

focus

Intergenerational Wealth: Planning the Legacy You Leave



For many New Zealanders, the retirement years are the result of a lifetime of effort. Over the coming decades, an estimated \$1.6 trillion of this wealth is expected to pass from one generation to the next. This transfer is not only financial; it also carries your values, intentions, and the opportunities you hope to create for others. Although it can feel uncomfortable, planning ahead is easier than leaving important decisions to your family at an already difficult time. Taking practical steps now can provide clarity, reduce stress, and ensure what you have built continues to support the people and causes you care about most.



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In New Zealand, people aged 65 and over hold close to 40% of total household wealth. By 2050, about \$1.6 trillion of accumulated wealth is expected to change hands – transferring to children, grandchildren, charities, and communities. This coming wave of intergenerational wealth transfer presents both an opportunity and a responsibility.

For families, it raises important questions. How do you pass on wealth in a way that reflects your values? How do you support the next generation without undermining their independence? And how do you ensure that the wealth you have worked hard to build is preserved rather than squandered?

Start with the fundamentals: get your affairs in order

One of the most important – and often most delayed – steps in intergenerational planning is putting the right legal foundations in place. Around half of New Zealanders still do not have a will. While it is never an easy topic to confront, dying without one can leave your family navigating unnecessary stress, delays, and costs at an already difficult time.

A well-drafted will gives you control over where your assets go, reduces the likelihood of disputes, and provides clarity for those you leave behind. It also gives you the opportunity to think carefully about your intentions and to discuss them with your family while you are still able to do so.

Just as important is keeping your will up to date. Major life events – marriage, separation, new children, or grandchildren – should always prompt a review. Estate planning is not a one-off exercise; it should evolve as your life and your family do.

Talk about money – earlier than you think

While legal documents matter, intergenerational wealth planning is ultimately about people, not paperwork. One of the biggest risks to family wealth is not poor investment returns, but a lack of communication and understanding across generations.

Many families avoid talking about money. In New Zealand, financial conversations can feel awkward or even impolite. Some parents worry that discussing wealth or inheritance might reduce their children's motivation or ambition. In practice, the opposite is often true. A lack of financial education leaves future generations ill-equipped to manage what they inherit.

There is an old saying that wealth goes from 'shirtsleeves to shirtsleeves in three generations' (i.e. without careful stewardship and education, family wealth can diminish over time). It does not have to be that way. Teaching children and grandchildren the basics of money management – saving, investing, compound interest – can be one of the most valuable gifts you give them. Involving them gradually, perhaps through small investments or discussions about how wealth has been built over time, builds capability without needing to promise or quantify future inheritances.

Timing matters: how much, and when?

People are living longer, and that changes the dynamics of inheritance. Increasingly, wealth is passed on from parents in their 70s or 80s to children already in their 50s or even 60s and financially established. By 2050, the average age for those receiving an inheritance is expected to be 55 years old, up from around 50 years old currently.

For some families, it may make sense to pass on part of their wealth earlier, when it can have the greatest impact. Helping children at key life stages – buying a first home, raising a family, starting a business – can be more meaningful than a larger inheritance much later in life. The so-called ‘bank of mum and dad’ has already become an important source of support for younger New Zealanders trying to get on the property ladder.

These decisions need to be carefully considered, taking into account your own financial security, longevity, and the differing circumstances of your

children. What is fair is not always equal, and revisiting your plans as family situations change is essential.

Thinking beyond the family

With smaller family sizes and larger asset pools, many New Zealanders are also considering the broader legacy they leave. Charitable bequests, donor-advised funds, and structured giving can form part of an estate plan, allowing wealth to support causes aligned with your values long after you are gone.

With thoughtful planning, supporting the community need not come at the expense of family. Both objectives can often be achieved.

You're not alone

Inheritances and legacy planning can be complex and emotionally charged. Independent advice can be invaluable. A trusted lawyer, accountant, and financial adviser can help ensure your intentions are clearly documented and implemented efficiently.



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The bigger picture

Intergenerational wealth transfer is not just about money. It is about values, education, and stewardship. The most successful transitions happen when families plan early, communicate openly, and take a long-term view.

As wealth moves from one generation to the next, the families who manage it best see planning not as an administrative task, but as an ongoing conversation — one that evolves over time and strengthens relationships.

Practical next steps:

- Establish or update your will and appoint appropriate executors — make sure it's signed.
- Put enduring powers of attorney in place for property and personal care.
- Document assets and ownership structures (joint holdings, trusts, companies, KiwiSaver, insurance beneficiaries). Get advice on structuring inheritances and investment planning if needed.
- Decide whether to provide support during your lifetime (gifts, loans, or early inheritance) and record plans clearly.
- Hold a family discussion about values, expectations, and fairness versus equality (surprises for beneficiaries can create long-term conflict within families).
- Review your arrangements every two to three years, or after major life events.

If at any time you want to discuss investment options and opportunities, your Forsyth Barr Investment Adviser is available to provide you advice and assistance.

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