GREENTHOS CAPITAL

THE FAMILY WEALTH PLANNING GUIDE

What every family should consider when planning for the future of its wealth

A GREENTHOS CAPITAL PUBLICATION

Stewardship. Continuity. Governance.

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Introduction: You've built wealth. Now what?

You have spent the last years building a comfortable life for your family.

You probably own properties, have a growing investment portfolio and children who are growing into adulthood. You have worked hard, made sacrifices and gradually acquired assets that provide financial security.

From the outside, your family appears well established.

But there is a question nobody has seriously considered:

> *If the person holding the family's financial affairs together were suddenly unable to manage them, would anyone know what to do?*

Would the family know which assets exist, how they are owned, where the important documents are kept or which financial obligations must continue to be met?

Would someone have the authority to make decisions about the business? Would the family understand what happens to the properties? Would the children know what their parents intended?

And if the wealth eventually passes to the next generation, will they be prepared to manage it?

This is where family wealth planning becomes important.

It is not simply about writing a will or establishing a trust. It is about thinking deliberately about what you own, who should benefit, who should make decisions and how the wealth you have built can continue to serve your family.

This guide introduces some of the questions every family should consider.

1 What exactly does your family own?

Most families can identify their most significant assets without much difficulty.

There may be a family home, rental properties, land, a business, investment accounts, shares, savings and insurance policies.

But being able to name your assets is not the same as understanding how they are owned and structured.

Consider a family with three properties. One is registered in the father's name, another in the mother's name, and the third is held through a company. The family may regard all three as family assets. Legally and practically, however, they may be subject to different ownership arrangements, obligations and decision-making processes.

This distinction matters.

An asset's value is only one part of the picture. You also need to understand:

- Who legally owns it?
- Who contributed towards acquiring it?
- Who benefits from it?
- Is it subject to a loan, charge or other obligation?
- Who has authority to manage or dispose of it?
- What happens if the registered owner dies or becomes incapacitated?

A family may have considerable wealth but little clarity about how that wealth is held.

TRY THIS

Create a family asset inventory

Start by listing the major assets held by you and your family.

Asset category	Examples
Property	Family home, rental property, land
Business interests	Shares, partnerships, private companies
Financial investments	Shares, bonds, unit trusts, deposits
Insurance	Life policies and other relevant cover
Other assets	Vehicles, valuable personal property
Liabilities	Mortgages, business loans, personal guarantees

For each asset, record the legal owner, relevant documents, any liabilities and the person responsible for managing it.

You do not need to resolve every issue immediately. The first step is to establish an accurate picture.

> *A family cannot plan effectively around wealth it has not properly identified.*

2 Who gets what, and how?

Families often have an informal understanding of what should happen to their wealth.

A parent may intend for the family home to remain with the children. A business owner may expect one child to take over the business. Another may want rental income to support a surviving spouse.

These intentions can be clear in the mind of the person who holds them. They may not be clear to everyone else.

This creates a gap between what someone intends and what can actually be implemented.

Estate planning helps close that gap.

The role of a will

A will allows a person to set out instructions concerning the distribution of their estate, subject to applicable law.

It can help communicate intentions, identify beneficiaries and provide for the administration of an estate.

But having a will does not automatically resolve every issue.

For example:

- Are the assets correctly identified?
- Do the instructions reflect the family's current circumstances?
- Are the intended beneficiaries clearly identified?
- Have the implications of jointly owned assets and business interests been considered?
- Is there a suitable person to administer the estate?

A will should form part of a broader plan, not be treated as the entire plan.

Family expectations matter too

Consider a business owner who has spent thirty years building a company. One child works in the business, while the other two have pursued different careers.

The owner may want the child working in the business to take on greater responsibility, while ensuring that the other children are treated fairly.

But fairness does not always mean equal ownership, equal control or identical benefits.

These decisions require careful thought. They may involve business succession, ownership arrangements, family discussions and appropriate legal structures.

Establishing whether arrangements work for the people and assets involved is very important.

3 What happens if you are no longer there?

Families tend to think about wealth transfer in terms of death. Yet there is another possibility that deserves attention: what happens when the person responsible for managing the family's affairs is alive but unable to make decisions?

An illness, accident or other unexpected event can interrupt the management of a business, the payment of household expenses and the administration of investments.

The consequences may be immediate.

A business may depend on one person's approval to make payments. Property income may be managed through an account that only one person controls. Family members may know that investments exist but have no information about the institutions holding them.

Planning for incapacity and continuity helps a family consider how important decisions and responsibilities will be managed when someone cannot perform their usual role.

Depending on the circumstances and applicable law, this may involve appropriate powers of attorney, alternative decision-making arrangements, documented procedures and clear authority within a business.

Power of Attorney

A Power of Attorney is a legal document through which a person (the principal) authorises another person (the attorney) to act on their behalf in specified matters.

It can be an important part of planning for circumstances in which someone may be unable to attend to their financial or other affairs personally.

Depending on its terms and applicable law, a Power of Attorney may authorise someone to undertake activities such as:

- Managing bank accounts and specified financial transactions.
- Managing property and related affairs.
- Handling business or investment matters.
- Representing the principal in specified administrative or legal transactions.

The authority granted should be carefully considered. A Power of Attorney can be broad or limited to particular responsibilities, transactions or periods.

The person appointed should be trustworthy, capable of understanding the responsibilities involved and willing to act in the principal's interests.

It is also important to understand the limitations of a Power of Attorney. It does not transfer ownership of assets to the attorney, replace a will or automatically resolve every issue arising from incapacity or death. Its validity, scope and continued effect depend on the document and applicable law.

Families should obtain appropriate legal advice when preparing a Power of Attorney to ensure that it reflects their intentions and can be used for the purposes for which it was created.

Do not overlook life insurance

Life insurance can play an important role in family wealth planning.

It provides financial protection against the economic consequences of death and can help families meet obligations at a difficult time.

For example, insurance proceeds may help:

- Provide financial support for dependants.
- Meet outstanding financial obligations.
- Provide liquidity while an estate is being administered.
- Support the continuity of a family business.
- Fund education and other future commitments.
- Provide resources for beneficiaries in accordance with the policy arrangements.

For business owners, appropriate cover may also form part of a wider business continuity or succession plan.

However, insurance should not be treated as a substitute for estate planning. A policy does not, by itself, resolve questions of ownership, succession, management or the distribution of all family assets.

Check your beneficiary designations

Many families have life insurance policies, retirement savings and other financial arrangements that provide for benefits to be paid to nominated beneficiaries.

But when did you last review those nominations?

A person may have taken out a life insurance policy many years ago and named a parent, sibling or former spouse as beneficiary. Since then, they may have married, had children, acquired more assets or experienced other significant changes in their family circumstances.

Depending on the financial product and its governing terms, a beneficiary designation may determine who receives a particular benefit when the policyholder or member dies. It should not be assumed that a will automatically changes or overrides an existing designation.

For example, a parent may have updated their will to provide for their spouse and children but forgotten to review the beneficiary information recorded with an insurer.

The family may then discover that the instructions attached to the policy do not reflect the parent’s more recent intentions.

This is why reviewing a will without reviewing the associated financial arrangements can leave important gaps.

What should you review?

- Life insurance policies and the beneficiaries recorded with each insurer.
- Retirement and pension arrangements, including beneficiary designations.
- Investment or financial products that allow beneficiary nominations.
- Whether the nominated beneficiaries are still the people you intend to benefit.
- Whether the allocation between multiple beneficiaries reflects your current wishes.
- What happens if a nominated beneficiary dies before you.
- Whether a minor beneficiary requires an appropriate arrangement for receiving or managing the benefit.

Do not simply assume that a nomination can be changed through a will. Confirm the applicable procedure with the institution holding the policy or account, and ensure any change is properly recorded.

Different financial arrangements have different rules.

> *A beneficiary designation is a small administrative detail that can have significant consequences for the people you intend to protect.*

Review your existing life insurance cover

Ask yourself:

- Who owns each policy?
- Who is insured?
- Who are the named beneficiaries?
- Is the level of cover still appropriate?
- Are premiums being maintained?
- Does the cover reflect current family and business obligations?

A policy taken out ten years ago may no longer reflect the family's circumstances.

The purpose of financial protection is not merely to have a policy. It is to ensure that the protection serves the need it was intended to address.

4 Who will manage the wealth?

Transferring wealth and managing wealth are two different responsibilities.

A family may successfully transfer assets to its next generation, but what happens afterwards?

Who collects rental income, maintains properties, oversees investments, monitors business interests and ensures that the family's financial affairs remain organised?

Who makes decisions when beneficiaries have different interests?

This is where the distinction between ownership, benefit and management becomes important.

The person who benefits from an asset does not always need to be the person responsible for managing it.

Understanding trusts

A trust is a legal arrangement through which assets are held and administered by trustees for the benefit of specified beneficiaries or purposes, in accordance with the trust instrument and applicable law.

Trusts can be used in a range of family wealth planning circumstances, including:

- Providing for beneficiaries.
- Structuring the ownership and management of assets.
- Supporting long-term family arrangements.
- Providing continuity in the administration of certain assets.
- Implementing particular family or philanthropic objectives.

A trust is not automatically appropriate for every family. Its suitability depends on the assets involved, the family's objectives, the proposed beneficiaries, the legal and tax implications and the practical arrangements for administration.

Establishing a trust is also not the end of the process.

Trustees have responsibilities. Assets must be properly transferred where required, records maintained, decisions documented and the trust administered in accordance with its terms.

A trust that is poorly designed or inadequately administered may not achieve the outcomes the family intended.

> *The structure matters. So does the quality of its administration.*

5 What happens when the next generation takes over?

Wealth transfer is not only about transferring assets. It is also about preparing people to receive and manage them.

A family may spend decades accumulating wealth but very little time discussing how that wealth should be managed.

The next generation may inherit property, shares, investment portfolios or business interests without understanding the responsibilities attached to them.

They may not know how the assets were acquired, what obligations they carry or why particular decisions were made.

This can create difficulties even where the family has made sound legal arrangements.

Preparing the next generation

Preparation does not require every child to become an investment professional or participate in the family business.

It does, however, help when family members understand:

- The nature and purpose of the family's significant assets.
- The responsibilities associated with ownership.
- The difference between income, capital and wealth.
- The family's expectations concerning the use and preservation of assets.
- The governance arrangements through which important decisions are made.

Families can begin these conversations gradually and in ways appropriate to the age and maturity of their children.

For some families, this may involve financial education. For others, it may mean introducing formal family meetings, agreed decision-making processes or a family governance framework.

The objective is not to control the next generation indefinitely.

It is to prepare them to exercise responsibility.

A successful transfer of wealth should leave the next generation with more than assets. It should leave them with the understanding and structures needed to manage them.

6 Is your family prepared?

Family wealth planning can appear complicated because it involves several interconnected decisions.

The most practical starting point is to assess where your family currently stands.

Use the questions below as an initial review. They are not a substitute for professional advice, but they can help identify areas requiring attention.

The family wealth planning review

UNDERSTANDING YOUR ASSETS

- ☐ We have a reasonably complete record of our significant family assets.
- ☐ We understand how those assets are legally owned.
- ☐ We have identified the major liabilities attached to them.
- ☐ Important ownership and financial documents can be located.

PLANNING FOR THE FUTURE

- ☐ We have considered what should happen to our assets when we die.
- ☐ Our estate planning documents reflect our current circumstances.
- ☐ We have considered how our business interests should be managed or transferred.
- ☐ We have discussed important family expectations where appropriate.
- ☐ We have reviewed the beneficiary designations attached to our life insurance policies and relevant financial products.
- ☐ The nominated beneficiaries and their respective allocations reflect our current intentions.
- ☐ We have checked the procedures for updating those designations and confirmed that any changes have been recorded.

FINANCIAL PROTECTION AND CONTINUITY

- ☐ We have reviewed our life insurance arrangements.
- ☐ We understand who the policy beneficiaries are.
- ☐ We have considered how the family would meet financial obligations if a key income earner died.

- ☐ We have considered what would happen if a key decision-maker became incapacitated.
- ☐ We have considered whether a Power of Attorney is appropriate for our circumstances.
- ☐ We have identified a suitable person to act on our behalf where necessary.
- ☐ We have reviewed the scope of authority granted and the arrangements governing its use.

MANAGEMENT AND ADMINISTRATION

- ☐ We know who is responsible for managing our assets.
- ☐ We have considered whether any assets require a more structured ownership or administration arrangement.
- ☐ We understand the responsibilities of any trustees or other appointed decision-makers.
- ☐ We have considered how important decisions will be made in the future.

THE NEXT GENERATION

- ☐ We have considered how the next generation will receive and manage family wealth.
- ☐ We have thought about the responsibilities that come with ownership.
- ☐ We have considered how family values and expectations will be communicated.

You do not need to tick every box today.

The value of this review is in identifying the questions your family has not yet addressed.

7 Bringing the pieces together

Family wealth planning is not one document, one meeting or one legal structure.

It is a process of bringing together different arrangements so that they support the family's objectives.

For one family, the immediate priority may be preparing a will and reviewing life insurance. For another, it may be clarifying ownership of business interests or establishing an appropriate trust. Another may need to develop a succession plan and prepare the next generation for greater responsibility.

There is no single structure that is suitable for every family.

What matters is that the arrangements are considered together.

A useful family wealth plan should address five broad questions:

Question	What it addresses
What do we own?	Assets, ownership and liabilities
Who should benefit?	Beneficiaries and family intentions
Who makes decisions?	Authority, management and continuity
How is the wealth protected?	Insurance, liquidity and risk
How will it continue?	Succession, administration and the next generation

These questions provide a starting framework for a more deliberate approach to family wealth.

The plan should also be reviewed as circumstances change. Families grow, businesses evolve, assets are acquired or disposed of, and financial responsibilities shift.

A plan that was appropriate five years ago may no longer be adequate today.

A final thought: Wealth deserves deliberate stewardship

Building wealth requires effort, discipline and opportunity.

Protecting it requires a different set of decisions.

It requires clarity about ownership, careful consideration of family intentions, appropriate financial protection, sound governance and structures that can support continuity.

For families that have spent years building businesses, acquiring property and creating financial security, these questions are worth addressing before circumstances force them to.

The objective is not simply to pass wealth from one generation to another.

It is to create the conditions under which that wealth can continue to serve a purpose.

> *Because what a family builds today deserves thoughtful planning for tomorrow.*

How Greenthos Capital can help

Greenthos Capital works with families, founders and privately held enterprises on the governance and structuring of wealth.

Our work includes trust establishment and administration, family wealth structuring, governance advisory, succession and continuity planning, and financial protection solutions.

We help clients consider not only what they own, but how their wealth is held, managed and prepared for the future.

If your family is beginning to consider these questions, we invite you to start a conversation with Greenthos Capital.

Contact us

Greenthos Capital Limited

Stewardship. Continuity. Governance.

S T A R T A C O N V E R S A T I O N

Email info@greenthos.com

Phone +256 760 200 955

Web www.greenthos.com

Important information: *This guide is intended for general educational purposes. It does not constitute legal, tax, investment or insurance advice. The appropriate arrangements for any family depend on its particular circumstances and the laws and regulations applicable to it. Families should obtain advice from appropriately qualified professionals before implementing estate planning or wealth structuring arrangements.*