

Estate Planning Fact File

Client concerns

- Time delays, cost and complexity associated with traditional testamentary solutions.
- Challenges to future estate where there are blended or dysfunctional family relationships.
- Young, or vulnerable beneficiaries.
- Capped out or wealth accumulated outside superannuation (super no-go).
- Choice of retirement date vs superannuation preservation age/condition of release.
- Work/life balance – more time to “stop and smell the roses”.

Consider

- Investment bond structured as non-estate asset to bypass the estate and avoid probate delays or potential challenge.
- Activation of the Lifeplan Investment Bond Wealth Preserver feature can create a quasi-testamentary trust solution: immediate lump sum, deferred lump sum, income stream.

Outcome

- Bypasses the Will, avoids probate delays, settles very quickly.
- Difficult, if not impossible, to challenge.
- Convenient way to dis-inherit people.
- Low cost, simplified and straightforward estate planning solutions.

One of an investment bond's real strengths is that you can nominate beneficiaries within the account, to receive the proceeds tax free at any time upon your death, irrespective of how long the investment has been in place. In this instance, the investment bond is considered to sit outside of the deceased's Will so they are not subject to the usual delays associated with probate, and are very difficult, if not impossible, to successfully challenge.

Why are Estates being challenged?

- Will's are not bullet proof; the courts are often in a position of authority to decide on basis of need and moral claim.
- There is an increasing number of estates that involve blended families.
- And perhaps the biggest ticking bomb - the increasing incidence of dementia in elderly Australians, which may create a raft of problems where capacity and undue influence may be concerned.



Summary

- While utilising an investment bond may not be a panacea for all investor's estate planning needs, it can be a simple and cost effective tool in their tool box.
- Investment bonds can quickly and effectively transfer wealth between generations to mitigate leakage.
- Wealth Preserver is an estate planning feature where the tax free proceeds upon death can be utilised to create a deferred lump sum, an income stream, or mix of both for any of the respective beneficiaries.




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