

Super facts on estate planning

TelstraSuper
Financial Planning

Where there is a Will, there is a way... of distributing your assets exactly as you want.

Transferring your wealth

It may not be a pleasant topic, but in reality it should not be avoided. Working out what will happen to your assets if you pass away, should be part of your whole financial plan.

Everyone over the age of 18 should have a Will, yet in reality 93% of people aged between 18 and 24 do not. Generally over 54% of all Australians have neglected to prepare a Will.*

Not having a Will is the most common mistake in relation to estate planning.

The second most common mistake is not reviewing and updating your Will. You review your financial plan and track its progress on a regular basis. By including your estate planning strategy as part of your financial plan, you will be able to keep tabs on it and ensure your plans remain relevant.

What happens if you do not have a Will?

Should you pass away without a valid Will in place, you are deemed to have died 'intestate'. A common misconception is that in this situation the Government takes your assets. This is not the case, instead they are appointed to distribute your assets to your next of kin according to a legal formula. However this may mean your assets are not distributed as you would like.

Getting started with a plan

Your estate plan could include a simple Will through to a complex wealth transfer plan.

While you can obtain DIY Will kits from the local newsagent, these can sometimes prove more trouble than they are worth. There are many legal requirements that need to be fulfilled in order to make a Will valid and binding.

In a case cited by the Public Trustee NSW, a husband who intended to leave his whole estate to his wife, inserted her name into the section of the DIY Will appointing her as Executor. However he neglected to nominate her as a beneficiary. In effect he left his estate to nobody.[†]

In most cases it pays to have a professional draft your Will and advise you on the requirements.

Proper planning could save your family

A family consisting of three step-children fought for three years over the division of old 'antique' furniture valued at \$6,000. Legal costs incurred by the children amounted to \$55,000.[†]

A will drafted professionally specifying the transfer of certain items would have prevented this costly family dispute.

Appointing an Executor

You need to give consideration to who you appoint as an Executor. There are a number of legal requirements an Executor must fulfil in their role. In addition to other key responsibilities such as arranging your funeral, notifying authorities of your passing, advising your beneficiaries and distributing your assets, your executor must also prepare three key reports upon your death:

- statement of assets and liabilities and persons entitled
- statement of account
- capital gains tax schedule.

Therefore careful consideration is warranted as to who you should appoint as your Executor and how your Will should be prepared. Sometimes simply leaving an amount of money to a family member may not be the best solution, it may be more effective for all parties involved to set this money aside in a Trust and have your Executor manage the requirements.

Prior to making a Will you should seek professional advice and ensure it is incorporated into your broader financial plan. Telstra Super Financial Planning can help you with setting your financial goals and developing a financial plan to suit your needs and circumstances. They can refer you to Trust, a wealth management specialist, who offer Telstra Super members significantly discounted rates for preparing a simple Will or a more complex estate plan.

Reviewing your estate plan

Many life changes can be a trigger to review and update your Will or estate plan. The birth of a child, a marriage, a divorce, the passing of a loved one, the purchase of a new asset or a change in your investments can all be important triggers to review your plans and ensure they are kept up-to-date.

Generally your estate plan should be reviewed at a minimum of every three years or as life changes occur. When it comes to planning your estate you need to ensure you make the right decisions, a regular review may save costly mistakes or family disputes in the future.

We can help you plan your estate

Part of a good financial plan is the transfer of wealth to others when you are gone. Telstra Super Financial Planning can help you prepare or review your financial plan and refer you to Trust, a respected Wealth Transfer Planning specialist with 120 years experience.

Trust offers all Telstra Super members significantly discount rates when referred through Telstra Super Financial Planning. Call Telstra Super Financial Planning on **1300 033 166** to make an appointment.

Everyone over 18 years of age should have a Will

Belinda was 21 when she was killed in a car accident. Her insurance payout was \$200,000 however she died without having a Will. Due to intestacy the estate passed to her next of kin, being her mother and father equally. Unfortunately the father had deserted her family before Belinda was born. Although they had never met, Belinda's father received \$100,000.[†]

Once you turn 18 you should have a Will. Had Belinda organised a Will she could have ensured her mother received any insurance entitlement, and that her absent father remained absent without a windfall.

* Survey conducted by NSW Public Trustees 2008.

[†] Real life case studies from www.goodwillweek.com.au
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