

EVERYTHING YOU NEED TO KNOW ABOUT ESTATE PLANNING

Why You Need to Start Estate Planning



ESTATE PLANNING

Estate planning is among the most easily postponed financial planning tasks. Of course, it is never pleasant to think about your death, but that is the essence of estate planning. Lawyers are often involved in the process, so it seems more complicated than it is in reality.

Another reason why many people put it off is that estate planning is more for your loved ones than for you. Unlike most financial planning tasks, this does not offer any gain or returns during your lifetime.

In this book, we will guide you through a successful estate planning by discussing three important points:

- Why Estate Planning Should Be Your Next Priority
- Crucial Documents on Estate Planning
- Why You Should Keep Your Estate Plan Up-to-Date

WHY ESTATE PLANNING SHOULD BE YOUR NEXT PRIORITY

Ideally, you should be starting your estate plan when you become a legal adult, updating it periodically about every three to five years after you begin. For most young adults, this isn't something you think about until later, but it's time to reconsider.

Many life events should act as a sign for you to draft an estate plan. It can be something small, like starting a savings account. With an estate plan, you will secure your loved ones' inheritance. It could also be momentous life events such as marriage, having children or even an inheritance that you receive yourself. These things will make you want to protect your assets and make sure your end-of-life wishes are fulfilled.

When Should You Start Your Estate Plan?

Ideally, you should be starting your estate plan when you become a legal adult, updating it periodically about every three to five years after you begin. For most young adults, this isn't something you think about until later, but it's time to reconsider.

Many life events should act as a sign for you to draft an estate plan. It can be something small, like starting a savings account.

With an estate plan, you will secure your loved ones' inheritance. It could also be momentous life events such as marriage, having children or even an inheritance that you receive yourself. These things will make you want to protect your assets and make sure your end-of-life wishes are fulfilled.



NOMINATING A GUARDIAN

If you have a child, you want to make sure that they are taken care of in the event that you pass away suddenly. While it is not something you or anyone would want to think about, it's a necessary step that will help you secure your child's future.

When you create your Last Will and Testament, you will be asked to name a Guardian to safeguard your important documents and assets until your child becomes of age to receive them. If you are not ready to name a Guardian, you have the option not to include it until later. You should update these documents every time you have a new child.

DRAFTING YOUR WILL

Not only is dealing with a sudden loss in the family shocking, but not having a plan afterwards will have your loved ones reeling and feeling lost. Without your family knowing your last wishes, your loved ones will have to make various decisions and expenses.

When you draft your Will, you can take care of everything so that your family will have less to worry about. It includes providing a healthcare proxy and even assigning power of attorney.

CREATING A TRUST

If you have significant assets and several people who will benefit upon your death, then you may wish to start a Trust. This will give you control over the distribution of your assets and help you avoid probate. It will also serve as a preventative measure against additional taxes or fees when your assets go to their beneficiaries.

You can never take too many steps to protect your assets and the interests of your loved ones. Starting an estate plan today will help you secure your beneficiaries' tomorrow. There is no time to lose.



CRUCIAL DOCUMENTS YOU SHOULDN'T FORGET

However, if you want to have control over where your assets go after your passing, estate planning is critical. Your estate planning papers include, first and foremost, a will, powers of attorney for healthcare and financial issues, and guardianships for young children. In some instances, trusts may be appropriate.

However, there are further add-ons to consider in the context of your estate plan, mainly if you aim to make life as simple as possible for your loved ones and to guarantee that your desires are followed after your death.

Here are some essential documents that you should never omit in your estate planning:

- Master Directory
- Personal Property Plan
- Digital Estate Plan
- Ethical Will



MASTER DIRECTORY



Consider a master directory to be a complete version of your financial summary. In a way, your financial summary could be compared to a Microsoft Word document; the master directory is an Excel sheet that helps you plan.

A financial summary may indicate that you are a member of a self-managed superannuation fund, on the other hand, a master directory will contain the actual account numbers for those accounts. It will include the businesses, agents and contact details that manage these accounts. Because the master directory contains essential information, it must be encrypted or, if a physical document, kept under lock and key.

PERSONAL PROPERTY PLAN

Oftentimes, a will dictates that any tangible personal property, such as furniture, be sold and the profits deposited into your estate. For your own sake, don't go crazy with earmarking everything for particular people; instead, concentrate on things that you value and have significance for the receivers.

As long as it is stated in your will, a personal property plan is legally enforceable in most states – it is worth completing for important personal possessions such as heirlooms and trusting that your loved ones will follow through.



DIGITAL ESTATE PLAN



Even those who believe they have checked off all of the typical boxes on their estate-planning to-do lists may have neglected an increasingly crucial aspect of the process: Digital Estate Plan. This assures the appropriate management and orderly transfer of digital assets after death or disability.

Traditional estate planning is concerned with the management and transfer of financial accounts and hard assets. In contrast, digital estate planning is concerned with your digital possessions, including tangible digital devices like computers and smartphones, stored data either on your devices or in the cloud, and online accounts like Facebook and LinkedIn.

The rules governing digital assets are rapidly evolving, and various providers have varied policies and degrees of access. Nevertheless, creating an inventory of your digital accounts and keeping the information in a safe but accessible place is a necessary first step.

ETHICAL WILL



Consider writing or recording an ethical will outlining your views and ideals. In contrast to a traditional will, which specifies how you want your money and physical assets transferred, an ethical will means you 'pass along' your belief system to your loved ones.

The custom of ethical wills originated in the Jewish community, but it has grown in popularity across cultures in the last decade. This can be an overwhelming task, so don't put too much pressure on yourself.

Instead, try beginning your ethical will by writing down your views as they come to mind. Avoid cramming all ideas at once and focus on your personal values as well.



WHY YOU SHOULD KEEP YOUR ESTATE PLAN UP-TO-DATE

Your situation when you first drafted your documents may have considerably changed over time. For example, major life events may trigger different financial situations which means you should update your Will, your financial plan, and your Estate Plan.

Some life changes may even require you to completely refresh your plan; failing to do so may cause some serious consequences down the line. Whenever you experience a major change in your life, it would be in your best interest to review your estate planning documents.

WHEN TO UPDATE YOUR DOCUMENTS?

This question is rather tricky, as it will be different for everybody. To help simplify things, we've put together a brief list of common life events where it would be wise to review your estate planning documents:

- Marriage
- Divorce
- Having Children
- Death of a Loved One
- Starting a New Business
- Major Financial Changes
- Major Investment Changes
- Buying Your Own House





It's important to mention that wills are voided in the case of marriage or divorce. This means either of these two events will require you to revise your estate planning documents. Remember, this list is only meant to act as a guide.

There may be situations that we didn't mention on this list that merit a review and revision of your documents. For more specific questions, be sure to speak with your trusted estate planning specialist.

WHAT ARE THE OTHER WAYS TO PROTECT YOUR WEALTH?

Aside from having your estate planning documents in order, you may also want to take extra steps when it comes to protecting your wealth and your family's interests.

One great way to do this is by making sure that the estate planning documents of your beneficiaries are also in order. Perhaps you are passing some of your assets to family members who don't have a financial plan?

If you are planning to leave a large portion of your assets or a complex asset to a loved one, it may be a good idea for them to seek advice and plan ahead for the next steps. Failing to do this can cause serious problems for you in the case of the untimely passing of one of your beneficiaries.



Coastal Advisory Australia Pty Ltd is a Corporate Authorised Representative of RI Advice Group Pty Ltd, ABN 23 001 774 125 AFSL 238429.

The views expressed in this publication are solely those of the author; they are not reflective or indicative of Licensee's position and are not to be attributed to the Licensee. They cannot be reproduced in any form without the express written consent of the author. This e-book does not consider your personal circumstances and is general advice only. It has been prepared without taking into account any of your individual objectives, financial solutions or needs. Before acting on this information you should consider its appropriateness, having regard to your own objectives, financial situation and needs.

You should read the relevant Product Disclosure Statements and seek personal advice from a qualified financial adviser. From time to time we may send you informative updates and details of the range of services we can provide. If you no longer want to receive this information, please contact our office to opt out