



# Are Your Client's Kids (or Grandkids) Ready for Their Inheritance?

Preparing the Next Generation for Australia's Great Wealth Transfer.

May 2026

## General Advice Warning

This article has been prepared by KeyInvest Ltd (ABN 74 087 649 474, AFSL 240667) for general information and educational purposes only. KeyInvest is the issuer of the KeyInvest Investment Bond.

## Disclaimer

This article has been prepared by KeyInvest Ltd (ABN 74 087 649 474, AFSL 240667), the issuer of the KeyInvest Investment Bond.

The information contained in this article is general information and factual in nature only. It has been prepared for educational purposes and does not constitute financial product advice, nor does it take into account the objectives, financial situation, or needs of any individual. You should consider the appropriateness of the information having regard to your own objectives, financial situation and needs before acting on it.

Before making an investment decision, you should obtain and consider the relevant Product Disclosure Statement (PDS) and Target Market Determination (TMD), available at <https://keyinvest.com.au/formsresources>, and seek independent professional financial advice.

Any discussion of taxation outcomes is based on the current legislative framework applicable to investment bonds at the time of writing. The effective tax rate of an investment bond may vary over time and will depend on the underlying investment performance, transaction activity, and earnings profile of the fund. Legislative, regulatory, or tax changes may affect these outcomes.

Past performance is not a reliable indicator of future performance.

**Neither the author nor any associated entities accepts responsibility for any loss, damage, or adverse outcomes arising from reliance on the information contained in this document without such confirmation.**

## Abstract

Australia is entering the largest intergenerational wealth transfer in its history, with an estimated \$3.5 trillion expected to pass between generations over the coming decades. While significant attention has been given to estate planning structures, far less focus has been placed on whether beneficiaries are prepared (financially, emotionally, and practically) to receive and steward inherited wealth. This article introduces the concept of inheritance readiness, examines the limitations of traditional estate planning approaches, and explores the evolving role of financial advisers in preparing the next generation. It also considers how investment bonds may be used as part of a structured, staged, and values aligned approach to intergenerational wealth transfer. The article concludes with practical steps advisers can apply when working with families across generations.

## Learning Outcomes

After reading this article, advisers should be able to:

1. Identify non-financial risks that commonly undermine inheritance outcomes.
2. Recognise when assumptions about beneficiary readiness create ethical and best-interest risks.
3. Distinguish between technically correct estate arrangements and ethically sound advice outcomes.
4. Apply ethical judgement to estate-related discussions without straying into legal advice.
5. Demonstrate how proactive questioning and documentation support compliance with professional standards.

## About KeyInvest

KeyInvest is a member-owned Australian friendly society established in 1878, with a proud history of helping individuals and families build, manage and protect their wealth. Specialising in investment bonds and funeral bonds, the KeyInvest Investment Bond offers a diverse, single sector and multi-manager investment menu, soon to be expanded to provide members with even greater choice.

Through ongoing engagement with financial advisers and licensees, KeyInvest continues to invest in its digital platform and adviser portal delivering streamlined application processing, enhanced client visibility and efficient administration to support advisers in recommending investment bond solutions that empower Australians to achieve their goals with confidence and clarity.

## About the Author

Nick Heuzenroeder is Head of Product Innovation, Governance & Partnerships and a Responsible Manager for both KeyInvest and KeyInvest Managed Investments. With a background spanning financial advice, product innovation, investment management and business leadership, Nick brings a strong blend of technical expertise and strategic, relationship led thinking. He plays a key role in strengthening governance frameworks, overseeing product and operational risk, and fostering partnerships that enhance outcomes for investors, advisers- and distribution partners.





## Introduction

For many clients, estate planning is framed as a legal exercise: prepare a will, nominate executors and assume assets will pass smoothly to the next generation. In practice, however, the most significant risks to inheritance outcomes are rarely legal technicalities alone. They are behavioural, relational and ethical.

Advisers increasingly encounter clients who are confident their estate plan is “sorted”, yet far less certain that their children or grandchildren are ready (emotionally, financially or practically) to receive what is intended. In an environment of blended families, rising estate disputes, longer lifespans and significant intergenerational wealth transfer, this assumption is increasingly unsafe.

This article explores why asking “*are your children ready for their inheritance?*” is no longer optional, and why addressing this question forms part of an adviser’s ethical obligations under the best interests duty and the Financial Planners and Advisers Code of Ethics.

## Inheritance Is Not a Moment, It Is a Transition

Inheritance is often treated as a single event that occurs at death. In reality, it is a transition that can unfold over many years, intersecting with grief, family dynamics, tax outcomes, control and capability.

Many beneficiaries receive assets:


- at a time of emotional vulnerability,
- without prior experience managing capital at scale, or
- while navigating relationship breakdowns, addiction issues or external pressure from partners or extended family.

Advice that focuses solely on asset transfer mechanics risks producing outcomes that conflict with the client’s intentions, even where the legal structure is sound.

## Hidden Risks Advisers See But Clients Often Avoid

Advisers regularly observe risks that clients themselves are reluctant to confront, including:

- adult children who have never managed significant sums,
- siblings with materially different financial literacy or stability,
- beneficiaries whose partners may exert influence or control,
- children with disabilities or vulnerabilities requiring protection rather than autonomy, or
- grandchildren whose future needs are still unknown.



Clients may intellectually acknowledge these issues but emotionally resist addressing them. Avoidance is common because the discussion feels confronting or disloyal. From an ethical perspective, this avoidance represents risk rather than prudence.

## Acting in the Client's Best Interests: Ethically, Not Just Technically

Estate-related advice sits at the intersection of financial, legal and ethical responsibility. While advisers must not provide legal advice, they are required to identify legal, behavioural and relational risk and recommend specialist advice when complexity or vulnerability is present.

Ethical estate-related advice involves:

- testing assumptions rather than accepting them at face value,
- ensuring clients understand the practical consequences of their decisions,
- recognising when family dynamics elevate dispute or misuse risk, and
- documenting the rationale for strategies chosen.

The Code of Ethics requires advisers to act with care, competence and in the client's best interests, which includes helping clients understand foreseeable risks and consequences (FASEA, 2019).

## When "Equal" Is Not Fair and Fair Is Not Equal

Many clients default to equal distributions because they feel simpler or safer. However, equal outcomes can be deeply unfair when beneficiaries' needs, capabilities and risks differ materially.

Examples include:

- one child financially secure and another struggling,
- one child providing informal care while another is disengaged, or
- grandchildren with significantly different health or educational needs.

Ethical advice does not prescribe outcomes, but it does require advisers to help clients understand that fairness is contextual, not mathematical.

## Control, Timing and Protection Matter

A common cause of inheritance disputes is not intent, but execution. Clients may intend funds to support education, housing or long-term care, yet leave beneficiaries with immediate, unrestricted access.

Advisers should explore questions such as:

- Should control pass immediately, or progressively?
- Is outright ownership appropriate, or is protection required?
- Who should control assets if a beneficiary lacks capacity?
- How would decisions be defended if challenged?

These are not legal questions alone, they are financial, ethical and practical considerations.

## Structures Are Tools, Not Solutions

Trusts, beneficiary nominations and non-estate assets can be powerful tools, but only when aligned with purpose. Poorly matched structures can increase dispute risk, create tax inefficiencies or impose unintended burdens on beneficiaries.

The adviser's role is not to recommend structures reflexively, but to ensure any structure supports clarity, resilience and the client's stated values.

## Worked Examples: When Inheritance Planning Fails (and When It Doesn't)

The ethical risks discussed above are not theoretical. They emerge repeatedly in advice practices, often years after the original recommendations were made. The following illustrative case studies demonstrate how assumptions about beneficiary readiness can materially undermine client intentions and how advisers can intervene ethically without providing legal advice.

### Case Study 1: Equal Outcomes, Unequal Consequences

#### Scenario

Margaret, aged 74, has two adult children. One is financially secure, owns a home and has stable employment. The other has experienced periods of unemployment and has limited experience managing money. Margaret's will leaves her estate equally to both children, reflecting her desire to "treat them the same."

### Adviser Considerations

Technically, an equal distribution is simple and defensible. However, the adviser recognises that equal treatment may not produce equal outcomes. The financially vulnerable child is likely to exhaust their inheritance quickly, while the other may preserve or grow it.

### Ethical Intervention

Rather than recommending a specific legal structure, the adviser asks targeted questions:

- How confident are you that each child would use the inheritance as you intend?
- Would it concern you if one child exhausted their share quickly?
- Is fairness about equal amounts, or about equal long-term security?

These questions surface Margaret's underlying concern: she wants both children to have lasting security, not merely equal sums. The adviser documents this discussion and recommends that Margaret seek estate planning legal advice to explore options that reflect her intent.

### Key Lesson

Ethical advice does not challenge the client's authority, it challenges assumptions. The adviser adds value by identifying misalignment between intent and outcome, even where the initial plan is legally sound.

## Case Study 2: Timing Matters More Than Structure

### Scenario

David, aged 68, intends to leave a significant inheritance to his grandchildren to help them with housing. His will provides for equal distributions upon his death. The grandchildren, however, range in age from 6 to 22.

### Adviser Considerations

While the structure appears fair, the timing creates risk. The eldest grandchild may receive funds immediately, while younger grandchildren may receive funds decades later under very different market and personal conditions.

### Ethical Intervention

The adviser explores timing and control rather than legal mechanics:

- When do you want the funds to be most helpful?
- Would you be comfortable if a grandchild received a large sum at 18?
- How would you feel if funds intended for housing were used differently?

This conversation reveals that David's primary objective is housing support, not early access to cash. The adviser documents this intent and recommends legal advice to ensure the estate plan reflects timing and purpose rather than default distribution.

### Key Lesson

Inheritance risk is often driven by *when* assets are received, not just *how*. Advisers who ignore timing risk may inadvertently enable outcomes that undermine client intentions.

## Case Study 3: Vulnerability and Protection

### Scenario

Angela, aged 62, has an adult son with a mild intellectual disability. He lives independently but struggles with complex financial decisions. Angela's current will leaves him a significant sum outright.

### Adviser Considerations

Outright inheritance may expose the son to exploitation, poor decision-making or loss of government support. However, Angela is sensitive to anything that feels controlling or discriminatory.

### Ethical Intervention

The adviser focuses on protection rather than restriction:

- Who helps your son make financial decisions today?
- What would worry you most if you were not here?
- How would you want support to work if he needed help?

These questions help Angela articulate that her priority is safety and dignity, not control. The adviser records the discussion and recommends specialist legal advice, noting the heightened vulnerability and need for protective structures.

### Key Lesson

Ethical advice requires recognising vulnerability and escalating appropriately. Failing to do so may expose both the client and adviser to foreseeable harm.

## The Adviser's Ethical Line

Most ethical failures in estate-related advice do not arise from bad intent. They arise from avoidance. Avoiding uncomfortable conversations, deferring entirely to legal advisers or assuming families will "work it out".

Ethical advisers do not manufacture problems. They surface foreseeable risks early, while clients are alive, capable and able to explain their reasoning.

Asking whether children are ready for their inheritance is not pessimistic. It is responsible.



## Conclusion

Intergenerational wealth transfer is one of the most significant financial events many families will ever experience. Yet it remains one of the least examined from a behavioural and ethical perspective.

Advisers who limit their role to technical compliance risk leaving clients with plans that work on paper but fail in practice. Those willing to ask harder questions, about readiness, protection, fairness and intent provide value that extends well beyond financial modelling.

Ultimately, the most important estate-planning question may not be *“who gets what?”*  
It may be *“are they ready for it?”*

You have read the article, [now collect your CPD points!](#)

See over the page

## Earn your CPD points

This article is featured on **Think Caddie** so simply login and answer the assessment questions.

**Not registered with Think Caddie?** No problem. You can take advantage of their 14-day free trial by clicking [here](#) or scan the QR code.

You'll find this article under CPD content. Enter '**KeyInvest**' in the search field and *voilà*.



While you are there, check out our CPD article library where you'll find articles on the following topics:

- KeyInvest Division 296 White Paper
- The "Two Sentences" Test: Can the Client Explain the Tax Outcome Back to You?
- "Just Put It in Super": The Ethical Limits of a Popular Strategy
- Investment Bonds and Trusts: Why Structure Matters Once Income-Splitting Is Exhausted
- Investment Bonds: Myths Busted
- Ethics and Estate Planning: Guiding Families with Integrity, Clarity and Compassion
- Leadership in Advice: Why Technical Excellence Isn't Enough for HNW Clients
- Tax Arbitrage and Investment Bonds: Understanding Effective Tax Rates and Accumulation Mechanics
- Investment Bonds: A Modern Tool for Intergenerational Wealth Transfer

## Want to know more?

If this article has prompted questions, or if you would like to explore how investment bonds may be used in practice, our team is here to support you. A full contact list is over the page.

You are welcome to reach out to discuss:

- Technical or structural questions about investment bonds
- A one-on-one discussion with one of our Relationship Managers
- A tailored presentation or briefing for your practice
- Jointly delivered webinars or in-person seminars for you and your clients, designed to support education and engagement
- Ongoing adviser education sessions as part of your CPD program

We regularly work with advisers to provide clear, practical education sessions. Whether that's a short technical update, a client-facing session, or a deeper strategic discussion tailored to your advice model.

To start a conversation or arrange a session please reach out. We'd be pleased to support you, your team and your clients.

## Our Team:

### How to reach our Distribution and Technical teams:

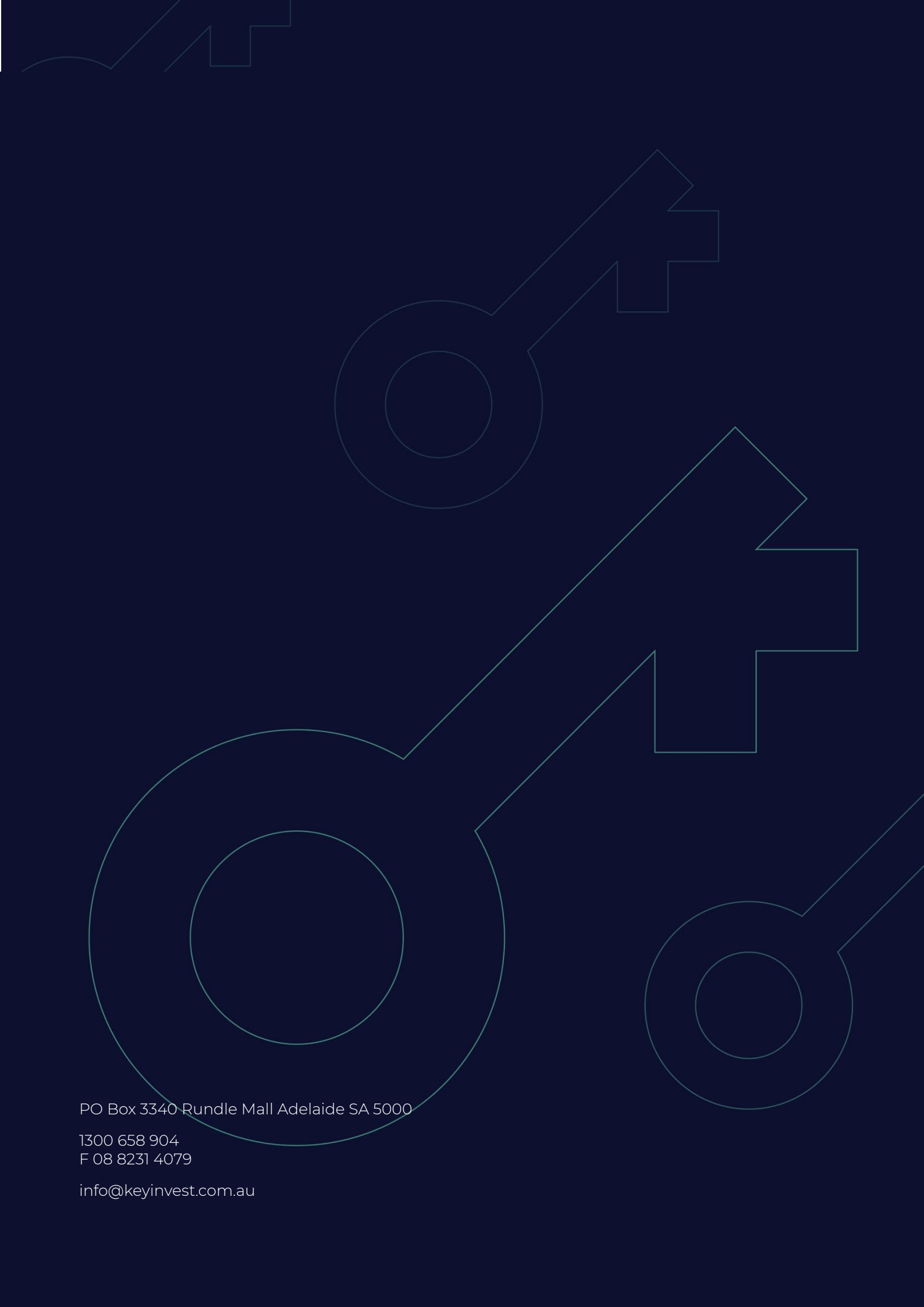
Sales & Distribution	<b>Ciaran McAssey</b> Executive Director, KeyInvest Managed Investments <b>Mobile:</b> 0412 027 256 <b>Email:</b> <a href="mailto:Ciaran.Mcassey@keyinvest.com.au">Ciaran.Mcassey@keyinvest.com.au</a>
	<b>Jarrad Gray</b> Senior Distribution Manager <b>Mobile:</b> 0428 247 302 <b>Email:</b> <a href="mailto:Jarrad.Gray@keyinvest.com.au">Jarrad.Gray@keyinvest.com.au</a> SA, WA, Vic & Tas advisers
	<b>Jason Goodacre</b> Senior Distribution Manager <b>Mobile:</b> 0499 722 644 <b>Email:</b> <a href="mailto:Jason.Goodacre@keyinvest.com.au">Jason.Goodacre@keyinvest.com.au</a> NSW / broader east-coast advisers
	<b>Andrew Meinel</b> Head of Funeral Bond Distribution <b>Phone:</b> 0499 997 323 <b>Email:</b> <a href="mailto:Andrew.Meinel@keyinvest.com.au">Andrew.Meinel@keyinvest.com.au</a>
Marketing & Technical	<b>Adrian Elston</b> Chief Sales & Distribution Officer <b>Mobile:</b> 0499 503 233 <b>Email:</b> <a href="mailto:Adrian.Elston@keyinvest.com.au">Adrian.Elston@keyinvest.com.au</a>
	<b>Nick Heuzenroeder</b> Head of Product Innovation, Governance & Partnerships (and Responsible Manager) <b>Mobile:</b> 0413 808 075 <b>Email:</b> <a href="mailto:Nick.Heuzenroeder@keyinvest.com.au">Nick.Heuzenroeder@keyinvest.com.au</a>
Investor & Adviser Services  (applications and servicing support)	<b>Frank Candeloro</b> Investor Services Associate <b>Phone:</b> 1300 658 904 <b>Email:</b> <a href="mailto:Frank.Candeloro@keyinvest.com.au">Frank.Candeloro@keyinvest.com.au</a>
	<b>Jack Pillion</b> Investor Services Associate <b>Phone:</b> 1300 658 904 <b>Email:</b> <a href="mailto:Jack.Pillion@keyinvest.com.au">Jack.Pillion@keyinvest.com.au</a>

## Reference List

Financial Adviser Standards and Ethics Authority (FASEA) 2019, *Financial Planners and Advisers Code of Ethics 2019*, Commonwealth of Australia.

Australian Securities and Investments Commission (ASIC) 2024, *Regulatory Guide 175: AFS licensing – Financial product advisers: Conduct and disclosure*, ASIC, Sydney.

Parliament of Australia 2024, *Inquiry into the life insurance industry – Chapter 6: Approved Product Lists*.



PO Box 3340 Rundle Mall Adelaide SA 5000

1300 658 904  
F 08 8231 4079

[info@keyinvest.com.au](mailto:info@keyinvest.com.au)