



LEGACY CAPITALS BLOG | WRITTEN BY KRISTEN HEANEY

# 3 ESSENTIAL, NON-TECHNICAL PLANNING CONSIDERATIONS FOR BIG FINANCIAL GIFTS

Are you planning a substantial transfer of wealth this year? You're not alone! Due to anticipated changes in United States tax law, many affluent Americans are considering the option to transfer substantial amounts of family wealth into the hands of their beneficiaries in order to maximize the current lifetime exemption from federal gift or estate tax.

Advisors are standing by, ready to effectively guide clients through the related technical planning considerations such as determining the right amount to transfer, which assets to transfer and how to transfer them most efficiently...But the vital non-technical aspects of planning for large transfers of wealth are just as essential and have enormous potential to impact the overall effectiveness of the gift. Here are three absolutely essential non-technical planning considerations to address (and discuss with your advisors!) when approaching a substantial transfer of wealth:

## About Legacy Capitals

Legacy Capitals is a leading provider of training, coaching, and consulting services on topics such as wealth and values transfer, preparing the rising generation, family governance, legacy planning, and family philanthropy to financially successful families and family businesses, family offices, and financial firms.



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## Does the timing of this transfer of wealth make sense from both a technical and non-technical planning standpoint for my family at this time?

The technical reasons for making a transfer of wealth are often so compelling (“This will save your family millions of dollars!”), that we fail to adequately consider the non-technical planning aspects.

- What goals do you have for yourself and what goals are your beneficiaries working towards at this time?
- How might these large financial gifts either support or hinder progress on these goals?
- How will the timing of a large transfer of wealth impact each of your beneficiaries?
- If your daughter is currently considering a divorce from her spouse, the timing may not be right, or additional planning measures around the gift might be considered.
- If a beneficiary is struggling with addiction, you might consider how the financial gift will impact these challenges and whether additional trust provisions could be beneficial.
- Is your estate plan updated and aligned with your current values and intentions? For example, have you considered how the identified trustee and other terms of your beneficiaries’ trusts might impact their ability to manage this financial gift in a way that is aligned with your intentions?

If you haven’t addressed these kinds of questions, you might have some additional planning to consider before making a large financial gift. Once you’ve addressed these non-technical areas of planning and are ready to proceed with making financial gifts, what’s next to consider?





### How will the intentions surrounding the transfer of wealth be communicated to the beneficiaries?

Consider how you will communicate the transfer of wealth to adult beneficiaries. Some grantors err in the direction of silence, saying nothing about the transfer even with those beneficiaries who are well-prepared to have these conversations; this silence represents a missed opportunity to build competence and provide context regarding the intentions of the wealth. Other grantors move too far in the other direction, dropping the news of a large financial gift in the context of casual large family gathering which can prompt a flood of emotions and questions that are not best addressed at a family party. Consider instead setting a time to meet privately with each beneficiary that is of age and ready to learn more about the financial gift. Perhaps a virtual meeting via video conference is the best you can do given the challenges of time and distance – that's okay, just focus on creating a distraction free environment where beneficiaries know you are focused on offering them not only financial support but also whatever context is required to manage the gift most effectively.

Depending on the age of the beneficiaries and their current degree of transparency regarding the family's wealth, consider how much detail to share with them. Avoid overwhelming them with too much detail and keep in mind that learning about a very large and unexpected financial gift can cause beneficiaries to become so overwhelmed that they may struggle to remember the other details you share in conversation with them. Similarly, do your best to keep the meeting brief, but include adequate time for whatever questions they may have.

### What topics should be addressed in conversation with the beneficiary of a large financial gift?

Consider the questions listed below prior to meeting with beneficiaries. Plan to share some initial context about what prompted the decision to share substantial wealth at this time – sharing that anticipated changes in tax laws hastened the timing of the transfer is perfectly fine and models an agile and effective technical planning approach. Continue the conversation, however, beyond these technical reasons for the transfer, sharing with the beneficiary your hopes and dreams for how the resources will be utilized, including answers to any of the questions listed below that would be appropriate given the age and readiness of each beneficiary.

- What is the intended purpose of the wealth?
- What do you hope that the wealth accomplishes in the life of the beneficiary?
- Why did you choose to make the transfer of wealth at this time?
- Will the gift be held in trust and if so, how and when, can it be accessed? What uses for the wealth would you support? What uses for the wealth would not be in line with the intended purpose of the wealth?
- What roles and responsibilities associated with the wealth will be expected of the beneficiary? What specific financial knowledge is required and how can that be developed?



Finally, connect your beneficiaries with your advisor team. Your advisors can support the development of your beneficiaries' financial competence, and can reinforce your intention, values, and goals surrounding your family wealth.

These essential non-technical planning conversations surrounding the transfer of substantial assets can represent the first of many opportunities to have ongoing conversations with beneficiaries of your estate to further prepare them for the responsibilities and opportunities of family wealth.

As always, the team at Legacy Capitals is here to offer any support you may need as you plan for multigenerational success in your family. You can reach us by calling 609.917.0161 or by sending us a message on our [CONTACT US](#) page.

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