



# DENTAL & MEDICAL

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## Succession planning, a family affair

A delicate process that requires clear communication and effective planning

Transferring wealth within a family is a delicate process that requires clear communication and effective planning. Otherwise, it could lead to a potentially large tax bill and bad feelings in the family.

This narrative was depicted in the hit American HBO series 'Succession,' which centred on the Roy family, the owners of global media and entertainment conglomerate Waystar RoyCo, and their fight for control of the company amidst uncertainty about the health of the family's patriarch.

### SIMPLIFYING THE PROCESS AND MAXIMISING TAX EFFICIENCY

By engaging in succession planning, you can ensure your assets are distributed according to your wishes, simplifying the process and maximising tax efficiency. Before diving into these conversations, consider these questions: When do you want to transfer your wealth? How much wealth do you want to pass on? Who do you want to pass your wealth on to? How do you want to transfer your wealth?

The question of when to transfer your wealth isn't limited to bequests in your Will. Some strategies for transferring assets during your lifetime may offer various benefits. However, a well-maintained and up-to-date Will is the cornerstone of effective succession planning. It should reflect your current circumstances, objectives and legal considerations in the jurisdictions where you hold assets.

### DON'T COMPROMISE YOUR OWN STANDARD OF LIVING

Professional advice and regular reviews of your Will are recommended – every two to three years or following significant life changes such as marriage, divorce or childbirth. In certain regions, like England and Wales, marriage voids any existing Will unless made in contemplation of the marriage.

To maintain the 'real' value of your legacies, consider linking them to inflation. Transferring wealth through your Will ensures you don't compromise your own standard of living. Alternatively, gifting during your lifetime allows you to witness the joy your beneficiaries derive from your generosity. For those subject to UK taxes, this can also be a more tax-efficient method of wealth transfer.

### SHARING WEALTH AND MAINTAINING YOUR LIFESTYLE

Striking the right balance between sharing your wealth and maintaining your lifestyle is critical. The

uncertainties of recent years have underscored the importance of preparing for the unexpected. This preparation involves running various scenarios and 'stress testing' the financial outcomes through cash flow planning. This can include testing against different investment return outcomes, inflation projections and potential long-term care costs.

Cash flow 'stress testing' provides invaluable insights when considering more significant gifts. It shows how much you can afford to give away during your lifetime, accounting for worst and best-case scenarios. This approach acknowledges that predicting the future with accuracy is impossible. After all, who would have predicted double-digit inflation in major economies a year ago?

### A TRUST STRUCTURE CAN BE AN IDEAL SOLUTION

Determining who will inherit your wealth is often one of the most straightforward questions to answer, yet it's deeply personal. This decision is usually intertwined with considerations about timing. For instance, if you're prioritising the long-term wellbeing of your young grandchildren, a trust structure can be an ideal solution. This arrangement could assist with significant future expenses such as private education, university fees or property acquisitions.

Trustees have the discretion to distribute the funds to the beneficiaries according to the stipulations of the trust deed. Additionally, by becoming a trustee yourself, you retain some control over the process. This option can be particularly valuable if a beneficiary has special requirements, as the trust can be tailored to protect their long-term interests. There's also the option of allocating part of your wealth to charities with a special place in your heart.

### THE MOST EFFECTIVE WAY TO MEET YOUR GOALS

The method of transferring your wealth often becomes clear once you've addressed the 'who', 'what' and 'when'. Timing is a significant factor in this decision, alongside the practicality of making financial gifts during your lifetime. You must decide

whether to make outright transfers or establish a trust structure if feasible. Despite adding a layer of complexity, a trust might be the most effective way to meet your goals.

Importantly, initiating conversations about future financial arrangements with your loved ones is crucial. Achieving the right balance between enjoying your current income and capital while efficiently passing wealth to your family requires careful thought. ■

## DO YOU KNOW THE BEST WAYS TO PASS ON YOUR WEALTH?

The intricacies of wealth transfer can be daunting, but you don't have to navigate it alone. If you need further information or wish to discuss your wealth transfer plan in more detail, please don't hesitate to contact us. We're ready to guide you towards a secure financial future for you and your loved ones.

THIS ARTICLE DOES NOT CONSTITUTE TAX OR LEGAL ADVICE AND SHOULD NOT BE RELIED UPON AS SUCH.

THE TAX TREATMENT IS DEPENDENT ON INDIVIDUAL CIRCUMSTANCES AND MAY BE SUBJECT TO CHANGE IN FUTURE. FOR GUIDANCE, SEEK PROFESSIONAL ADVICE.

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