MONEY
DUE REWARDS:

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When the End Comes

As we enter the festive season, we look forward to a time when families get together to celebrate. Sometimes, it's the only time in the entire year that they are able to do so. After the feasting is over, and before everybody heads their separate ways, there may sometimes be an opportunity to talk about something serious – such as the inheritance.

You see, life on earth is a terminal condition and has close to a 100% fatality rate. While the Bible does record three historical instances of men who escaped death, the truth is that absolutely nobody gets to take their earthly treasures with them. It is left for other people to fight over, and generally it is the children who do the fighting.

Of course, no parent would wish to see their own kids fighting tooth and nail over an inheritance, and for this reason those with substantial assets are well advised to have their wills in order. It is also a good idea to discuss the matter with all the beneficiaries, and if possible obtain their agreement. There is nothing quite so ugly (or expensive) as brothers and sisters at war over an amount of money.

The other ingredient in the pie, if your family does end up discussing such matters, is superannuation. Apart from the family home, superannuation is now the most valuable asset for most families. The key point, however is that in many cases a person's will does not have the legal power to determine what happens to their superannuation account.

This means that in order to ensure that a person's superannuation passes on as planned, it has to be organised in other ways. This may involve making binding nominations for each super fund account, or for self-managed superannuation funds the inclusion of specific clauses in the trust deed. It is here that things can become complicated, and professional advice will be of great assistance.

Take Joyce, for instance, who is widowed, owns the family home, and also has a roughly equivalent sum in a public offer superannuation fund. She has a son, Albert and a daughter, Kaye. Joyce wishes to leave her residence to Kaye, but the superannuation to Albert. In her will, she specifies that Kaye should receive the home, the household effects should be split 50/50, and her other assets should be passed on to Albert. What she may not realise, however, is that those "other assets" do not include her superannuation, and that in the absence of a binding nomination, there is no guarantee that the super fund trustees will follow her intentions.

It may be that the fund trustees will instead decide to split the benefit on a 50/50 basis. This would be unfortunate for Albert, because instead of receiving roughly half of his mother's wealth, he would be getting closer to one quarter. This is the stuff that family feuds are made of, and such circumstances can lead to much bitterness and unhappiness.

For those with elderly parents, it is probably a good idea to gently and graciously verify that matters of inheritance have been properly considered and carefully organised – if you haven't done so already. Dealing with the issue sooner rather than later can certainly prevent some conflicts later on, and gives your parents a chance to concentrate without unnecessary distraction on those more important issues of eternal significance.