

How to protect your loved ones after you're gone

As the old saying goes, there are only two things certain in life: death and taxes. Unfortunately, most of us spend too much time worrying over the latter and not enough discussing the former, uncomfortable though it may be.

But while no one enjoys contemplating the end of their life, planning for your death is just as important as managing your finances, if not more so.

It's difficult enough for families to cope with the loss of a loved one, but the added burden of dealing with the remaining estate can make an emotional time even more traumatic - which is why drawing up a will is essential, regardless of your age and the state of your finances. Here's what you need to know.

What happens if you don't have a will?

If you pass away without a will, the law will determine who can be appointed to administer your estate and how it will be distributed once debts are paid out. Administrators have the right to make allowances for persons who might have been left out, which could result in a smaller share being provided to those you love the most. Similarly, others may receive more than you would have otherwise wanted.

If you do have a will

Where is it?

It's important that your original documents are stored somewhere that's both safe and accessible. Most solicitors will store your will for you and provide you with a certified copy, which should ideally be safely filed both digitally and in hard copy.

Executors and Powers of Attorney

An executor is the person appointed to administer the estate according to your wishes, and is an essential part of making a will. An executor may be required to sell assets, invest money, complete tax returns and pay debts. Your executor should be someone responsible and capable of undertaking such an important role, especially in complicated cases where the appointment could be long term.

A Power of Attorney is not essential and is appointed in a separate document to your will, as this person's duties are only relevant during your living years. A Power of Attorney is authorised to act on your behalf in financial or health matters, if you are otherwise unable to do so.

What happens after a death?

Your executor will need to apply for a Grant of Probate in order to begin administering your estate in accordance with the will. An executor is entitled to obtain legal and accounting advice to assist them throughout the application process and dealing with any tax implications for the estate.

Accessing the will

It is crucial that your executor knows where and how to access your will. It's a good idea to provide your executor with a copy of your will which will include the contact details of the solicitor storing it.

What about super?

Superannuation is usually not included in the distribution under a will, but rather the superannuation legislation and requirements of individual funds dictate how it will be distributed. Special clauses can be included if you wish to bring superannuation into the will but it's a good idea to seek financial advice first to ensure there are no tax implications.

Disagreements

If there is a disagreement over the will which can't be sorted out between the parties, then legal representation will be required. The best way to reduce the chances of a disagreement is to ensure your will is carefully drafted and regularly reviewed and updated to reflect your current circumstances.

Whether you're young and single or have children to consider, creating a will not only ensures your estate is distributed according to your wishes, it drastically reduces the stress and trauma for the family you leave behind.

Without a will, there's no guarantee your loved ones – and your affairs - will be taken care of in the manner of your own choosing.



Source: Macquarie Group Limited