

Financial advisers ‘pivotal’ to a secure transfer of wealth

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With \$3.5 trillion in assets set to change hands by 2050, an industry expert has stressed the significant role of advisers in the transfer of wealth process in order to secure wealth and assets for future generations.

As the Australian population continues to age, financial advisers are set to play an important role in facilitating the transfer of wealth and assets to the next generation.

As such, Craig Keary, chief executive of online trading platform Selfwealth, noted the importance of advisers in ensuring assets are transferred effectively so as to not lose too much from the stock market. If that were to happen, Selfwealth said it would have “real consequences for the Australian economy”.

“Financial advisers will be pivotal in ensuring that wealth is passed on efficiently and in a way that aligns with the goals and values of each family. Intergenerational wealth transfer isn’t just about preserving family legacies – it also plays a vital role in supporting long-term economic stability,” Keary said.

“It is often said that it only takes three generations to lose a fortune, and while this may or may not be the case, anybody that doesn’t understand financial markets and how they work, and the best strategies for investing their money, will struggle to retain their wealth.”

Keary also stressed the need for advisers to foster relationships with the inheriting generation as they will require assistance in properly managing their new-found wealth.

“Advisers help structure assets, set up trusts for estate planning, and ensure families maximise the wealth passed down through generations. Advisers also guide families on the tax implications of different asset structures,” he said.

“Proactive communication helps surface and resolve potential conflicts and ensures a smoother transfer of wealth. It is much better to talk about this while you are still living, than leave a mess for your kids to fight through when you’re gone. You don’t want your legacy to be family dysfunction.”

Selfwealth said it is particularly important that families develop a plan for distributing their wealth in “cases of unequal inheritance” while the parents are still alive, ensuring assets are appropriately allocated.

Furthermore, Keary said financial advisers can play a significant role in providing the next generation with the necessary financial education and literacy skills in order to effectively manage their wealth, securing it for the next generation.

“This educational component is vital to avoiding the all-too-common scenario where wealth dissipates within a few generations due to lack of financial understanding,” he said.

16 October 2024