GUIDE SERIES 19

FINANCIAL STANDARD GUIDE TO

Estate planning

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> Leaving a legacy for those that matter most is one of the most emotional life goals Australians will ever work towards."

As a father and a son, ensuring that my family will have a happy, healthy and prosperous future is something I think about all the time. I personally believe that legacy is not just about my achievements in life; more importantly, it will be that my loved ones will be able to fulfil their goals and aspirations with my help, even when I'm no longer with them. This is what I define as my legacy.

At Generation Life, we are focused on continuing to provide tax-effective investment solutions to help Australians at every stage of life to plan for a financial future where they thrive. Leaving a legacy for those that matter most is one of the most emotional life goals Australians will ever work towards. Helping them achieve this, is something we've been particularly focused on when building our investment solutions.

We strongly believe you, as a financial adviser, play a crucial role in supporting Australians throughout their legacy journey, and into the next generation. Financial advisers are optimally placed to not only look at their clients' financial needs, but support their emotional decisions and build a holistic plan.

Grant Hackett OAM
Chief Executive Officer and Managing Director
Generation Life

Contents

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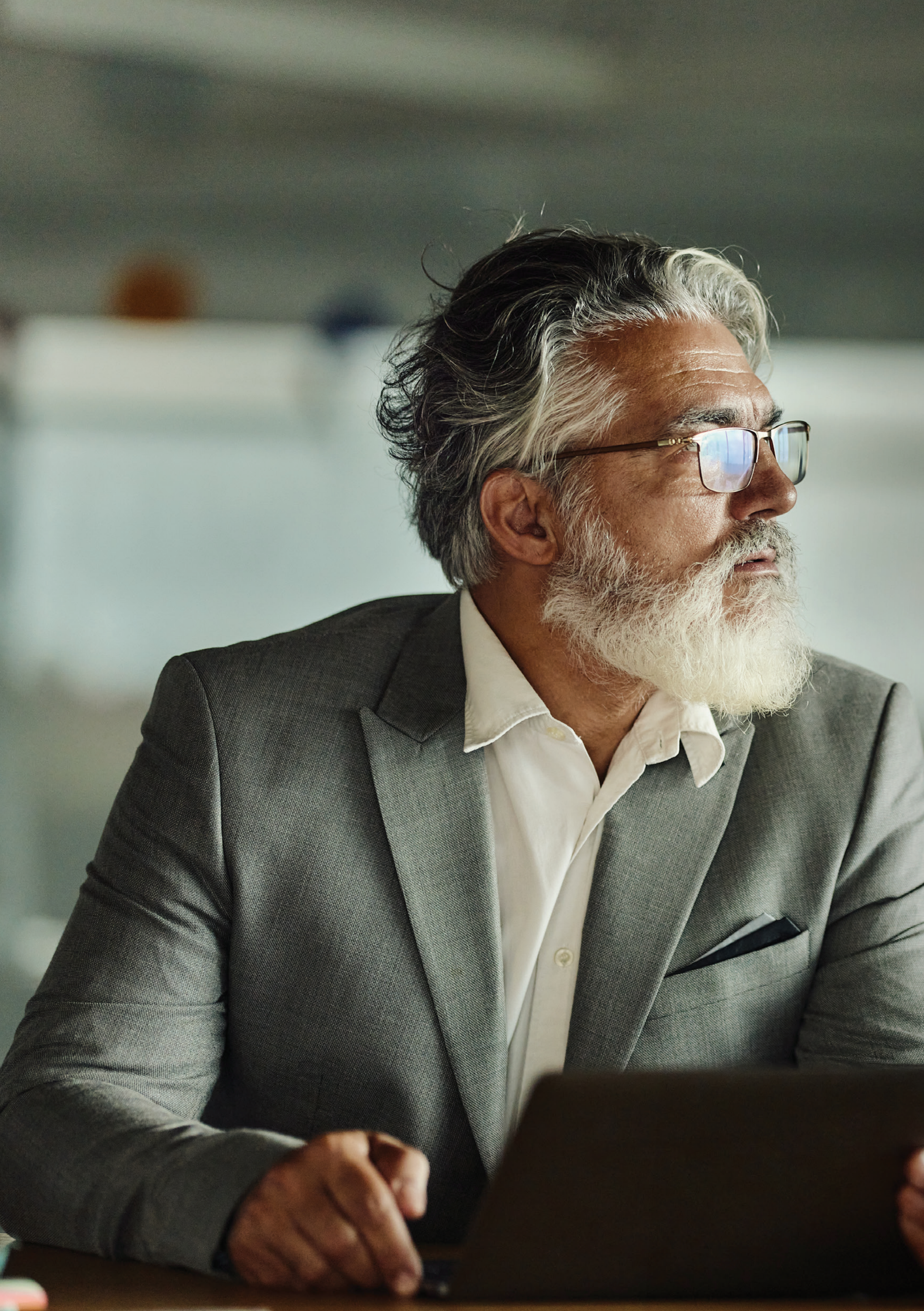


An alternative approach to transferring wealth with certainty.

There has never been a more urgent need for financial advisers to have conversations with their clients around estate planning.

Household wealth in Australia has passed the $15 trillion mark[1].

Our median wealth per adult is the second highest globally (behind Belgium)[2]. And in our ageing society, large swathes of wealth are already changing hands.

This 'Great Wealth Transfer' is expected to see the Baby Boomer generation, in particular, leave significant wealth to their heirs – an estimated $224 billion in inheritances each year by 2050[3].

Yet many remain unprepared. For example, research by Generation Life and CoreData shows that while 80% of high-net-worth Australians wish to leave a legacy, just one in five have made a plan to do so[4] – which is why estate planning is not tomorrow's problem.

This Guide is designed to inspire and inform advisers on fresh approaches to estate planning that go beyond making a will or establishing a trust, and encompass the realities – and complexities – of modern family life.

1. Australian Bureau of Statistics, Australian National Accounts: Finance and Wealth, 28 March 2024
2. Global Wealth Report 2023, UBS
3. Productivity Commission, December 2021
4. Survey of Affluent Australians, Generation Life and CoreData, 2023

Estate planning: Why it needs to be part of your client conversations

Estate planning is all about structuring a person's affairs so that the right assets go to the correct recipients at the right time, tax effectively and in a timely manner. It provides certainty over the distribution of assets.

But at the heart of quality estate plans lies a very simple proposition.

Felipe Araujo, Generation Life's executive director and general manager, sums it up, saying: "Estate planning is about structuring a person's affairs so that the right assets go to the right people at the right time. It brings certainty over the transfer of assets that an adviser's clients have worked hard to grow."

On this basis, quality estate plans can deliver on multiple goals, including:

Protection for loved ones – ensuring the distribution of an estate aligns with a client's wishes or the needs of their loved ones.

Minimising taxes – helping to reduce the tax burden on a client's estate, leaving more wealth in the hands of chosen heirs.

Bypassing probate – probate can be time-consuming and expensive. Strategies involving assets such as investment bonds can help clients bypass probate altogether, ensuring faster, more efficient distribution of assets.

Preserving family harmony – family relationships can be complex. Disputes over inheritances are alarmingly common. Quality estate plans minimise the potential for conflict.

Maintaining privacy – it is possible to bequeath wealth while preserving the confidentiality of a client's financial affairs by avoiding the public record of probate.

Despite the importance of estate planning, advisers may feel obliged to focus on their clients' wealth creation strategies.

Estate planning: Why it needs to be part of your client conversations

As a result, it is not uncommon for estate planning to fall outside of an adviser's core proposition. Clients' estate plans may, for example, be referred to, and managed by, an adviser's network of legal professionals.

However, Araujo points to a compelling reason why estate planning should be a primary focus for advisers.

"Financial advisers have a greater understanding of each client's family affairs than any other professional including accountants, tax advisers and lawyers," he explains.

"This leaves advisers well-placed to help clients develop effective estate planning strategies that are tailored to their wishes and complementary to wealth accumulation."

Investment bonds can play a key role

Investment bonds offer valuable advantages for estate planning:

Investment bonds sit outside a will

An investment bond is a non-estate asset that can sit outside of the will and not form part of an estate, and therefore, will not be contestable under a Family Provision Claim.

Confidentiality

Payments or transfer of ownership only involve the beneficiary or recipient.

A tax-paid asset

As a tax-paid asset, investment bonds pass on a client's wealth with no tax being incurred by the beneficiary once the bond has been held for 10 years, or tax free as a death benefit anytime.

Supporting beneficiaries with special needs or lack of financial experience

An investment bond allows clients to set special rules around how and when the investment can be accessed by the beneficiaries. This makes investment bonds ideal for beneficiaries with special needs or those who may lack experience managing large sums of money.

Preparing for a wealth transfer: Top considerations

Australians are enjoying greater longevity than ever before. While this is something to celebrate, the practical impact is that 80% of inheritances currently go to people aged in their 50s or older.[5]

These recipients are often close to their peak earning capacity, established in their own homes, and often with significant accumulated personal wealth. Indeed, an inheritance may be small relative to the beneficiary's own wealth. Of course, the opposite can also be true.

Araujo says this is driving a groundswell of change.

"We are seeing growing interest among grandparents to give their grandchildren a healthy financial start in life, for example, by bequeathing the funds to buy a first home," he explains.

"Others want to provide for family members with special needs, or make provisions for complex circumstances such as blended families, to ensure a bequest canmake a lasting difference."

Touchpoints for client conversations

Advisers can address these and other complexities by breaking down conversations about estate planning into several key areas.

The following questions can be useful for advisers in their client discussions, encouraging clients to gain deeper insights into what they really want to achieve with their estate plans, and to realise that there are possibilities that extend beyond leaving everything to their adult children.

What estate planning outcomes would you like to achieve?

For many Australians there is an expectation that family wealth will simply be handed down from one generation to the next.

5. *Analysis of probate files, Victoria, Grattan Institute, 2016*

Preparing for a wealth transfer: Top considerations

However, the right tools can empower advisers to develop estate planning strategies that are complementary to wealth building, while also giving clients peace of mind.

Have you considered the impact of tax on the next generation when transferring wealth?

'How can I pass my wealth to loved ones without burdening them with additional tax?' It's a common estate planning question, and while superannuation is often a vehicle of choice for growing wealth, it may not be an appropriate vehicle to make bequests.

Despite this, Generation Life found 34% of Australians use superannuation as a vehicle to leave a legacy[6].

The problem is that the tax on a super death benefit can be significant – as much as 17% on taxed elements and 32% on untaxed elements – can be lost to tax. Moreover, as a non-estate asset, the estate representative may have discretion over who inherits super savings even when a binding nomination is in place.

When it comes to trusts, bequeathing a direct investment usually creates a taxable event. And while trusts may be efficient, the trustee has to deal with distributions to trust beneficiaries along the way.

Investment bonds are a highly tax effective solution. As the investment bond provider pays tax, investment bonds are regarded as tax-paid. In short, there is likely to be no tax impact with a death benefit even when it is pledged to a minor.

Are you looking to bypass a generation?

Research by Generation Life[6] shows one in five (21%) Australians want to pass their legacy to their grandchildren. And it isn't just about wanting to give younger generations a financial head start.

6. Reimagining Legacy Guide 2023, Generation Life

Araujo says: "An adviser's clients may be concerned about possible relationship breakdowns among their adult children. Or they may be considering the impact ona blended family."

Do you foresee any family issues or conflict that may prevent your wishes being met?

While wills are fit for purpose, they can be – and regularly are – the subject of disputes.

The power of an inheritance to fan the flames of family infighting cannot be ignored. As the expression goes, *where there's a will, there's family*.

It is estimated that more than 50% of wills are being contested in courts[7]. And according to the UNSW Law Journal, 74% of stated estate claims were successful, a figure that rose to 100% of stated claims for estates with over $3 million in assets.[8]

The same article warns that the distribution of assets after death is not a purely financial or legal exercise. The reality is that a will can represent a very public realignment of relationships and financial hierarchies within a family. As a result, wills can "create, or exacerbate, family disharmony and conflict, and/or become a focal point for past injustices or disputes."

Here too investment bonds can play an important role. As they can sit outside the will, investment bonds offer the discretion of not being subject to probate (and therefore offer a more private transfer of wealth).

Do you have adult children who don't have children of their own?

When it comes to estate planning, the 'white picket fence' picture of a nuclear family is rare; even couples without children worry about relatives coming out of the woodwork.

7. *Families and generational asset transfers: Making and challenging wills in contemporary Australia*, University of Queensland, 2015
8. *Estate contestation in Australia: An empirical study of a year of case law*, University of New South Wales Law Journal, Volume 38, No. 3, 2015

Preparing for a wealth transfer: Top considerations

Investment bonds provide a compelling solution. Funds placed within a bond do not form part of the estate where a beneficiary or future transfer has been nominated. They are paid directly to beneficiaries. These beneficiaries do not need to be dependants – they can be non-family members or even a favourite charity.

Have you considered the emotional reasons for leaving a gift/inheritance to an intended recipient?

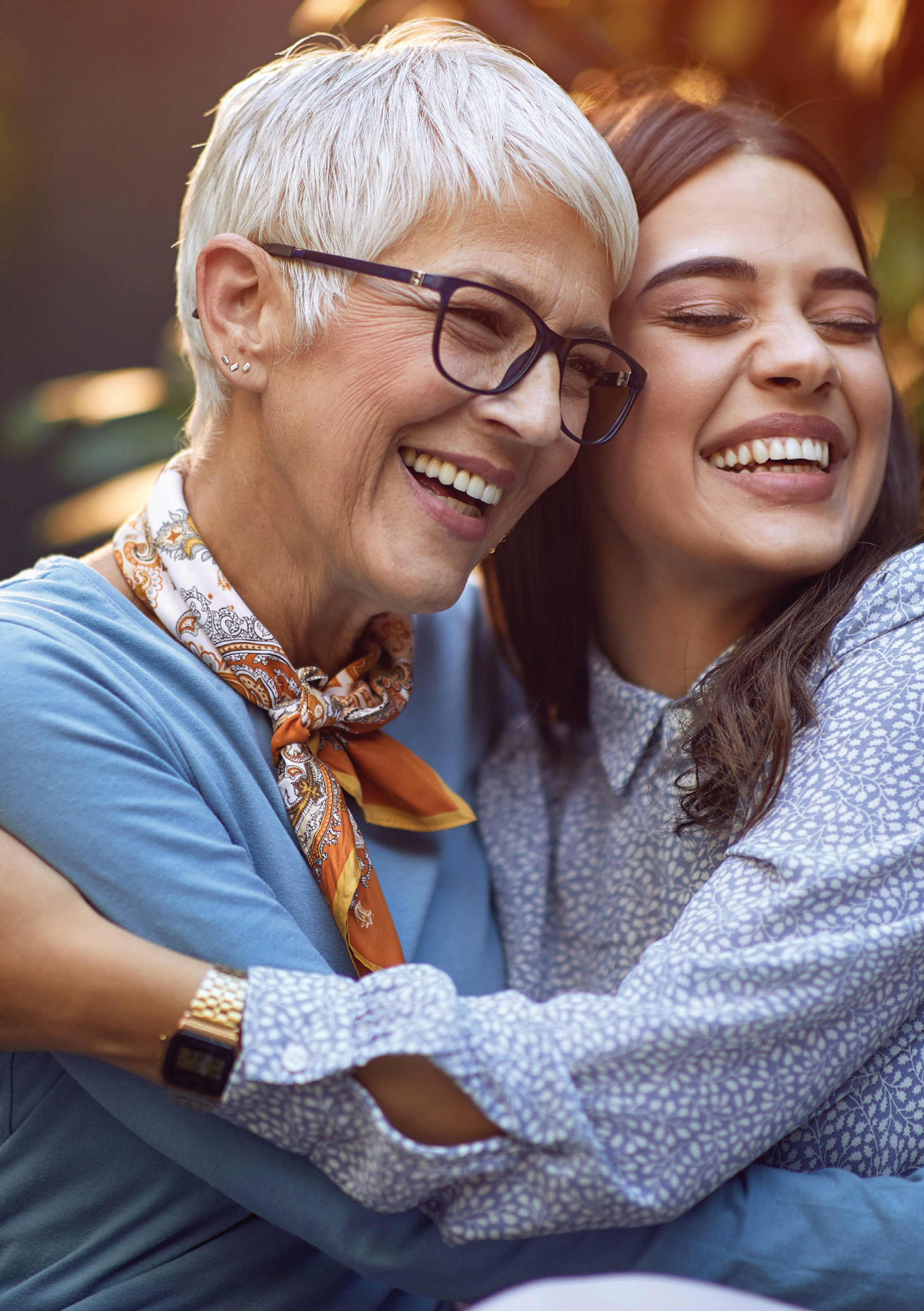
Conversations about our own mortality are never easy. So, it follows that discussions around estate planning require a degree of sensitivity.

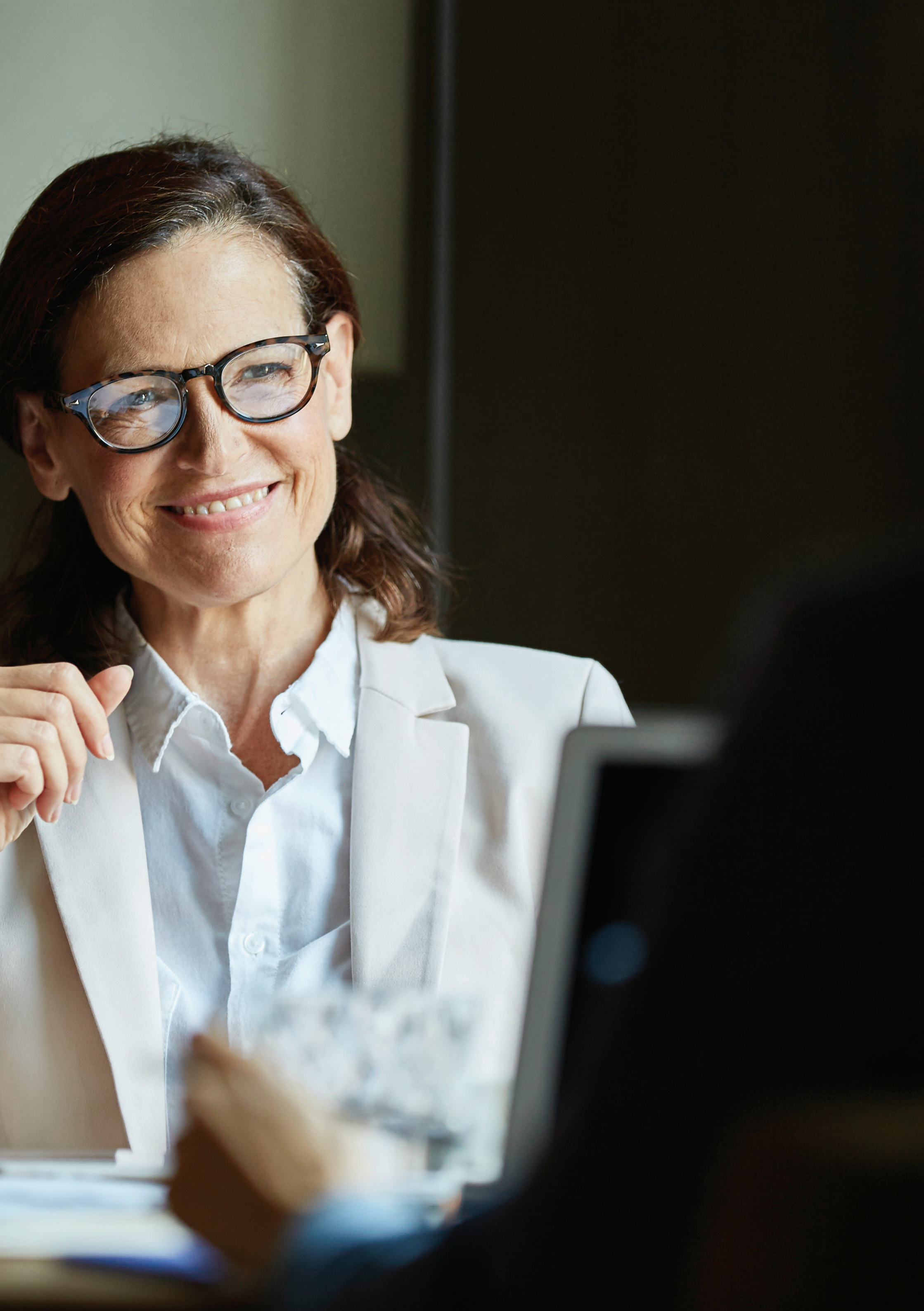
Araujo observes: "When it comes to intergenerational wealth transfers, there is inevitably an emotional overlay."

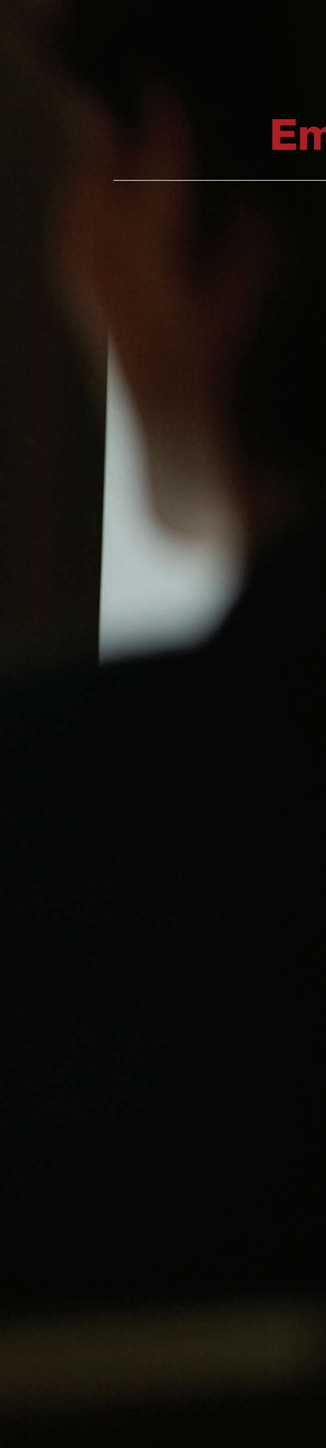
It is not uncommon, for instance, for one adult child to have devoted more time to caring for ageing parents than their siblings. Or one adult son or daughter may have children while others don't.

These sorts of dynamics can see clients wrestle with difficult decisions involving uneven inheritances. This can mean financial advisers need to have conversations with clients that they haven't previously engaged in.

In the past, advisers haven't always had the tools to tackle these issues. The increasing sophistication of investment bonds however, can give advised clients the flexibility to pass on their wealth in ways that truly matter to them, with the benefit of discretion, control, tax-effectiveness and unique tailoring to the needs of individual family members.







Emerging trends in estate planning

Like all aspects of our financial lives, estate planning can be subject to trends.

One of the biggest shifts occurring at present is that there has never been a better time for advisers to incorporate estate planning into their menu of services.

As part of the best interests duty, advisers already have an in-depth understanding of their clients' assets, their aspirations and family circumstances.More importantly, advisers have their clients' trust.

This leaves financial advisers exceptionally well-placed to add value and forge holistic relationships by managing and coordinating a client's estate plans rather than simply referring them to a legal practice.

At the same time, exciting new tools are emerging.

This includes the new breed of investment bonds, that are giving advisers the opportunity to have discussions about tax effective wealth management while simultaneously embracing flexible estate planning.

As such, many positive trends are emerging, including:

Early, and open, discussions

Advisers are having client discussions at an earlier stage to ensure an estate plan is in place – and that the next generation of family members is aware of what they will receive from an estate, if that's what the client wants.

"Estate planning is increasingly a core service offered by financial advisers," Araujo says.

And it can facilitate an early start on transitionary plans, which we really believe is necessary as our research shows that 80% of high-net-worth Australians want to leave something. But only 14% of Australians actually have a plan in place to do so."

Emerging trends in estate planning

Clients are never too young to engage in estate planning discussions

Conversations that acknowledge a client's mortality are not easy. But advisers are increasingly encouraging their clients to think in advance.

"Some advice firms are encouraging clients to hold family meetings around estate planning once they reach the age of 50," Araujo says.

"It's not uncommon for people to be in denial about their mortality but it pays to think ahead, plan and prepare."

Pinpointing 'moments of truth'

Australians may once have addressed estate plans upon reaching retirement age or beyond. This is changing as financial advisers and their clients recognise that life's milestones – the purchase of a first home or the arrival of children, for example, act as moments of truth to put estate plans in place.

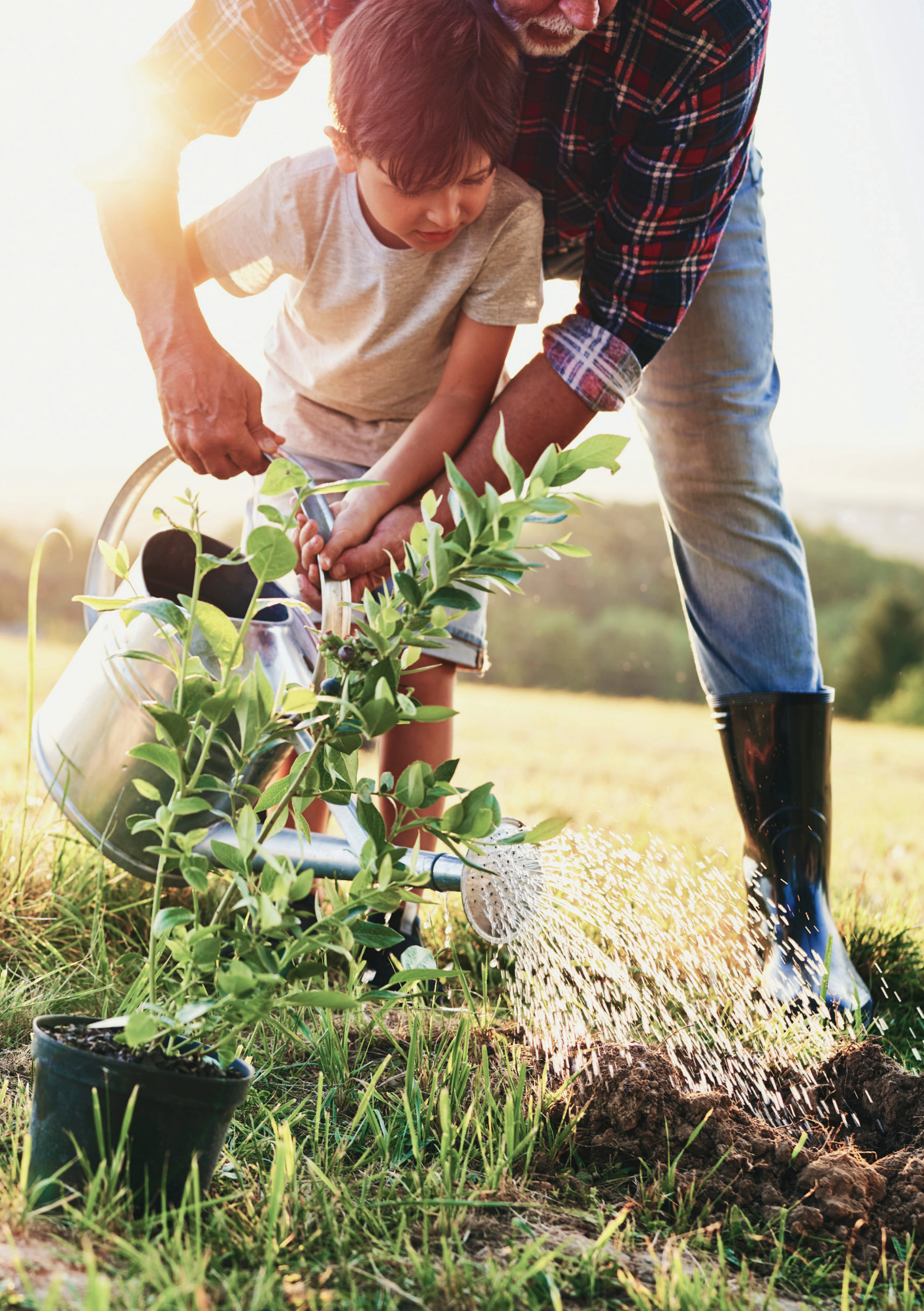
Estate planning is not just for the wealthy

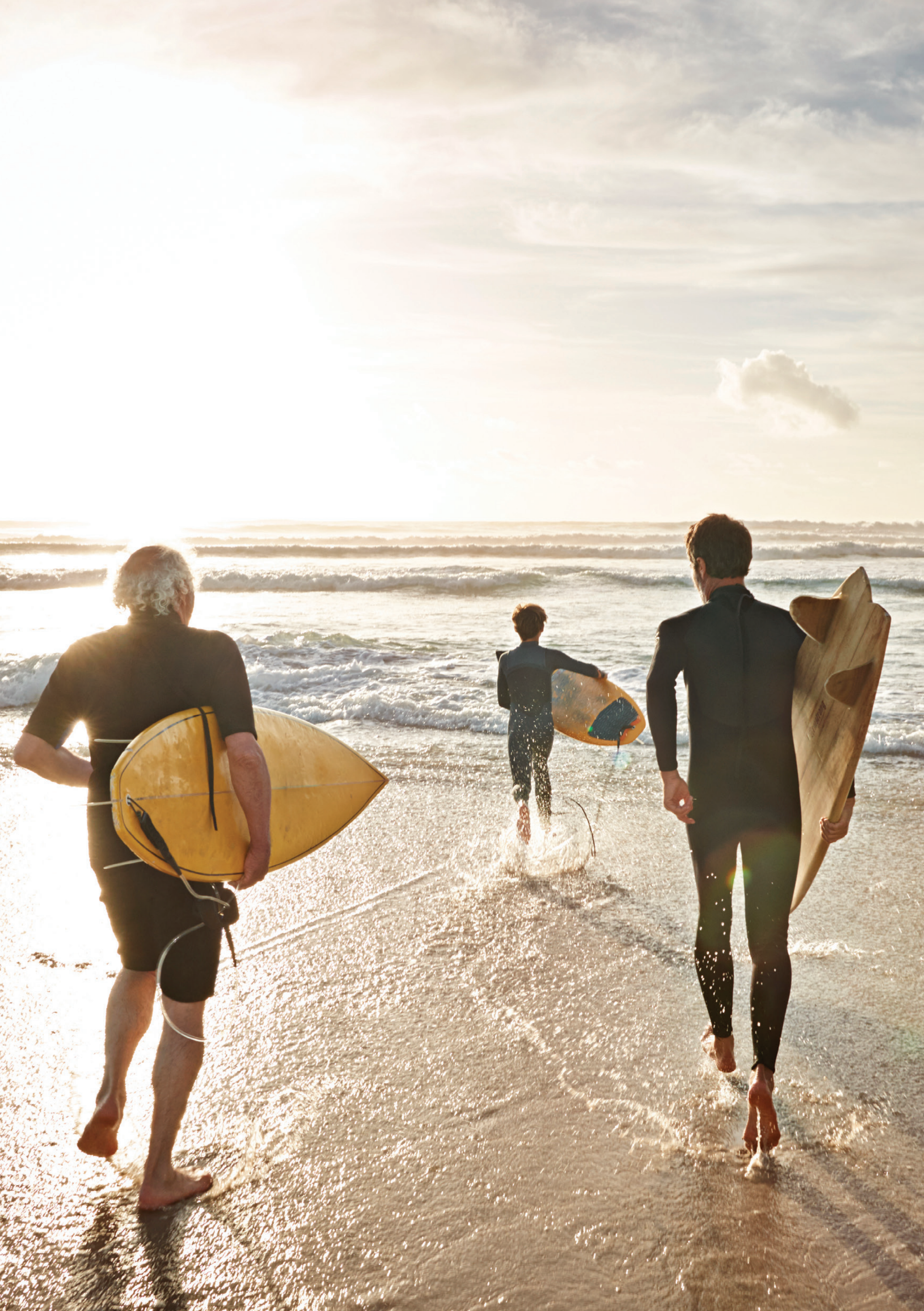
In the past, estate planning tools such as testamentary trusts largely served advised clients who had reasonable wealth. This is changing with alternative financial tools such as investment bonds, as anyone on a marginal tax rate above 30 cents in the dollar can benefit from investment bonds.

Products have more nuanced, flexible features

Investment bonds, in particular, are introducing a range of features that ensure greater control – not just around who inherits wealth, but how beneficiaries are able to access that wealth.

Generations Life's investment bonds, for example, include 'Future Event Transfer' options. These provide the flexibility to nominate the date or future event (such as a beneficiary reaching a certain age) at which a bond or its proceeds can be accessed. Uniquely, Generation Life investment bonds also make it possible to choose whether a beneficiary will receive a lump sum versus an income stream, and even specify how long an income stream will remain in place before the capital can be accessed.





Featurette: Transferring wealth via investment bonds with flexibility

The new breed of investment bonds offered by Generation Life come with the flexibility of Future Event Transfer options that include several features unique to Generation Life.

Here is an example of that flexibility in action.

Client situation

Margo is 77 years old, a homeowner with three adult non-dependant children. The table below describes each child's situation, and the concerns Margo has in leaving an inheritance for each of them.

Adult children	Situation	Margo's concerns
Sarah (51)	Sarah is married with three young children. Both she and her husband are on the highest marginal tax rate.	Margo is confident that Sarah is good with money but concerned that an inheritance will lead to a huge tax liability.
Sam (46)	Sam is single, not good with money, and does not have stable employment.	Margo worries about Sam needing income. However, she doesn't want to transfer a lump sum as the potential exists for Sam to misuse the money.
Jane (42)	Jane is a single mum to seven-year-old twins, and works part time.	Margo knows that Jane will need financial support to fund her children's education.

Featurette: Transferring wealth via investment bonds with flexibility

The solution

Margo's financial adviser recommends that Margo set up three investment bonds, each worth $500,000, a total of $1.5 million, for her children. Margo accesses the funds through a combination of drawdowns from superannuation plus the sale proceeds of non-super assets such as shares and other direct investments.

Here is how the investment bonds can be structured to benefit each beneficiary:

Sarah

When Margo passes away, ownership of the $500,000 investment bond will transfer to Sarah. As an investment bond is a tax-paid structure, any withdrawals Sarah makes will not impact her personal tax position. Sarah can also nominate her three children each as beneficiaries of the investment bond. In the meantime, Margo has full access to her funds if she needs the money before she passes away.

Sam

On Margo's passing, Sam will receive a regular income payment of $80,000 annually from his investment bond, which will continue until the bond is exhausted or Sam passes away, whichever occurs first. Sarah is appointed as co-signatory, which allows her to authorise once-off withdrawals to manage emergency expenses, as requested by Sam. Here too, Margo has full access to the bond if she needs the funds before passing away.

Jane

Margo knows that, in all likelihood, Jane will need to pay for her children's education long before Margo passes away. So, she sets the date for the Future Event Transfer of Jane's investment bond to four years. From this date, Jane will receive a regular income payment of $100,000 annually for each of the following six years. This will cover

Featurette: Transferring wealth via investment bonds with flexibility

Life can change, our circumstances may evolve. The beauty of investment bonds is that they can be finetuned to meet a client's changing needs.

the cost of her children's education. Jane also receives tax offsets of $14,070 over the six years. Once the six years have elapsed, Jane will have full access to the investment bond.

The advantages

What is especially reassuring for Margo is that if at any point in the future she wants to change how her investment is divided up, she can do this easily, without the cost of changing her will.

If her personal circumstances change, there is no need for Margo to update her beneficiary details, as there would be if she bequeathed all her wealth through a will.

What matters is that Margo has peace of mind knowing she has structured her wealth in a way that meets the individual needs and circumstances of each of her children (and grandchildren).

generation life

Leaving a legacy for the next generation

Over **80%** of high-net-worth Australians intend to leave a legacy, yet only **one in five** have a plan to do so.[12]

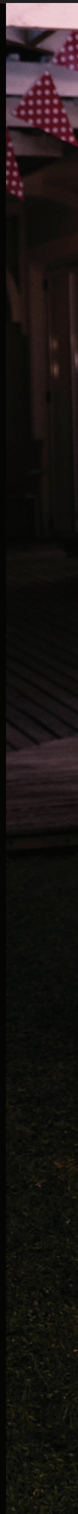
Creating a bond for life

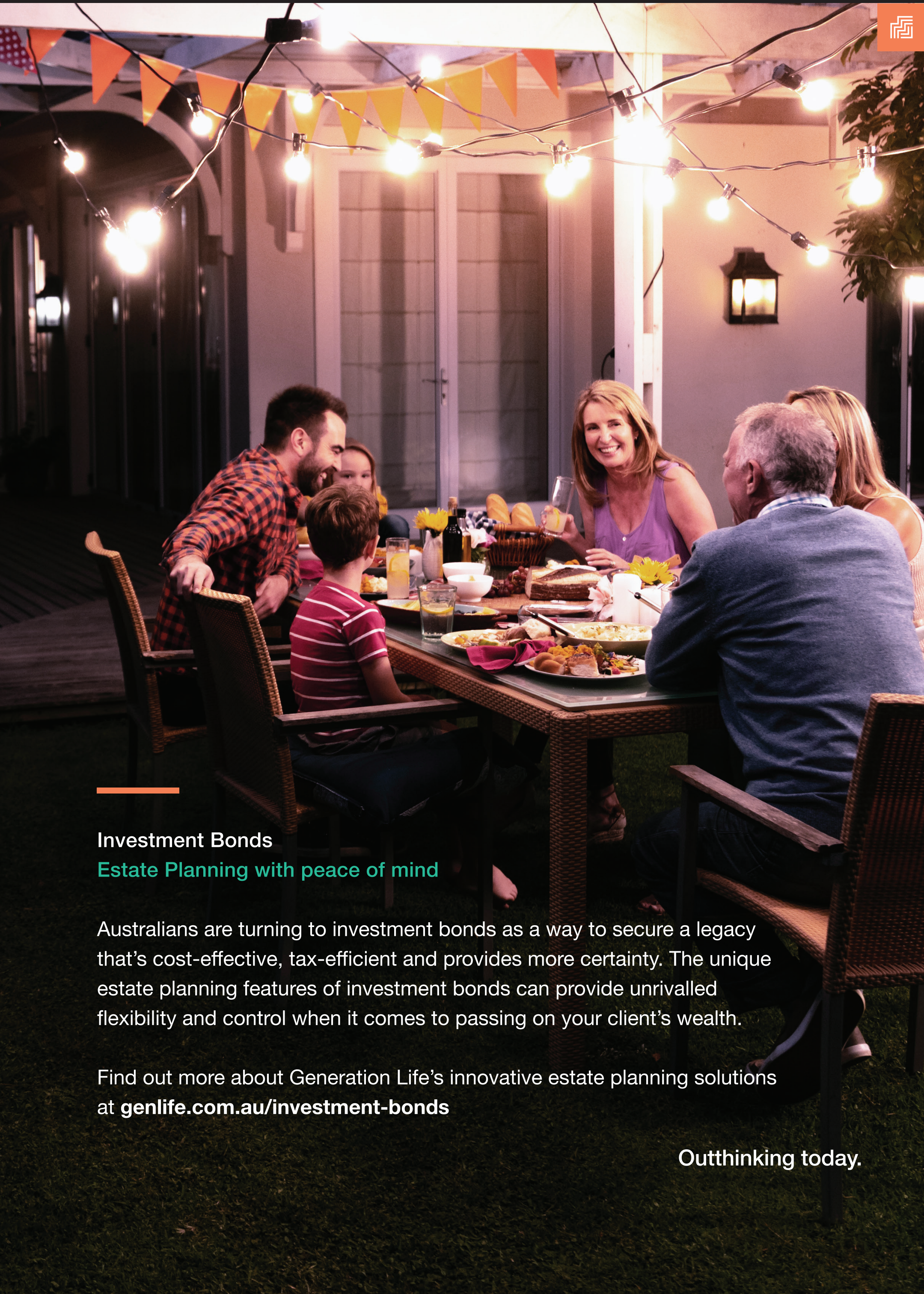
Leaving a legacy is one of the most emotional goals an individual will ever hold, and we believe your clients deserve to have greater control over the process, to feel secure that their wealth will be transferred to the right people, at the right time, with as little as possible lost to unintended recipients, taxation or unnecessary legal fees.

At Generation Life, we are focused on continuing to provide tax-effective investment solutions to help Australians at every stage of life plan for a financial future in which they thrive.

genlife.com.au

12. Generation Life - Survey of affluent Australians (with at least more than $350,000 investment portfolio and/or more than $250,000 household income and/or more than $150,000 personal income) by CoreData 2023.




Investment Bonds
Estate Planning with peace of mind
Australians are turning to investment bonds as a way to secure a legacy that's cost-effective, tax-efficient and provides more certainty. The unique estate planning features of investment bonds can provide unrivalled flexibility and control when it comes to passing on your client's wealth.
Find out more about Generation Life's innovative estate planning solutions at genlife.com.au/investment-bonds
Outthinking today.

Case study 1: Providing peace of mind

A fantastic tool for financial advisers

Les McGuire is a financial adviser and managing director of Future Proof Wealth, a practice based in Brisbane and Ballina, New South Wales. He explains why he is an avid supporter of investment bonds as a tool for estate planning purposes.

A lot of advisers see super as a chief source of estate planning. But McGuire believes it's important to step out of your professional comfort zone and see what can be achieved with other strategies.

"I believe investment bonds are a fantastic tool for advisers to use with their clients," he says.

Money can create poor behaviour, and the prospect of a large inheritance can cause conflict. Not only are investment bonds flexible, and tax-effective, they allow clients to be very specific in their giving, while enjoying peace of mind knowing that other family members don't have to know who received a particular inheritance.

"I see investment bonds as a complementary tool to use alongside a client's superannuation. Since an investment bond is a type of life insurance contract governed by the Life Insurance Act 1995, there is little risk a client's wishes will be successfully contested after they pass away," McGuire explains.

"There are no limits on how much, and when, a client can contribute to their investment bond within the first year, though each subsequent year the 125% contribution rule applies. The investment bond doesn't have to be reported in annual tax returns if no withdrawals take place within the first 10 years, and all earnings can be retained within the investment bond."

Case study 1: Providing peace of mind

This makes investment bonds very attractive for all client types, ensuring the right assets will go to the right recipients, at the right time, in the right way, and with extremely low maintenance required.

80-year-old leaves legacy for estranged grandchildren

Like many advisers, McGuire's clients often have complex family lives. This can create considerable stress, stoking fears of personal wealth falling into the wrong hands.

"One of my client's, a woman aged in her 80s, has an adult son who married, had two children, and is now divorced. Sadly, my client doesn't have contact with her grandchildren. But she still wants to leave a legacy for them," he explains.

"I advised her to set up separate investment bonds for each grandchild. This creates flexibility in the future to switch to a 'Future Event' transfer facility, allowing each grandchild to access the investment. There may be no tax consequences in the hands of the child who inherits the investment bond if, and when, they make a withdrawal assuming the investment bond has been invested for 10 years."

As investment bonds sit outside of probate, McGuire's client knows there will be complete discretion about the inheritance.

"When the lady passes away, and the necessary documentation is provided (a death certificate), the investment bonds will go to her grandchildren. If she passes away before the 10-year holding period has elapsed, the money still passes to the beneficiaries tax-free if passed as a death benefit."

In this way, investment bonds have allowed his client to achieve an important personal goal, ensuring she is remembered by her estranged grandchildren, without fears of legal wrangling that could see her final wishes overruled.

Case study 2: A simple solution

A real benefit to anyone on a means tested income

Lauren Wilson is a financial adviser with OzPlan Financial Services, based in Victoria. As a retirement living and aged care specialist, she often uses investment bonds to structure estate plans so that inheritances have minimal impact on assessments for disability and age pension entitlements.

Most of Wilson's clients and their families are eager to take a proactive approach to ensuring their wishes are adhered to.

A will alone may not always provide what clients need, whereas investment bonds can allow a client to have a say beyond the grave.

One factor of investment bonds that is especially attractive for estate planning is that they are not part of a will, and so do not go through probate. This bypasses what can be a protracted process.

From the date of passing to the distribution of assets, probate can take up to 12 months, and for a beneficiary with a disability, who really needs the money to live on, this timeframe can be far too long.

An inheritance can wipe out means tested entitlements

More broadly, investment bonds may offer a real benefit to anyone on a means tested entitlement – be it an age pension or a disability pension.

An inheritance can be a welcome windfall, but it also has the potential to wipe out pension entitlements. In this sense, parents can do their adult children a great disservice by effectively denying them the certainty of a pension income.

"I have used investment bonds so that a client's beneficiaries do not lose a means tested entitlement, for example, by staggering investment bonds' ownership transfer from the estate to the beneficiary so that one investment bond matures on death plus one year, then another matures on death plus two years," Wilson says.

In this way, parents can set up a series of investment bonds staggered to transfer ownership to the beneficiary at different future dates. Instead of a recipient receiving a single lump sum of $500,000, 10 different investment bonds can be set up to transfer ownership of $50,000 at a set date.

Investment bonds in the aged care space

"Investment bonds can also be useful in the aged care space because they don't deliver reportable income when owned through a custodian trust arrangement," Wilson says.

"The tax on earnings within the investment bond is paid by the issuer, so there is no need to declare income from the investment bond in the recipient's tax return."

Along with considerable financial benefits, investment bonds are also very simple. Once they are set up, they usually don't require continual finetuning or tax reporting. For a lot of clients, who face complexity in other areas of their lives, this simplicity is extremely appealing, he adds.

Case study 3: Above and beyond

Investment bond protects a client's final wishes

Hamish Clark is senior adviser and director of Melbourne-based Choice Capital. He explains how an off-hand comment identified an opportunity to protect a client's estate through investment bonds.

In 2020, Clark met with a new client – a lady preparing to enter aged care, accompanied by a daughter she was clearly very close to.

The lady had sold her home to help fund the cost of aged care; she was by no means mentally incapacitated, but physical demands necessitated the move to formal care.

It was a chance comment by the lady, who said she didn't want her estranged daughter to inherit her money, that alerted Clark to a complex family situation.

What followed was, at times, an emotionally-charged conversation.

It turned out that while the client was very close to one of her daughters, she was estranged from another daughter who had physically and emotionally abused her for over two decades.

Her will included a full-page explanation of why she didn't want her estranged daughter to inherit her wealth, meaning estate planning measures that went beyond having a current will were required.

The strategy

Clark explained to the client that her will could easily be contested – even if there was a minimum gift of $20,000 made to the estranged daughter, coupled with a lengthy explanation of why she shouldn't receive more.

The strategy he suggested was to divide the sale proceeds of the home in three ways:

1. Use part of the proceeds to fund a $400,000 aged care room price/ refundable accommodation deposit, also known as a RAD
2. Make a $300,000 downsizer contribution to super, coupled with a non-lapsing binding nomination in favour of the non-estranged daughter, and
3. Invest the remaining $1.2 million in an investment bond in the client's name as the life insured, with the non-estranged daughter as beneficiary.

This blend of investment structures provided income to fund ongoing aged care fees and retain wealth, while protecting the large part of the client's monies from going into the estate, which could be subject to a challenge. The client agreed, and the arrangements were settled in 2020 when she moved into aged care.

The estate is contested

Sadly, in 2021, Clark's client passed away. Not surprisingly, her estranged daughter sought to contest her mother's will.

After a high level explanation of where all the client's funds had gone since the sale of the home, and what was in, and not in, the estate, she was informed by her counsel that the strength of the Life Insurance Act, along with the beneficiary nomination, made it highly unlikely she would be able to successfully claim funds that bypassed the estate.

As a result, she withdrew her claim.

Australia's high rate of separation and divorce also makes it likely that advisers will see a growing number of clients who are concerned that their adult children, who may be happily married today, may separate and divorce in the future, or become otherwise estranged.

For this reason, Clark believes that investment bonds have a significant role to play in clients' estate plans, both today and in the future.

Glossary

We unpack some of the key terms common in estate planning.

Binding nomination: Unlike personally held assets, superannuation need not be bequeathed via a will. Binding death nominations provide certainty over who will inherit a client's superannuation. However, some super funds only offer non-binding nominations, and in certain cases, nominations have been ignored by fund trustees, resulting in costly legal proceedings.

Estate assets: These are assets that can be controlled by a client's will. They typically include personal property, such as a car, and/or financial assets, such as the deceased's bank balance or directly held shares.

Investment bonds: A tax-paid investment with tax on earnings paid by the investment bond issuer, at a rate of up to 30%. Investment bonds are structured around a client's personal wishes, with the flexibility to control how their wealth is passed on.

Legacy: Leaving a lasting mark on those who follow matters to many advised clients. Some 75% of Australians worry about something impacting their ability to leave a legacy[6], making quality financial advice more important than ever.

Non-estate assets: These are assets that do not form part of a client's estate, and which cannot be controlled by their will. Superannuation is an example of a non-estate asset.

Probate: Probate is a court order that confirms a will is valid, and that the executor has permission to distribute the estate.

Tax paid investments: Investment bonds are tax paid investments, meaning that when earnings are received, the investment bond issuer pays an effective tax rate of up to 30% of the earnings. However, with careful management this tax rate can be reduced to 12-15%.[9] The investment bond holder doesn't even have to include the investment bond's earnings in their tax returns. After 10 years the investment bond can be redeemed tax-free.

Testamentary trust: A testamentary trust is established in accordance with a client's will. It allows the trustee to manage assets on behalf of the trusts' beneficiaries. While testamentary trusts are a popular estate planning tool, they do come with legal and administrative costs.

Wills and superannuation: These may be the key means of leaving a legacy but advisers need to be aware that wills can be (and often are) highly contested, and punitive rates of 'death tax' usually apply to inherited superannuation benefits.

9. Indicative effective tax rates which represent the estimated average annual tax rates as a percentage of earnings (without taking into account fees, charges and expenses) for each 12-month period over an investment period of 15 years. Actual tax amounts payable are not guaranteed and may vary from year to year based on the earnings of an investment option.

generation life

Forward thinking tomorrow for all generations.

As parents, children, and grandchildren across generations, we understand that life is more than just a financial decision, it is an emotional journey.

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