Early inheritance

Inheritance: Give it now or regret it later?

ESTATE PLANNING
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For some, early inheritance offers children a lifeline when they need it most. Starting careers, buying homes, or weathering financial storms. For others, waiting ensures stability, avoids misuse, and preserves wealth until it can truly serve as a legacy.

Successful inheritance planning encompasses three key elements: physical assets, knowledge transfer, and legal documentation. PHOTO/MICHAEL KAKUMIRIZI

Takeaways

- In Europe, inheritance is increasingly received later in life. According to PwC Luxembourg, the average age of heirs in several EU economies rose from 42 in 1984 to 54 in 2020. This means many beneficiaries receive assets well into middle age, often after major financial decisions have already been made.
- Poorly structured transfers are often irreversible and difficult to unwind. Once assets are transferred, the founder may lose legal authority, sometimes before the next generation is ready.

Across generations, wealth has traditionally been passed down after death, a final gift from parents to children. But with trillions of dollars expected to change hands globally in the coming decade, a new debate is emerging: should families wait until the end, or share their inheritance while they are still alive?

For some, early inheritance offers children a lifeline when they need it most. Starting careers, buying homes, or weathering financial storms. For others, waiting ensures stability, avoids misuse, and preserves wealth until it can truly serve as a legacy. The question is no longer just about money, but about timing, responsibility, and the values families want to instill.

BD Life explores the benefits and drawbacks of early inheritance, digging into whether giving it while alive strengthens families or risks creating new challenges.

Daniel Ayebare, the chairperson of the Uganda Financial Literacy Association (UFLA), emphasizes the significance of involving children in family businesses from an early age.

By doing so, he says parents equip their children with the necessary knowledge and skills to manage and grow these enterprises when the time comes.

"Inheritance extends beyond material possessions; it includes imparting knowledge, behaviours, and attitudes essential for sustaining and expanding wealth," Ayebare says.

He highlights that successful inheritance planning encompasses three key elements: physical assets, knowledge transfer, and legal documentation.

"Many families in Uganda have valuable properties, yet when their owners pass away without wills or legal clarity, the future of these assets becomes uncertain," he says, noting that without proper legal frameworks or documentation, all the hard work put into accumulating wealth can vanish after a person's death, leaving heirs in a struggle to make sense of their inheritance.

Ayebare argues that a well-executed inheritance plan provides a solid foundation, allowing future generations to avoid starting from scratch.

"It enables them to build on what has been established, minimising their struggles in finding employment or managing finances," he says, noting that the transfer of both technical skills and behavioural insights is crucial, allowing the younger generation to learn from the mistakes and successes of their predecessors.

Ayebare notes that when parents engage in discussions around financial planning and wealth management, they prepare their children to inherit not just assets but also a wealth of knowledge that will aid them throughout their lives.

Worrying generational trend

He points out a worrying trend among younger generations, particularly millennials and Gen Z, who often find themselves without a safety net.

"Many millennials have sold family properties, and younger generations grow up in urban settings without access to the rural lands their grandparents once owned. When they face financial difficulties, they have no safety net to fall back on, resulting in an even greater risk of beginning from a disadvantaged position," Ayebare explains.

To ensure a prosperous future for succeeding generations, Ayebare says it is crucial to prioritise effective inheritance planning. If it is not executed thoughtfully, young heirs may find themselves at the mercy of others, losing out on opportunities to build their own wealth.

A lack of intentionality in planning can lead to lost inheritances, where banks retain unclaimed funds, and relatives take possession of unrecorded lands.

"By fostering a culture of financial literacy and emphasizing the importance of inheritance planning, we can help shape a future where the next generation is empowered, informed, and ready to thrive," he says, adding that the conversation around inheritance should not be taboo. Instead, it should be embraced as a vehicle for growth and stability for years to come.

Ayebare comments that a well-planned inheritance is not just about passing on possessions; it is about ensuring the continuity of knowledge and financial stability, paving the way for future generations to succeed.

Mr Richard Byarugaba, a specialist in finance, banking, and asset management, emphasizes the importance of creating a well-structured investment portfolio as a pathway to building and preserving wealth.

He believes that this process can be passed down through generations, from father to son and then to grandchildren.

"Many individuals overlook crucial aspects of wealth management, resulting in missed opportunities. It is essential to grasp the foundational principles of investing, as they can significantly impact long-term financial success," Byarugaba says.

Risks

'Premature entitlement can weaken discipline and create dependency, while assets transferred early may be exposed to risks such as creditors, marital disputes, or poor decision-making.'

Prepare children early

Mr Alson Mukabire, an advocate, says giving inheritance during one's lifetime carries both benefits and pitfalls.

"With careful planning, clear communication, and strong legal frameworks, families can maximise the advantages while preserving harmony for generations to come," he says.

One of the most compelling reasons to distribute inheritance during one's lifetime is to prevent the risk of probate disputes. By making clear, legally recognised transfers while alive, an individual can reduce ambiguity, minimise conflicts among beneficiaries, and ensure that their wishes are carried out smoothly and without prolonged legal challenges.

"Under Ugandan law, a deceased person's assets can only be transferred through a court process, either by obtaining letters of administration if there is no will, or through a grant of probate if a will exists," Mukabire says.

While some families informally acquire property without going through court, legally, the process is mandatory. Adding that this often creates delays, costs, and disputes. By transferring property before death, parents spare their families the hassle of lengthy court procedures and ensure that assets are passed on smoothly.

"Transferring property during one's lifetime, therefore, eliminates the risk of lengthy and contentious probate battles. Families are spared the burden of court procedures, which can be especially difficult when minor children are involved. For example, if a parent transfers rental property to a child under 18, the income can directly support the child's education and welfare without delay," Mukabire explains.

Giving inheritance during one's lifetime provides clarity, reduces conflict, and protects loved ones from the burdens of the legal system after a parent's passing.

Early inheritance can also reduce rivalry among beneficiaries. Mukabire highlights that when parents distribute assets while alive, disputes are minimised because decisions are clear and witnessed.

Although jealousy may arise, he notes that the parent's presence often helps manage conflict. From a business perspective, lifetime transfers allow children to gain mentorship and hands-on experience, ensuring smoother succession and preparing them to sustain family enterprises.

Despite these advantages, Mukabire cautions that early inheritance carries risks.

Unequal distribution may spark grievances that undermine family cohesion.

"Gifting assets prematurely can foster entitlement or complacency, weakening children's drive to work hard and pursue their own ambitions," he notes, adding that assets transferred early may also be exposed to risks such as creditors, marital disputes, or poor financial decisions," Mukabire says.

Poorly structured transfers are difficult to reverse, leaving families vulnerable.

Mukabire urges families to seek legal guidance before pursuing early inheritance. He notes that tools such as trusts can allow parents to retain lifetime rights while ensuring assets pass to children at the appropriate time. This approach, he says, provides stability, safeguards control, and prepares heirs for responsibility.

Inheritance is a legal decision

Ms Elaine Alowo Matovu, the founder of Musizi Sustainable Business Institute, emphasizes that inheritance should not be viewed merely as a legal decision but a systems decision that affects control, culture, and continuity within families. She explains that transferring assets during one's lifetime can bring several benefits.

"It provides clarity and continuity by reducing disputes after death, allows for mentored transition where the next generation learns under guidance, improves efficiency by cutting delays and legal costs, and enables strategic structuring through trusts, holding companies, or phased gifting," Matovu explains.