

Intergenerational wealth planning

For previous generations of Australians, retirement usually meant ceasing work and hoping to live long enough to qualify for the age pension. Apart from the family home and personal belongings there were usually no substantial assets to leave behind for children or other family members. Superannuation has changed all of that.

The super impact

Superannuation became compulsory almost 20 years ago, and as a result, retirement funds have grown exponentially. There is also a plethora of retirement income products that offer more choice in how money is managed. Accessing the age pension is a lot harder too, which places clear responsibility on the newest generation of retirees to be at least partially self-funded.

Wealth management between the generations

The traditional concept of a 'family' was once Mum, Dad and 2.4 kids. But nowadays, this 'traditional' view has been completely turned on its head. There are single-parent families, same-sex parents and blended families, to name but a few.

In contrast with your parents' generation, there are a lot more factors to take into account when managing your finances and making your will.

Is a will really necessary?

It can be confronting to think about who gets what after your death so it's easy to put off this task for another day. The upside of being properly organised now is that you can ensure your loved ones have certainty and clarity about their financial position after you have gone.

A current will is essential to enable your wishes are clear. Will kits are available, but it's often not that much more expensive to have these documents properly drafted and executed by a solicitor. If you have a will, do your loved ones know where it is? Solicitors will usually securely store a will they prepare for no extra fee.

Put your trust in a trust

You can also use your will to set up a testamentary trust. This is a type of legal arrangement which is set up by the appropriate wording in a will and becomes operational upon the will maker's death. These trusts offer flexibility regarding the distribution of income and assets, and the structure can provide tax advantages too.

Testamentary trust structures are most commonly used to protect the interests of beneficiaries with special needs, such as being a legal minor or in poor health. They can also be used by will-makers who have complex family, financial or business arrangements.

Child-allocated pensions

These can be quite a tax-effective way for a child to inherit a parent's superannuation and any linked life insurance. To make sure that a child pension can be activated when it's needed, the superannuation fund needs to have already noted the child as a beneficiary to their parent's account. As not all superannuation funds provide this option, it pays to seek advice in this area.

We know this is an unpopular topic but it is crucial to protect your assets and care for your beneficiaries after you've moved on. Consult Neil White Financial Services and your solicitor today to make sure your next generation handles your wealth as per your wishes.

Neil White Financial Services are dedicated to providing you with information so that you can make the decision that is right for you. We invite you contact us on (03) 9607 5300 or email info@neilwhite.com.au to make an appointment today.

Disclaimer and General Advice Warning

This information was prepared by Consultum Financial Advisers Pty Ltd (Consultum), ABN 65 006 373 995, AFSL No 230323. The article contains factual information and general financial product advice only. It has been prepared without taking into account any person's individual investment objectives, financial situation or particular needs. A person should not act on this information without first talking to a financial adviser. This information is given in good faith based on information believed to be accurate and reliable at the time of publication, including the continuance of present laws and Consultum's interpretation of them. Consultum does not undertake to notify recipients of changes in the law or its interpretation.

Consultum gives no warranty of accuracy or reliability, accepts no responsibility for any errors or omissions, including by reason of negligence. Consultum, its officers, employees or agents shall not be liable for any loss or damage whether direct, indirect or consequential arising out of, or in connection with, any use of, or reliance on, the information contained in this flyer.