

# Willing Wisdom Index™

## PERSONALISED REPORT

This complimentary report provided by



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### Congratulations, A N Other

You have invested valuable time to better understand your estate plan. There is no perfect score, just information to improve your plan. Remember, knowledge is power.

During the 10 minutes it takes, on average, to complete this questionnaire, 19 UK citizens died leaving more than £2.6 million to be inherited.

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## YOUR WILLING WISDOM INDEX™

How prepared is your family to inherit?

# 31 / 100

The median Willing Wisdom Index Result score for this questionnaire since inception is 50, meaning an equal number of people have scored above 50 and below 50.

You have an estate plan that requires some attention. Work with an adviser to make small but important changes.

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C-

## LATER LIFE CARE



There is a below-average probability that your beneficiaries will be adequately prepared to advocate for your care. It is crucial that you work with an adviser immediately to make a number of changes to your estate plan to better prepare your family and friends to understand the role you hope they will play when you are in need.

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C-

## TAXES



Significant planning gaps were detected in your estate plan, presenting a greater-than-average opportunity to reduce taxes that will be triggered by the settlement of your estate. Work with an adviser immediately to ensure that you avoid overpaying taxes triggered by the settlement of your estate as a result of neglecting to plan.

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C-

## LEGAL CHALLENGES



Your will and wishes suggests a higher-than-average probability of a legal challenge. It is never too late to make simple planning changes, improve communication among beneficiaries and invest in proper documentation to significantly reduce this concern.

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D-

## COMMUNICATION



You have communicated little about the details of your estate plan to your intended beneficiaries. Work with an adviser immediately to begin the process. Remember that a lack of transparency about the details of your estate plan can quickly destroy family wealth and relationships.

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**D-**

## PLANNING



There is little evidence that you have done any estate planning. It is strongly recommended that you contact an adviser immediately. In the absence of a well-designed plan, the probability of excessive taxation, litigation and family acrimony significantly increases.

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**D-**

## GOVERNANCE



Serious deficiencies remain in with your will and wishes documentation. It is strongly recommended that you contact an adviser immediately to begin a proper review.

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# YOUR TO DO LIST

**A N Other, your priority action items include:**

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1. Arrange for an adviser / will specialist to draft your will. Remember to share a copy of your will with your executor. Also consider sharing your will with the person you have selected as your Property & Affairs Lasting Power of Attorney (if different from your executor) and with your intended beneficiaries. Lastly, ask your adviser / will specialist to review your will at least once every two years.
2. Ensure that all of your beneficiaries over the age of 18 have a legal will.
3. Contact an adviser skilled in facilitating family meetings and arrange a meeting of your beneficiaries, including any charities named in your will.
4. Invite your adviser to your next family meeting.
5. Arrange for an adviser / will specialist to prepare your Property & Affairs Lasting Power of Attorney. Remember to give the person you have selected a copy of your documentation. Go one step further by sharing with your intended beneficiaries the name of the person you have selected as your Property & Affairs Lasting Power of Attorney.
6. Arrange for an adviser / will specialist to prepare your Health & Welfare Lasting Power of Attorney. At your next family meeting, share a copy of this document with all of your intended beneficiaries who are related.
7. Arrange with your beneficiaries to share the same adviser in an effort to make your estate easier to administer and more tax efficient.
8. Arrange for an adviser to help your intended beneficiaries with their own investment and savings plans, especially those who are currently spending more than they earn.
9. Draft formal notes or documents relating to gifts or loans you have already made to beneficiaries.
10. Give your executor and backup executor documentation relating to all gifts and loans you have made to beneficiaries.
11. Meet with your adviser and update your will to itemise the disposition of your personal possessions, including your art, jewellery, cars and pets.

# **A N O T H E R, H E R E I S Y O U R C U S T O M W I L L I N G W I S D O M I N D E X <sup>TM</sup> R E P O R T**

## **You need a will**

Because you have no legal will, you effectively have no will and wishes plan. A will is a formal document that determines how your estate is going to be divided upon your death. It reflects your personal wishes for the distribution of your estate and describes how your debts will be paid at death. When someone dies without a will they are said to have died intestate.

Because you don't have a will, the court will appoint a trustee to divide your assets according to the law where you reside. The division of your wealth will almost certainly be different than what you would have chosen.

Because you don't have a will, you also do not have an executor and therefore no one will have legal authority to make your final funeral arrangements. The state will appoint someone – perhaps someone who has never met you. In the absence of a will, it will take vastly longer to resolve your estate and answer the questions of who gets what, when and how. Expect significant legal fees to be applied throughout this process, which of course will be paid from your estate.

Often when someone dies without a will, surviving family members will inform other family members of conversations in which the deceased promised them an asset. These announcements are often emotional and divisive – especially when it comes to personal items with high economic or sentimental value. These conversations can ultimately lead to expensive legal disputes. Surviving family often wonder why the deceased did not take the time to plan; some may equate a lack of planning with a lack of love. Sometimes, family are so convinced of the existence of a will that they will petition the court to not proceed with the administration of the estate until one is produced. Some family members will literally tear their deceased relative's home apart searching for a document that does not exist.

There are, of course, many more reasons that having a will is important. For those with children under 18, no will means you have not selected a legal guardian for your children. This means that in the event of the death of both parents, the court will appoint someone to care for your children until they turn 18. It is possible that the state will select the same guardian that you would have, but unlikely. Often children will wonder why their parents didn't plan appropriately and, rightly or wrongly, may equate the lack of planning with a lack of love and consideration. Your adviser can arrange for a will specialist to begin your will preparation immediately.

## **All for one**

You intend to leave your entire estate to just one person. This is one of the most common decisions reflected in wills. It is important that when you meet with your financial adviser you include your beneficiary in the meetings so that they too develop competency with respect to your investment assets. Remember to also give your beneficiary a copy of your will.

If you have not already done so, disclosing your giving intentions to other family members who are not included in your will at your next family meeting can begin an important family conversation about late-in-life care and how it will be financed. Anticipating, discussing and planning for major life changes before they happen is one of the greatest gifts you can leave your partner and other surviving family. Be mindful that family dynamics can change profoundly when the second partner (“last to survive”) in a marriage considers their own

estate.

### **Seek professional advice on this tricky issue**

One of the most common giving decisions reflected in wills is to leave an asset to a surviving partner with the intention that it will ultimately be passed down to another specific individual in the fullness of time. This more than any other area of estate law should be discussed thoroughly with your financial adviser and adviser / will specialist. Concerns arise when you have children from a previous relationship or if your partner remarries if you die first. The concern in passing an asset or your entire estate to your partner revolves around protecting the inheritance of your children or others. Would you be concerned if your partner were to rewrite their will to, say, leave everything to only one of your children, or in the case of a blended family to their own biological children at the expense of your children or other intended beneficiaries?

If you want to ensure that a specific beneficiary receives something, rather than writing a joint will that is binding and irrevocable (cannot be cancelled), a trust is a wise option. Many adviser / will specialists encourage setting up a lifetime interest in a property (for example, allowing your partner to live in the house for the rest of their life, at the end of which it passes to your children). Alternatively, adviser / will specialists sometimes suggest a lifetime trust (allowing your partner to live off the proceeds of your estate, but the estate itself is held in trust for your children). Talk to your financial adviser and adviser / will specialist about this important aspect of will and wishes planning. Unlike wine, this issue seldom gets better with age. Whatever you decide, share your intentions with all your family members so that there are no surprises when it comes time to settling your estate.

### **Build trust with a trust**

You have not established a trust as part of your plan. Your adviser can review how appropriate a trust or multiple trusts might be for your plan. There are many options to choose from, including trusts that are established only when you die, trusts that are established inside your will and trusts that are revocable and irrevocable. Exceptional advisers and accountants will walk you through the pros and cons of each kind of trust and whether they are a good fit with your will and wishes planning objectives.

### **Not all surprises are fun**

You have not disclosed to the beneficiaries of your trust(s) how your assets will be distributed. Seldom do financial surprises – even good ones – serve beneficiaries well. Transparency around the objectives of the trust will help your beneficiaries appreciate the intent and wisdom behind your gifted wealth.

Take the time to explain how trusts work. Of all the concepts in will and wishes planning, the trust is the most confusing. For some, it sounds like a planning solution for the ultra-wealthy; for many it carries the connotation of entitlement – ever heard the expression “trust fund baby”? The reality is that a great financial adviser can explain what a trust is, what it is not and how it works. Don't be too intimidated or embarrassed to ask questions or ask your adviser to repeat their explanation. This area of planning has more than its fair share of confusing terminology.

### **Some willing gaps**

Not all of your beneficiaries over 18 have wills. This is a major deficiency in your will and wishes plan. If, for example, your children predecease you without a will, you and your family will likely be thrust into chaos and forced to weave your way through the legal process to

bring closure to your child's estate – not an easy undertaking when parents are grieving. Every day in the UK and Canada approximately 140 people under the age of 50 die.

Surprise your children with a different kind of birthday gift – buy them a will. Your adviser / will specialists would be happy to make the necessary arrangements. If you are married, make sure that your partner has a will, that it was drafted by an adviser / will specialist and that it is up to date. Avoid the do-it-yourself will kits and holographic wills, which often lead to confusion, mistakes and ultimately to family disputes.

If you intend to leave all of your assets to your partner and then have your assets flow to other beneficiaries when your partner passes, it is essential that you have a clear understanding of how this will work. This is perhaps one of the trickiest areas of estate law, especially if you are dealing with second marriages and blended families. If you want to avoid a will challenge and the taxes triggered by the transfer of assets, it is especially important to have your adviser review strategies to ensure that your assets transition to your intended beneficiaries in the fullness of time.

### **Consider a meeting of your beneficiaries**

You have not held a meeting in the past year that included your all of your beneficiaries to discuss your will and wishes plan. This is a significant missed opportunity that should be addressed as soon as possible. Even if you intend to leave all of your assets to your spouse or charity, it is crucial that you meet with representatives to discuss how your gift will be deployed. Not all charities are created equal and don't assume that they are immune from initiating legal challenges to secure more of your assets from other named charities.

Whether you have beneficiaries related by blood or marriage or not, there is no better way of reducing family disputes and discussing late-in-life care than in the presence of the people and organisations who will inherit your wealth. Depending on how frequently you want to meet, you will come to understand that a meeting of your beneficiaries with your advisers present is an ideal way to build a durable plan. One of the major benefits is that everyone will receive the same information at the same time. It would be unlikely that someone would make a claim for a specific asset if that asset has been discussed in your meeting – especially if there are good minutes of these meetings. Meetings of beneficiaries will take on their own style and culture. One of the more interesting ideas is to rotate chairing duties so that each family member (including beneficiaries as young as 15) have a chance to lead the discussion.

Connecting family and charities to your wealth by telling stories about how the wealth was created, for example, can create healthy attitudes toward an inheritance. If you have accumulated significant wealth, it is vital that beneficiaries who inherit understand the magnitude of the assets heading their way. For many, this idea is counterintuitive. The prevailing thought is that the disclosure of a substantial inheritance will blunt the drive, ambition and work ethic of younger beneficiaries. While every person is different, the fact remains that should you die tomorrow and significant wealth transitions to the next generation or to a charity, the concerns about drive, ambition and work ethic won't go away – you're just not there to witness what happens. If you truly have concerns about the impact that inherited wealth will have on the lives of your beneficiaries or the charitable organisations you support, work with your adviser. Advisers have technical solutions to distribute significant wealth slowly to beneficiaries, be they people or organisations, as they mature and prove their ability to treat your wealth with the respect it deserves.

### **You are in the top 3%**

You are the rare individual who has had the good fortune of attending a multi-generational

family meeting recently. The highest functioning families strive for what is called a 3G meeting – 3 generations in one room discussing a broad range of will and wishes planning options.

Many 3G meetings have set agendas and advisers present to record minutes of the meeting. The larger the estate and the more meeting participants, the greater the requirement to adopt a more formal agenda and process. The very best advisers use family meetings as part of their planning process to reduce taxes triggered by the transfer of assets today and in the future. It is common for outside resources to be brought into these meetings to teach or reinforce family culture and traditions with respect to wealth. Sometimes advisers will offer resources to a family member who is struggling with an addiction or marital problem.

Families that have a long tradition of meeting with advisers typically spend most of their family meeting time on shared philanthropy as a strategy to engage the succeeding generation in connecting with family wealth in a productive and healthy way. The more time and effort a family spends discussing the transfer of wealth, the more likely it is that their advisers can implement strategies to reduce tax for all family members. Family disputes are significantly less common in families that invest even a modest amount of time and resources in a multi-generational meeting.

If you attended your first family meeting to discuss will and wishes planning options before you turned 18, you will likely have clear memories of what you liked and disliked about these gatherings. Take the best and be open to new ideas about what a family meeting can be. Recent trends are making family meetings less formal and more interactive, with as much emphasis on shared experiences as on planning. All of this suggests that families can use conversations about the division and transfer of surplus capital to also reinforce a healthy perspective on their good fortune. This is crucial for building a family culture of trust and mutual respect – two ingredients that are always present when families reject legal challenges as a solution for resolving disputes before they escalate.

### **Invite your adviser to advise**

It is significant that none of your advisers were present at any of your recent family meetings. With advisers present, family meetings are more productive and certainly less emotional. Exceptional advisers are skilled at facilitating inter-generational wealth transfers and are familiar with a broad range of tax and legal strategies. Clients who try to go it alone with their family meetings often procrastinate and seldom hold one. Those who do meet often lack the facilitation skills to keep on track with their discussions.

Never underestimate how effectively a third party who is not emotionally involved can hear and see solutions to what look like intractable problems. Advisers can also record minutes of these meetings and pay special attention to following up on action items agreed to at the previous meeting. Minutes of family meetings are another effective tool for discouraging legal disputes – especially if there have been no last-minute or capricious changes to a will.

### **You understand that more risk can mean more reward**

You do not agree that the risk of disclosing the contents of your will to beneficiaries is greater than the risk of keeping it secret. You are in the minority. You possess a rare and impressive wisdom. When wills are kept secret, those who inherit are seldom close to guessing the actual amount they will receive. The implications can be devastating. Consider the example of a child, niece or nephew who is expecting a large inheritance and who receives a significantly smaller one but has done little of their own saving. Conversely, consider a beneficiary who has saved excessively and lived a miserly life, letting opportunities like education, starting a



business or investing in one slip by, only to inherit a significant amount. Both of these examples can have complex and long-lasting consequences for beneficiaries and their families. The same applies to charities that may be expecting a large gift or small gift, only to be surprised and ill prepared.

### **Work ethic is in your genes**

You are not concerned that your gifts will diminish your beneficiaries' work ethic or drive to succeed. If this is something you feel confident about, consider opening up investment accounts in your beneficiaries' names and having your adviser teach them about saving and investing.

Every beneficiary is different. Some inherit significant wealth and through good advice and discipline turn it into vast fortunes. A family meeting is the place to explore whether an inheritance will release a beneficiary's full potential. Had Henry Ford and Bill Gates not had access to modest amounts of family money, we may not have the Ford Motor Company or Microsoft. A host of great companies have been founded by relatively young entrepreneurs with drive and ambition. The real gift we leave our beneficiaries is the wisdom to pursue their own dreams and ambitions. Both Ford and Gates pursued interests that were profoundly different from those of their parents. Similarly, consider endowing a charity that you have named in your will and assess the performance of their endowment fund. Charities that have a long-established culture and vision for the future are set up to receive this kind of support.

### **You're wise to pay now for your care**

You indicated that if one of your beneficiaries is more active in your long-term care you intend to compensate them while you are still living. This is one of the most strategic decisions you can make and it can have a profound impact on the quality of care you receive and reduce the likelihood of discord and challenges over your estate.

Providing care, providing oversight of care or simply advocating for your care is time consuming and exhausting work. For many who undertake this commitment, lost income, a lack of holidays, increased stress and a decline in the caretaker's own health take their toll. Resentment can build when other beneficiaries don't or can't share some of the workload because of geography or other reasons.

Whether initiated by the person providing the care or the person receiving the care, there is sometimes temptation to alter the will late in life to compensate the caregiver for their efforts. While there is nothing in and of itself wrong with this approach, understand that as your estate gets settled, beneficiaries who did not provide the care may contest your will on the basis of undue influence by the caregiver beneficiary and challenge your mental capacity to make the changes you did late in your life. You are on the right track by communicating to your beneficiaries the concept of paying an intended beneficiary caregiver in real time for their efforts and preserving the concept of equality in your will.

If only one of your beneficiaries is providing the majority of your late-in-life care, it is essential that you explain to that person today the importance of communicating with other beneficiaries about things that are going well and issues that are causing difficulties with your care. Regular family meetings or conference calls to update family members are crucial to avoiding disagreements relating to care. It is common for disputes over health care decisions to spill over into estate disputes. The vast majority of disputes are caused by a lack of transparency and too infrequent communication. Consider formalizing weekly or biweekly meetings or conference calls to keep your beneficiaries apprised of any issues relating to your health.

### **This is a priority**

You do not have a Property & Affairs Lasting Power of Attorney. It is urgent that you contact your adviser to arrange for one to be prepared as soon as possible. A Property and Affairs Lasting Power of Attorney is simply a document that gives another party the legal authority to act on your behalf to manage your legal and financial affairs. Without a Property & Affairs Lasting Power of Attorney and in the event you are incapacitated, no one will have the legal authority to make financial decisions on your behalf. Family disputes often arise under these stressful conditions, setting the stage for future family disputes over your estate.

As with the selection of your executor, you may want to consider having your adviser / will specialist attend your next family meeting to explain the duties of a power of attorney and under what conditions those duties are invoked. To give you an example of how important this document is, imagine you are incapacitated in an car accident and unable to speak. If you have no Property & Affairs Lasting Power of Attorney and no other person has signing authority on your bank account, how will your care bills be paid? Imagine if you are a business owner and find yourself incapacitated. Who will have the legal authority to operate your business? One of the greatest gifts you can give yourself is a power of attorney – simply do not delay any longer!

### **Hurry and give yourself a gift**

Because you do not have a Health & Welfare Lasting Power of Attorney, you have not legally specified your health care treatment preferences should you no longer be able to make medical decisions for yourself, nor have you appointed someone to make these decisions for you.

At the risk of oversimplifying, a Health & Welfare Lasting Power of Attorney explains whether or not you want to be kept on life support if you become terminally ill and will die shortly without life support, or if you fall into a persistent vegetative state. It also addresses other important questions, typically detailing your preferences for tube feeding, artificial hydration and pain medication in certain situations. A Health & Welfare Lasting Power of Attorney will become effective only when you cannot communicate your desires on your own. It is usually limited to the refusal of, or desire for, medical treatment in the event of a terminal illness, a near-fatal injury or permanent unconsciousness.

Not having a Health & Welfare Lasting Power of Attorney is not only a lost opportunity for you but also for your family, who will have to wrestle with these decisions – especially tough in an emergency situation. People often think this document is just for the elderly. But if you are looking for an interesting gift for a family member, arrange an appointment with your adviser. Your adviser can arrange for a Health & Welfare Lasting Power of Attorney for you and for your children or nieces and nephews, for example. In the event of incapacitation, a Health & Welfare Lasting Power of Attorney can bring some calm to an otherwise stressful situation.

Those who fail to plan, plan to fail. Get out in front of this issue and give yourself and your family this special gift. An individual who anticipates the need for these legal documents sets up their family to succeed.

### **You are organised**

Because you have a complete list of your assets, you have saved your executor an extraordinary amount of time and effort. But go one step further and assemble the background documents for these assets; for example, deeds to property or ownership documents for various assets like boats and planes. Ask yourself, “Will my executor know where my asset is located, who to call to retrieve the asset and how to value that asset if it is to be sold instead of gifted?”

If you can assemble all of this information into one place and share it with your executor at your family meeting, your estate administration will be comparatively straightforward.

This simple step can eliminate much of the family bickering and legal disputes that arise when assets are revealed late in the estate transfer process. Many online tools and Apps are now available for organising your list of assets, including account numbers, contact information and passwords. As you know, organizing your personal affairs can be an intrinsically rewarding experience.

### **The power of philanthropy**

You don't plan to leave part of your estate to charity. While you may have legitimate concerns about leaving money to a charity, one of the most effective ways of teaching the next generation to develop a healthy relationship with wealth is by making a planned gift. Demonstrating that even a small gift can accomplish something other than personal consumption is a gift in itself to many beneficiaries.

One of the most effective ways of preparing beneficiaries is to invite charities you may consider supporting to attend one of your family meetings. Ask each charity to make a presentation on the purpose of their organisation and how they would use your specific gift. This presentation can open the door for additional questions from family members about the organisation and its effectiveness. Similarly, these meetings can give the charity an opportunity to better understand the donor's intent and motivation for supporting their cause. It is extraordinary how many charities receive planned gifts (a gift included in a person's will) from people they have never met and for which there is a total absence of detail on how the charity should deploy the gift.

### **Ask yourself why not**

You have not made a previous gift to a charity to which you intend to leave part of your estate. Depending on the size of the gift and the percentage it represents of your overall estate, serious legal challenges may be initiated by family members who may argue that the organisation has exercised undue influence. Additionally, family may argue that if you altered your will late in your life to make this gift, you lacked the mental capacity to do so. Previous gifts back up your intent.

Understanding how a charity operates and how effectively it fulfils its mandate is good planning. This kind of due diligence is a great way to remind heirs that not all charities are the same. This attention to detail also reinforces the idea that like your life, your wealth can have meaning and purpose and make a difference.

### **Your chance to begin a new tradition**

You indicated that you do not have a copy of your parents' wills or did not have copies before they died. Family Systems Theory (the behavioural study of family as an organisation) suggests that family members often repeat learned behaviours. You experienced a family system that did not share will and wishes plans and are therefore likely to extend this practice to your own beneficiaries. This culture of a lack of transparency offers significant disadvantages to the next generation in working with advisers to implement planning solutions that can reduce taxes and reduce the odds of a will challenge. The good news is that you can begin your own tradition and be the first to bring a calm, predictable, transparent approach to your will and wishes plan – a generous gift to your own family in and of itself.

### **You have inherited wisdom from someone close**

Because your estate will likely be worth more than the estate of your last surviving parent, you are encouraged to be open to planning structures and strategies that may be completely different from those your parents used. Your adviser can review your current plan against best practices and generate specific recommendations to reduce taxes triggered by the transfer of assets.

Consider sharing with your beneficiaries why your estate is likely to be larger than that of your last surviving parent. If you deferred consumption and if you inherited, consider sharing with your beneficiaries how much you inherited. This level of financial transparency is rare, but this kind of disclosure can help the next generation understand how you have done your own work to manage inherited wealth for the benefit of others. Talking openly as a family about inheritances in a healthy, positive context can help succeeding generations prepare to inherit not just wealth but the determination to invest and deploy wealth wisely.

### **Borrow from the past**

Because your own inheritance did not materially change your financial independence, you may view will and wishes planning as a non-event. Be mindful of the value of your own estate and the profound impact it could have on your own beneficiaries. Reflect on whether the transfer of wealth to you could have been approached differently. Ask yourself whether there was ample preparation for you to receive your inheritance. Did you have the right investment and tax advisers? Did you spend too much too soon, or did you instead have some ambivalence toward this wealth that prevented you from spending it?

As you reflect on your answers, think about how you can better use your advisers to help prepare those who will inherit your wealth. Most of all, as you reflect on the conversations you had prior to receiving your inheritance, ask how you might expand and broaden those conversations with your own beneficiaries, beginning today.

### **Consider making this smart move**

You currently don't share a financial adviser or accounting firm with any of your beneficiaries. One of the most overlooked benefits of having the same adviser as a family member, for example, comes at the time of administering your estate. The presence of an existing relationship with an adviser or firm can make the transition of wealth seamless. Advisers who build a family-centred practice have a wider, more holistic view and have usually attended family meetings. This level of involvement can often lead to more coordinated and comprehensive will and wishes plans that significantly reduce taxes triggered by the transfer of assets.

### **Give, measure, talk, repeat**

You have already given cash to someone you intend to list as a beneficiary in your will. Living gifts provide an opportunity for both you and the recipient to discuss how that gift was deployed. For some beneficiaries, building future wealth is intuitive; for others, it is a learned behavior that needs to be taught and reinforced. Your family meeting with your adviser present can help facilitate these discussions.

### **Only you and your beneficiaries know what's right**

No one can judge or prescribe whether your decision not to divide your estate equally among all your beneficiaries is the right decision. But we do know from analysing will challenges involving siblings, for example, that when a will maintains the concept of equality, legal challenges are less frequent and less likely to succeed. Will challenges are also less likely to succeed if the family has discussed the concept of equality in their family meeting and if you

have not amended your will late in your life.

The concept of equality poses a real and complex challenge when a living gift of cash or property, or a loan, has been made to one beneficiary – for example to one sibling – and has either not been documented or not communicated to other intended beneficiaries. The notion of estate equalisation can be a flashpoint for a will challenge, especially when the concept of “equality” gets tipped in favour of one beneficiary. This can happen when the present value of your living gift is not deducted from that beneficiary’s inheritance. Because time is money and the real rate of return is a subjective calculation, be mindful that disputes can arise over the amount ultimately deducted from an individual’s inheritance. Having the wisdom to communicate your decisions in advance can help your beneficiaries maintain healthy relationships among themselves. The real gift is leaving a family that works well without us, not broken in part because of the way we gave.

### **You have a clear idea of equality**

You have indicated that you don’t intend to leave different assets of equal value to your beneficiaries. Maintaining the concept of equality is one of the most common and helpful decisions for avoiding a will challenge. This is especially true when your estate comprises many different kinds of assets. You likely already understand that different asset classes – for example, a business or a cottage – are treated differently than, say, cash. So while 2 different assets may have the same value, they can have significantly different net tax values in the hands of your beneficiaries. Your adviser can review the tax consequences of inheriting different asset classes. If you change your mind and do decide to leave different types of assets to different beneficiaries, it is imperative that you seek a comprehensive tax review so as to limit the potential for family disputes. Your adviser can provide a review of this issue at your next family meeting.

### **Be mindful that spending habits can change**

You are not concerned about the spending habits of your intended beneficiaries. Consider yourself fortunate. This is one of the most common concerns, especially among those who have accumulated significant assets or who intend to leave assets that will materially change the financial fortunes of their beneficiaries. For some, the temptation will be to insist that an overspending beneficiary change their spending habits under the threat that the inheritance will be redirected to other beneficiaries or placed in a trust.

No one can judge the appropriateness of that strategy, but you can invest in a process to teach your intended beneficiaries how to reframe their relationship to inherited wealth. Your adviser can work with the next generation and provide useful resources to help them to become responsible inheritors. One of the tangential benefits of this kind of education is the reduced likelihood of a legal dispute.

### **Proof that you are pragmatic**

You and your adviser have discussed technical will and wishes planning options to protect your assets from marital breakdown even if your beneficiaries are not yet married.

Congratulations – you have done what few do. With approximately 40% of marriages ending in divorce, considering this issue in the context of your will and wishes plan is smart.

Even after they have implemented the appropriate plans, many rely on their trusted advisers to introduce marital counselling resources to their intended beneficiaries. This multi-generational approach to investing in relationships is one of the best ways of investing in the preservation of family capital. There is a difference between meddling in the relationships of your beneficiaries and genuinely investing in caring solutions. How the offer of support is extended

can be as important as the support itself.

### **Gifts can accelerate addictions**

You do not have concerns about drug, alcohol or gambling addiction with your intended beneficiaries. If this changes, be mindful that inheritances can release potential in the next generation or they can accelerate pre-existing problems. If any signs of an addiction present themselves, plan your estate in a way that will ensure that any asset you leave to a beneficiary will not cause additional harm.

A reflex response is sometimes to threaten the beneficiary in question to seek help or be removed from your will entirely. Often when people follow through with this strategy, the disinherited person will sue your other beneficiaries seeking equitable treatment. Those disinherited often project their anger toward surviving family rather than to the person who died. Your adviser can review how you can use trusts to maintain the concepts of equality and yet delay or permanently deny a beneficiary who suffers from an addiction access to their inheritance until such time as they become healthy. One of the significant benefits of holding a family meeting and addressing issues of this nature is that everyone hears the same message about your concern at the same time. This can be one of the greatest gifts you give a family member suffering from an addiction, and an equally wise and powerful gift to your executor.

### **Disability could become an issue**

You do not have any beneficiaries with a physical or mental disability who will require ongoing financial support after your death. If your situation changes you must discuss and implement special arrangements to provide for continuing support for this loved one. Your adviser can explain the wide range of options, from financial considerations to guardianship in the case of a minor (under age 18) who is under your care and supervision.

Your hopes, desires and expectations of care for your disabled beneficiary are not things you can simply assume others will understand and continue when you're gone. If a considerable percentage of your estate needs to be directed to providing special care for a disabled relative, this decision should be communicated early and often to other family members at your family meetings. In the absence of this conversation, silence can introduce many emotions about what the future will hold for all family members. Your real gift to your family is a detailed conversation about a future that you will not be a part of.

### **You have invested in relationships**

You do not intend to exclude any of your children from your estate. If for some reason, you do decide to disinherit anyone (that is, exclude someone you have previously disclosed was included in your will), be mindful of the implication this decision can have for other beneficiaries. No one can tell you whether disinheriting a family member is an appropriate decision, given the personal nature of wills and the complexity of family relationships. That said, it is most common for this decision to remain secret until the time a will is probated (accepted by the court as your legal will). The revelation of the secret that a presumed beneficiary related by blood has been fully disinherited can be met with extraordinary anger and swift legal action.

If ownership of the decision to disinherit one of your children is born solely by you and communicated in a family meeting, other family members are sometimes spared the acrimony and long, expensive legal disputes. In the absence of such communications, those who are disinherited and aggrieved will often project their anger on their family – siblings, for example. If after the disclosure of a disinheritance your family meeting deteriorates, you will get a glimpse of what is in store for your intended beneficiaries when your estate is being

settled.

Talk to your adviser about strategies involving living gifts and trusts that would mitigate the likelihood of a legal challenge. If you implement these technical solutions, they too should be communicated to all your beneficiaries and especially to the disinherited party via your family meetings.

### **A little personal finance education goes a long way**

At least one of your intended beneficiaries currently spends more than he or she earns. While this may not be a problem in the short term, it is unsustainable over the medium and long term. Measuring income against spending can have enormous predictive value in planning. Reinforce the principle of deferred consumption early and often and when the time comes your estate will be treated with the respect it deserves. Ask your adviser for additional resources to work with the next generation to become exceptional savers and investors. Mastering simple financial concepts early on can form healthy life-long habits that will serve the long-term goals of capital preservation. If the family itself grows faster than the returns of invested wealth, inherited capital will ultimately be diluted and consumed.

### **In the end, there are no secrets**

No one can say whether your decision to make a monetary gift or loan to one of your beneficiaries but not to others was well advised or not; after all, it is your money and you know your own beneficiaries best. However, be mindful that in the fullness of time, secrets involving money will certainly be revealed.

Many families adopt the concept of a family bank and discuss all gifts and loans at their family meetings. While this level of financial transparency is rare, one can understand why this practice has evolved. While many people talk about how living gifts can be equalised after death – in other words, simply by subtracting the gift or unpaid loan from a beneficiary's inheritance – seldom does this leave all family members satisfied. Because time is money, it is always a subjective exercise to calculate the present value of the gift at the time of estate equalisation. One approach to consider when making a gift to, say, one child or stepchild is that you make it to all, with the one exception being that children under 18 would receive their gifts in trust. If you can't afford to extend the gift to all children at the same time, then the gift being contemplated for one person is likely too large.

### **If you lend money, write it down**

You have made a gift or loan to a least one of your intended beneficiaries but did not record the terms of a loan in a formal loan agreement. It is imperative that you do so immediately. Your adviser can help you update the governance of your estate so as to avoid family disputes and unnecessary tax consequences for your estate and the recipient of the loan. This is the kind of assistance with which your adviser can add value to your current financial plan and for your future will and wishes plan.

### **Share everything with your executor**

You have not given your executor copies of loan agreements capturing the terms extended to beneficiaries. This is a problem that will make it difficult for your executor to succeed. You have placed your executor in the position of having to reconcile how much principle and interest has been repaid, which will be difficult without knowing the prescribed interest rate and repayment terms that were agreed to. The more information you provide to your executor and to other family beneficiaries, the more likely that estate disputes will be avoided.

### **Small things can cause big legal problems**

Your will does not deal with the division of real property or your personal possessions such as your home, jewellery, art or pets. This is a planning gap that needs to be addressed urgently. If your list of assets is not comprehensive there may be disputes over who gets what, and disputes over who was promised what. Alternatively, you can have your real property assets valuated so that there may be a rational, non-emotional tally of who gets what with the view to keeping the concept of equality in balance. Another approach to consider is instructing your executor to release cash first and further instructing beneficiaries to purchase a desired asset from the estate. After the estate has sold all the real property assets, the estate can then redistribute the cash proceeds back to the heirs in the same proportion that the original cash was distributed. This approach allows beneficiaries with no or lower incomes to purchase items from the state that they truly value.

Whichever approach you choose, make sure to explain and discuss it in a family meeting to avoid future confusion and disputes. Sometimes it is the distribution of items with relatively low economic value but high emotional value that divides families – there are no better examples than jewellery and pets. Get out in front of this issue now by working with your adviser to help prepare and communicate your asset list to your intended beneficiaries.

### **Whatever you decide, be purposeful and wise**

You do not believe you should use your will to equalise the incomes of all your beneficiaries. The reason this is the very last question is that there is no right or wrong answer. The question speaks to the very personal nature of wills and what we hope to leave as a legacy. It speaks to the fundamental concept of what it means to be a family and it speaks to the role of merit versus need. Whatever you decide, discussing your thoughts, ideas and beliefs with those affected by your decisions is the greatest gift of all – that is Willing Wisdom



## A N Other, Take a moment to congratulate yourself.

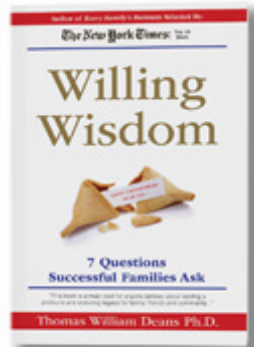
You have invested time and imagination in a subject that many people ignore. Estate planning is so much more than dividing wealth – it's about leaving relationships that work well when we are gone. When you will with wisdom, it is wisdom that you will. This is your greatest gift to family, friends and charities that will continue your work. This is your gift to yourself and to humanity.

—Dr. Tom Deans, international best-selling author of *Willing Wisdom*

To help implement the recommendations in your Willing Wisdom Index™ Report, consider ordering your copy of *Willing Wisdom*.

Sharing your Willing Wisdom Index™ Report with a family member, and comparing your results, is a great way to begin your own family conversation about your estate plan.

If you received a free access code to complete the questionnaire, your adviser wants you to know that additional free promo codes are available. The Adviser who has shared The Willing Wisdom Index can help you implement your recommendations, consider forwarding your report to them.



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