

Intergenerational Wealth Transfer: Strategies for Modern Retirees

Admin User · January 31, 2026

Discover how "living while giving" is transforming wealth transfer. Explore strategies like milestone gifting and family business investment, while balancing generosity with long-term financial stability.

By Faron Daug

Wealth transfer used to be a final, selfless act that you never got to witness. You worked, you saved, and when the time came, your heirs inherited what was left. But that is changing. More retirees are choosing to give during their lifetime, seeing the impact firsthand. They are helping a child buy a home, funding a grandchild's education or easing financial stress at the moments it matters most.

Rising costs, particularly in housing and education, have made it harder for younger generations to build wealth independently. [Baby boomers hold an unprecedented share](#) of the nation's assets, yet millennials and Generation Z face stagnant wages and mounting debt. As a result, more retirees are stepping in earlier, helping their children and grandchildren tackle new financial challenges.

The concept of legacy is shifting as well. Beyond leaving behind financial assets, many retirees prioritize meaningful experiences, strengthening family bonds and focusing on long-term financial stability for their heirs. Amid these shifts, tax policies play an increasingly large role in wealth transfer, with property tax laws and inheritance exemptions influencing how assets are passed down.

This article explores three major trends in intergenerational wealth transfer: lifetime financial gifts, education funding and real estate transfers. By understanding these strategies, retirees can make informed decisions that support both their families and their own financial security.

1. Living While Giving - The Rise of Lifetime Wealth Transfers

Until recently, the blueprint for retirement planning often unfolded like this: retirees accumulated assets over their lifetime, utilized those assets for living expenses during retirement then passed them down in a lump sum after death. Today's model is shifting. More retirees are choosing to transfer wealth while they are still alive, a trend known as "living while giving." This approach allows them to see their loved ones benefit in real time while offering financial support when it matters most.

What's behind this shift? Soaring home prices, rising childcare costs and staggering student debt have made financial independence harder to achieve, even in peak earning years. Meanwhile, many retirees find themselves with more wealth than they need, prompting a rethink of traditional inheritance. Instead of waiting, they're choosing to provide support when it matters most. Advances in financial planning, tax strategies and gifting laws have also made it easier to distribute wealth gradually rather than in a single estate transfer.

How Retirees Are Structuring Lifetime Wealth Transfers

Unlike traditional inheritances, living while giving is flexible and can take many forms. Some of the most common strategies include:

- **Annual Gifting:** The IRS allows individuals to give up to \$19,000 per recipient per year (as of 2025) without incurring a gift tax. Many retirees use this allowance to help family members with down payments, debt repayment or general financial support.
- **Milestone Giving:** Instead of leaving a lump sum inheritance, retirees are gifting financial support during major life events, such as a child's wedding, the birth of a grandchild or a first home purchase.
- **Funding Experiences Over Assets:** Some retirees are shifting their focus from monetary gifts to creating lasting memories by funding multi-generational vacations, covering holiday gatherings or even financing bucket-list experiences with their loved ones.
- **Investing in Family Businesses:** Rather than leaving an inheritance that may or may not be well managed, some retirees are directly investing in their children's or grandchildren's businesses, providing both capital and mentorship.

2. Funding Education as a Wealth Transfer Strategy

For many retirees, few gifts feel more meaningful than investing in their grandchildren's future. With the cost of education continuing to rise, funding tuition has become one of the most effective ways to transfer wealth while making a direct impact on a family's potential financial stability. Instead of leaving money in a will, long after educational expenses may have occurred or educational opportunities missed, many retirees are choosing to pay for school now, ensuring that their grandchildren have the opportunity to advance their education without the burden of excessive student debt.

Education-related gifts can be one of the most tax-efficient ways to transfer wealth while reducing the size of an estate, with proper planning. There are several ways retirees are strategically funding education:

- **529 College Savings Plans:** These tax-advantaged accounts allow funds to grow tax-free when used for qualified education expenses. Contributions are not federally tax-deductible, but many states offer tax benefits for residents who contribute. Retirees often use these plans to help fund college costs over time, ensuring that money is set aside and growing before tuition bills arrive.
- **Direct Tuition Payments:** The IRS allows individuals to pay tuition directly to an educational institution without it counting toward the annual gift tax exclusion. This is a major advantage for retirees who want to provide substantial financial assistance without affecting their estate or triggering tax consequences.
- **Covering Private School or Early Education:** While college tuition gets the most attention, many retirees are also helping fund private K-12 education to give their grandchildren a strong academic foundation.
- **Multi-Generational Education Funds:** Some retirees are establishing family education trusts, ensuring that financial resources for schooling are available for future generations.

3. Real Estate as a Wealth Transfer Tool

Real estate can be both a financial asset and a symbol of stability. Unlike cash, which can be spent or dispersed in an instant, property carries a sense of permanence. That's why more retirees are prioritizing real estate in their wealth transfer plans, whether by passing down a longtime home, a cherished vacation retreat or an income-generating rental property.

The soaring cost of housing has made homeownership increasingly difficult for younger generations, leading many retirees to step in and help. At the same time, tax policies, particularly those governing property tax caps, inheritance taxes and homestead

exemptions, have influenced how and when retirees transfer real estate to their heirs. Estate planning strategies such as trusts and LLCs have also made it easier to pass down property in a way that can minimize tax burdens and help ensure long-term ownership stability.

Retirees should be aware of upcoming changes to federal estate and gift tax exemptions, which could impact their wealth transfer strategies. The [Tax Cuts and Jobs Act of 2017](#) significantly increased the federal estate, gift and generation-skipping transfer tax exemptions, allowing individuals to transfer up to \$13.99 million tax-free in 2025. However, unless Congress takes action, these exemptions are scheduled to revert to approximately \$7 million per individual in 2026, adjusted for inflation. While future legislation could modify this timeline, retirees planning large real estate transfers may want to act before the potential reduction to secure today's more favorable tax treatment.

How Retirees Are Using Real Estate for Wealth Transfer

There are multiple ways retirees are leveraging real estate as a tool for intergenerational wealth transfer:

- **Keeping Property in the Family:** Many retirees are gifting or selling homes at below-market rates to their children to ensure the property remains in the family. In some cases, they co-own the home with their heirs to facilitate a gradual transfer of ownership.
- **Gifting Vacation Homes:** Instead of leaving behind a lump sum inheritance, some retirees are investing in second homes or vacation properties that multiple generations can use. This serves to create lasting family memories and provide heirs with a valuable financial asset.
- **Leveraging State-Specific Property Tax Benefits:** In some states, tax policies incentivize keeping homes within families by capping property tax increases for long-term homeowners. Programs such as homestead exemptions in Florida and Texas or inheritance tax exemptions in certain Midwestern states can significantly impact how retirees plan real estate transfers.
- **Placing Property in Trusts or LLCs:** Many retirees are using trusts or family LLCs to pass down real estate while minimizing estate taxes and ensuring smooth ownership succession. These structures provide added flexibility and protection, especially for rental or investment properties.

Tax and Estate Planning Considerations

Real estate transfers require careful planning to avoid unintended tax consequences. Under current IRS rules, individuals can gift up to \$19,000 per year per recipient without triggering gift taxes. However, larger transfers of property may count against the lifetime

estate tax exemption, which is currently \$13.99 million but will drop significantly in 2026.

State tax policies also play a role in shaping real estate transfers. Some states impose inheritance or estate taxes, while others offer homestead exemptions or property tax caps that make it more advantageous to pass down homes through strategic planning. Retirees who want to keep property in the family should work with financial advisers to explore the best legal structures for minimizing taxes and ensuring a smooth transition.

A Word of Caution Before You Give: Balancing Generosity with Financial Security

While the shift toward lifetime giving, education funding and real estate transfers reflects a new era of wealth transfer, retirees must balance their desire to help their families with their own long-term financial security. The instinct to give is powerful, especially when younger generations face rising costs and financial uncertainty, but retirees must ensure their own needs are met first.

Health care costs, extended life expectancy and unexpected economic changes all make financial resilience just as important as generosity. A well-intentioned gift should never come at the expense of a secure retirement. Working with financial and estate planning professionals can help retirees structure their giving in a way that supports their heirs without jeopardizing their future.

The best legacy is one that provides support without creating dependency, strengthens family bonds and ensures financial stability for both generations. With careful planning, retirees can pass down wealth in a way that enhances, not hinders, the financial security of their loved ones and themselves.

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