

Personal succession planning for families with young children

You would have heard the saying: “where there’s a will, there’s a way”.

This statement is usually used to encourage people who are losing enthusiasm for a task or goal.

But it also reflects the way many people feel about personal succession planning. They think that so long as you have a Will, your wealth will be passed correctly to your family and your loved ones will be taken care of.

But this is not necessarily the case. Personal succession planning is much more than just having a Will, especially for families with young children. Without an appropriate succession plan, you may not have certainty that the right assets will go to the right people at the right time in the most tax effective way.

And most importantly, you may not have certainty that your loved ones will be taken care of when you are not around.

[Do I need a personal succession plan if I have young children?](#)

Personal succession planning is something all parents with young children should consider and address. By doing so you’ll ensure your loved ones have access to appropriate financial assistance, educational opportunities, and anything else they might need to ensure their quality of life continues when you’re no longer around.

At a minimum, every parent with a young family should have:

- a current Will to distribute estate assets
- guardianship arrangements for young children and teenagers
- an Enduring Power of Attorney to cover situations where they’re unable to make financial decisions themselves, and
- appropriate estate planning arrangements to distribute specific assets that are not covered by the Will (such as superannuation benefits, life insurance proceeds, assets held in family trust/s).

[What are the benefits of personal succession planning when you have a young family?](#)

Personal succession planning can:

- provide certainty by getting the right assets in the hands of the right people, at the right time
- enable you to provide for your loved ones while minimising tax payable by your nominated beneficiaries
- provide certainty that your children are taken care of.

For example, if you and your spouse were to die unexpectedly:

- Who would be responsible for the care and financial future of your children?

- Would you like your children to continue to attend the same school and receive the same level of education that you were intending to provide if you were alive?
- Would there be additional child care costs?
- Would you like to nominate a guardian/s to step into your role when you are not around?
- Would the intended guardian/s have sufficient funding to care for your children?
- Would you like your estate assets to be held on trust for your children and be distributed to them at a certain age?

What are the consequences of NOT having a personal succession plan?

Personal succession is something you should address now. Don't wait until it's too late.

If you die without a valid Will, intestacy legislation will determine how your estate assets are distributed to your surviving family members.

If you die without a valid superannuation or life insurance death benefit nomination, the proceeds may not be distributed according to your wishes.

And, if you're badly injured in an accident or lose mental capacity, who will manage your affairs while you're still alive but unable to make your own decisions?

Who should I contact to discuss my personal circumstances?

You should consider holding an initial discussion with a qualified financial adviser. With assistance from your financial adviser and, where appropriate, legal and tax professionals, you can:

- **Ensure you're making the right ownership decisions when acquiring new assets or re-structuring your existing assets.** For example, your financial adviser can help you determine whether it's best to invest in your name, your partner's name, or jointly with your partner. Your adviser may identify whether further tax and legal advice is required to consider another arrangement such as a trust or company.
- **Determine if you have sufficient means to achieve your estate planning objectives.** Additional Life insurance inside or outside of superannuation may be necessary to provide your family and loved ones with a lump sum payment or an income stream to repay debts, meet ongoing living expenses and cover your children's future education costs upon your death.
- **Make a provision in your Will to allow for establishment of testamentary trust/s for minor/s.** The establishment of a testamentary trust in a Will can provide flexibility and can enable distribution of estate assets in a tax-effective way to beneficiaries including young children and teenagers. A reliable Trustee of your choice will ensure that distributions are made to such beneficiaries with their welfare in mind.
- **Develop a range of strategies to provide certainty, tax efficiency and/or asset protection.** For example, your financial adviser can explain superannuation death benefit and life insurance beneficiary nomination options. By making appropriate nominations now, your beneficiaries will be able to effectively and efficiently receive the death benefit when you're no longer around.

To get your estate planning affairs in order or to discuss options available to you and/or your loved ones, please contact Craig Jackson at HQB Financial Solutions on (02) 66993649.

Important information and disclaimer

Any advice in this publication is of a general nature only and has not been tailored to your personal circumstances. Accordingly, reliance should not be placed on the information contained in this document as the basis for making any financial investment, insurance or other decision. Please seek personal advice prior to acting on this information.

Information in this publication is accurate as at the date of writing (October 2017). In some cases the information has been provided to us by third parties. While it is believed the information is accurate and reliable, the accuracy of that information is not guaranteed in any way.

Opinions constitute our judgement at the time of issue and are subject to change. Neither the Licensee nor any member of the NAB Group, nor their employees or directors give any warranty of accuracy, not accept any responsibility for errors or omissions in this document.

Any general tax information provided in this publication is intended as a guide only and is based on our general understanding of taxation laws. It is not intended to be a substitute for specialised taxation advice or an assessment of your liabilities, obligations or claim entitlements that arise, or could arise, under taxation law, and we recommend you consult with a registered tax agent.