

Inter-generational wealth transfer in the Millennial age

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How can baby boomers preparing to pass on wealth to their millennial children, and their advisers, help to ensure that the next generation holds on to their hard-earned wealth?

That was the question posed to Gavin Ferguson, partner in Ogier's Guernsey Private Wealth team, by BL Global this month.

This focus on succession planning comes as research from wealth management specialist Sanlam shows that over the next three decades in the UK, £1.2trn worth of assets are forecast to be passed to the under-45s by their baby boomer parents..

One of the most common mistakes people make, says Gavin, is “seeking proper advice too late”.

“Sometimes people will have already started selling assets or putting assets into trusts based on anecdotal recommendations, and it can be too late to undo the effects where there would otherwise have been more favourable options,” says Gavin.

The role of their advisers is to understand the extent of the estate, where all the assets are, and any complexities or unusual arrangements. The choice for individuals is how much of their estate they want to pass on today, what needs to be protected for the future and what they want to spend today.

Honesty is the best policy, he adds, and successful succession planning relies on cooperation. Gavin warns that if an individual doesn't admit their true personal circumstances, issues can arise later.

He says: “Clients are invariably concerned about their privacy and are naturally hesitant to disclose full details of their personal history – is it possible that illegitimate children may come forward? An open and honest conversation regarding who is intended to benefit, and who is expressly not to benefit, at the outset, can help avoid significant problems in the future.”

He recommends having open and honest conversations, not just with an adviser but also to relevant family members, so that any additional claims made on the family fortune won't come as a surprise.

Read the full article here: <http://www.blglobal.co.uk/Features.aspx?id=wealth-transfer-handle-with-care>

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