

Why Succession Planning Matters for UAE Families and Business Owners

By Sheetal Soni, Founder Partner MICS International

What happens to a lifetime of wealth when the individual who created it is no longer present to oversee it?

For high-net-worth individuals (HNIs), expatriates, and family-run businesses in the UAE, this is real and pressing concern. It highlights a facet of wealth management that often goes overlooked until it's too late: the process of transferring wealth in a manner that is seamless, equitable, and efficient.

Wealth takes years to build. Passing it on can become challenging and perplexing without a clear strategy. As the UAE continues to attract entrepreneurs, investors, and affluent families from around the world, financial affairs are becoming more complex. Assets may be held in multiple countries, family members may live in different jurisdictions, and firms may rely heavily on their founders. These issues make succession planning a vital component of wealth preservation and future planning.

Cross-Border Complications

Consider a business owner who runs a company in Dubai, owns property in India, and holds investments in the UK. Each asset may look secure, but transferring them can involve different legal frameworks, documentation, tax regulations, and delays.

Without a strategy, family members might find it difficult to reach assets. Individuals might be unaware of ownership details, or conflicts can emerge regarding the distribution of wealth. A family could appear to be very wealthy on paper. Limited funds at their most critical time.

Succession planning avoids these issues. It begins with understanding what you own, where it is located, how it is maintained, and who is entitled to receive it. For families with wealth, it also entails comprehending the regulations in every involved nation.

Wills and UAE Framework

The UAE offers options for Wills and inheritance, including dedicated routes for non-Muslims, in Dubai and Abu Dhabi, such as the DIFC Wills Service Centre and the Abu Dhabi courts. Understanding how these regulations function is essential for devising a plan that truly succeeds.

A Will can set out who receives what and who is responsible for managing the estate. A single will is insufficient. It does not include aspects such as borrowing access to capital or tax obligations in nations. The aim is not only to record desires. The aim is to ensure those wishes can be fulfilled when required. This can assist individuals in making sure their preferences are appropriately recorded, and dependents are taken into account. It can also assist families with foreign assets in anticipating possible issues.

Family Businesses

Family businesses encounter an additional challenge: who will take charge of the company when the founder retires? The UAE offers a structure for family enterprises to strategize for management and ownership. Families can establish guidelines regarding who decides, how family members engage, and how disputes are settled.

For instance, one child might desire to operate the business, whereas another chooses to remain a shareholder. Absence of roles and responsibilities can result in conflicting perspectives that create tension and negatively impact the business.

Discussing succession early aids founders in readying the next generation. It aids in clarifying ownership. Enhances the likelihood that the enterprise will endure for many years ahead. Succession planning also involves examining liquidity, liabilities, and the requirements of dependents. A large home or a prized business stake could enhance value, yet it may not be simple to sell swiftly when cash is required.

Liquidity and Dependents

Succession planning also means looking at liquidity, liabilities, and the needs of dependents. A large family home or a valued stake in a business may add to your net worth, but it may not be easy to sell quickly when cash is needed.

Preparing the Next Generation

Getting ready for the generation is equally essential. Receiving wealth doesn't equate to understanding how to handle it. Financial literacy, defined responsibilities, and a common comprehension of the family's objectives assist successors in decision-making. Succession planning is not an isolated activity. It is a component of asset management. It unites ownership, operational continuity, and global regulations.

For families and entrepreneurs in the UAE, the real benefit of planning is clear: it minimizes uncertainty in the present, preventing future choices from turning into emergencies later on. Acquiring wealth provides stability. Strategizing its transfer ensures that this security endures across generations.

Planning Ahead

Succession planning is not a one-off task. It is part of wealth management, bringing together ownership, business continuity, and cross-border rules. For UAE families and entrepreneurs, the benefit is clear: it reduces uncertainty today, so that future decisions do not become emergencies later.

Where wealth is created, where wealth is taxed and where it is passed can be three different jurisdictions.

Building wealth provides security. Planning how it is passed on helps that security last across generations.