



Three steps to successfully transfer wealth, across generations

For many of our clients, the longevity of their family wealth is a key priority. We frequently meet families seeking a wealth management approach that will meet the needs of current family members while ensuring future generations also benefit. With AUD \$3.5 trillion of wealth expected to pass between generations in Australia over the next two decades¹, the need to get this right has never been more pressing.

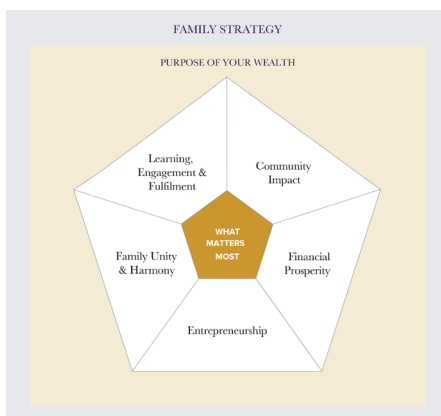
In October, we were delighted to host our Sydney Family Office Forum. Through a full day of immersive learning and peer connection, attendees had the opportunity to draw on the expertise of Mutual Trust advisors and the shared experiences of their peers, exploring key insights from our whitepaper [Why the Modern Family Office Matters](#).



Jeff Steiner, Partner, Head of Family Office (left) and myself at the Sydney Family Office Forum.

We are pleased to share below a summary of the discussion, including best practices for successful intergenerational wealth transfers.

The first step is to uncover your family's Purpose of Wealth



The Mutual Trust Gemstone Framework

The most important things families should communicate about and agree upon is what matters most to individual family members and the family collectively. From our experience, we know that families who have successfully transferred their wealth across generations focus on more than financial prosperity. They consider other non-financial facets to be equally important, such as Entrepreneurship, Family Unity & Harmony, Learning, Engagement & Fulfilment and Community Impact.

This is why we have created a valuable family framework, the Mutual Trust Gemstone, that can be applied to each family's unique situation. Together, the five facets of the Mutual Trust Gemstone make up a family's Purpose of Wealth and sets the foundation for their long-term success.

No one family is the same, and no one solution is the same

When the right combination of Gemstone facets is explored, based on a family's unique circumstances, their wealth becomes purposeful and carries more meaning.

Some families are eager to address all facets of the Gemstone, while for others it makes sense to only use select components of it. The true value of the Framework is that it offers a flexible approach to suit any family, regardless of their situation.



Forum attendees exploring their Purpose of Wealth

With the Purpose of Wealth defined, it's time to create the Family Strategy

Having defined what matters most, the next step is for families to determine how to use their wealth to achieve that multi-faceted Purpose. This is where the Family Strategy comes into play, providing clear direction on the management and transition of family wealth across generations.

As the action plan that brings a family's Purpose of Wealth to life, the Strategy is unique to each family, documenting their Purpose of Wealth, specific goals and desires over the long-term, with clearly defined objectives across each Gemstone facet. Importantly, it ensures everyone is on the same page with a purpose-led strategy that encompasses individual and collective family needs.

The Family Strategy is dynamic. To ensure it remains relevant and effective for generations to come, it should be reviewed as circumstances change, evolving alongside a family and its family members over time.

The right Family Office structure will help you execute the Family Strategy

An appropriate Family Office model, which features the use of modern Family Office practices, will ensure the right people, processes and infrastructure are brought together to help the family execute their long-term Family Strategy. It can be implemented with varying levels of participation by the family, with certainty that it is not dependent on any one family member. This creates peace of mind, builds trust and helps to improve the family's long-term outcomes.

So with several Family Office options available, how do families work out which one is right for them? This is where an independent third party can help families to consider their specific circumstances, including size of wealth, source of wealth, resources and expertise within the family and complexity of family affairs, to name a few. From there, an appropriate model can be configured to suit the family for the long-term.

Through our experience, we know that families who have a clear understanding of their Purpose of Wealth, a plan for achieving that Purpose and people to help them with implementation, have a greater chance of thriving and successfully sustaining and growing their wealth for generations to come.

Tracy Conlan, Head of Strategy

The benefits of a modern Family Office

Research shows that, in many instances, families may not want to talk about wealth and family issues. It can be an uncomfortable topic and may even raise difficult, unresolved family matters.

A knowledgeable and empathetic Family Office advisor can help to facilitate open, honest conversations and act as an intermediary in whom all family members can place their trust.

Importantly, a modern Family Office can help families to expertly navigate through these key steps, ensuring all the appropriate considerations have been explored while taking over the responsibility of the administrative side of the process.

For a conversation on how Mutual Trust can help your family plan to successfully transfer wealth and maximise its positive impact, across generations, please contact your Relationship Manager.

Ralf Haase

Partner, Head of New South Wales

ⁱ Note: according to the Productivity Commission report, in 2018, \$120 billion was transferred. Based on an annual growth rate 4.76% in transfers from 2002 to 2018 (due to annual growth in wealth), from 2023 to 2040 it can be anticipated that over \$4 trillion will be transferred.

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