

THE RESPONSIBILITY OF INHERITANCE: WHY COMPETENCE MUST PRECEDE CONTROL

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“Inheritance is not a right. It is a responsibility that must be earned.”

Why Inheritance Without Capability Destroys Wealth

For generations, inheritance was treated as entitlement.

Assets were passed on because of lineage.

Not because of readiness.

In today's world, this approach is dangerous.

Capital survives only when competence exists.

Money transferred without capability evaporates.

Families that preserve wealth across generations do one thing differently:

They insist on responsibility before inheritance.

“Capital does not disappear by accident. It disappears through incompetence.”

Competence Is the First Requirement of Inheritance

The next generation must demonstrate capability across core dimensions of life and business.

Not in theory.

In daily execution.

This includes proven competence in:

Managing costs

Managing expenses

Managing revenues

Managing investments

Managing people

Managing relationships

Managing operations

Managing risk

Inheritance should follow demonstrated performance.

Not precede it.

Knowledge, Attitude, Skills, and Habits (KASH): The Invisible Drivers of Wealth

Beyond technical competence, inheritance depends on four invisible forces:

Knowledge.

Attitude.

Skills.

Habits.

Together, they determine whether capital grows or disappears.

Knowledge defines what you understand about money.

Markets.

Risk.

Returns.

Compounding.

Diversification.

Without knowledge, decisions become emotional.

With knowledge, decisions become rational.

Attitude defines how a person relates to money.

Respect for costs.

Patience with investments.

Responsibility toward revenues.

A healthy attitude treats money as earned and protected.

A careless attitude treats money as unlimited.

That mindset destroys capital.

Skills define how a person handles money.

Next-generation leaders must demonstrate skills in:

Budgeting

Cash flow planning

Investment evaluation

Risk assessment

Return benchmarking

Without skills, even good intentions fail.

Habits determine what happens to money every day.

Spending patterns.

Saving discipline.

Investment regularity.

Lifestyle choices.

Habits compound silently over time.

They either build wealth quietly or erode it invisibly.

“Money grows through knowledge and discipline, but disappears through careless habits.”

Money is the biggest friend of human beings.

It provides security.

Freedom.

Opportunity.

Dignity.

But unmanaged money becomes the biggest destroyer.

It damages relationships.

Creates dependency.

Encourages excess.

Invites conflict.

Without the right knowledge, attitude, skills, and habits, money amplifies weaknesses instead of strengths.

This is why inheritance cannot be emotional.

It must be conditional on demonstrated maturity across all four dimensions.

“Money is a powerful servant and a dangerous master.”

Cost and Expense Management: Protecting Capital at the Ground Level

Every future inheritor must show discipline in:

Budgeting

Controlling overheads

Preventing leakage

Avoiding lifestyle inflation

Those who cannot manage small expenses cannot be trusted with large assets.

Cost consciousness reflects respect for capital.

Revenue Management: Understanding How Money Is Created

Revenue is not automatic.

It requires:

Customer understanding

Market awareness

Pricing discipline

Execution consistency

Next-generation leaders must experience:

Sales pressure

Customer rejection

Delivery responsibility

Only then do they respect income.

“People who have never earned money rarely respect money.”

Investment Management: Demonstrating Capital Intelligence

Inheritance requires financial maturity.

Future inheritors must show competence in:

Portfolio construction

Risk-return evaluation

Market benchmarking

Diversification

Long-term investing

They must understand both:

Capital protection

Capital growth

This includes participation in:

Market investments

Startup evaluations

Asset allocation decisions

This is not optional.

It builds judgment.

People Management: Creating Value Through Others

Assets grow only when people perform.

Next generation must demonstrate ability to:

Motivate teams

Resolve conflicts

Build trust

Retain talent

Lead ethically

Those who cannot lead people cannot lead enterprises.

Relationship Management: Preserving Family and Business Harmony

Inheritance also requires maturity in relationships.

This includes:

Respect toward elders

Care for parents

Support for siblings

Responsible behavior within the family

Parents gain comfort when they see emotional stability.

Wealth transfer requires relational stability.

“Parents don’t pass on assets. They pass on peace of mind.”

Competence in Capital Protection

Beyond growth, inheritors must demonstrate ability to protect assets.

This includes:

Risk management

Insurance discipline

Legal awareness

Compliance behavior

Contingency planning

Capital is lost more often through negligence than through bad markets.

Competence in Capital Growth

Growth requires:

Strategic thinking

Patience

Reinvestment mindset

Innovation awareness

Short-term extraction destroys legacy.

Long-term reinvestment builds it.

Responsibility Toward Elders and Family Members

Inheritance also reflects character.

Parents observe:

How children treat elders

How they handle conflict

How they support family needs

How they behave during stress

Respect, humility, and care create confidence.

Arrogance creates hesitation.

Modern Reality: Fragile Marriages and Rising Asset Risk

Today's environment presents a new challenge.

Marital relationships are increasingly fragile.

Divorce rates are rising.

Disputes can emerge unexpectedly.

When marriages break, assets become vulnerable.

This is not pessimism.

It is realism.

Families must plan accordingly.

"Hope for stability. Plan for uncertainty."

Ring-Fencing Family Assets: A Practical Necessity

In modern conditions, families must ring-fence assets to protect them from:

Marital disputes

Personal liabilities

Business risks

Unexpected legal claims

This is achieved through structured ownership.

Most commonly, through family trusts.

Using Trust Structures in India: A Strategic Tool

Under Indian law, assets placed in properly structured trusts can be protected from:

Personal insolvency

Business liabilities

Marital claims to a large extent

Unrelated legal exposures

Trusts separate ownership from benefit.

They convert personal assets into protected family assets.

Advantages of Holding Assets and Investments in Trusts

Key advantages include:

Asset protection from personal liabilities
Ring-fencing against marital disputes
Continuity across generations
Centralized governance
Controlled distributions
Tax planning flexibility when structured correctly
Succession clarity
Protection from unlimited liability

Trusts also prevent fragmentation of assets.

They preserve institutional ownership.

“Trusts don’t reduce control. They increase continuity.”

Disadvantages and Responsibilities of Trust Structures

Trusts also carry responsibilities.

These include:

Setup and compliance costs
Professional governance requirements
Reduced individual flexibility
Regulatory oversight
Need for competent trustees

Poorly designed trusts create rigidity.

Well-designed trusts create stability.

Trusts are not shortcuts.

They are long-term governance frameworks.

Why Investments Also Belong Inside Trusts

When investments are held personally, they remain exposed.

When held through trusts, they gain protection.

Trust-held investments:

Preserve family capital

Reduce fragmentation

Protect from sudden liabilities

Enable long-term compounding

This becomes critical for:

Market portfolios

Real estate

Strategic equity holdings

Creating Comfort for Parents to Transfer Wealth During Their Lifetime

Parents gain confidence when they observe:

Financial discipline

Emotional maturity

Relationship stability

Respectful behavior

Professional competence

Structured asset protection

When these exist, inheritance becomes peaceful.

When they don't, hesitation follows.

Closing Reflections

Inheritance is not about receiving.

It is about being ready.

The next generation must demonstrate:

Business competence

Capital intelligence

Emotional maturity

Family responsibility

Risk awareness

Asset protection discipline

Only then does wealth transfer become safe.

“Inheritance is not measured by assets received, but by responsibility demonstrated.”