



Guide to estate planning

Most of us want to be able to pass our wealth on to future generations and make sure that the people who depend on us are looked after.

Effective estate planning is generally about developing objectives for your estate that are in accordance with your wishes, building financial security for your dependants, and ensuring that the wealth you have accumulated over your lifetime is not eroded. The purpose of this guide is to provide you with a basic understanding of some of the issues you may like to think about when planning your estate. However it should not be relied upon as financial or taxation advice.

Tax issues

How and to whom your estate assets are distributed to can potentially have the greatest impact on the value of your estate. In simple terms, the administration of your deceased estate needs to take into consideration the income tax and potential CGT consequences when assets are received by your deceased estate or beneficiary(s).

Tax issues can be complex so it is recommended that you discuss your situation with both a qualified financial adviser and your tax adviser before making any decision.

What is a Will?

A Will is a legal document that allows you to choose who should benefit from your estate and who should administer it.

A professionally prepared Will is likely to ensure that your exact wishes are expressed in terms that are clear, concise and unambiguous. You may like to think about having your Will professionally prepared as a minor mistake may affect the distribution of your estate.

Testamentary trusts

Wills may make provision for the establishment of one or more trusts for the benefit of your spouse, children, grandchildren or other intended beneficiaries. These trusts can be an effective estate planning strategy, providing asset protection, flexibility and the tax effective distribution of your deceased estate assets to beneficiaries.

Testamentary trusts can be discretionary trusts that offer flexibility to trustees to vary the distribution of income and capital depending on the beneficiaries' circumstances. This can include beneficiaries who are under 18 years of age who

pay tax on testamentary trust income at normal marginal tax rates. They are not subject to the higher tax rate which applies to certain types of income in relation to minors.

It is recommended that before making any decisions you consult a qualified adviser and/or solicitor (in conjunction with a tax adviser) about making provisions for a testamentary trust in your Will as they can be extremely complex.

Intestacy

If you do not have a valid Will when you die, you are said to have died "intestate". Distribution of your estate will then be carried out by a court-appointed administrator in accordance with current state-based legislation. If the administrator cannot establish who your relatives are, your estate may pass to the State.

If you do not have a Will or believe that your Will does not reflect your current wishes, you may like to think about contacting your solicitor.

Power of Attorney

Granting a Power of Attorney means that you legally appoint a person or organisation to make decisions, sign documents and generally act on your behalf in various matters.

When you grant a Power of Attorney you can choose to either limit the actions which the attorney can perform on your behalf (limited Power of Attorney) or give the attorney broader powers to undertake all necessary actions on your behalf (general Power of Attorney).

Both types of Power of Attorney are automatically revoked if the person granting them becomes mentally incapable of handling their own affairs. An enduring Power of Attorney, on the other hand, will continue to operate if you become mentally incapable. Again, you may like to discuss these issues with your solicitor.



Do you have a Will? When thinking about your estate planning position you might like to consider contacting a qualified adviser or solicitor who may be able to help you in preparing your Will.

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