


The Value of Experience and Empathy for Robust Estate & Legacy Planning for Private Clients in India



Sneha Makhija is the articulate and very enthusiastic Head of Wealth Planning Products & Solutions for Sanctum Wealth in Mumbai. And in her quieter moments away from it all at home, she is a devoted reader of ancient Indian scriptures that can help, she says, guide her and indeed society at large towards a path of righteousness and enlighten on the purpose of life. Hubbis met with her recently to hear what she thinks about the opportunities and challenges around robust estate and legacy planning and structuring for wealthy Indian private clients, and how she brings her own value system to the table to help in these matters, which are both technical but also often highly personal and emotional. Makhija is clearly passionate about her subject and her role, and conveyed her vision and the key issues and challenges wealthy clients face in great detail. We have distilled her many valuable observations into this Q&A.

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SNEHA MAKHIJA
Sanctum Wealth

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What is your role at Sanctum Wealth and why do you see it as such an important mission?

As head of Sanctum’s wealth planning division, we help HNW and UHNW clients with comprehensive estate planning solutions that comprise of Will-planning, setting up of private family Trusts, asset and life protection solutions, family business governance, alternate investment immigration options, and so forth. In short, we help families devise structures to ensure their wealth’s preservation and subsequent distribution to their loved ones. This indeed makes it an important element in the scheme of things for clients as such planning enables wealth to be inherited by desired recipients as well as safeguards not only the family’s wealth but their relationships too.

Asia is facing a vast shift in wealth from the older to the next and younger generations. Is this an important theme for you in India?

Yes, absolutely, we do witness a change with the younger generation coming to the forefront with the family’s investment and business-related matters. In fact, at times, the next generation does understand the importance of a wealth plan and figures ways and means to educate the older generation. However, there are numerous challenges faced in these areas where we often act as mediators to encourage a healthy dialogue amongst both generations for such matters thereby devising well-articulated estate and succession plans. Further, as wealth planners this also entails equipping the next generations with the right mindset and skills required for a smooth transition of the family’s vast private wealth.

Can you explain some of the key issues and challenges private clients face?

Families need to lay more weightage on succession-related wealth matters as much as they give to wealth creation. Even if some families understand the importance of an estate plan, they tend to procrastinate its execution, failing to realise the uncertainty of life. Further, the founders tend to deliberate if they should involve their family members when they assemble their estate and legacy plan or even whether they should inform them.

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The precise level of openness and transparency, as I mentioned, depends on the individuals and their families, and this is part of the skillset we have as a wealth planning team, knowing how to assess what will work for each client and their family. And as I said, our default position is that we encourage transparency wherever possible, as in our experience, it avoids problems or disputes in the future.

Given these views, how then do you go about advising these clients on the right steps to take, when, and how do you involve the next generations?

These are delicate matters, as we all know. The founder generation and those who might inherit are often apprehensive for many reasons. The founders might feel they will demotivate the younger generations from studying/working hard and achieving their goals if they inherit too early or know how wealthy they will be. The younger generations might worry about their inheritance and fairness within the family.

First and foremost, it is essential to make both generations understand the importance and role of an estate plan, the absence of which can be a huge disadvantage to the family. Thereafter we stress on the importance of weaving the legal, practical, and emotional elements of the plan that might have an impact on the present and future of the family.

And this is precisely why the wealth planner's role is vital, to help manage such sensitive matters and encourage the right type of conversations between the generations by taking into account the family relationship dynamics.

Can you elaborate on the mechanisms adopted to help families devise a suitable estate plan?

The first key step is understanding the client's objectives and timelines to achieve the same. Further one needs to assess the extent of ownership and control the client

is willing to renounce over his asset holdings and the outlay in his pocket to design a suitable structure. Typically, families are aiming for a smooth transition of their wealth with minimal legal and administrative formalities, ring-fencing and preservation of wealth for the next generation, mitigating implications of IHT where applicable - while IHT is currently not present in India, dealing with global families warrants one to assess the same where prevalent - amongst other considerations. These priorities become guiding factors in assessing the combination of tools and

communication channel set up by way of family constitution and charter that enables dialogue amongst various generations on a common platform. The beauty of such governance practices enables the family to come together from time to time to voice their opinion on matters that matter the most to them as well as strengthen their familial bonds. Further, it is essential that families not only pass on wealth to their inheritors but also the right value system so that they acknowledge not only the value of the inheritance but also their responsibility as an inheritor.

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solutions ranging from gifts, Will-planning, Trust structuring and family governance to determine the right fit for each family.

Distributing wealth equally is a nice objective to have. But in practice is it very difficult to achieve, in your experience?

Families tend to concentrate predominantly on the technical aspects of their estate plan, often overlooking the softer but vital elements that need to be considered. For instance, family businesses need to ensure long-term business continuity, which warrants a well-devised

Finally, what is your own background and career path, and how has that led you to the fascinating role and mission that you so clearly enjoy?

I have been lucky to have spent my school days and university at home in Mumbai and then completed my MBA at Durham University Business School, UK. I had the opportunity to work with reputed organisations such as Barclays Bank PLC, which exposed me to the banking sector, while at Kotak Family Office, I learnt the art of running a family office and the importance of family governance. I was

intrigued to understand this space further. And that is when my love for this mission began - as part of my MBA study, I did my dissertation on family governance, analysing why the traditional inheritance plans do not suffice for family businesses and how governance plays a crucial role. I later qualified as a chartered trust and estate planner, with certification from the American Academy of Financial Management.

After that, following on from my MBA stint, I ventured into the estate planning role with Anand

Rathi, which gave me inroads into the world of estate planning. And currently, at Sanctum, my constant endeavour is to continue enhancing the delivery of my solutions, ensuring that families understand the importance of estate planning as not only a wealth transfer plan but also as a mechanism for improving the longevity of their family relationships. Helping families achieve their estate planning goals and preserving their wealth for future generations brings me great satisfaction, and I continue to strive to expand my knowledge and expertise to serve my clients better.

And outside work, what inspires you most?

In my personal life, at quiet moments, I am devoted to the reading of ancient Indian scriptures, such as the Bhagavad Gita, the Srimad Bhagavatam, and many others. They inform and inspire me about traditions and value systems of our past in India, and they have great importance, I believe, for human society, and how one could develop value systems to live a life of righteousness and understand the true purpose of life. ■

