



Family wealth transitions

How much is enough?

Guidelines for finding the right balance
to reflect your family values

UBS Family Advisory and
Philanthropy Services



What is the right amount to leave to your children and other loved ones? How much is too much? The answers lie in evaluating your vision for the use of your wealth and your family's ability to manage financial resources responsibly, rather than focusing on a specific amount.

The purpose of this paper is to help guide your thinking about how to arrive at the right amount to leave to your loved ones, with a specific focus on children as inheritors.

Part of deciding how much is enough begins with acknowledging the impact it will have on the entire family. An inheritance can be a wonderful opportunity for children to pursue their dreams or take risks they might not have considered. This financial support can provide a sense of security and open doors to new possibilities, lighten the burden of living expenses and build influence within a community through philanthropy.

"More important than leaving your children money is leaving them the wisdom to manage it."¹

An inheritance can also carry unintended consequences that are equally important to consider. It might inadvertently create dependency, reduce motivation to achieve personal goals, or lead to conflicts amongst family members over the distribution of wealth.

Communicating clearly

When thinking through the potential impact of an inheritance, effective communication is key. It can serve as an antidote to conflict. When determining the amount to leave to the next generation, start conversations with your partner (if applicable), and then, with your children.

Keep in mind that this can be an iterative process. For example, within our UBS family advisory practice, we encourage active engagement around what we call the four "Cs"—communication, clarity, culture and cohesion. Starting with clarity: as the wealth holder, be clear on your financial goals and expectations for family members. Clear expectations will serve as a useful guide when deciding how much financial capital to leave your children. Successful communication around your intentions is

two way and multi-generational. These foundational conversations build family cohesion which in turn strengthens the family culture.

Family culture is the invisible element that nourishes a family system over generations. An important aspect of family culture is family stories. People live in a narrative that shapes their culture and identity, both consciously and subconsciously. The story of wealth is pivotal: it can be a source of pride or shame, or both.

Consider a typical ascending wealth narrative that informs and reminds future generations that once the family had little, but through hard work and determination, has built generational wealth. This narrative is oversimplified. A more authentic family wealth story follows the ups and downs. It includes topics often not discussed such as career or business setbacks, addictions, poor investments, and/or legal issues. Removing the stigma around the conversation of wealth and money encourages communication and helps to clarify your values. Equipping loved ones with the full narrative enables them to understand the family's story and helps them choose paths that resonate for them.

Finding your wealth identity

How was money discussed in your home? Did children receive an allowance? Personal beliefs about money, and shared money values and messages within the family play a crucial role in family culture and thinking through how much is enough for your children. Some family members may view money positively, seeing it as a tool for security and opportunity, while others may have a more negative perception, perhaps viewing it as a source of conflict or inequality. These attitudes are often part of a larger pattern of relationships and behaviors that typically span generations.

Understanding and aligning beliefs with a strategic legacy plan can help to ensure that the wealth supports the well-being of your loved ones, while fostering a successful transition.

For example, a parent with a scarcity mindset may leave a large inheritance to ensure their child never struggles, or conversely, may withhold wealth to encourage self-sufficiency. On the other hand, a parent who views money as abundant may prioritize giving during their lifetime and structure an inheritance that offers opportunities rather than just financial security. These beliefs, along with considerations of work ethic, values and philanthropy, guide how inheritances are planned and implemented.

¹ Dave Ramsey.

If you believe self-worth is tied to financial success, you might require your children to earn their inheritance as a reward for hard work. If you view wealth as a means to ease life's burdens, you may provide a substantial inheritance to ensure long-term security. Parents who believe in working hard or "paying your dues" may structure inheritances to encourage responsibility, such as milestone—or incentives-based trust distributions. Those who worry that an inheritance could stifle ambition might leave a modest amount or tie the inheritance to educational and entrepreneurial achievements. Your money identity and your beliefs play a significant role in determining how much to leave to a child, as they shape attitudes toward wealth, responsibility and legacy.

"The way we think about money shapes the way we use it—and how it uses us."²

Families need to be clear about their own money values, current financial situation and hopes for the future. Articulating values around money and wealth helps decide what to pass on to children and what no longer serves the family. Unless you tell your children to expect differently, your lifestyle choices—the cars you drive, the homes you live in, the places where you vacation—will shape their expectations.

Key questions to consider:

1. What beliefs and values about money do you and your loved ones live by?
2. What money messages do you want to pass on to your loved ones?
3. How do you want to prepare your loved ones for their future responsibilities and opportunities regarding wealth?
4. How will you know when someone is responsible enough to inherit? What are your key indicators?

Balancing multiple considerations

Determining the right inheritance amount involves considering beliefs, circumstances and conversations in equal measure. Families will reach different answers when contemplating 'how much is enough' depending on their beliefs and circumstances. Factors that will inform how you reach your answer include: children's geographic locations, their professions, the standard of living in which they were raised, their physical or mental health, the number of children they have and their stage of life.

These discussions are often held between partners and can evolve over time. It is not always easy to reach agreement with your partner from the outset. It is very common to have different opinions on the approach and intended outcome. Understanding your partner's perspective is crucial to reaching a shared resolution. Start by identifying areas of agreement, such as what you hope wealth will allow your children to do, like traveling the world or affording better education for your grandchildren. This agreement can serve as a foundation during more challenging discussions. You may find you each develop a deeper understanding of the beliefs and circumstances that have formed your opinions.

In addition to the factors named above, identifying the right balance of what is enough or too much also depends on your children's financial responsibility, life goals, and what your vision is for the family's legacy. As you are doing an assessment of the above factors, consider whether you want to provide a safety net, support special life goals, fund education, assist with home ownership or create multi-generational wealth. You might find yourself providing for specific lifestyle expenses, such as private school or college education, buying a new home or car for one of your children, or perhaps your goal is simply to offer supplemental income.

Many families aim to provide enough for financial flexibility but not so much that it diminishes motivation or ambition. You and your partner should agree on what your goals and objectives are for giving an inheritance and articulate how you hope the funds will be used by your children. Rank your priorities along the spectrum of flexibility and motivation. Considerations might include multigenerational financial sustainability, minimizing lifestyle changes or meeting individual beneficiary needs.

Equal treatment may not always be fair. Your children are unique individuals with different abilities, and you might need to treat them differently to achieve similar outcomes. Are they part of a blended family? How were their upbringings the same, or different? How does that affect their relationship with money or wealth? Outside of a blended family situation, when did your wealth event occur? In some families, a liquidity event happens when older children are already in college and younger children in middle school. These children can be raised by the same parents, but in very different financial circumstances, creating a different relationship to wealth. See the UBS article, *Fair versus equal*, for more guidance on these considerations.

² Jace Vernon/Morgan Housel.

Be clear on what you and your partner hope to accomplish. You may not agree on everything, and that's okay—talk about it and respect each other's views. You might be surprised by where you align or differ.

Key questions to consider:

1. What are your hopes for future generations?
2. What are your expectations for the money you give to your children?
3. What are your concerns around giving wealth to your children?
4. What principles guide your gifts to your children?
5. What kind of standard of living do you want to set?
6. What roles and responsibilities associated with the wealth will be expected of your children? What specific financial knowledge is required and how can that be developed?

From wisdom to action

We know families can flourish when each generation understands both the opportunity and responsibility that an inheritance can bring. Estate planning conversations tend to focus on the transactional nature of the plan: what financial instruments are being utilized and who is receiving distributions from the estate and how. These conversations should also serve as an opportunity to provide guidance and share your thoughts and values.

A well-thought-out strategy can help in crafting a legacy plan that balances financial security with the promotion of responsibility, entrepreneurship, or philanthropy. Structured plans, such as trusts with milestones or incentives, can ensure that wealth is used wisely over time, ultimately supporting a child's well-being and preserving a family's legacy. Make sure your plan balances the amount given with your values, such as work ethic and personal responsibility.

It's important to talk about your decisions and why you made them. Make sure you have a solid plan, share it with those who need to know, explain your reasons clearly, be open to questions and feedback, and be willing to adjusting the plan if needed down the road.

Key questions to consider:

1. What are the risks of distributing too little or too much, and what are the expectations of each beneficiary?
2. How does this align with the standard of living your children have become accustomed to?
3. What uses for the wealth would you support? What uses for wealth would not be in line with the intended purpose of the wealth?
4. Will the gift be held in trust and if so, how, when and for what purpose(s) can it be accessed?

Wealth transfer strategies

Some parents may prefer trusts to protect the wealth they intend to pass on. Others might make an outright gift, having confidence in their children's decision-making. Parents who value legacy and philanthropy may balance inheritance with charitable contributions, teaching their inheritors to be responsible stewards of wealth. Some even establish family foundations or donor-advised funds to instill a culture of giving.

Wealth transfer strategies can include 529 College Savings Plans, annual exclusion gifting, intra-family loans, lifetime gifting to irrevocable trusts, charitable giving vehicles and outright gifts. Families often choose trusts to benefit multiple generations, allowing children to receive distributions while protecting the principal from divorce, creditors or predators. Each approach has different funding limits, investment options and tax implications.

Every family's situation is unique, and you should seek advice from your trusted advisors to determine the best strategies to align with your wishes and financial planning needs. Please reach out to your UBS Financial Advisor to learn more.

Summary points

1. Strive for clarity on your own goals and expectations for gifts you plan to leave the children and have this discussion with your partner.
2. How are your personal values of wealth reflected in your family culture? Money messages/beliefs (deliberate or accidental)?
3. Reflect on who your children are and their capabilities and attitudes toward wealth.
4. The amount you decide on might be influenced by how you give it—all at once or with more restrictions.

Get in touch

To learn more about how we can support your estate planning and wealth transition strategies and decisions, reach out to a UBS Advisor.

Learn more

See the complete **Family Wealth Transitions** series:



Fair versus equal

Guidelines for navigating wealth transition decisions



How much is enough?

Guidelines for finding the right balance to reflect your family values



Who, what, when?

A communication worksheet for wealth transition conversations

Note: This guide uses the term “inheritance” in its colloquial sense—referring to money or property received from a decedent or by reason of the decedent’s death—rather than in its strict legal sense. It likewise uses the term “inherit” in its colloquial sense rather than in its strict legal sense.

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