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The Gift of Generational Wealth

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Special to the Palisadian-Post

I'm writing this article from the banks of the Arno in Florence, Italy, where everywhere I turn, I'm reminded of the inspiration for the Italian street names in our home in the Palisades.

I'm here to celebrate my father's birthday, and as a bonus, he just announced his retirement. He's announced his retirement before, so stay tuned to see if it'll actually happen.

I did, however, have a long talk with my folks about their retirement and how to make the most of it. Retirement can be a scary thing. As a new chapter in life, it involves rethinking one's daily habits, re-finding purpose, exploring new social avenues and most of all: losing one's steady income.

Fortunately, like most parents, they've spent decades saving and are keen to put their money to use, and (surprise, surprise) we talked about investing in real estate, and how that can help my parents and future generations.

Besides the most obvious benefit—steady appreciation that builds equity over time—we discussed purchasing several investment properties that can keep a steady cash flow on a monthly basis. Keeping my folks



Henk, Twan and Hessel Evelaar

Photo courtesy of Hessel Evelaar

cash-positive for the foreseeable future with the right investment.

However, there was more to our conversation than just the now, my parents want to make sure their kids and grandchildren will be set up as well. This is where generational wealth comes in and how real estate plays a critical role in achieving that.

Generational wealth refers to the passing down of financial assets, investments and resources through successive generations within a family. It provides ongoing financial security, opportunities and a legacy that endures, enabling descendants to enjoy a higher standard of living and achieve their goals without starting from scratch.

So how do we achieve that through real estate? What happens once that investment property has been bought and the income starts coming in? How do we ensure that not only my parents as original owners, but also their descendants benefit years from now?

That's where a real estate trust comes in. Once a home has been purchased, a key aspect is placing the property in said trust, whether it be an investment property or your own family home.

A real estate trust is a legal arrangement where property ownership is transferred to a trustee, who manages and administers it for the benefit

of beneficiaries. These beneficiaries can be one's children or even grandchildren. This structure offers tax advantages, asset protection, and controlled distribution of income and assets.

Most importantly, through a trust, a home can pass directly to beneficiaries outside of probate, the legal process of validating a will. This means assets transfer faster, with reduced legal costs and increased privacy, as the trust document specifies how assets are distributed, avoiding potential delays and complexities of probate court.

Whether my dad will actually retire or not, that remains to be seen, but he did get excited about this next chapter, what opportunities it holds, and how to set himself and his heirs up for life.

So here's to you, Dad: Happy birthday!

Hessel Evelaar is a sales partner at Amalfi Estates. Working together with his partner Chad Singer, they've sold close to \$50 million in real estate year to date. Originally from the Netherlands and raised in Singapore, Hessel brings a multicultural approach to the Westside real estate market. Contact Hessel Evelaar at 323-594-6239 or hessel@amalfiestates.com.