



Budget



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# Booster

October 2013

## Second marriage? What are the estate planning implications?

***Getting married, even if it's for the second time, is a happy time but it does present some financial planning challenges.***

Second marriages present some complex and contentious estate planning challenges.

While many partners in a second marriage want their estate to be passed on to their own rather than their partner's children, most do not take steps to ensure that happens. As a result, adult children from the first marriage often feel threatened by the second marriage and this can be a common source of disputes.

Feeling that their rightful inheritance from their natural parent will be taken away from them and given to their step brothers and sisters often results in real tension between rival siblings both before and after death.

A vital first step to ensuring that assets are appropriately distributed is to have a Will in place. But it's important to remember that marriage revokes any existing Will. So there is a real need to review your Will if you remarry.

The following are some of the issues you may need to address when making a Will:

- You should ensure your surviving partner and any children from your second marriage will continue to have adequate housing, but at the same time ensure that the children from your first marriage are adequately provided for.
- Ensure that, where provision has been left for your partner to continue to occupy the house after your death (often dealt with in the form of a right to occupy as distinct from transferring legal ownership in the house), adequate provision in the Will is also made to allow the house to be sold and provide aged care accommodation for your partner in the future. If the Will does not allow this, it may be necessary to apply to a Court for an appropriate order.

- Where you and your second partner's assets are owned jointly and pass to the survivor on death, you should ensure that your half share will eventually pass to your children and not end up in the hands of step children.
- Review the manner in which you own assets to ensure that they will be disposed of according to your wishes.
- Check how your superannuation will be paid out on your death. There are very specific rules that govern the distribution of superannuation, so your superannuation nominations should be reviewed upon a second marriage.

Setting up a family trust is one way to isolate assets from the estate and potentially avoid these pitfalls.

Establishing a Testamentary Trust within the Will can also provide you with some flexibility as to how to deal with assets to provide for both a partner and children from your first marriage.

For more information on how to make sure your assets are distributed according to your wishes and your family's and children's futures are protected, speak to your financial adviser or a specialist estate planner.

Source | IOOF

1 Australian Bureau of Statistics, Disability, Ageing and Carers: Summary of Findings, 2003  
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