A guide to planning your estate

Strategies to deal with all your assets

RIDGELINE
WEALTH SOLUTIONS

www.ridgelinewealth.com.au →



Plan your estate

Thorough estate planning involves putting in place strategies that address all aspects of your situation. Often, we assume this simply involves making it clear in a Will who we would like to inherit assets if we pass away.

However, while a Will can help ensure your estate is distributed according to your wishes, it may not be effective in dealing with a significant portion of your wealth.

For example, the proceeds from super funds and life insurance policies don't automatically form part of your estate, which means that addressing these investments in your Will may be ineffective unless you take some important additional steps.

A well prepared and executed estate plan can ensure the right assets go to the right people at the right time, in an efficient and tax effective manner. It can also ensure that if you're unable to make important financial and lifestyle decisions for yourself, the right person is able to step in on your behalf.

In this guide, we outline the key tools and strategies you could use to achieve your estate planning objectives. But before you take any action, you should speak to your financial adviser. You and your adviser can work with appropriate legal and taxation professionals (where necessary) to implement the strategies that best meet your needs.

Implications for different assets

Before you start planning your estate, it's important to understand the way different assets are treated and the options available to you.

Making sure your assets go to the right people after you pass away is not always as simple as stating your wishes in your Will. How your property is distributed may depend on a number of factors, including:

- whether you owned an asset individually or jointly
- the legal structure of ownership, if an asset is owned by more than one person
- the terms of your Will
- State or Territory based legislation.

An asset you own individually (or your ownership interest in a particular asset that you own with someone else) will be categorised as either an 'estate asset' or a 'non-estate asset'. This will play an important part in determining how the asset is dealt with when you pass away.





Estate assets

Estate assets will automatically form part of your estate when you pass away. This means they can be passed on according to your wishes via your Will.

Key examples of estate assets include individually owned interests in:

- bank accounts, term deposits, listed securities and managed funds
- a private company or unit trust
- in any assets owned via a 'tenants in common' arrangement.

A tenants in common arrangement is where each owner has a distinct legal share of the asset. Ownership may be 50:50 or the shares may be unequal but each party may deal with their share as they wish. Unlike joint ownership, your share will not automatically pass to the surviving owners upon death.

Non-estate assets

Assets that don't form part of your estate when you pass away are known as 'non-estate assets'.

It's important you understand what will happen to non-estate assets when you pass away and the arrangements you may be able to make to ensure they are passed on to the people you wish.

Key examples of non-estate assets include:

- assets owned in a 'joint tenancy' arrangement, such as a jointly owned home or bank account, where ownership automatically passes to the surviving owner, regardless of the terms of any Will.
- assets held in a discretionary family trust of which you are a trustee and/or beneficiary, which will remain in the trust when you pass away.
- money held in super (in the accumulation or pension phase), which has a valid beneficiary nomination to someone other than the estate.
- proceeds from life insurance held outside super paid to an owner other than the deceased or a nominated beneficiary other than the estate.

Deciding whether to direct super and life insurance proceeds to your estate or not, will depend on your specific situation and estate planning objectives. For example, you may want the money to go to your estate so it can flow to a testamentary trust, which could help to protect assets and provide tax planning opportunities.

Alternatively, if you are concerned your estate could be challenged, making arrangements for the money to be paid directly to eligible beneficiaries can generally ensure it doesn't form part of the pool of assets which could be contested[1].

1. Special rules apply to 'notional estates' of NSW.

Prepare a Will

If you die without a valid Will, your estate assets will be distributed by a Court appointed administrator, according to the intestacy laws.

Who should be your executor?

When preparing a Will, you need to decide who you should be your executor. The executor is responsible for a range of tasks, such as locating the Will, organising the funeral, arranging probate[2], collecting the assets, repaying debts and distributing the assets.

Select someone who is trustworthy, understands your objectives and capable of performing the required tasks. Being an executor can be onerous, so it's also important the person you appoint is willing to perform this role.

You can have more than one executor if your circumstances warrant it. For example, you have two adult children and you consider it unfair to only appoint one of them.

Should you use a trustee company?

While most people appoint an individual(s) as their executor, a trustee company may be an alternative in some circumstances – particularly if your estate is complicated, likely to take a long time to administer and/or suitable friends or family are not available.

A trustee company can provide expert administration and legal services and charges a fee, typically paid from your deceased estate. Prior to appointing a trustee company, it is important to understand the fees and charges involved, to ensure that the estate will be able to meet these expenses without jeopardising your estate plan.

Should you appoint guardians for children?

If you have children under the age of 18, you should consider naming a guardian in your Will. This is not legally binding but will be considered when guardianship is determined by the courts. If you and your partner pass away, a guardian can make legal decisions on behalf of your children and ensure their needs are met.

2. Probate is a court order that confirms the Will is valid allowing the executor to administer the estate

Does your Will need updating?

If you already have a Will, you should review it frequently and update it where necessary to make sure it continues to meet your objectives and circumstances. Examples of events that could trigger the need to update your Will include:

- the birth or death of a relative or other potential beneficiary
- your assets change significantly, either in value or in type
- you enter into or wind up a business or make significant changes to your business structure
- you marry, divorce or enter into a new relationship
- tax or other law changes impact your situation and arrangements already made.

Consider a testamentary trust

When creating or reviewing your Will, you may want to consider the benefits of having a testamentary trust created after your death.

A testamentary trust is a trust that is established after you pass away by making suitable provisions in your Will. It allows for certain assets to be controlled and managed by the trustees on behalf of the beneficiaries of the trust and may provide benefits such as asset protection and tax planning opportunities.



Execute a Power of Attorney

By executing a Power of Attorney, you can authorise another person to manage your financial affairs when you are unable to.

While a Will can be an effective estate planning tool, it only comes into effect when you pass away. A Power of Attorney on the other hand, can enable someone you trust to make decisions on your behalf while you are still alive. This could include buying and selling assets, arranging loans and performing a range of other legally binding tasks.

You may be able to choose for the Power of Attorney to be effective from the time you sign the document until such time that you formally rescind it or for it to come into effect only in specific situations.

Types of Powers of Attorney

A Power of Attorney can cover all circumstances or a specific event (such as the sale of a house). It may also be effective for a defined period (e.g. if you travel overseas).

A general Power of Attorney will cease to be valid when you lose mental capacity. If you would like the Power of Attorney to continue to be valid, it may be more appropriate to implement an enduring Power of Attorney, which will continue to operate if you lose mental capacity.

An enduring Power of Attorney is important as you get older and the chance of developing dementia and other conditions that could impact your legal capacity increases. However, even if you are young and healthy, you may also want to establish an enduring Power of Attorney as part of your broader estate planning.

A trustee company can provide expert administration and legal services and charges a fee, typically paid from your deceased estate. Prior to appointing a trustee company, it is important to understand the fees and charges involved, to ensure that the estate will be able to meet these expenses without jeopardising your estate plan.

Enduring Guardianship

An Enduring Guardian is someone you appoint to make decisions about your health and lifestyle (as opposed to your legal and financial decisions, which are to be made by an Enduring Attorney). An Enduring Power of Guardianship will usually operate when the person appointing them is unable to make lifestyle and health decisions for themselves.

Make plans for your super

It's important you understand the options available for your super when you die and how to ensure it's paid according to your wishes.

For many people, super represents a substantial part of their total wealth. However, super (and any life insurance held in super) doesn't automatically form part of your estate. When you pass away, your super can be paid to certain eligible dependants or your legal personal representative (i.e. your estate).

Beneficiary nominations

In most cases, it is possible to make a death benefit nomination for each of your super or pension accounts.

You can only nominate certain eligible dependants or your legal personal representative.

As a general rule, the validity of your nomination will only be assessed when the death benefit is payable. So you should ensure it's valid when you make it and review it if your circumstances change to ensure it remains appropriate.

There are different types of beneficiary nominations.

Most super funds offer binding nominations. Some binding nominations are 'lapsing', which means they need to be resubmitted every three years to remain valid. Others are 'non lapsing' and will continue until you either revoke or update the nomination.

If a valid binding nomination is in place at the time you pass away, the trustees of the super fund are required to distribute your super benefits to the person(s) you have nominated or your estate if you have nominated your legal personal representative.

With non binding nominations, the trustees are not required to follow your instructions. They will be guided by what you complete in the nomination. However, the trustees have full discretion to pay your death benefit to another eligible beneficiary or your legal personal representative, which may not reflect your wishes.



Fund an estate planning gap with insurance

Life insurance can be a cost effective and convenient way to ensure your dependants can maintain their living standard if you pass away.

If you have a financially dependent family and pass away, the emotional strain can be quickly compounded by financial strain if you haven't made suitable plans to help protect their financial future.

Without the ongoing income you earn from working, your family could struggle to cover the mortgage, pay their living expenses and meet a range of other costs.

By taking out life insurance, you can generally ensure a suitable sum of money becomes available for your family upon your death to help meet their immediate and future financial needs; and achieve your estate planning objectives.

You should also consider total and permanent disability insurance (TPD), income protection and trauma insurance to assist in covering expenses if you suffer ill health during your lifetime.

How much cover do you need?

The amount of life insurance you may need to achieve your estate planning objectives will depend on your circumstances and what you want to achieve. Consider:

- How much of your income would your family need if you are no longer able to provide for them?
- How long would you like the income to be paid for?
- Would you like your mortgage or other debts to be paid off?
- Would you like to leave an inheritance for your children?
- Are there any costs that would need to be met, such as funeral expenses?
- What investment assets would be available to help meet these needs?

Your financial adviser can take into account these considerations and help you identify how much life insurance is right for you and your family.

Other estate planning issues

There are a range of other estate planning issues your financial adviser can help you consider.

Choosing suitable investment structures

When deciding where you invest current and future wealth, it's important to take into account the estate planning implications. The way you structure ownership of your investments can impact whether the money will or won't form part of your estate when you pass away.

Your financial adviser can help you assess different ownership options, such as investing in your name, your partner's name or jointly with your partner. They may also identify whether further tax and legal advice is required for example, when considering establishing a family trust, company or other structure.

Providing an early inheritance

If you are close to retirement (or already retired) you may want to gift some cash or other assets to your children.

This could help you increase social security benefits and/or reduce aged care costs in the future. After five years, gifted assets are not assessed for social security and aged care purposes.

You need to consider whether you will be able to meet ongoing regular and lump sum expenses after you provide your gift.

It is also important to get advice from a financial planner, solicitor and a registered tax agent to ensure you understand all the consequences of gifting before you do so.

Your estate planning checklist

Key issues to discuss with your financial adviser, solicitor and registered tax agent.

- Do you have a Will?
- Would your circumstances warrant including provisions in your Will for the creation of a testamentary trust in the event of your death?
- Have you executed an enduring Power of Attorney?
- Have you appointed an enduring guardian?
- Have you completed a valid and up to date nomination for your super?
- Will enough money (including the proceeds from insurance) become available to enable your dependants to maintain their lifestyle if you pass away?
- Are your investments and other assets held in structures that are aligned to your estate planning objectives?
- Could you benefit from passing on some of your wealth before you pass away?

Source: MLC, June 2025

Disclaimer: Information contained in this document is of a general nature only. It does not constitute financial or taxation advice. The information does not take into account your objectives, needs and circumstances. We recommend that you obtain investment and taxation advice specific to your investment objectives, financial situation and particular needs before making any investment decision or acting on any of the information contained in this document. Subject to law, Capstone Financial Planning nor their directors, employees or authorised representatives, do not give any representation or warranty as to the reliability, accuracy or completeness of the information; or accepts any responsibility for any person acting, or refraining from acting, on the basis of the information contained in this document.



Get in touch with us, we're here to help.

(03) 8683 8300
Info@ridgelinewealth.com.au
www.ridgelinewealth.com.au →

Elevate Wealth Pty Ltd (T/A Ridgeline Wealth Solutions) is a Corporate Authorised Representative (No. 1288213) of Capstone Financial Planning Pty Ltd. ABN 24 093 733 969. Australian Financial Services Licence No.223135.

