

# ESTATE PLANNING & WILLS

## - Allistar Walker

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Few people like to think about their own mortality, but most want to:

- Leave their affairs in order
- Have their possessions distributed according to their wishes, and
- Minimise tax.

Estate planning is an essential component of the financial advice process. It involves:

- Ensuring that the correct financial structures and arrangements are in place during your lifetime to protect your family's interests, now and in the future, and in the most tax effective way possible.
- Deciding how assets are to be distributed upon death.

The Financial Advisers role in Estate Planning usually is to

- Identify and document:
  - your level of investment
  - your intended beneficiaries, and
  - any tax implications, when the beneficiary receives the entitlement.
- Ensure there is consistency with the client's estate plan and Will, and
- Identify life insurance requirements, and, more importantly, ownership structures.
- Review loan structures and strategies.

The proper organisation of your affairs can save you money. Assets should be bequeathed, so beneficiaries can enjoy the use of the assets, while still receiving protection from various risks they may face in the future.

### Considerations in estate planning

When drawing up any form of financial plan, the consequences of your death should be worked through, and (where relevant), you should be alerted to important considerations, such as:

- How setting up a life interest for a second spouse may be appropriate to protect the interests of the children of a first marriage
- Understanding how young children can benefit from testamentary trusts (a trust set up under a Will) because they receive the benefit of the normal individual marginal tax rates
- Where there is no family and the money has been left to a charity, how setting up a charitable trust in perpetuity can ensure greater flexibility and benefit immediately from having a tax free status, or
- How a trust structure can guard the interests of mentally or physically handicapped beneficiaries.

Your financial adviser should document any estate planning issues raised, in a financial plan or Statement of Advice, along with any change in your circumstances. But it shouldn't end there. He or she will keep on your case to ensure you follow recommendations and get around to implementing them. It is often amazing the number of people we see who haven't even got a Will or they had one but have since remarried. This is one event which will render a previous Will null and void. Accordingly it is important to review your Will from time to time and as importantly review your financial direction on a more regular basis.

The Will is one of the most important estate planning documents. If your Will is not either drawn up or reviewed by a legally qualified and experienced person, you risk the Will being declared null and void at worst and at best extra cost and time in deciphering and administering the Wills intention. Just because you are married, doesn't mean that everything goes to your surviving spouse. Your worldly fortune will be split up according to rules in the Administration Act 1969. In other words it is out of your control.

Everything we do in helping a client is to give them maximum control.

Ask yourself when is the last time you reviewed your Will? Is it still valid ie have circumstances changed which may make your Will invalid? Is your train on the right track and is the station in sight? In other words, have you done an Estate Plan or are your various arrangements such as insurances, savings etc. all ad hoc?

*Care has been taken to ensure that any information is accurate. No liability is accepted for its use.*

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