



Facilitating Wealth Transfer with Real Estate

Buying a home is among a client's most significant financial milestones, but increasingly that home is for a client's child. Planners need to consider these contributions in wealth transfer planning

By Leo Anzoleaga, CMPS



Leo Anzoleaga, CMPS, (NLMS #251882) is a certified mortgage planning specialist and senior vice president of Residential Lending at Luminate Bank. Leo has built his successful mortgage business through relationships, strategy, and execution. In moments

of doubt or times of economic crisis, he has always bet on himself and his ability to grow the skills needed to reach the next level. In that time, Leo has built a team known for its exceptional customer service to clients and realtors alike, in-depth cost analysis, and a commitment to follow through and follow up on every transaction.

FOR YEARS, ADVISERS HAVE PREPARED for the anticipated Great Wealth Transfer: \$120 trillion in assets will be transferred to the next generation over the next 10–20 years. Industry preparation has centered on estate-planning checklists, networking with attorneys, and beneficiary reviews. This framing and assumptions position wealth transfers as future, event-driven processes that unfold primarily through estates and trusts, affording advisers ample time to prepare.

However, these assumptions overlook a fundamental shift already well underway. Research shows

that nearly \$2.5 trillion is already being passed down annually.¹ These transfers are often incremental and informal, through mechanisms that precede estate settlements. Rather than holding onto their wealth, parents are actively shaping their children's financial futures, often in what is historically an individual or couple's most significant purchase decision and financial milestone: homeownership.

Today, nearly one in four young adults relies on family assistance for their home down payment, either through direct cash gifts or inheritance distributions timed to facilitate a purchase.² Family financial support extends far beyond down payments. Parents are increasingly helping their children by cosigning mortgages to aid their children's qualification, entering non-occupancy co-borrowing arrangements, paying off existing debt to improve their children's credit profiles, or providing ongoing financial support to help cover monthly housing expenses. This represents systematic and substantial wealth transfers driven by economic necessity and generational capacity.

For many families, the Great Wealth Transfer is taking place at the dinner table, creating visibility problems for advisers. While portfolio-centric advisers are focused on market performance,

consequential family finance decisions are being made, often without consulting the family's adviser. At the same time, the next generation is taking on significant liabilities, including, in many cases, a mortgage, which is one of the most significant liabilities of their lives. These obligations will shape their financial decisions for years to come, without any professional guidance on how they fit into their holistic financial plan.

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The consequences of this invisibility are measurable. Research from Capgemini shows that four out of five next-generation millionaires plan to replace their parents' wealth management adviser within one to two years of inheritance.³ Many advisers mistakenly view this as an issue to address after estate settlement, but heirs often decide to switch years earlier, during the ongoing wealth transfer, when advisers are absent for key family discussions.

How the Wealth Transfer Restructures Both Balance Sheets

The ongoing wealth transfers are more than gifting money from parent to child; they fundamentally restructure the balance sheets of both generations. Mortgages represent approximately 70 percent of household debt, making them the most significant

liability in the wealth transfer equation.⁴ When a parent assists their children in purchasing a home, both parties' financial position shifts in ways that extend well beyond this initial transaction.

These transfers take many forms. Parents restructure their balance sheets by tapping home equity lines of credit (HELOCs) or pursuing cash-out refinancing to fund their children's home purchases. Others liquidate investment positions or redirect their savings contributions. In more complex arrangements, parents enter co-borrowing or multigenerational ownership arrangements that share both assets and liabilities across households. Regardless of the structure, parents are reducing their assets and assuming new liabilities, fundamentally changing their financial position and future options.

For the next generation, purchasing a home is likely their first experience building an actual balance sheet. This home becomes their largest asset, while the mortgage becomes their largest liability. The structure of a mortgage determines household leverage for the next 15 to 30 years and affects long-term financial flexibility. Poorly structured loans can limit borrowing capacity and force difficult tradeoffs between debt service and wealth building. However, optimized mortgages preserve options, support future wealth accumulation, and ensure that monthly payments, typically 25 percent to 35 percent of gross income, align with savings, emergency funds, and other financial goals. Yet, even well-structured mortgages create constraints: property taxes, insurance, maintenance, and mortgage interest all flow from this initial purchase decision, affecting cash flow, emergency fund adequacy, and investment capacity for decades.

Homeownership also carries significant tax and lifestyle implications. Mortgage interest deductions, property taxes, and potential capital gains

all flow from initial purchase decisions. Real estate choices affect geographic mobility, career flexibility, and entrepreneurship, as substantial debt obligations require steady income and can complicate relocations.

These far-reaching implications underscore why this moment offers advisers the opportunity to build multigenerational loyalty. Advisers who provide comprehensive guidance to families through these consequential purchases become central to both generations' financial lives. Their involvement establishes a pattern of seeking advice for significant decisions. Conversely, absent advisers risk teaching the next generation that professional guidance is limited to investments, not broader financial matters. Engagement (or lack of it) during this moment sets the foundation for future client retention or future loss.

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The Family CFO Model: Where the Wealth Transfer Is Won

While many traditional advisers remain focused on the older generation's goals and preferences—portfolio performance metrics and quarterly reviews—a new generation of financial advisers is poised to capitalize on the transfer underway and market themselves as “holistic financial advisers” or “balance sheet specialists,” who understand both sides of the balance sheet. By positioning themselves at the intersection of assets and liabilities, these advisers are poised to lead discussions on consequential financial decisions.

It's easy to focus on immediate revenue: retirees, or soon-to-be-retirees, with substantial portfolios. However, this short-game approach can lead to missed opportunities and long-game losses. The “wealth builders”—those in their 20s, 30s, and 40s are actively accumulating assets and taking on strategic liabilities and represent the future of every advisory practice, but in many cases remain systematically overlooked.

Recognizing the importance and future of the wealth builders, some advisory firms have adopted different payment models to attract and retain this demographic, offering flat planning fees to younger clients for guidance on home purchases, mortgage decisions, and liability management. While these clients may not contribute significant AUM now, their expanding balance sheets strengthen the relationship over time and foster long-term loyalty. Understanding this segment, developing an effective engagement model, and connecting early are critical, as this is where the Great Wealth Transfer is actively occurring.

Advisers serving as the “family CFO” manage the household and cross-household balance sheets, not just investment accounts. They oversee assets alongside liabilities, manage cash flow, and understand how the client's assets generate income and how their liabilities consume it. The family CFO approaches liability optimization with the same rigor as asset allocation.

This integrated approach is essential during real estate transfers. The family CFO treats home purchases like any other major financial decision: modeling appreciation, equity growth, and cash flow as part of the household's broader financial picture. Liability management becomes a core competency: systematic review of all debt structures, continuous refinancing analysis, strategic leverage deployment, and coordination of debt reduction with investment priorities.

Capturing the next generation's business requires intentional engagement with both generations during key transfer moments. When parents mention helping children with home purchases, the family CFO ensures both generations optimize assets and liabilities. This is not sales, but comprehensive planning for the entire family.

In practice, family CFOs will collaborate with a trusted mortgage bank to secure optimal financing terms, advise on the timing of financial gifts to minimize tax consequences, and ensure fairness among multiple children, evaluate whether tapping HELOCs or liquidating investments better supports parental retirement security and the child's financial foundation, and coordinate real estate decisions with long-term estate planning.

The family CFO directly offsets one of the industry's most significant risks: heirs replacing their parents' adviser. Data shows that fewer than 30 percent of heirs intend to remain a client of their family's adviser. And among those who have already received their inheritance, retention drops to approximately 20 percent.⁵ However, early engagement changes this dynamic. In a survey of more than 500 inheritors, 64 percent who had met the adviser earlier in life chose to continue the relationship.⁶

The lesson is clear: Advisers who serve as the family CFO during real-time wealth-transfer moments build relationships that are already intact by the time inheritance occurs, often preventing the "switching decision" that portfolio-only advisers frequently lose.

How Advisers Operationalize the Family CFO Model

Adopting the family CFO mindset is only the first step; advisers must translate that mindset into a repeatable, scalable process. Households experiencing real-time wealth transfers, particularly

in real estate, need advisers who can guide both generations through decisions that affect leverage, taxes, cash flow, and long-term security. To consistently deliver that level of value, advisers need a clear framework for how the family CFO model works in practice.

1. **Engage both generations early.** Advisers who adopt the family CFO model establish intentional touchpoints with clients and their adult children. Short family strategy reviews, joint meetings before home purchases, and periodic check-ins ensure that the adviser becomes part of both generations' financial lives well before any inheritance occurs.
2. **Adjust communication methods.** Avoid utilizing the same approach for every generation. Younger clients often prefer concise digital updates and frequent but brief touchpoints. Tailor meetings to each generation's preferences, positioning your expertise as relevant and relatable.
3. **Integrate liability management into planning.** Treat liabilities as planning priorities. Mortgages, HELOCs, and student loans are incorporated into ongoing reviews to model repayment schedules, refinancing windows, and borrowing capacity that influence cash flow and long-term savings.
4. **Use fee models that attract wealth builders.** AUM-based fees do not support early-stage clients. Flat-fee, subscription, or project-based real estate planning helps advisers serve wealth builders who need guidance before building large portfolios. These early relationships often become the most durable and multigenerational.
5. **Coordinate planning across the household.** Real estate assistance often affects the entire family system. Advisers guide parents and

children through questions of fairness, tax considerations, and cash-flow impact. This cross-household coordination reinforces the adviser's central role and deepens multigenerational trust.

6. Leverage a trusted professional network.

Family CFOs build and activate a strong professional network—including strategic mortgage advisers, CPAs, estate attorneys, and real estate agents—to extend their capacity. Leveraging a team that truly understands the adviser's language and challenges, not just the client's single issue, allows advisers to deliver higher-quality guidance at the precise moment families assume their most significant liability and ensure comprehensive support across every component of a real estate transfer.

Leading Through the Real-Time Wealth Transfer

While the \$120 trillion wealth transfer is frequently framed as a future event, it's clear that for many families, these meaningful transfers are already occurring as parents help children purchase homes, share balance sheet capacity, or restructure liabilities to support the next generation. These moments quietly shape financial futures long before estates are settled.

Advisers are uniquely positioned to guide families through these critical decisions. By embracing the family CFO model—integrating assets and liabilities, partnering with real estate and lending specialists, and engaging both generations—advisers can bring clarity to complex choices and stability to some of life's most significant transitions. This approach doesn't just optimize outcomes; it strengthens trust, deepens relationships, and ensures continuity across generations.

Real estate decisions will remain central to long-term wealth. Advisers who provide leadership

during these pivotal moments, understand both assets and liabilities, engage both generations, and treat real estate as the balance-sheet restructuring it truly is will help shape a more resilient and connected financial future. The opportunity is here, and those who embrace it will define the profession's next chapter. ■

Endnotes

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