



ENSURING THE RIGHT VOICE IS HEARD ON THE OTHER SIDE

You are grossly at risk of your voice not being heard if your Will and other estate arrangements have not recently been reviewed. If you are like most Australians and have been putting this in the 'too hard basket', then by overlooking this important activity the government may end up deciding how your estate is to be distributed – not your family or loved ones who are left behind.

This month, we want to focus on the importance of keeping all your estate arrangements up to date.

That said, even with the best of intentions, the most up to date Will in the world can be challenged. There have been countless real-life court dramas involving high profile public figures engaging in claims and counter-claims following the death of a wealthy relative. Some of us have experienced similar emotional intensity, anguish and even bitterness. We must always remember that people change, form new relationships and take advice from different sources whose motives may not always be pure.

The most common things forgotten about when constructing your Will

To ensure your voice from the other side will be heard and heeded, your Will remains the centrepiece of estate

planning. However, there are two additional tools you may not have thought of that are key features to a sound estate plan.

1. Your life insurance
2. Binding nominations for superannuation

The importance of insurance nominations

A policy taken out by a person on their own life and owned by that person forms part of their estate to be distributed in accordance with their Will **and thus subject to challenge**.

BUT, here is the feature that can make insurance such an important part of sound estate planning.

A policy that nominates someone other than the life insured as the beneficiary does not form part of the estate and is quite separate from the Will - and not subject to challenge.

What this means is that if there is even the smallest possibility that your wishes may not be carried out after you're gone, it might be a good idea to seek professional advice about the value of a life insurance policy.



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Insurance in your super may not even be safe from being contested

It is widely believed that superannuation is included in an estate and dealt with through a Will.

Not so!

The trustee of your superannuation fund determines how your super is paid upon your death.

You may identify a 'preferred beneficiary', however the fund trustee can override this decision at its discretion.

If you do not want this to occur, you should complete a 'Binding Death Benefit Nomination'.

Binding Death Benefit Nominations

Superannuation legislation allows you to specifically nominate, with certainty, who will receive your super following your death.

These nominations must be in writing and clearly state the names of beneficiaries and any split details between multi-beneficiaries.

Some funds offer non-lapsing binding nominations, however many binding nominations must be renewed every three years and are only valid if:

- you nominate a dependant, eg your current spouse (including de facto), or
- your child of any age, or
- a person financially dependent upon you at the time of death.

You may also nominate your estate.

What about your SMSF?

Binding nominations are still relevant if you have a self managed super fund.

Even though you have the final decision on how your super is managed while you are alive, it is crucial to ensure your trustee/s (who may also be family) continues to fulfil your wishes after you die.

To ensure it is your own voice that takes final control of your lifetime's hard work, we recommend you consult our recommended estate planning specialist.

And before you think you will be saving a truck load of money by purchasing a DIY Will kit, please contact us for our article on **'Common problems with DIY Wills'**.

Please don't be one of the 70% who procrastinates this highly important part of your wealth protection.

We work hard to help you create your wealth, let's put a plan in place to protect it as well.

Sources:

Australian Tax Office www.ato.gov.au Guide to deceased estates

MoneySmart www.moneysmart.gov.au Wills & Powers of Attorney; Super death benefits; Money musts before you die

www.abc.net.au/news/2021-03-05/up-to-70-percent-of-australians-dont-have-a/1321968

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