Can Retirement Be Cushioned By Inheritance?

"A son can bear with equanimity the loss of his father, but the loss of his inheritance may drive him to despair" – Machiavelli -16th Century

It is remarkable what human evolution has attained today. Just a hundred years ago, you would have to be fortunate to survive past the age of fifty. Today's average life expectancy has added at least two decades to that figure. The median age of life expectancy for the Middle East, according to the last published WHO report, has pegged at 77.1 years. The average life expectancy for OECD nationalities, who have a sizeable presence amongst expatriates in the Middle East, stands higher at 80.3 years.

Given that life expectancy has improved, how would you factor inheritance as a legitimate milestone in your financial lifecycle? Would emotional factors take over, as you may revere money that is inherited differently than money that has been earned? Or are there ways and means to allow an inheritance to redirect an inheritor's financial path?

Financial planning believes in optimum allocation, which is the art of allocating just the right quantity of sacrifices today to reach aspired future goals. The theory rests on the principle of budgeting your future goals based on limited means. Therefore, including an inheritance as part of your retirement plan would rightfully enable you to magnify your radius of future goals.

While it is apparent that the retirement plan gets turbocharged with an inheritance, you would need to pay careful attention while implementing the move.

Foremost, clarity for an unhindered transmission must be studied, whether they supersede "intestacy laws" applicable across international borders. You would be better advised to study if offshoring the assets is suited to your tax jurisdiction.

Secondly, the types of assets transmitted and distributable must be considered. Each type of asset comes with its own unique characteristics and understanding these nuances is critical to making informed decisions. Portability of the asset or proceeds for eventual repatriation must be studied and advised upon.

Finally, you would need to address the aspect of tax risks. With dynamic changes in taxation laws and purview, it would be imperative to rope in professional opinion and advice on how the inheritance would best serve your interests in the context of least or negligible tax liability. It shouldn't lead to a scenario where you find yourself disclaiming inheritances due to inherent tax liabilities!!

The fact that the subject of inheritance is no longer taboo, in the context of retirement planning, might be validated by the last annual World Ultra Wealth report published by Wealth X, where it estimates that number of family offices has grown to a number anywhere between 7,000 and 11,000.

So, if retirement were to the chequered flag at the end of the race, after various pit stops, like children's higher education, closure on mortgages and loans and hopefully a post retirement vacation fund, cushioning your retirement race with an inheritance may prettywell assure you reach the podium first to pop the champagne!

And while you are at it, don't forget to invite your financial advisor to the party.