

Wills, Estates and Trusts

A guide to planning
for the future

A Will is one of the four important ways to plan ahead:



Will



**Power of
Attorney**



**Enduring
Guardianship**



**Advance Care
Directive**



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The fees outlined in this brochure are current at the time of publication. For any changes to the fees charged by NSW Trustee & Guardian the information will be made available via our website www.tag.nsw.gov.au

About NSW Trustee & Guardian

NSW Trustee & Guardian is a government agency providing professional services in Will making, Powers of Attorney, appointments of Enduring Guardianship, Trusts and Estate Administration. We have more than 100 years of experience – we know the legal requirements and provide informed advice.

We offer independent and impartial executor services and have the expertise of solicitors, accountants, trust managers, taxation and investment specialists on staff.

Key terms used in this section

Assets

Things you own such as belongings, bank accounts, property, shares and investments.

Beneficiaries

People and organisations that will receive or benefit from your assets.

Contesting a Will

A formal objection against a Will.

Estate

All of your assets.

Executor

A person or organisation who administers your estate, within the terms of the Will, after you die.

Gifts

The assets or benefits you leave to people in your Will.

Intestate

Not having a valid Will when you die.

Probate

Official recognition from the Supreme Court that a Will is legally valid and there is permission to administer the estate.

Revoke

Officially cancel.

Spouse

Husband or wife.

Testamentary capacity

The legal term used to describe a person's legal or mental capacity to make or update a valid Will.

1. Wills

Your Will

A Will is an important legal document that sets out who you want to receive or benefit from your assets when you die. Making a Will is the best way to help ensure your assets will be distributed to your chosen beneficiaries, according to your wishes.

It is recommended that everyone 18 years and over (who has testamentary capacity) should make a Will.

For your Will to be valid it needs to comply with certain criteria:

- you must be over 18 years old (the Supreme Court can approve a Will for people under 18 in limited circumstances)
- it must be in writing – it can be handwritten, typed or printed
- it must be signed by you (or by someone at your direction, if you are unable to sign) and witnessed by two or more witnesses (beneficiaries should not be a witness as it may cancel out their entitlement)
- you must have 'testamentary capacity'.

SAM'S STORY

Sam filled in a 'do-it-yourself' Will form intending to leave the whole estate to his wife Miranda. He inserted Miranda's name in the section of the form appointing her the executor but forgot to insert her name in the section for nominating a beneficiary. This meant Sam had actually left his entire estate to nobody.



Why it's important

Without a valid Will, no-one knows who you wanted to inherit your assets and sentimental items and when this occurs it is called dying intestate.

Your assets will be distributed according to a formula set out in the *Succession Act 2006* which may not be in keeping with your wishes. This law defines which family members are entitled to your assets and what portion of your estate they are entitled to receive.

If you die without a valid Will the law does not provide for gifts to friends or charities, or any religious or cultural arrangements you may want to make. There is no allowance for pets, who can also be important members of your family.

If you are in a de facto relationship and die without a Will, your partner would need to supply sworn evidence that the relationship existed. This can be expensive and distressing during a time of grief. It is much easier to have a Will, naming your partner as a beneficiary, if that is your wish.

Do-it-yourself Wills

It is not recommended that you prepare your own Will. If a Will contains unclear wording (common in homemade Wills), or does not conform to strict legal requirements, the Supreme Court may need to determine what it means, or whether or not it can be accepted as a valid Will. This can result in large legal costs, delays and there is a risk your wishes may not be carried out.

It is better to have your Will professionally prepared by someone that knows the legal requirements and can ensure your wishes are properly recorded. This gives you the opportunity for good estate planning. There are tax considerations that an estate specialist can discuss with you. More complex family arrangements may also need to be carefully planned for in a Will.

Making your Will with us

When you book an appointment with us, you will be invited to a face-to-face meeting, where you will be able to talk through your wishes and NSW Trustee & Guardian staff can provide advice. We ensure all areas of testamentary capacity are addressed in the process of drafting a Will and we provide impartial witnesses.

When we prepare your Will you can choose us as executor or someone else of your choice.

Updating a Will

You should review and update your Will when there are major changes in your life. These can include getting married, separated or divorced, starting or ending a de facto relationship, having children, starting a business or buying a house. In addition we also recommend you review your Will about every five years in conjunction with a professional, even if you haven't had a significant life event. This will enable you to ensure the Will is still in accordance with your wishes and any changes in the law can be considered.



Situations where you should review your Will and may need to update it include:

- welcoming new children or grandchildren into your family
- relationship changes – starting a de facto relationship, marriage, separation or divorce
- your children remarrying or divorcing and having extended families
- the executor named in the Will dying, or no longer being able or willing to handle the responsibility
- a beneficiary named in the Will dying
- death of your spouse
- the value of legacies diminishing over time: while you may have left a sum of money that seemed significant when you last made your Will, what is it worth in 'today's' dollars?
- retirement often results in people restructuring their affairs. This is an ideal time to actively consider your estate planning to ensure you have the most effective arrangements in place
- when you buy or sell assets – there are many examples of people gifting assets in their Will but then selling them before they die. This results in some beneficiaries receiving nothing, and others receiving significantly more than was intended in the original Will.

Relationship changes and your Will

Under NSW law, your Will is revoked when you marry unless it was made with thought given to marriage. If you die without making a new Will you will die intestate. There is an exception – if you have made provision in the Will for the person you marry, or you have appointed them as executor, trustee or guardian, this will remain in place.

If you divorce after making a Will any gifts to your former spouse are revoked unless your Will provides otherwise. Similarly, unless your Will provides otherwise, a divorce will cancel your former spouse's appointment as executor, trustee or guardian in the Will. There is an exception if your former spouse is trustee of property left by the Will in trust for beneficiaries that include the former spouse's children. These issues can be complex and require specific legal advice.

Separation of a married or defacto couple does not impact a Will. For example, if you are separated from your spouse but not yet divorced (or never get around to divorcing) the whole Will remains in place. This could result in your assets being distributed in a way you no longer want.

Contesting a Will

Friends or relatives who believe they have not been sufficiently provided for, may be entitled to contest your Will.

People who can contest your Will under the *Succession Act 2006* are not restricted to your spouse and children. Claimants can include a de facto partner, former spouse, grandchildren and people who have lived in the same household as you, if they are able to show that they have been dependent on you.

We can advise you about the best way to address these possible challenges.

Have you considered your digital assets?

It's easy to overlook things when you're preparing a Will. One example you may not have considered is your digital assets.

For example, if your executor is unaware of website subscription fees, or bills that you pay automatically online, your estate may be paying for things unnecessarily after you're gone.

It's important to document all of your digital assets, regardless of value. Not doing so could cost your estate money.

Some of the most common digital assets you may need to think about for you executor to action include:

- Emails, blogs and social media accounts, e.g. Facebook, Twitter, LinkedIn
- Domain names and web servers
- Photo/video storage. e.g. YouTube
- Online banking and other financial products
- Reward programs, e.g. Flybuys
- Online retail and payment systems, e.g. eBay, PayPal, Amazon, iTunes
- Computer hard drives and passwords

Storing your Will

It is important to keep your original Will in a safe place. A Will can only be used if it can be found. There have been times where family and friends were aware that a Will existed but were unable to locate it when it was required.

The Supreme Court of NSW requires a person's original Will in order to grant probate. If your original Will can't be found, this will cause delay and significant expense and your wishes may not be carried out.

We offer a service called *Will Safe* that provides secure storage for your Will, Power of Attorney and Enduring Guardianship documents. Electronic copies are made for added security and documents are easy to retrieve when required.

Fees (including GST)	
Single document deposit (Will, Power of Attorney or Enduring Guardianship)	\$29
Deposit up to three documents	\$49
Deposit up to three documents for NSW Seniors Card holders	\$29

If you appoint NSW Trustee & Guardian as executor of your Will or attorney under a Power of Attorney (including first-named substitute only), document storage is free of charge.

Will making fees

We charge fixed fees for our document preparation services so you know exactly what the costs will be before attending an appointment. There are no per-hour charges as can be the case with other providers.

Preparation services are provided free for people eligible for a full Centrelink Age Pension (including people receiving other government benefits, such as a Department of Veterans' Affairs Pension, who would otherwise be eligible for a full Centrelink Age Pension).

Fees (including GST)	Will	PoA*	Will + PoA
Document preparation	\$330	\$220	\$440
NSW Trustee & Guardian document update	\$220	\$165	\$330

*Power of Attorney

Key terms used in this section

Conflict of interest

A person is in a position to get personal benefit from the actions or decisions made in their official capacity.

Estate planning

Preparing for the transfer of assets and wealth after death.

Executor

A person or organisation who administers your estate, within the terms of the Will, after you die.

Life interest

Where a person has use of property for their lifetime and after their death the property passes to other beneficiaries.

Renounce

Formally give up the role.

Trustee

A person or organisation administering a trust on behalf of the person who created it. They manage the assets within the terms of the trust.

2. Estate Administration

Choosing an executor

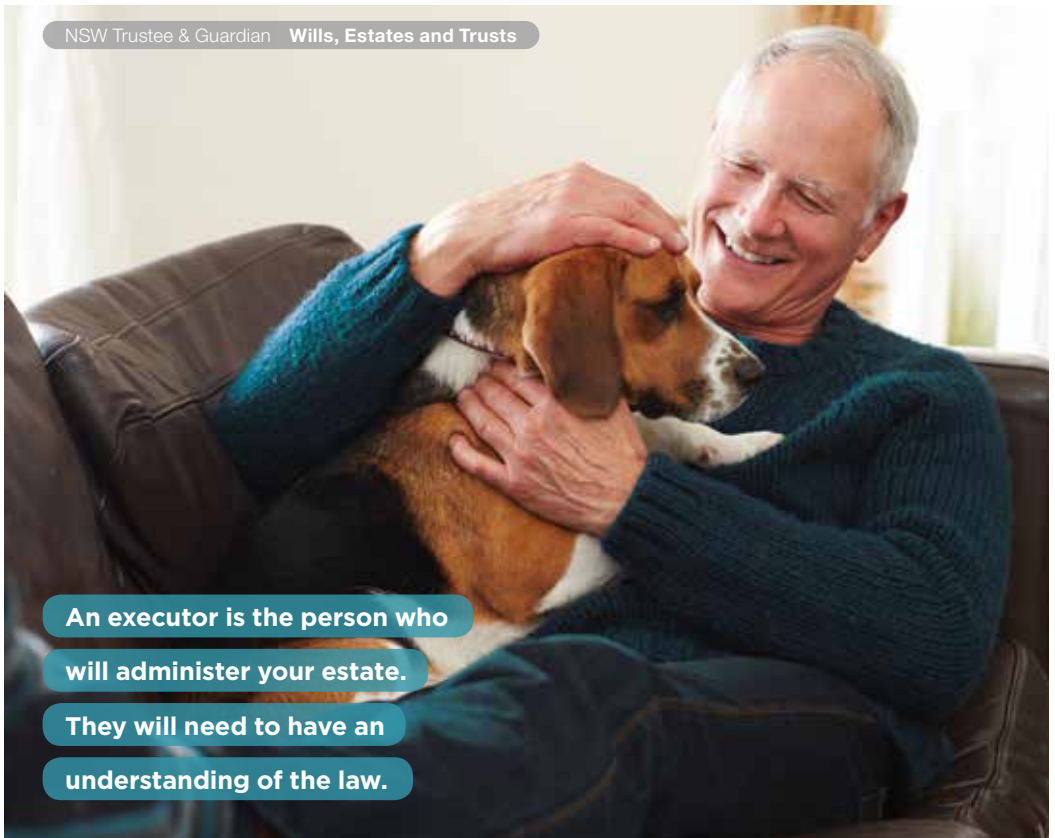
When you have a Will drafted, you need to consider who you would like to appoint as your executor. This is the person or organisation responsible for administering your estate within the terms of the Will when you die.

Many people appoint a friend or relative as their executor. They may do this as a compliment, or a way of acknowledging their respect and admiration for that person. The reality is that they are left with the stress and responsibility involved in administering your estate at a time when they may be grieving.

It is important to ask the person you choose if they are willing to take on the role. An executor needs to have the time and capability to carry out everything that needs to be done and should also be able to handle making complex decisions.

In many cases it is not appropriate to appoint someone who is a beneficiary as they may have a conflict of interest. It is also a good idea that your executor lives in the same state and country as you.

If a trust is created by a Will, you will also need to appoint a trustee to administer the trust.



**An executor is the person who
will administer your estate.**

**They will need to have an
understanding of the law.**

What executors and trustees do

These roles can be complicated and a lot of work. Executors and trustees must follow the laws and rules that govern the administration of deceased estates and trusts. Their duties don't necessarily stop after the Will has been administered as there may be ongoing responsibilities. Some examples of when this might happen include assets being held for children, a life interest in an estate or a long term trust that was set up in the Will.

Executors and trustees can be held personally liable for any mistakes made in the administration of the estate or trust. It is therefore important they have an understanding of the law and tax rules. Also, executors may be called upon to resolve conflict between beneficiaries and may need to be involved in court action concerning the estate or trust.

Responsibilities of an executor when administering an estate

ADMIN

- locating the Will
- making funeral arrangements (depending on family situation)
- keeping beneficiaries up to date
- notifying government agencies, utilities, financial institutions etc.

PROBATE

- preparing all necessary documents required to apply to the Supreme Court for a grant of probate
- distributing the estate assets and funds (this includes first ensuring all liabilities and expenses have been accounted for, paying legacies, transferring specific gifts, establishing any ongoing trusts and transferring or paying any remaining assets to the residuary beneficiaries).

FINANCIAL

- finding out about assets and debts by contacting financial institutions, service providers and government agencies
- making an inventory of personal and household effects, cash, business interests, real estate and securities (including property outside of NSW)
- after probate, preparing account and tax information for beneficiaries
- paying liabilities (including income tax which may relate to the period both before and after the death to date of death)
- accounting for the beneficiaries.

Our executor services

As a professional executor and trustee our expertise in estate and trust management is valuable in:

- providing impartiality in managing disputes between family members about their inheritance
- managing any long term trusts created by the Will
- administering overseas assets
- handling income and trustee tax issues.

Additionally:

- our in-house genealogy department is able to trace people entitled as beneficiaries under a Will and next of kin who are entitled to assets in an intestate estate, potentially reducing the time necessary to administer the estate. It also reduces the risk and legal consequences of distributing the estate to the incorrect people
- all money received from an estate or trust is held in an account called the NSW Trustee & Guardian Common Fund, and earns interest calculated on daily balances which is credited to each account in June and December each year
- we are a perpetual organisation so we will always be around to ensure that the instructions of the Will are properly carried out.

Accepting or declining the role of executor

If you have been nominated as an executor, you do not need to accept. There is no legal obligation to agree. You can renounce being an executor and transfer the role to an independent executor like us. This should be done as soon as possible after the death as it gets more difficult to renounce once you have started acting in the role of executor.

There are many reasons people are unable to accept the role of executor. This can include living overseas, not having time for the many demands, concerns about having to manage family issues and concerns about taking on the risks of being an executor.





EVAN'S STORY

Evan had four sons. He had appointed the eldest as executor. When Evan passed away, it was established that one son had borrowed a large amount of money from him.

Evan had also lived with another son for several years and he claimed that as a result of an informal rent agreement Evan's estate owed him a large amount of money. The eldest son appointed as executor became very concerned about conflict and division within the family and that to resolve these disputes the estate would be depleted by large legal costs.

By appointing NSW Trustee & Guardian, Evan could have ensured an independent and experienced executor was able to manage these situations.

Estate administration fees

Our fees for executor services include work done to obtain a grant of probate (or administration) and the administration and distribution of the estate.

Charges are based on solely owned assets in the estate. Joint assets like bank accounts or a house will not attract a fee (except for a minimal charge to ensure a house is registered in the name of the surviving joint tenant). All fees quoted include GST.

There may be costs for external services like bank fees, valuers and real estate agents. Our staff will be able to discuss all fees in more detail with you.

Fees (including GST)	
One-off executor fee	Based on asset values: 4.4% on the first \$100,000 3.85% on the second \$100,000 2.75% on the third \$100,000 1.65% any amounts over \$300,000 (Minimum fee of \$220)
Estate management	0.77% per year on value of assets held
Account keeping	\$132 per year
Investment	0.11% per year of value of assets invested in NSW TG investment funds

Additional fees that may apply (including GST)	
Lodgement of tax return	\$297 first hour \$253 additional hourly rate (charged in 15 minute blocks)
Tax investigation without lodgement	\$148.50 first hour \$253 additional hourly rate (charged in 15 minute blocks)

Case Study

John and Kylie are married and own their house together. John makes his Will with NSW Trustee & Guardian and appoints us as his executor. John's assets also include his superannuation fund, an investment property in his name only and a joint bank account with Kylie. When John dies the fees are as follows:

Joint assets		
House	\$1,000,000	No fee
Bank account	\$2,000	No fee

Solely owned assets		
Superannuation	\$300,000	The superannuation was paid directly to Kylie by the trustee of the superannuation fund, so does not form part of John's estate.
Investment property	\$950,000	Fee applies
Total assets where fee applies	\$950,000	

NSW Trustee & Guardian fees will be:	
4.4% of \$100,000	\$4,400
3.85% of \$100,000	\$3,850
2.75% of \$100,000	\$2,750
1.65% of \$650,000	\$10,725
Total (plus any additional costs)	\$21,725



Cost comparison with solicitors

NSW Trustee & Guardian fees for estate administration include work done to get a grant of probate (or administration) and the administration and distribution of the estate. Our fees are regulated and are structured differently to charges a private solicitor makes. This is because we operate under different laws.

The costs charged by a private solicitor are usually separated into the costs of getting the grant of probate (or administration) – referred to as ‘scale costs’ – and the costs of administering and distributing the estate.

Scale costs are fixed by legislation, but there is often work carried out by solicitors before obtaining probate or administration which falls outside of these costs, such as sorting through estate papers and getting valuations or appraisals. The solicitor is entitled to charge for these additional costs if they perform this work.

For the cost of administering and distributing the estate, many solicitors charge on a ‘time spent’ basis. The amount of time spent will vary depending on the complexity of the estate. Some solicitors charge higher hourly rates than others so the fees charged by one solicitor may be quite different to another.

Key terms used in this section

Capital

The initial assets or funds in a trust

Income

Earnings generated over time.

Testamentary trust

A trust that is created by a Will and begins after you die.

3. Trusts

What is a trust

A trust is a relationship based on confidence between the person creating the trust (you), a person holding assets and funds (the trustee), and a person to receive benefit from the property (the beneficiary).

A trust is created either by a Will, by a deed or a court order. A trust created by a Will is called a testamentary trust, and becomes effective from your death. In contrast, a trust created by a deed can be effective in your lifetime.

The benefits of testamentary trusts are that they can provide:

- continuing support for a beneficiary (which could include a charity)
- tax effective estate planning.

We are able to advise on the type of trust you may require and help set it up. When you appoint NSW Trustee & Guardian as trustee, your beneficiaries get the benefit of a professional trustee for as long as the trust needs to run.

Trusts for children

You may wish to leave a gift to a child as part of your Will. This gift could be held in trust until the child reaches 18 years of age (or an older age if specified). While the funds are held in trust, you may want to specify if it can be used for the child's benefit, for things like education and living expenses.

It's important to choose a reliable trustee so that any fund that is established is managed in a responsible and appropriate way, in accordance with your wishes.

SOFIA'S STORY

When preparing her Will with NSW Trustee & Guardian, Sofia wanted to leave money to her grandchildren. She did not want her grandchildren to be able to access the funds until they turned 21 years of age, but she didn't want them to be disadvantaged by not having money if they really needed it. A trust was set up which allowed her grandchildren to seek funds for some educational expenses like music lessons before their 21st birthdays.

Trusts for adults not able to manage their own finances

Trusts for adults can be an extension of a trust created for a child, if the person does not have capacity to manage their own affairs when they turn 18, or can be created for someone who is already an adult. Trusts can also be created for adults vulnerable to financial loss or financial exploitation. These types of trusts can continue for a very long time, particularly if the person is only young when the trust is created.

Charitable trusts

A trust can give charities long-term benefits through tax effective income from an estate. It is effective when there are large amounts of money involved and can suit a long-term project like a scholarship or medical research.

Special disability trusts

Special disability trusts can attract social security means test concessions for the beneficiary and eligible contributors. The purpose of the trust is to assist families to make financial provision for the current and future needs of a family member with a severe disability. The beneficiary must be assessed by Centrelink. Consultation with a professional is recommended as there are eligibility criteria and ongoing reporting obligations.

Special disability trusts can be set up during your lifetime or established through your Will.



Trust fees

The fees below outline the costs involved for NSW Trustee & Guardian to act as trustee. If we administer an estate that includes a continuing trust, the one-off trustee fee is not charged.

Fees (including GST)	
One-off trustee fee	3.85% on the first \$100,000 2.75% on the second \$100,000 1.65% on the third \$100,000 0.55% any amounts over \$300,000 (Minimum fee of \$220)
Trust management	0.77% per year on value of assets held (excluding the principal place of residence)* Capped fee may apply**
Account keeping	\$132 per year
Investment	0.11% per year of value of assets invested in NSWTG investment funds

Additional fees that may apply (including GST)	
Lodgement of tax return	\$297 first hour \$253 additional hourly rate (charged in 15 minute blocks)
Tax investigation without lodgement	\$148.50 first hour \$253 additional hourly rate (charged in 15 minute blocks)

*For some categories of trusts, including but not limited to testamentary, inter vivos, trusts for sale or trusts resulting from a family provision claim, the principal place of residence is included in the asset total.

**For life interest, right of residence and discretionary trusts, the annual fee of 0.7% (+GST) on the value of the real estate occupied by the beneficiary is capped at a maximum of \$1,000 (+GST) per financial year.



4. Inclusive services

We are committed to providing inclusive services for all of our customers. Everyone is different; so please let us know the type of adjustment you require, whether you are meeting with us or accessing our publications.

Requesting an adjustment can include:

- bringing a support person with you
- wheelchair access
- hearing amplification or relocating to a quieter area
- access to an interpreter
- documents in large print or electronic formats.

Some reasonable adjustments may require additional time to organise. If you are unsure please contact us in advance of your appointment.

5. Additional fees

Our fees do not cover costs from other organisations e.g. banks, valuers and services related to real estate assets including buying and selling; ongoing fees to manage assets held in trust; and out of pocket expenses such as postage, phone and photocopying.

There may be further costs for additional work, for instance if there is legal advice required, overseas assets involved, the entitlement or Will is contested, or we have to search for missing beneficiaries and/or prepare family trees. A full schedule of NSW Trustee & Guardian fees is available on our website **www.tag.nsw.gov.au/fees**

Plan Ahead with NSW Trustee & Guardian

You can make your Will, Power of Attorney and Enduring Guardianship documents at a plan ahead day or one of our branches. We regularly hold plan ahead days at community venues across NSW. Check our website for upcoming plan ahead days in your area www.tag.nsw.gov.au/planahead

There is an agent for NSW Trustee & Guardian at every Local Court in NSW. Service NSW Centres also offer information on NSW Trustee & Guardian services.

Contact us



1300 364 103

(local call cost only)

or **+61 2 9240 0700**



www.tag.nsw.gov.au

Branches

- Bathurst
- Broken Hill
- Lismore
- Newcastle
- Parramatta
- Port Macquarie
- Sydney CBD
- Wagga Wagga
- Wollongong

Services

- Will Making
- Will Safe Storage
- Power of Attorney
- Enduring Guardianship
- Trust Administration
- Deceased Estate Administration
- Financial Management



**NSW Trustee
& Guardian**