their lives. They think that transferring substantial portions could mean they might not have enough to maintain their lifestyles; their beneficiaries might not use the wealth wisely, or at least in a way they'd want it used; and wealth might end up outside the family because of a child's divorce or other misfortune.

### SENSITIVE TOPIC

Understandably, money can be a sensitive topic even among the closest of families. But you will have a better chance of passing on assets tax-efficiently in a way which is acceptable to all family members if you discuss and plan how to do this.

There are a number of considerations to take

into account when deciding when the best time is to transfer wealth to your family. These include your age, the age of your beneficiaries, the value of your estate, the types of assets involved, tax implications and your personal circumstances.

### NEXT GENERATION

Transfers made during your lifetime may be subject to Inheritance Tax, depending on the value of the assets involved. Gifts made more than seven years before your death are usually exempt from Inheritance Tax. Also the value of assets can change over time, so it's important to consider this when making a transfer. For example, property values can go up or down, and investments can become more or less valuable.

Your personal circumstances will also play a role in deciding when to make a transfer. For example, if you need access to the money yourself, then it may not be the right time to transfer wealth to your family. Alternatively, if you're looking to pass on your business to the

next generation, then you'll need to consider when is the best time for them to take over.

### Here are four important considerations that should be a part of any family wealth transfer plan:

**Age:** One key factor to consider is your age. If you are younger, you may have more time to accumulate assets and grow your estate. However, if you are older, you may want to consider transferring wealth sooner rather than later in order to maximise the amount that can be passed on to your beneficiaries.

**Age of Beneficiaries:** Another key consideration is the age of your beneficiaries. If they are young, they may not need the money immediately and it can be used to help them further their education or buy a property. However, if they are older, they may need the money to support themselves in retirement.



**Value of Estate:** The value of your estate is another important factor to consider. If your estate is large, you may want to consider transferring wealth sooner rather than later in order to minimise Inheritance Tax liabilities. However, if your estate is small, you may not need to worry about Inheritance Tax and can afford to wait until later in life to transfer wealth.

**Types of Assets:** The types of assets involved in the transfer of wealth are also important to consider. If the assets are liquid (such as cash or investments), they can be transferred immediately. However, if the assets are illiquid (such as property), it may take longer to transfer them.

### ADHERING TO THE FAMILY'S VALUES AND VISION

Taking all of these factors into account will help you decide when the best time is for you to transfer wealth to your family, but it's important to discuss wealth transfer with them sooner

rather than later to maximise your options.

Families must overcome many hurdles to ensure their wealth is protected and continues to accumulate over the generations while still adhering to the family's values and vision. ■

### IS IT TIME WE HAD A TALK ABOUT FAMILY WEALTH TRANSFER?

Transferring wealth to the next generation is an ongoing process – and it is extremely important to keep talking as a family. Making a decision about when to transfer wealth to your family is also a personal one. It's important to seek professional advice to make sure that you're making the best decision for your circumstances. To discuss your family wealth transfer plans, please contact us.

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

TAX PLANNING IS NOT REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.

TAX TREATMENT VARIES ACCORDING TO INDIVIDUAL CIRCUMSTANCES AND IS SUBJECT TO CHANGE.

