

## Guide to estate planning



### Action

Do you have a Will? When thinking about your estate planning position you might like to consider contacting a qualified adviser or solicitor who may be able to help you in preparing your Will.



### Did you know...

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If you would like more information about AdvantEdge ActivePlan or would like to access this service contact a Plum Member Services Consultant on **1300 55 7586**.

### Contact us for more information

If you would like further information, visit the *Member* section of the Plum website:



**www.plum.com.au** or email us at **service@plum.com.au**, or



or speak with a Plum Member Service Consultant on **1300 55 7586**.

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The information in this guide is current as at 15 June 2007. Any changes in the law or policy subsequent to this date have not been incorporated.

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**Most of us want to be able to pass our wealth on to future generations and make sure that the people who depend on us are looked after. Effective estate planning is generally about developing objectives for your estate that are in accordance with your wishes, building financial security for your dependants, and ensuring that the wealth you have accumulated over your lifetime is not eroded by tax. The purpose of this guide is to provide you with a basic understanding of some of the issues you may like to think about when planning your estate. However it should not be relied upon as financial advice.**

## Tax issues

Capital Gains Tax (CGT) may have potentially the greatest impact on the value of your estate and how it should be distributed. In simple terms, CGT is payable when you dispose of an asset (which is held for the purpose of capital appreciation) and the value has increased relative to its original acquisition cost.

CGT is complex so it is recommended that you discuss your situation with a qualified financial and tax adviser before making any decisions.

## What is a Will?

A Will is a legal document that allows you to choose who should benefit from your estate and who should administer it.

A professionally prepared Will is likely to ensure that your exact wishes are expressed in terms that are clear, concise and unambiguous. You may like to think about having your Will professionally prepared as a minor mistake may affect the distribution of your estate.

## Testamentary trusts

A Will may make provision for the establishment of one or more trusts for the benefit of your spouse, children or grandchildren. These trusts may be useful in producing tax effective income for minors. Income distributions from testamentary trusts to children under the age of 18 are treated as ordinary income.

They are not subject to the higher tax rate which applies to certain types of income in relation to minors.

It is recommended that before making any decisions you consult a qualified adviser or solicitor about testamentary trusts as they can be extremely complex.

## Intestacy

If you do not have a valid Will when you die, you are said to have died "intestate". Distribution of your estate will then be carried out by a court-appointed administrator in accordance with current state-based legislation. If the administrator cannot establish who your relatives are, your estate may pass to the State.

If you do not have a Will or believe that your Will does not reflect your current wishes, you may like to think about contacting your solicitor.

## Power of Attorney

Granting a Power of Attorney means that you legally appoint a person or organisation to make decisions, sign documents and generally act on your behalf in various matters.

When you grant a Power of Attorney you can choose to either limit the actions which the attorney can perform on your behalf (limited Power of Attorney) or give the attorney broader powers to undertake all necessary actions on your behalf (general Power of Attorney).

Both types of Powers of Attorney are automatically revoked if the person granting them becomes mentally incapable of handling their own affairs. An enduring Power of Attorney, on the other hand, will continue to operate if you become mentally incapable. Again, you may like to discuss these issues with your solicitor.