

The importance of estate planning

Putting an estate plan together helps make sure your money and assets go towards your loved ones after you've died, in the way you want them to and at the right time. It also makes sure your medical wishes are carried out if you don't have the capacity to make decisions while you're still alive.

Your estate plan should also include making sure your insurances are in place, so if something happens to you, your loved ones can continue living the way they always have, financially at least. This may be particularly important if you have debt or need to leave capital that your family can invest to provide an income stream.

What is an estate plan?

An estate plan includes your will as well as any other directions on how you want your assets distributed after you die. It also covers any health directions you want carried out.

Your assets include things like cash, insurance, property, cars, boats, furniture, jewellery, family heirlooms, art, shares, etc, held in your own name.

It should also consider your superannuation even if you are intending to establish a death benefit nomination directly in favour of certain beneficiaries. In some cases your superannuation may need to be distributed by your estate.

Why is it important?

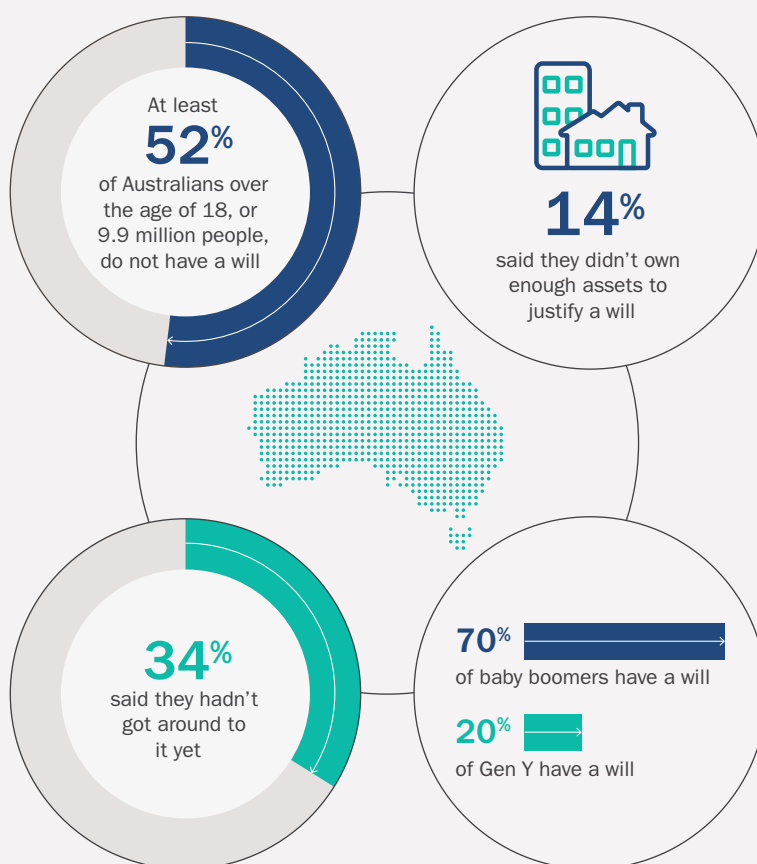
Estate planning is important for everyone – no matter how wealthy you are. Without a plan in place, there could be a long-lasting impact on your loved ones.

You should have an estate plan so:

- Your assets don't end up with unintended beneficiaries.
- You decide how and by whom your children will be cared for rather than the courts.
- You manage the tax your beneficiaries (the people entitled to receive funds or property) may pay when they inherit your assets.
- Family members don't end up fighting unnecessarily over who gets what.

1 Finder.com.au, 10 million Australians don't have a will, October 2018, finder.com.au/press-release-oct-2018-10-million-australians-dont-have-a-will

Estate planning in Australia¹



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Strategies for estate planning

We've put together some strategies for you to consider that may help you get your estate sorted.



1. Writing a will

A will is a legal document that gives instructions about how you want your estate to be managed and distributed once you're gone.

If you would like more information about making a will, you can find information on ASIC's MoneySmart website.

It may be worthwhile engaging the services of a solicitor – a will needs to contain certain elements or statements, and if it's not done correctly, part or all of your will may be invalid.

What's not automatically covered in your will?

'Non-estate assets' are things that aren't automatically considered part of your estate – so you have to make specific arrangements. These include:

- Joint assets – like property or bank accounts.
- Assets held in discretionary family trusts.
- Your super.
- Life insurance proceeds outside super.

What happens if I don't have a will?

If you die without a valid will, it's called 'dying intestate' and your assets will be distributed according to the inheritance laws of the state or territory in Australia in which you reside.

This is time consuming and incurs legal fees that are generally paid from your estate, reducing the amount for your beneficiaries. It also means your assets may not be distributed in the way you want.



2. Appoint a power of attorney

A power of attorney is a legal document where you appoint someone giving them legal authority to look after your affairs on your behalf. There are different types of powers of attorney.

- General power of attorney – makes financial and legal decisions for you for a specific time period; for example, if you're on holidays overseas. This person becomes invalid once that time period ends or if you lose capacity to make decisions for yourself.
- Enduring power of attorney – makes financial and legal decisions for you if you lose the capacity to make decisions yourself.
- Medical power of attorney – makes decisions about your medical treatment if you become mentally or physically unable to make decisions for yourself.



3. Nominate a beneficiary for your super

Your super isn't automatically covered as part of your estate. You may be able to specifically nominate your beneficiaries to your super fund – that is, who you want to receive the balance of your fund.

You can make different types of death benefit nominations. Some must be followed by your trustee. Others are an indication of your wishes only. It's important you understand what types of nominations your super fund provides and who you can nominate, so as to understand your options.



Go deeper

Find out more about powers of attorney [here](#).

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4. Review your estate plan when life changes

You should update your estate plan any time there's a change in your financial or family circumstances, or at different life stages such as marriage, children, divorce, retirement or death of a spouse or dependent.

Just like your investments and superannuation, it's a good idea to review your estate plan on an ongoing basis. When appropriate, also use a legal professional to check your estate plan.



5. Organise life insurance

Make sure you have the right amount of insurance to cover your income, your family's lifestyle and any debt repayments after you're gone. Your insurance beneficiaries aren't automatically covered as part of your estate – you have to specifically nominate them to your life insurer.



6. Make a funeral plan

Make your wishes clear about how you want your funeral, how much you want to spend on it and how you would like your family to pay for it. You can make these instructions clear in your will.



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Top tips to consider for estate planning

- Make sure you have a will that you keep up to date. Your will should communicate your wishes to your family.
- Make sure you've nominated the beneficiaries for your super and your life insurance.
- Make sure you have enough insurance cover.
- Establish a power of attorney, nominating someone to make life decisions on your behalf.
- Make sure you review your insurance regularly. And keep your paperwork where someone can find it, or make sure a trusted person knows where it's kept.

Note: There are all sorts of risks and factors to consider when it comes to estate planning. Consult a professional if you need to.

Speak with your financial adviser today who has the expertise to help you put together your estate plan and can work with your solicitor to help you meet your estate planning goals.

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