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## Wealth transfers of financial legacies

Are you among the many families unprepared and lacking structured plans?

The world is on the verge of an unprecedented intergenerational wealth transfer, with projections estimating that by 2047, an astonishing £5.5 trillion will change hands<sup>[1]</sup>. Despite this monumental shift, many families remain unprepared, lacking structured plans to ensure their financial legacies are preserved or distributed according to their wishes.

Wealth transfer planning involves much more than merely arranging for Inheritance Tax. It focuses on ensuring that the fruits of your hard work are not squandered after you have gone. This process requires asking crucial questions concerning your legacy, your beneficiaries and your long-term financial aims.

### KEY QUESTIONS EVERY INDIVIDUAL SHOULD ASK

Before deciding how to transfer your wealth, start by reflecting on these pivotal questions:

- How much money will I need for the rest of my life, including provisions for later-life care?
- What assets am I likely to leave behind? This encompasses cash, savings, investments, properties, vehicles, business interests and belongings such as art or jewellery.

- Who do I want to provide for, and are there individuals or entities I wish to exclude?
- How much would I like each beneficiary to receive?
- Should I place restrictions on how my legacy is used?
- Do I want to gift some wealth during my lifetime?
- How can I ensure that my assets are managed according to my wishes after I have passed away?

Failing to address these fundamental questions could lead to unintended outcomes. For example, without proper planning, the inheritance you leave may be insufficient to secure your loved ones' financial futures, or worse, it could dissolve due to poor management and lack of preparation.

### ENCOURAGING FAMILY CONVERSATIONS ABOUT WEALTH

Transparency and open communication can be the backbone of successful wealth transfer planning. Unfortunately, many parents have never discussed financial matters with their heirs, leaving adult children unaware of their future inheritance. If you suspect that your parents possess considerable wealth but have not addressed planning, it may be worthwhile to initiate a conversation about it. Consider suggesting that they seek professional advice to gain clarity and structure.

Encouraging family discussions about wealth fosters a sense of responsibility in younger generations. By sharing your experiences, explaining how you amassed your wealth and outlining your investment motivations, you can cultivate an appreciation for prudent financial planning and





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management. This understanding may help ensure your heirs make informed choices regarding their inheritance.

## EDUCATING AND ENGAGING THE NEXT GENERATION

It is never too early to commence educating your children about wealth management. The earlier they cultivate an understanding of financial concepts and the principles underlying your investments, the better prepared they will be to manage their inheritance.

Involving your children in meetings with trusted advisers can be invaluable. It enables them to gain insights from professionals and builds a stronger foundation for managing their future assets. Surprisingly, many individuals aged 30 to 60 – those most likely to inherit substantial wealth – do not yet have a professional financial planner.

## PROACTIVE PLANNING AND PERSONALISED SOLUTIONS

If you're ready to implement wealth transfer plans, it's vital to work with skilled professionals. Collaborating with us and your solicitor is paramount to ensure that your Will is updated, legal arrangements are properly structured and your instructions are clear.

For instance, trust structures can be highly effective tools. They enable the settlor to maintain control over their assets by specifying who benefits, when, and by how much. Additionally, trusts serve as an effective means of Inheritance Tax planning, aiding in the preservation of wealth within the family.

## EXPLORING FLEXIBLE OPTIONS FOR THE UNEXPECTED

Sometimes, life circumstances require flexibility in wealth transfer strategies. For example, if a beneficiary decides to skip inheritance and pass

assets along to the next generation, this can be achieved through a Deed of Variation.

Family dynamics, including potential fallouts or divorces, also require strategic planning. You may wish to exclude certain individuals, such as a son-in-law or daughter-in-law, to safeguard your legacy while ensuring that funds remain accessible to your children or grandchildren. Tackling these complexities in advance can prevent future disputes and protect your family's financial security. ■

## ARE YOU READY TO TAKE THE FIRST STEP IN ENSURING THAT YOUR FINANCIAL LEGACY IS PROTECTED?

Wealth transfer is not merely about financial transactions; it involves preserving the values, security and stability of future generations. If you are contemplating transferring your wealth and would value professional advice, why not take the first step to ensure that your financial legacy is protected and passed on according to your wishes? This is one of the most significant decisions you will make. Don't leave it to chance – start planning today. Contact us to discuss your options. Together, we can help you build and secure a future that lasts for years to come.

### Source data:

[1] M&G Wealth – Family Wealth Unlocked Report 2022. Available at: <https://www.mandg.com/dam/pru/shared/documents/en/fwu-report-final-version-20-april-2022.pdf> October 2024

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