



Wealth Transfer Tips

Wealth transfer can be a complex process for most families but especially wealthy ones. The range of issues involved can include family values, objectives and relationships; business continuity; investment strategy and insurance, taxes and ownership structures, amongst others. At the same time questions of control, responsibility and timing are raised.

Not surprisingly, most people, including the wealthy, drag their feet when dealing with this topic. A survey by the American firm SEI Wealth Network found that 54% of even the wealthy, with an average net worth of \$20 million or more, did not have a wealth transfer plan.

So are you prepared? To assist you to avoid procrastination we recommend a staged approach that can be effective in putting a plan into place. There are six elements to the process as follows:

1) **Start with a family dialogue.** The ultimate purpose of material financial wealth is to empower its holders to pursue the fulfillment of goals across the spectrum of human endeavors academic, professional, commercial, artistic, athletic, avocational, and philanthropic. An effective wealth transfer plan therefore begins with a series of family meetings around the values and goals of both the family overall and each individual member. This process is critical when a private family business is involved.

2) **Include outside professionals** such as tax and estate planning lawyers, accountants, insurance and investment experts etc., as needed.

3) **Satisfy the lifestyle needs of the older generation.** Have a dialogue about what is needed to meet the Baby Boomers lifestyle requirements. Then they can consider giving while living? to assist their children. But it is important to balance their needs with those of their children when considering a wealth transfer to the next generation.

4) **Assess the role of charitable giving.** Wealth ultimately ends up either in the hands of family or society by way of taxation and/or charitable giving. A thoughtful philanthropic plan is often a key aspect of wealth transfer planning. You can divert money that would otherwise go to taxes to support your favourite charity or cause instead.

5) **Prepare the next generation.** There are many potential pitfalls to managing substantial wealth. A program to educate the next generation in the fundamentals of financial management can lay a firmer foundation for the responsible management of wealth and avoid costly mistakes.

6) **Recognize that planning is dynamic.** Things change and plans need to be reviewed and updated. The same survey found that after three years or more some 95% of those surveyed had experienced significant life changes since their plans were completed.

Wealth transfer is inevitable whether it's planned and orderly or expensive and chaotic is a choice that today's wealthy Boomers should make before it's made for them. Call us today for an appointment to review your wealth transfer plan to ensure that it reflects your current situation and value!

Got Estate Planning questions? We can help you out!

Susan Alexander, CFP, CLU, CHS, EPC

Sholdice Financial Services - PEAK Investment Services

Ph: 519.887.2662 - www.sholdicefinancial.com - <mailto:info@sholdicefinancial.com>

