

Will your assets go where you want them to?



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No one likes thinking about either their Will or the impact of their death even though death and taxes are said to be the two certain things in life. Succession, retirement and estate planning are critical issues for many SME businesses as baby boomer parents transition to retirement.

Talking about succession well ahead of retirement is probably the best thing you can do to avoid family conflicts and to make sure your family wealth ultimately ends up where you want it to.

Case Study

A few years ago Frank and Joan passed away and did not discuss the contents of their Will. The Will provided for each of their 4 children to share equally in the business ownership upon their death. Due to a recent relationship breakdown within the family, a large part of the business had to be sold leaving an uncertain future for Frank and Joan's business.

How do you decide who gets what?

There are no set rules for family succession, retirement and estate planning. Taking a proactive approach can, however, minimise the potential for family conflicts. A proactive approach allows you to communicate your succession and retirement plans to all family members whilst you are in control of the family situation (i.e. prior to your death).

Pre Will Resolving family succession before death	Post Will Resolving family succession after death
<p>For: Reduces potential family conflict. Successors have a clear understanding of their entitlement and can plan accordingly.</p> <p>Against: Requires action.</p>	<p>For: Easy for owners (parents) to implement (doesn't require any action before death).</p> <p>Against: High degree of uncertainty for successors. High degree of risk if outcomes are not favourable.</p>

To make an informed decision it is advisable to start by assessing your estate planning situation*:

1. Will there be sufficient assets in your estate to provide for your children?
2. Will sufficient funds be available to sustain the business should you die or you are unable to complete normal duties?
3. Will your share of the business go where you want it to?
4. Have loan accounts that you have with the business been considered as part of your estate plan?
5. Have all significant loans been appropriately documented?
6. Do you intend forgiving any personal or commercial debts owed to you by family members?
7. Do you have a valid Will and an enduring power of attorney?

Independent Advice

Due the complex nature of some of these issues, it is important to allow as much time as possible for their consideration and, if possible, to arrange independent support and advice prior to making your decision. Accountants, Banks and Financial Planners now have access to Materials, Tools and Programs that are making it easier for families to protect and transition their family wealth.

* an extract from Bstar's "award winning" Business Life Planning Program.

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