



Wealth Transfer – More Than Estate Planning

Transfer decision: Deciding who receives the inheritance, be it the farm, a business, or other assets. Some of the principles to consider are the treasure principle, which believes that you can't take your wealth with you, but you can send it ahead of you (Matthew 6.19-21); the unity principle, affirming that your spouse completes you, and is not competing with you (Ecclesiastes 4.9-12); and the wisdom principle, stating that before you transfer wealth, you should first transfer wisdom (Proverbs 20:21). Some questions to ask yourself are *"What is the worst/best thing that can happen if I transfer wealth to _____? How likely is this to occur?"*

Treatment decision: Deciding how much each heir will receive. The underlying principle is that you love your children equally, and as such, you should treat them uniquely. Fairness may not always mean equality, and this is especially true with transferring a farm. Some questions to ask: *"How do your children, their spouses, and your grandchildren handle material goods? How would adding money affect this marriage? What will the impact on a family be if they receive this wealth?"*

Timing decision: Figuring out when to transfer the wealth. A principle within this includes an acknowledgment that the timing of the transfer needs to maximize the use of the wealth by you, your heirs, and the charities your support. Ron Blue says you should *"Do your givin' while you're livin' so you knowin' where it's goin'."* Questions to ask yourself: *"When can we be most helpful to our children financially? How can I be sure that the charity I give money to won't change over time?"*

Title decision: Transferring the title of various assets. The foundational principle for all financial planning bears reminding here: God owns it all. We are stewards of what's given to us, and that includes how we pass that along. Some good questions to ask include: *“Are the next stewards chosen, and prepared? What if the farm becomes extremely valuable in 20, 30, 40, or 50 years from now? What if the farm becomes worthless?”*

Tools and techniques decision: Transferring and managing the transfer. This is the segment of “estate planning,” and in its context, you can see how it is only a piece of a larger puzzle. A governing principle to consider here is the truth that tools and techniques accomplish objectives – they are not the objective themselves. Another axiom of truth is to never use a trust because of a lack of trust, as well as to keep your estate matters as simple as possible. And a good question you can ask is *“Do my advisors share the same values as me? And if not, how big of a deal is this?”*

Talk decision: Communicating the specifics of your plans. This decision and conversation needs to be an ongoing one, as it allows a family to align their individual expectations with reality. A great idea to consider here are family conferences, which provide a great opportunity to promote family harmony and unity, to train the next generation in goals, values, and priorities, and to essentially educate the next generation. Some questions to ask: *“How would you like for the wealth that you transfer to be managed? Do you trust your children to make good financial decisions? Can a lack of trust be overcome?”*

Looking back over the six decisions, you'll notice that the actual tools used for the wealth transfer are preceded by four crucial steps. Possibly the most common mistake that many families make is jumping first to the “how” before addressing the “why.”

A holistic view of stewardship encompasses not just our wealth management, but also the training and communication with those who are to be the next stewards. Taking an approach as outlined above better enables families to utilize stewardship principles from the beginning to the end of the wealth transfer.