

Sanctum Wealth's Head of Wealth Planning's Insights on Modern Family Estate Planning and the Challenges Ahead for India's HNWIs

In a recent discussion at the Hubbis India Wealth Management Forum 2023 in Mumbai, Sneha Makhija, Head of Wealth Planning at Sanctum Wealth, shared some valuable observations on the evolving dynamics of family wealth transition and planning. Reflecting on the changes she has witnessed, Sneha emphasised how families' approaches have grown more inclusive and comprehensive, moving away from the traditional and rather less structured ways of estate planning. By contrasting older and newer practices, understanding the influence of global family connections, and highlighting the mindset change required for effective estate & succession planning, Sneha provided a roadmap for families navigating the complexities of robust and inclusive wealth and estate transition to India's next and younger generations.

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SNEHA MAKHIJA
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As one of the selected experts on the panel, Sneha first commented on the noticeable shifts in the expectations of her private clients, especially regarding how they typically approach the planning process. She said that the current trend is more comprehensive than before; instead of merely presenting clients with a plan, the emphasis today centres on



Contrasting the Old and New

Expanding on these observations and drawing further comparisons with past practices, Sneha observed that there has been a noticeable shift in the approach

that wealth are also equally involved in the entire process of putting the plan together," she explained. "This is because, at the end of the day, you do not want to be in the position where you're expecting individuals who

« "It's not just about passing on wealth, but also ensuring the individuals who are going to inherit that wealth are also *equally involved* in the entire process of putting the plan together." »

involving all the stakeholders of the family in the planning process. She also highlighted that this holistic approach is not just about wealth allocation but ensuring that everyone in the family is aligned with the plan's objectives, and she stressed that the real measure of a plan's efficacy is how smoothly it is then executed.

taken by families in terms of recognising the importance of preparing the next generations – the eventual inheritors – for their upcoming responsibilities by engaging them throughout the planning process.

"It's not just about passing on wealth, but also ensuring the individuals who are going to inherit

have not even been involved in the process or thinking to then actually execute that plan."

Furthermore, Sneha brought up an essential point about the global nature of many very wealthy families today. As a result, she explained that the modern approach to these issues needs to involve a genuinely international perspective as well



as the delivery of specialised and localised advice of various factors and regulations.

With families spread out across different jurisdictions, understanding cross-border laws, inheritance taxes, and other global factors had therefore become critical to the process. This global perspective ensures that families have a 360-degree view of their assets and family members, rather than a myopic or only local perspective. This is vital to grasp the broader global implications of their wealth preservation objectives, which will certainly help later in their estate and succession transition planning and structuring.

Preparing for the handover

Extrapolating from these comments, Sneha addressed a pressing question as to whether India's HNW and UHNW families are yet truly

equipped to transition their assets and responsibilities.

She said that the immense worries amongst families during the worst of the global pandemic had played a significant role in making families realise the importance of planning proactively for the future, given life's unpredictability. It was during this time that many such families actively sought advice and the right structures to ensure a systematic transition. However, she also reported that while India's wealthy families are moving in the right direction, they are not progressing as swiftly or as comprehensively as they should.

Mindset Shift Needed

Amongst the reasons for founders and families dragging their feet on these matters Sneha explained that in India so many families prioritise wealth creation over its preservation, protection, and planned transition.

"Clients typically tend to procrastinate when it comes to actually putting their plan together in a proper and timely manner," she commented. "Accordingly, I think there's a long way to go, in terms of preparedness. Moreover, it is not about just putting a set of documents and plan in place; there is much more to it, which families need to be aware of and prepared for."

Sneha observed that a prevalent concern was the apprehension that clients feel when even discussing estate planning. "The mere mention of it worries them, often bringing up fears of disputes and conflicts within their families," she commented. "However, open and transparent discussions and even conversations that touch on potential conflicts can all actually be constructive. Avoiding conversations entirely might lead to more significant conflicts in the future, potentially endangering the family's wealth."

The Road Ahead

In closing her observations, Sneha acknowledged that while some families are well-prepared and understand the value of timely and robust planning, many still have a considerable distance to progress before they embrace the concepts or indeed tackle the realities of smart estate and succession planning fit for the world we live in. The journey to more complete preparedness in wealth transition is long and often challenging, but with the right mindset and approach, these families can arrive at the right destinations. ■

Interested in being part of the discussion? Be sure to save the date of our India Wealth Management Forum 2024, which is taking place on Wednesday August 28th, 2024.

Want to find out more about how you can take part? Get in touch at events@hubbis.com.