

Estate planning prompt sheet



Review your will regularly — 80% of people fail to do this.

We suggest every year, or when there is a significant change in circumstances such as death or divorce. The consequences of not doing this may be horrendous.



Certain assets fall outside the will

and cannot be bequeathed in terms of the will. These include superannuation and property held as joint tenants. It is the trustee of the super fund who decides to whom the super money should be paid. If an asset is held as joint tenants, the survivor receives that asset.



Understand the difference between a superannuation member benefit and a superannuation death benefit.

A member benefit is paid during a person's lifetime and is normally paid tax-free — a death benefit is paid after death and can be subject to a death tax of 17%. It is easily avoided if you know what to do.



If the age pension is a factor take special care

when drafting your will. Many pensioner couples make the mistake of leaving all their assets to each other. Often the outcome is that the survivor is over the cut-off point for the single pension when their partner dies, and they lose the entire pension and all the benefits. A properly drafted will can alleviate this problem before it starts.



Seek advice about tax. Death does not trigger capital gains tax — in most cases it passes the liability to the beneficiary who will then pay CGT if and when they dispose of the asset. In some cases, it may be better to sell assets before death. *And note carefully — capital losses cannot be used after death. If capital losses exist, try to sell assets with a capital gain before death to offset any capital losses.*



Enduring powers of attorney. The word enduring means the document is still valid even if the donor (the person who gives it) loses capacity. But it ceases on the death of the donor. There's a common misconception that "enduring" means it lasts after death. It doesn't.



Contesting a will. If you believe that you have a claim on an estate, seek expert advice as soon as possible. Not everybody is eligible to contest a will and there are strict time limits.



Overseas assets. Many Australians were born overseas or have parents living overseas. This means the number of overseas assets being left to Australians is growing rapidly. This is a highly specialised area, and getting it wrong can have massive tax consequences. Expert advice about Australian tax law and international tax law is essential.



Overseas beneficiaries. Many of us have children living overseas and who are overseas residents for tax purposes. In most cases it's better to leave them cash, and not assets such as property and shares, which can cause capital gains tax problems in the country of residence executives.



Executors. When appointing an executor make sure the person you appoint is happy to take on the job and that they are competent to do it. Remember, they are standing in the place of the deceased and must be able to handle the running of the estate efficiently and promptly. If asked to be an executor think carefully before you say yes. It can be an onerous task and you could be personally liable if things go wrong.



Testamentary trusts are great vehicles to prevent your beneficiaries from losing control of the money. This could happen because they are not able to handle money, are in a difficult relationship, or are running their own business. If you leave assets via a testamentary trust it is the trustee of the trust who is in control, not the beneficiaries.



Investment bonds. These are also known as insurance bonds and are a great tool if you wish to leave money to a specific person in a way in which it can't be challenged under the will.



Advance Care Directive.

It's important to have one of these to give you some control over your medical treatment when you're in the final stages of life. Just make sure it's readily accessible — it may be needed at short notice.



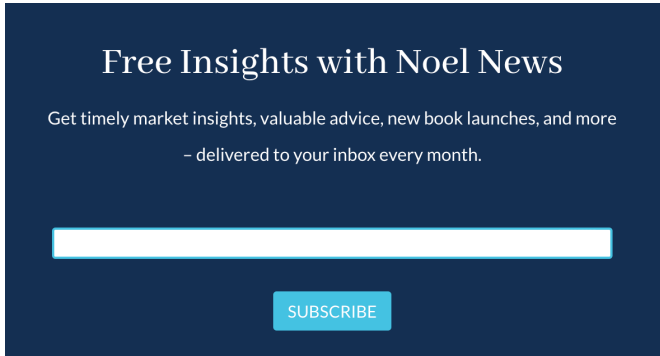
Prepaid funerals and funeral bonds. If these are part of your funeral plans, make sure full details are included with your estate planning documents. It's too late to find out about a prepaid funeral when the service is over.

All of these topics are explored in detail in *Wills, death & taxes made simple*.

Use the resources

✔ Visit www.noelwhittaker.com.au, where you can:

✔ Sign up for Noel's regular newsletter. It's free and has been going since 1997 with over 50,000 happy readers.



✔ Get acquainted with the calculators — they're the best in the country.

<h3>Retirement Calculators</h3> <p>"Plan for retirement like it's tomorrow. The sooner you prepare, the more enjoyable and secure it will be." - Noel</p> <ul style="list-style-type: none">RETIREMENT LUMP SUM CALCULATORFUTURE VALUE CALCULATORRETIREMENT DRAWDOWN CALCULATORDEEMING CALCULATORSUPER CONTRIBUTIONS CALCULATORCOMPOUND INTEREST CALCULATORAGE PENSION CALCULATORCOMMONWEALTH SENIORS HEALTH CARD ELIGIBILITY CHECK	<h3>Stock Market Calculators</h3> <p>"Investing isn't just about making money; it's about making your money work for you over a lifetime." - Noel</p> <ul style="list-style-type: none">STOCK MARKET CALCULATORDOLLAR COST AVERAGING CALCULATOR <h3>Gearing Calculators</h3> <p>"Manage your debt before it manages you. Wise borrowing supports your financial freedom; reckless borrowing undermines it." - Noel</p> <ul style="list-style-type: none">INCOME TAX COMPARISON CALCULATORBORROWING FOR INVESTMENT PROPERTY CALCULATORBORROWING FOR SHARES CALCULATORLOAN CALCULATORS
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