

➤➤➤ ADVISING FAMILIES AND THEIR BUSINESSES

Future-Proofing the Family Legacy

**What Families Need to Know
About Trusts, Family Companies
& Succession Planning**

prepared by

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LAWYERS SHAPING KENYA'S GROWTH



Introduction

As we approach the final quarter of 2025, families and family-owned businesses in Kenya must begin intentional conversations about safeguarding their wealth and legacy; not just for today, but for generations to come. Succession planning has evolved beyond the drafting of a will. It now demands strategic use of estate planning tools and special purpose vehicles (SPVs) that promote wealth creation, protect assets, and ensure tax efficiency and transparent distribution to heirs.

The Synergy Between Family Trusts and Family Companies

Family Trusts are increasingly recognized as powerful instruments for holding and preserving wealth. They offer key advantages such as:

- Limited liability protection
- Avoidance of probate and succession proceedings upon the founder's passing

However, Family Trusts are inherently non-trading entities. While they can hold assets for the benefit of family members, they cannot engage in active business operations.

This is where Family Companies come into play. Families can establish companies as SPVs to drive income-generating and wealth-building activities. These companies can:

- **Operate family businesses, manage investments, and oversee real estate portfolios**
- **Provide structured governance through shareholding and directorships**
- **Professionalize enterprise management by separating ownership from daily operations, while preserving the confidentiality of the Trust's internal affairs**

The most effective structure often combines both tools: Family Companies serve as trading arms to grow wealth, while the Family Trust holds shares in these companies. This ensures that income and dividends flow back to the Trust, ultimately benefiting designated beneficiaries.

Why Families Should Act Now

Failing to address succession planning before year-end can lead to uncertainty, disputes, and fragmentation of family wealth. The coming months offer a strategic window to:

- Establish or review Family Trusts and Family Companies in line with current legislation
- Codify family values and governance principles in a Family Constitution
- Clearly allocate roles among family members and professional advisors

Future-proofing a family legacy goes beyond accumulating wealth; it requires robust legal and governance frameworks that protect assets, foster growth, and ensure smooth succession. Families that take proactive steps today will secure their businesses, assets, and values for future generations.

We encourage families to seek expert legal guidance to explore tailored succession planning options before the year closes. Our team is ready to assist in structuring trusts, drafting governance frameworks, and implementing succession mechanisms that align with your family's goals and values.



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