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Family succession planning. Basics for every Australian

It's a topic that many people don't like to think about and one as a culture we don't often discuss openly or proactively. We spend a lot of time in our lives working to accumulate assets and perhaps we may be fortunate enough to inherit wealth, so it makes sense at some point, to spend some time on our estate plan.

It is important to be aware that estate planning can be a very emotive topic. Combine money, love, relationships and family dynamics in one conversation about your estate plan and things are likely to get a little emotional. Add blended families to the mix and things maybe even more emotionally charged.

So where do you start?

Your financial adviser can help you start the process so that your estate outcomes are in line with your wishes and plans. As your adviser is one step removed from your family, they can put your needs first and can help you be sure that your estate plans are in order.

Your estate plan should start with a Will

Without a Will, your loved ones could face uncertainty and legal complications. Wills aren't just for older people. Without a valid Will the government or the courts may end up determining how your assets are distributed, taking into account your family situation.

And they may also decide who looks after your children if they are under 18. This could result in a very different outcome to what you had in mind and cause delays in settling your estate.

Not all of your assets are covered by your Will

It surprises many people to learn that a Will cannot control some assets – such as your superannuation and life insurance.

Nominating your beneficiaries is just as important as having a Will. If you own a life insurance policy, proceeds can go into your estate or be apportioned to nominated beneficiaries. You and your loved ones should also review whether you have adequate insurance cover before it's too late.

Superannuation death benefits can only be paid to your estate or to dependants as defined under superannuation law. In many cases, members' death benefit nominations are not binding on a super fund trustee.

While your nomination will be taken into account, payment is at the trustee's discretion – that is unless it is a binding death benefit nomination as offered by some super funds. While binding nominations are binding on the trustee, they generally have to be renewed every three years.

The idea of having the trustee of your super fund decide on who receives your superannuation is unacceptable to many people. In cases like this, it may be important to have a binding death nomination in place.

Ownership structures and tax matters are also important

Depending on your situation, ownership structures and tax matters can deliver different outcomes to different people and it may make both dollars and sense to make sure you've got an appropriate estate plan in place for your beneficiaries.

Understanding ownership structures

Testamentary trusts may offer particular estate planning advantages. Established upon your death and created by your Will, these trusts may help to protect assets against claims arising from the divorce or bankruptcy of your children, reduce tax and allow special provision for young children. By creating trusts rather than giving money to your beneficiaries outright, you may be able to manage how much children or grandchildren can spend while they're maturing and developing their financial skills.

There are a variety of ways to structure ownership of your assets – including companies and self-managed super funds. Your adviser can help you choose a structure to suit you and your family's circumstances.

Taxing matters

Understanding tax implications and structuring affairs tax efficiently can be an important part of estate planning. An asset you leave for one child may be subject to capital gains tax, where another asset left for another child may be exempt, resulting in different final amounts to each child.

Your superannuation benefit, which includes death benefits from insurance through super, can be paid to dependants as a tax-free lump sum. However, the taxation of death benefits paid as a pension to dependants and payments to non-dependants can vary depending on your personal circumstances. By spending some time looking at tax issues, you can be confident of the outcomes that will occur when your estate plan is implemented.

Seek advice – we're ready to assist

Most people don't deal with estate planning every day so it makes sense to speak to people who do and can help to create an appropriate estate plan for you. Estate planning can help your children and grandchildren effectively manage their finances and inheritances to grow wealth across your family's generations. In our experience, this is the outcome most Australians want.

We're ready willing and able to assist you in developing your estate plan, and we will work with your legal and accounting professionals where appropriate.

**Get the advice you need so you are confident you have your plans in place.
For more information call our office today.**

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