WEALTH TRANSFER...
FRUSTRATINGLY DELAYED

Let's be honest. Most adult Australians have probably entertained a fleeting hope… 'When the inheritance comes, things will get easier.'

But with life expectancy powering upwards (congrats Mum and Dad!), more of us are finding the great intergenerational wealth transfer frustratingly… delayed.

Yes, your parents may be hurtling towards 100, but your financial dreams can't afford to wait for the reading of the Will.

Here's why relying on Mum and Dad's inheritance for your own wealth and security is a risky business. One that could leave you financially flatfooted, rather than footloose and fancy free.

THE LONG, SLOW WAIT!

When 'the great wealth transfer' drags on

Australia is in the midst of its largest generational wealth transfer projected at $5.4 trillion. However, most people receive an inheritance late in life, often in their 50s or 60s and sometimes even later.

By then, the golden opportunity for compounding returns, property purchases at a younger age or early financial independence may have long passed.

We've seen it with existing clients.

Waiting on an inheritance can result in:

- **Missed investment opportunities**
  Investing early gives your money more time to grow. Delaying can mean missing property booms, share market gains or lucrative business ventures.
- **Lost financial discipline**
  The expectation of future windfalls sometimes leads to complacency, a 'she'll be right' attitude that stifles saving and investing.
- **Changing circumstances**
  Life happens!
  Aged care costs are increasing, and your parents need to consider this before they give their wealth away. In addition, market downturns or changes in relationships (hello, blended family complications) can significantly erode the estate you were banking on receiving.

FAMILY DYNAMICS AND DRAMA

Not every gold mine delivers

The 'inheritance impatience' phenomenon is real in Australia.

As parents live longer, the stress of waiting can bring out the worst in families, including the risk of elderly abuse.

Pressure to hand over assets early, arguments over Wills and the rise in family disputes aren't just tabloid fodder. They're backed by a spike in legal cases and reports to Australian elderly abuse hotlines.

Blended families add another layer of complexity. Unexpected bequests to step siblings or new partners can turn the reading of the Will into a contact sport, with costly litigation often the only winner.

Not all inheritances are created equal

Contrary to the 'inheritance will fix everything' myth, research shows:

- **Younger Australians may never receive what they expect.**
  Parents may need most of their wealth for aged care or may choose to distribute it differently as circumstances change.
- **Inheritances do little to reverse wealth inequality.**
  Most Australians receive a boost, but real transformative wealth shifts are rare and usually occur where there's already a history of 'generational wealth'.

- **Think you'll buy a first home with inherited millions?**
  The average inheritance in Australia is usually modest, and younger recipients are the exception, not the rule.

The 'early inheritance' trap

Some parents, seeing their children struggling, consider gifting early. But this can backfire without careful planning:

- **Potential impact on Centrelink entitlements:**
  Gifting too much can reduce your parents' pension and aged care benefits.
- **Family feuds and legal complications**
  Without proper documentation or estate planning, early giving can result in children feeling unfairly treated, sparking disputes down the track.
- **Financial risk for parents**
  Your folks could end up needing to rely on their kids, possibly you, if they live longer than expected or encounter unforeseen expenses.

Don't let 'mum and dad's inheritance' become your financial plan

Aussie humour aside, there's a serious message for anyone hoping to build their own financial future.

It's time to:

- **Focus on independent wealth creation**
  Save, invest and practise a bit of good old fashioned budgeting.
- **Open family conversations**
  Discuss expectations, Wills and estate planning proactively with the help of professionals.
- **Appreciate the unpredictability**
  Treat any inheritance as a possible bonus, not a cornerstone of your retirement plan.

The bottom line

Australia's population is living longer and that's something to celebrate! However, if your financial security is chained to mum and dad's longevity, you're likely to end up with a heavy heart and a light wallet.

If this article has raised questions about your own future, don't wait for the inheritance windfall that may never blow your way.

Start a conversation with one of our qualified specialists- accountants, financial planners or estate advisers.

And remember
You can't spend an inheritance you don't have, but you can certainly spend your life waiting for it!

Contact us to read **'The slow train to nowhere'.**

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