



The Key Steps in Estate Planning

Following on from my first piece for the Digger, I thought it important to now move on to the key steps one should consider when dealing with the important issue of Estate Planning and how to pass family wealth to the next generation. Whilst outlining the key issues here, it is important to acknowledge that not all Lawyers are Specialists in the field of Estate Planning, special accreditation is required and ideally it is all the Lawyer should focus on and not be just another opportunity that they can help with. So, remember Norma's story and think to yourself, what steps can I take now to protect my children (regardless of age) into the future.

It is crucial to stay focused on those **who are important to you**, your spouse, your children, your grandchildren and those extended family members who are also important to you, for example a brother or sister.

Having done that, take the next **step of protecting them against** unsecured creditors, former spouses, revenue and regulatory authorities, litigation lawyers and spendthrift beneficiaries.

The use of trusts, both through life (discretionary or other) and from death (Testamentary Trust) are becoming more and more prevalent as wealth from years of largely uninterrupted economic growth by those in their 50's, 60's and 70's. They enable a structure that can effectively deal with relationship/marriage breakdown and provide a protection mechanism that enables **your wealth** to stay within **your family**. Through these you are able to focus on control rather than ownership of the assets.

I'm reminded of a mate of mine who was one of four kids. His father had been a successful Accountant who had turned around a number of businesses, sold them and made millions. When each of his kids married he helped them out by buying or contributing largely to the purchase of a home. Sadly, three of the four kids separated fortunately prior to having any children, however 50% of his money went straight out the door to the departing son/daughter-in-law and immediately the lesson was learned, albeit a very expensive lesson.

Subsequently he proceeded to move all assets into a family trust, a corporate trustee is in place and the shares in that trustee will form part of a Testamentary Trust that will be created from his will. The outcomes will be obvious and the benefits to the family clear. They'll be in a position to enjoy the income that the assets generate but the Asset will remain in place for the benefit of all his children and grandchildren and importantly beyond the reach of any family court proceeding that may arise for any of his family.

Please remember though, effective asset protection doesn't always align with other strategies of Tax Planning and Estate Planning so professional advice is a requirement.

The 5 keys to avoiding a problem are;

1. Get a Specialist Estate Planning Lawyer
2. Be explicitly clear with your wishes
3. Define what's important to you and what you want to see done.
4. Take the specialist's advice not the vested family members
5. Remember – "We are all friends when there's nothing at stake"

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Prior to moving into the Private Sector in 2006, Michael had worked for a number of Major Financial Institutions such as the Commonwealth Bank of Australia, Lumley Securities and also with Westpac Banking Corp as an Executive Manager in Private Bank

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