



Monthly Information Newsletter – Tax & Super

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Estate Planning Explained

Estate Planning means different things to different people. Ultimately, it is about ensuring that you have the right mechanisms in place to ensure that in the event of your death, your assets pass in the manner you intend.

Broadly speaking, there are four key steps in the estate planning process:

Firstly, identify which assets are to be dealt with as part of your estate plan? This can be more extensive than you think and could involve:

- Savings accounts
- Shares
- Businesses
- Properties
- Vehicles
- Collectibles
- Items with sentimental value
- Superannuation savings.

Next, who owns those assets? Assets can be owned individually, jointly, within superannuation, or by a related entity such as a company or trust.

Third, how do you want those assets distributed on your death? This is a question only you can answer: who should get what and when?

Finally, how do you bring about this outcome? An estate plan brings together the answers to the above questions. It will usually include Wills and Powers of Attorney but in many cases will also involve succession planning strategies to deal with related entities and superannuation balances. Additionally, steps may also be necessary to provide for children and blended families.

Another key step is choosing your Executor. This is the person who will carry out your final wishes after you die. An Executor should be someone you trust who has some financial knowledge as they will be responsible for paying off debts and managing your Estate according to the terms set out in your Will. An Executor can be a family member,

close friend, a lawyer, Public Trustee or other corporate provider.

Here are a few questions to help you decide whether you might have some gaps that need filling in your estate planning:

- Do you have a Will?
- If you do, when was it last updated?
- Could you (or your spouse) locate your Will if you had to?
- Do you have a Power of Attorney in place in case you were unable to make your own decisions?
- If you and your spouse leave everything to one another in your Wills, have you considered what would happen in the event of your simultaneous death?
- Do you realise that superannuation and family trusts don't form part of your Estate and thus other strategies (besides a Will) are needed to properly deal with these?

- Do you know that special, tax-effective structures known as Testamentary Trusts can be used to pass wealth securely to family members, but they are most effective when documented in your Will?
- Have you properly considered who should be the Executor of your Will (sometimes the people closest to you, such as a spouse, may be in no fit state to play the role)?
- Once in place, any good Estate plan should be reviewed and updated regularly. Major life events like marriages, divorces or deaths are a good opportunity to go back through your Estate plan and make sure the right people will be protected when you die.

Through a deep understanding of the personal and business structures of our clients, we are well positioned to help in the estate planning process, bringing about tax-effective outcomes tailored to the specific requirements at hand. Contact us for further information.

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