AUSTRALIAN CONSUMER GUIDE

7 MYTHS ABOUT MODERN ESTATE PLANNING

AND HOW THEY AFFECT YOUR FAMILY


IT'S SOMETHING THAT'S BEEN IN THE BACK OF MY MIND TO GET SORTED, BUT WHERE DO I START?

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MAKE A PLAN... DON'T JUST GET A WILL

INTRODUCTION

Nobody plans to suffer a serious sickness or injury; nobody plans to pass away. We all like to think, *"It won't happen to me"*, but the unfortunate reality is the facts show it could happen to anyone, even to you, in the blink of an eye.

Modern estate planning is all about putting a plan in place for you *now*, and for your family *later*.

When it comes to family estate planning, our experience is there are two important haunting questions that keep people awake at night:

- What would happen if I got sick or injured and couldn't make important decisions for myself or my children until I recovered?
- What would happen to others I'm responsible for if I passed away: who could bring up my children, care for my ageing parents and make important decisions about my assets?

If one of these haunting questions proved true, its impact upon your family would be devastating. Without a plan and the right legal documents in place ahead of time, you risk unnecessary family arguments, you risk your assets falling into the wrong hands or, worse still, you risk the government seizing control of your assets, leaving your family and friends with little to no say in the matter.

There is a way to prevent these things from happening, but it's so much more than just writing a will and hoping for the best. The solution requires you to have a deeper understanding of modern family estate planning and the choices you need to make today to unlock peace of mind for you and your family's future.

This brochure exposes seven myths that are responsible for so many people feeling frozen into inaction. It will help you make informed choices about what's required to better protect you and your family today.

Enjoy the read!

Drew Browne

Director and Senior Adviser at **FinallySorted.com.au**
Responsible for turning complexities into simplicities


NO ONE LIVES FOREVER – GET OVER IT

MYTH 1

IT WILL NEVER HAPPEN TO ME

Let's face facts: nobody likes to think about the worst-case scenarios. We don't plan to get sick or injured, and we certainly don't plan to lose the ability to look after ourselves. But the unfortunate truth is that accidents do happen, people fall sick and even pass away unexpectedly.

The top four most citied reasons why people delay making an estate plan include:

- I'm never going to need it.
- I don't have anything of real value to leave anyone.
- My family can always look after things if something goes wrong.
- I'm too young to have to think about having my own estate plan.

> **The reality of life proves them wrong. Did you know that more than 44% of Australians don't have an estate plan in place?**

Bad things can and do happen to good people, even to the fit and healthy. The only way to prepare yourself is to put a modern estate plan in place that answers the haunting question *"What would happen if?"* with clear legal answers.

FACTS

People don't die in chronological order. In 2010, there were more than 33,000 potentially avoidable deaths. Of those, 62% were classified as preventable and 38% as treatable.

Survival rates of serious illness are increasing—63% of people between 40–90 who had a heart attack in 2009 survived (up from 47% in 1997).

Serious injury is the third largest cause of hospitalisation in Australia, but thanks to modern medicine, the majority of people sufficiently recover after 3–6 months rehabilitation and are able to return to normal life.


!!!...
ARE YOU READY FOR SOME EXPERT ADVICE?

MYTH 2

THE GOVERNMENT WILL ALWAYS LOOK AFTER ME

One of the greatest misconceptions about modern estate planning is believing the government will always look after you.

Passing away without leaving a will, (referred to as dying intestate), has strict legal consequences, and you may not like the government's plan for your family. **Here are two realities:**

- If you become seriously sick or injured and can't look after yourself, a family member will need to apply to the Guardianship Tribunal to take formal responsibility over you and/or your financial management. It's costly, time consuming and once a financial management order is made against you, it lasts indefinitely and is not automatically reviewed.
- If you pass away without leaving a will, the state government enforces the legal Rules of Intestacy. Depending upon certain relationships, your estate can be divided between family members regardless of whether they are close to you or not. The result is that if you die intestate and have no surviving relatives closer than cousins, your state government can receive your estate.

> **You do have choices, but you need to make them today. The only way to ensure you have full control over your estate, and not the government, is to complete a modern estate plan today.**

FACTS

Recent Family Law amendments have now increased the potential number of people who can bring a claim against your estate.

The Rules of Intestacy only apply to situations where a person did not leave a valid will (or the will is unable to be located). Many of these complexities can be removed by simply making a valid will or reassessing a current will.


NOT EVERYTHING IN LIFE IS DO-IT-YOURSELF SUITABLE

MYTH 3

A SIMPLE DIY WILL-KIT IS ALL YOU NEED

A will is a legal record of your instructions about your personal estate when you die. There are two approaches to creating a will: find a DIY kit, or seek professional advice. What most people don't realise is there are many components missing from the typical DIY kit.

For instance, your superannuation account is an asset that is *excluded* from your will and outside your personal estate. You need to have a clear record of your instructions if you survive a tragedy but can't make decisions for yourself.

In fact, most people don't know that many of life's possessions are not actually covered by their will: superannuation, life-insurance policies, real estate owned as tenants in common, businesses, self-managed superannuation funds (SMSFs), family trusts and many contracts. These are just some of the non-willable (also known as non-estate) assets in people's lives.

For example, these non-estate assets, when not properly managed, can often become a reason for a challenge to a will because a beneficiary of your will can perceive the distribution of these non-assets as unfair.

> **Having a will in place is just one part of modern estate planning. Having a DIY will-kit is not enough; you also need a current Power of Attorney, Powers of Enduring guardianship (useful for medical decisions), Testamentary Trust (to protect your minor children or ageing parents) along with a clear formal letter of wishes so that people know exactly what your intentions are around your estate.**

FACTS

87% of all requests to leave money to a charity in a will are overturned by the surviving family.

Modern estate planning can include an inheritance protection service to ensure wealth is outside the reach of your will and held in trust for your choice of beneficiaries later.


REALLY!? THAT'S THE VERY BEST PLAN YOU HAVE...?

MYTH 4

MY FAMILY WILL ALWAYS DO THE RIGHT THING

Family and friends can provide crucial support in times of crisis, yet people don't always make their very best decisions during times of extreme stress. The reality is that many people struggle to think their clearest and behave their best during one of the most upsetting and potentially traumatic times of their lives-namely, the loss of someone close.

Families and their relationships are constantly evolving, and without your guidance, what the right thing is today, may not be seen the same by everyone tomorrow. Therefore, it's important to not only document your wishes, you need to keep them up-to-date.

Not having a will in place could cause enormous stress on your family as they head into the unknown territory of having to apply to a court for authority to find and divide your estate equitably.

Expecting your family to simply 'do the right thing' during one of the most stressful times of their lives is a recipe for disaster. Nobody wants to see this happen. Expecting your family to do the right thing is not a fair plan, nor is it a dependable reality.

> **You doing the right thing now by establishing modern estate planning removes the unfair expectation placed upon your family during a stressful future situation.**

FACTS

1 in 5 Australian families are classified as 'blended families', and this can make estate planning additionally complex because of competing interests and differing expectations.

Step and blended families account for 8.9% of all Australian families with children under 18.


OLD SCHOOL THINKING CAN'T KEEP UP WITH MODERN REAL-WORLD REALITIES. THE BEST WAY TO PREDICT YOUR FUTURE IS TO CONTROL IT.

MYTH 5

YOU ONLY NEED TO PLAN ONCE

Today, your life is constantly evolving, and your wealth and responsibilities continue to change. These changes need to be recognised and updated as part of your modern estate plan.

Here are some important life events that often produce the need to update or review your estate plans. **In the last three years, have any of these events occurred?**

Changes in your health	Changes in the health of your partner or children
Changes in your relationships	Changes in the number of children (including blended family)
Changes in property ownership	Changes in your home mortgage(s) or business loans
Changes in life-insurance policies or nominations	You've started a business or joined a business with others
Changes in superannuation account details	You've been nominated as a beneficiary in someone's else's will
Changes in the health of ageing parents or key people in your life	You care for a particular person outside your family structure

> Traditional estate plans were set once and forgotten. Modern estate planning is all about making sure your plans keep pace with the changes in your life. Your estate plans need to be reviewed regularly because modern life demands it.

FACTS

Pets are part of many people's family structures and can be provided for in a modern estate plan.

Modern estate planning recognises you probably have a digital life too. Photos and family digital memories, business and commercial IP can all be provided for in a modern estate plan.


IT SEEMED LIKE A GOOD IDEA AT THE TIME

MYTH 6

STORING KEY DOCUMENTS AT HOME IS A GOOD IDEA

In the home environment, keeping documents accessible to the right people at the right time while keeping them safe and private can be difficult. People don't need to know the contents of your plan, but they need to know of its existence and where it is stored in case it's needed.

In the untimely event that something should happen to you, you need to be confident that your family or executor of your will could locate all the necessary estate planning documents quickly and safely. Without these, your executor may lose control of your estate, guardianship plans for minor children might be compromised and you risk being declared a person dying without a valid will (dying intestate). The potential impact on those you have left behind is simply not worth thinking about.

If there is physical damage to a will-such as with a staple, pin hole or simply an adhesive mark — the will may be declared invalid. Keeping a document safe from damage or alteration is an important part of an effective modern estate plan.

> **Don't expect people to sift through your personal possessions and paperwork during a time of great stress to see if you had a plan. Make it clear, accessible and secure.**

FACTS

43% of Australians move house on average, every five years.

59% of sole parents with dependent children move on average every five years.

The law requires specialised lawyers to have fireproof secure storage for estate planning documents.

FinallySorted.com.au now runs a track-and-update system for all its clients to help keep estate plans safe-and-up-to-date.


LIFE IS TOO UNPREDICTABLE TO BE OVERCONFIDENT

MYTH 7

YOU DON'T NEED EXPERT HELP FOR ESTATE PLANNING

Estate planning is too important to risk to an online solution or simplistic DIY approach. It's really one of those few things that you get to plan for in life that really is all about you: your choices, your decisions and your family (whether biological or logical).

Without expert help and simply using the DIY option, you still need to ensure that you have the following covered:

- Regular updates as your life changes.
- Current power of attorney.
- Enduring powers of guardianship.
- Testamentary trust for minor children or ageing parents.
- Clear letter of wishes.
- List of non-estate assets.
- Beneficiary inheritance tax plan.
- Sufficient life insurance or wealth to fund your wishes.

> **Modern life has become so involved that most people need a trained and experienced estate professional to help them through the complexities of estate planning. Only then can you have any real degree of certainty that you're leaving a legacy and not a burden.**

FACTS

Australian consumer magazine CHOICE tested four DIY will kits. Their final comment: 'get legal advice'.

Children report feeling more settled and secure in their future knowing their parents have a legally recognised plan in place for them.

Getting your estate planning in place is a good way to model responsible behaviours to your children to follow and to realise that they are valued enough to be part of your plan.

WHAT YOU CAN DO NOW

A modern estate plan usually consists of the following key components:

- A power of attorney.
- An enduring power of guardianship.
- A valid will.
- A letter of wishes.
- A testamentary trust.
- Sufficient life insurance or wealth to fund your wishes.
- Secure document storage and key people tracking.

Whether you already have an estate plan in place or realise that you need to take action and create one, the questions below might help focus your thinking.

Have you identified the key *people* in your estate plan? ✓

	Yes	No	Not yet
Executor			
Standby executor			
Power of attorney			
Guardian for any minor children			
Standby guardian for minor children			
Trustee for testamentary trust			
Standby trustee for testamentary trust			

Good things to do now

- Ensure the name and contact details for your key professional advisers are recorded with your estate plan, including your financial adviser, accountant and lawyer.
- Ensure your executor knows where your key documents are and how to access them if needed.
- Ensure you have made a list of all your non-estate assets that are excluded from your will.
- Consider placing a completed power of attorney on file with your bank ahead of time in case of emergencies.

Who to contact to assist you with your modern estate plan

- A qualified and experienced professional estate manager can help you to make the right decisions about your estate and can bring in the right legal and insurance advice to ensure you get your affairs sorted.

MODERN ESTATE PLANNING DOCUMENT CHECKLIST

I have the following documents in place: ✓			
	Got it	Date made	Need it
Powers of attorney			
Enduring powers of guardianship			
Wills			
Letters of wishes			
Testamentary trust			
Insurance to fund your wishes			

I have the following non-estate assets:	
	Details
Superannuation accounts	
Life-insurance policies	
Real estate owned as tenants in common	
Family trust	
Self-Managed Superannuation Fund (SMSF)	
Business, trusts and contracts	


WHO ARE THESE HELPFUL PEOPLE BEHIND THIS CONSUMER GUIDE?

YOUR ESTATE PLANNING EXPERTS

Modern estate planning is about having a plan, not just making a will.

FinallySorted.com.au is the complete professional solution to establish, maintain, store and track your modern estate plan.

We help and guide our clients to better understand their options and the many modern solutions available to modern life challenges.

Our track-and-update-framework is deliberately designed to help you keep your plans updated, relevant, safe and accessible, while ensuring you and your family always have immediate access to specialised legal and financial advice on demand.

Now you can finally get your plans sorted with one complete service. Our services help you establish:

- Powers of Attorney.
- Enduring Powers of Guardianship.
- Guardianship provisions for minor children.
- Testamentary trusts for special beneficiaries.
- Clear and comprehensive wills.
- Letters of wishes for the executor.
- Secure document storage and access for life.
- Financial advice on using life insurance products to fund your wishes.
- Professional witnessing of wills.
- Update, tracking and review service for your wills nominated executors, trustees and guardians.

You've seen just a small part of this powerful and effective service we call modern estate planning. It's the perfect solution for the modern individual, family and business owner.

If you're not confident that you have an effective estate plan in place, we invite you to finally get things sorted.

CAN YOU CONFIDENTLY ANSWER THE HAUNTING QUESTION? "WHAT WOULD HAPPEN IF...?"

VISIT US ONLINE, LEARN SOMETHING NEW THEN GET IN TOUCH FOR A CHAT TODAY!

Sapience
Financial & Investment Services

FINALLY SORTED.
Modern Estate Planning

PHONE NUMBER: 1300 137 403
EMAIL: HELLO@FINALLYSORTED.COM.AU

FINALLYSORTED.COM.AU

TO BE CONTINUED ONLINE...*

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