The Hidden Risk of Lifetime Giving

Why Transparency Matters in Estate Planning

A generous act with lasting implications

Many parents choose to support their adult children during their lifetime—helping with a first home, funding education, or providing financial stability during a pivotal moment.[1] These decisions are typically made out of love, generosity, and a desire to see children thrive.

But when financial support is given informally—or without being clearly documented—it can create unintended challenges later. What feels straightforward today can become a source of confusion or tension during estate settlement, often at an already emotional time for families.

> **The way support is given matters just as much as the support itself.**

Why families are having these conversations earlier

Rising living costs and financial pressures on younger generations have led many families to rethink when and how wealth is shared. Rather than waiting until later in life, parents increasingly want to provide support when it can make the greatest difference.

Helping children now can also feel deeply meaningful—allowing parents to witness the impact of their generosity firsthand. But as these decisions become more common, so does the need for thoughtful planning around them.

When informal gifting becomes a family issue

Informal support often begins with the best intentions. A parent helps with a down payment, covers tuition, or steps in during a difficult period. At the time, no one wants the gesture to feel transactional—so it isn't often discussed in detail or formally documented. What feels simple and generous in the moment can, years later, raise difficult questions.

Issues can be compounded when others were unaware the support was given at all. A lack of transparency may lead some beneficiaries to question fairness or, in certain situations, whether undue influence played a role. In other cases, funds used to help purchase a home may become entangled in a relationship breakdown, making recovery difficult if the original intention was a loan rather than a gift.

This is where documentation becomes an act of care. A clear written record—kept alongside the broader estate plan—helps loved ones understand not just the amount that was given, but the intention behind it. Clarity reduces the risk of conflict, protects relationships, and creates continuity by ensuring families are not left to guess later. Equally important is updating your Will to reflect the gift or loan made to a beneficiary during your lifetime.

> **Challenges often arise not because support was provided, but because intentions were unclear.**

The importance of clarity and communication

Clear documentation and thoughtful communication can help prevent misunderstandings before they arise. Transparency doesn't mean sharing every detail with everyone—but it does mean avoiding surprises.

By clarifying intentions early, families can:

- Protect relationships
- Reduce emotional strain during estate settlement
- Ensure decisions are understood in the context in which they were made

How estate and trust planning can help

Estate and trust planning that considers the impact of lifetime gifts or loans made to adult children can mitigate estate litigation at the time that the estate is being settled. Documenting gifts and loans can also support the preservation of family relationships. But years later, during estate settlement, the same act of generosity can be interpreted in different ways. The estate and trust planning process can often be viewed as technical or administrative, but at its core, it's all about continuity, care, and fairness.

These tools can help:

- Align lifetime gifts with your overall estate plan
- Clearly document whether support is a gift or a loan
- Support consistency across beneficiaries
- Reduce the risk of future disputes or confusion

A well-structured estate plan that documents your intentions supports not just the transfer of wealth, but peace of mind—for you and for those you care about most.

> **Thoughtful planning helps ensure your legacy is one of clarity, fairness, and family harmony.**

Starting the conversation early

Discussing intentions while you can explain them personally can make all the difference. Setting expectations in a calm, considered way—and involving trusted advisors—can help guide sensitive conversations and ensure decisions are understood by all involved.

Planning ahead is not just about financial efficiency; it is about preserving trust and family harmony over time.

Questions to consider before gifting assets	
1.	How does this fit into my overall estate plan?
2.	Is this support intended as a gift or a loan?
3.	Will this decision feel fair to all beneficiaries over time?
4.	Have my intentions been documented clearly?
5.	Who should be part of this conversation?

For more information, or to discuss your estate plan, please speak with your BMO Private Wealth Professional.

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[1] BMO Survey: Parents are Stepping in as a Financial Safety Net for Gen Z and Millennials - Sep 26, 2025

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