

Family Business Wealth: Legacy Planning

Ensuring Prosperity for Future Generations and Communities

Article 5 of 6

In the evolving landscape of South African business families, the concept of wealth has expanded beyond mere financial accumulation. This aligns with the global shift from traditional wealth creation focused solely on financial assets to a broader definition that includes human and social capital.

For business families, this evolving definition of wealth embodies a legacy—a commitment to ensuring prosperity for future generations while fostering positive change within communities.

As business families navigate the complexities of modern finance, they increasingly turn to legacy planning as a pivotal strategy to secure the enduring influence of their wealth.

Understanding Legacy Planning

Legacy planning is more than a financial strategy; it is a holistic approach that encompasses values, vision, and long-term goals. For South African business families, it involves crafting a roadmap to strategically allocate all their tangible and intangible assets to grow and preserve wealth, ensuring it is directed towards meaningful endeavours. This process requires a deep understanding of family dynamics, business objectives, and societal responsibilities.

Key Elements of Legacy Planning



Succession Planning:

Ensuring a seamless transition of leadership and ownership is crucial. Family businesses must identify and develop successors who align with the family's values and business acumen but at the same time providing a meaningful role for the incumbents as they step out of the role. Leveraging human capital—the knowledge, skills, and experience of family members—is essential to generate value and preserve the family's entrepreneurial spirit. Given the global mobility of family members, opportunities for education, mentorship, and active involvement in business operations across different regions are important.



Estate Planning:

Protecting assets from unforeseen circumstances and tax liabilities is essential. Estate planning ensures that wealth is distributed according to the family's wishes, minimizing conflicts and maximizing benefits for heirs and beneficiaries. With family members living and working in various parts of the world, estate planning must consider international legal and tax implications to ensure a smooth transition of wealth.



Philanthropy and Community Engagement:

Legacy planning extends beyond the family, embracing the broader community. By integrating philanthropic initiatives, family businesses can contribute to social causes leaving a lasting impact on society. Engaging in philanthropy not only fulfils a moral obligation but also strengthens community ties and enhances the family's reputation as responsible corporate citizens.

Broader Definition of Wealth: Financial, Human, and Social Capital

The modern approach to wealth in business families emphasizes a balanced integration of financial, human, and social capital:



Financial Capital:

While traditional financial assets remain a cornerstone, the focus is on sustainable growth and risk management. This includes diversifying investments across global markets to leverage opportunities and mitigate risks, ensuring long-term stability and growth.



Human Capital:

The knowledge, skills, and experience of family members are invaluable assets. Investing in education and professional development ensures that the family's entrepreneurial spirit and business acumen are passed down through generations. This also involves fostering a culture of continuous learning and adaptability within the family business, accommodating the global mobility of family members.



Social Capital:

Building strong relationships and networks within the community and industry enhances the family's influence and reputation. Social capital includes brand value, community engagement, and ethical business practices that align with environmental, social, and governance (ESG) principles.



Challenges and Considerations

While legacy planning offers significant advantages, it also presents challenges. Family businesses must navigate complex regulatory environments, assess opportunities rigorously, and balance financial returns with social objectives. Additionally, fostering consensus among family members regarding values and priorities is crucial for successful implementation.

Regulatory and Compliance Issues:

Navigating the regulatory landscape in South Africa can be complex, especially given the higher tax costs associated with passing on ownership in a family business.¹ Our collaborative global research highlights that South Africa imposes one of the highest tax costs globally for transferring shares in a privately-held family business. Business families must stay informed about legal requirements and compliance standards in multiple jurisdictions to ensure their legacy planning efforts are effective and can be multi-generational.

Balancing Tradition and Innovation: One of the common challenges highlighted in our 2025 global family business report² is finding ways for tradition and innovation to coexist in family businesses to build a lasting legacy. Families must recognize when to rely on established practices and when to embrace new ideas and technologies to ensure long-term success. This balance is crucial for modern family businesses to thrive.

Balancing Financial and Social Goals:

Striking a balance between achieving financial returns and generating social impact requires careful planning and strategic decision-making. Business families must be prepared to make trade-offs and prioritize investments that align with their values and long-term vision.

¹ [Global family business tax monitor 2023](#)

² [Global family business report 2025 - KPMG South Africa](#)

The Role of a Family Office

Family offices play a crucial role in managing the complex needs of business families, serving as dedicated entities that oversee wealth management, estate planning, and philanthropic activities. In South Africa, the definition of a family office is broad, encompassing a range of functions and structures tailored to each family's unique needs. However, to maximize their potential, there is a need for greater education on the benefits and operations of family offices. This includes the formal design and implementation of a family office that aligns with the family's goals and values, ensuring effective management of their legacy.



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Conclusion

For South African family businesses and family offices, wealth is not merely a measure of financial success; it is a tool for creating enduring legacies. By embracing legacy planning, these enterprises can ensure their wealth benefits future generations and contributes positively to society. As they embark on this journey, they pave the way for a prosperous and sustainable future, where their legacy is defined by both financial acumen and social responsibility.

In conclusion, the integration of legacy planning into the strategic framework of South African business families is not just a trend but a necessity. It reflects a profound understanding that true wealth lies in the ability to effect positive change and secure a better world for future generations. By taking these steps, business families can ensure that their legacy is not only preserved but also celebrated for its contribution to a more equitable and sustainable society.

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