

# Willing Wisdom Index™

## PERSONALISED REPORT

This complimentary report provided by



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### Congratulations, Craig Palfrey

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.

## YOUR WILLING WISDOM INDEX™

How prepared is your family to inherit?

# 69 / 100

The median Willing Wisdom Index Result score for this questionnaire since inception is 49, meaning an equal number of people have scored above 49 and below 49.

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

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**B+**

## LATER LIFE CARE



You have an average probability that your beneficiaries will be adequately prepared to advocate for your care. With a number of small changes to your estate plan, you can better prepare your family and friends to understand the role you hope they will play when you are in need.

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**A+**

## TAXES



Few planning gaps were detected in your estate plan, presenting limited opportunities to further reduce taxes triggered by the settlement of your estate. Your focus now should be to work with an adviser to ensure that your estate plan keeps pace with changes to tax laws and your own life circumstances.

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**A+**

## LEGAL CHALLENGES



Your plan suggests a lower-than-average probability of a legal challenge to your will. Your conscious effort to invest time in planning, facilitating and communicating among your intended beneficiaries, as well as in keeping your documentation up to date, is impressive.

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**B-**

## COMMUNICATION



You have made some investment in communicating the details of your estate plan to your intended beneficiaries. Now dedicate yourself to improving the frequency of your communications. Be mindful that a lack of transparency about the details of your estate plan can destroy family wealth and relationships.

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A+

## PLANNING



You have made significant estate planning progress. There is ample evidence that you have made conscious decisions about how best to divide your assets and are mindful of the impact your decisions will have on your beneficiaries. You understand well that inherited wealth can release potential or accelerate pre-existing problems. Family, friends and community are clearly important to you and are reflected in your thoughtful estate plan.

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A+

## GOVERNANCE



Your will and wishes documentation are significantly above average. But changes in your life circumstances and to Inheritance tax rules mean that you must remain committed to updating your documents annually.

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# YOUR TO DO LIST

**Craig Palfrey, your priority action items include:**

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1. Provide your executor and backup executor with a copy of your will.
2. Provide all of your beneficiaries with the name(s) of the person you have selected to be the executor of your estate.
3. Contact an adviser skilled in facilitating family meetings and arrange a meeting of your beneficiaries, including any charities named in your will.
4. Remember to give the person you have selected as your power of attorney a copy of your power of attorney documentation.
5. At your next family meeting, share with your intended beneficiaries the names of the people you have selected as your power of attorney and backup power of attorney.
6. At your next family meeting, share a copy of your health care power of attorney/living will with all of your intended beneficiaries who are related by blood.
7. Provide your executor and the person listed as your power of attorney (if different) with a copy of your up-to- date list of assets.
8. Contact your executor and share your computer usernames and passwords, along with your social media usernames and passwords.
9. Meet with an adviser to discuss your concerns about a beneficiary's spending habits and the planning options available to you.
10. Meet with an adviser to put in place estate planning safeguards to protect against your concerns about the spending habits of a beneficiary's partner.
11. Meet with an adviser to discuss estate planning options relating to your concerns about a beneficiary's addiction.
12. Meet with an adviser to review new options for providing for a beneficiary with a life-long disability.
13. 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.
14. Give your executor and backup executor documentation relating to all gifts and loans you have made to beneficiaries.

# CRAIG PALFREY, HERE IS YOUR CUSTOM WILLING WISDOM INDEX™ REPORT

## **You have a signed will**

You have executed one of the most important documents in a will and wishes plan. Sadly, more than 27.2 million UK adults do not have a will, including perhaps other members of your immediate and extended family, friends, co-workers and neighbours. Did you know that this longstanding problem is both old and not unique to just the UK? Robert Burns died intestate in 1796 as did Amy Winehouse in 2011. In the US, 4 presidents died without a will. More astonishingly, 2 of them were solicitors by training! There is a long list of accomplished people who failed to write a willplan including, Stieg Larson, Jimi Hendrix, Pablo Picasso, Howard Hughes and Martin Luther King Jr.

A will is a great start but it's just the beginning of a great will and wishes plan that will improve your late-in-life care and reduce taxes triggered by the transfer of assets. And, if all goes well, it will significantly reduce the probability of a will challenge.

## **Drafted by an adviser / will specialist**

Your will was drafted by an adviser / will specialist, which is excellent. You might want to ask yourself another question: Did the person who drafted your will specialise in will writing? You might consider having your adviser get their preferred will specialist to review your will and look for deficiencies that may cause confusion, or worse, legal challenges to a will. Be sure to keep the original copy of your will in your own safety deposit box or fireproof safe, especially if your adviser / will specialist is older than you. Like other businesses, sometimes law firm partnerships dissolve, making it difficult to retrieve original wills.

## **Your adviser is in the loop**

You are smart to have had your financial adviser, accountant or adviser / will specialist review your will recently. Changes to your investments or to tax laws that you may be unaware of can have significant implications for your estate. Continue to keep your financial adviser and up-to-date of any changes to your will and they'll reward you with the best strategies for reducing taxes now and in the future.

## **Sharing your wealth**

You intend to leave your estate to more than one person. Whatever you decide, it is important that when you meet with your financial adviser you include your partner or other family members in the meetings so that they too develop competency with respect to your investment assets. Remember to also give your partner or other family member a copy of your will.

Disclosing your giving intentions to your partner and other family members 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.

## **Building trust with your trust**

By establishing at least one trust as part of your plan you have taken important steps to transition your wealth efficiently with a view to reducing taxes triggered by the transfer of

assets. Now the real work begins in preparing your beneficiaries to treat inherited wealth with the respect it deserves. Talk with your adviser about holding a family meeting to help better prepare your beneficiaries.

### **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.

### **Consider sharing your will**

It is problematic that you have not provided a copy of your will to your executor. The most common explanation for this situation is that your executor is also named as a beneficiary. Perhaps you have simply forgotten. After you give a copy of your will to your executor(s), go one step further and ask them if they have any questions about the document and your intentions. This simple conversation can lead to smoother administration of your estate when an executor can say to surviving family, for example, “I spoke to your father about his clause and his intent was clear.” Sometimes the idea behind the gift is as important as the gift itself.

Set your executor up to succeed. If you want to demonstrate advanced planning best practices, appoint a backup executor in case your primary executor quits or dies. Backup executors should also be party to all discussions with intended beneficiaries so that everyone is clear about the meaning of specific wording included in a will. For example, if a will says that an executor should disperse money to a beneficiary to meet a “need,” examples of “needs” versus “wants” must to be fully discussed and understood by both the executor and the beneficiaries. Leaving your wealth takes wisdom. Show them just how wise you are.

### **No executor experience**

You have selected an executor who has not performed that duty before. It is not necessary or a legal requirement that you do. Prior experience alone is not evidence that your estate will be well managed. Your adviser can arrange for a will specialist to attend one of your family meetings to explain the duties of an executor. This can go a long way in helping you select the right person for the job.

Your adviser / will specialist can also explain the compensation that goes with the position of executor. In the absence of this conversation, family members who have not been selected as executor will sometimes assume that another family member has been accorded special status and privilege as executor or that the deceased loved that person more. A simple conversation about who the executor is, what they have to do and how they will administer the estate can go a long way to eliminating family disagreements. Setting your executor up to succeed can be one of the greatest gifts you leave to your family. If you think the cost of an adviser / will specialist attending your family meeting is expensive, consider that most estate challenges cost from £10,000 to £25,000 to get to trial. The average trial lasts 5 to 8 days and average cost is £11,000 per day. If that isn’t enough to get you excited about getting your plan right,

remember these trials are in open court for the public to consume for their own entertainment.

### **Reveal your choice of executor**

You have not communicated to your beneficiaries the name of the person(s) you have selected to be your executor. In not doing so, this information will typically become public knowledge as your final arrangements are made. It is your executor who has the legal duty to implement your final wishes and make arrangements for your funeral or celebration of life. Any discontent, confusion or disagreement about whom you have selected may play out during your funeral while your family is grieving. This is often where the first seeds of discontent are sown and the intent for a will challenge is born.

You have also missed the opportunity in your family meeting between you, your executor, your beneficiaries and your advisers to discuss strategies to reduce taxes triggered by the settlement of your estate. When we keep the name of our executor(s) secret, the opportunity for fuller, more comprehensive planning is squandered. Consider going one step further and sharing with your beneficiaries why you selected the person(s) you did to be your executor. This can be a smart, strategic decision that has the potential to significantly reduce taxes triggered by the transfer of assets and limit the possibility of a will challenge. In some family meetings, the person selecting their executor asks for input on the decision instead of making a declaration. By democratising this decision we can often create a culture of cooperation built on mutual trust and respect.

### **Update your will**

You have not updated your will more than once in the last year, which on its own is not necessarily a deficiency. The exception is if you have experienced significant changes in your life – for example, the birth or death of a child, parent or other intended beneficiary; the start or sale of a business; or your receipt of an inheritance that materially changed your own plan. Be mindful that keeping your will up to date is important, but that too many changes to your will, particularly as you get older, can open the door for legal challenges based on your mental capacity or undue influence. Most adviser / will specialists who have attended a bedside will amendment can speak to the difficulties and risks of leaving will and wishes planning far too late. There is no such thing as being “on time” with your plan – it is a decision you make today to be either early or late.

### **No willing gaps**

It is a sign of excellent planning that all of your beneficiaries over 18 have wills. People tend to believe that wills are for old people and that family members die in order. The reality is that a statistically significant number of children predecease their parents. Every day in the UK approximately 140 people under the age of 50 die. 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.

## **The ultimate family meeting**

You have not attended a family meeting that included at least 3 generations of your family 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 larger the meeting, typically 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 resource to a family member who is struggling with an addiction or marital problem.

Families that have a long tradition of meeting with advisers often 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 did not attend your first family meeting to discuss will and wishes planning options before you turned 18, you have no reference point for what you liked and disliked about these gatherings. 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.

### **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.

### **It's never too late to prepare your heirs**

You are concerned that your gifts will diminish your beneficiaries' work ethic and drive to succeed. If this is something you feel strongly about, consider opening investment accounts in your beneficiaries' names and having your adviser work with your beneficiaries to 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 potential or accelerate a pre-existing problem. 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.

### **Revisit this issue with your whole family present**

You indicated that if one of your beneficiaries is more active in your long-term care, you do not intend to compensate them while you are still living. This is a decision you may want to re-evaluate given the profound impact it can have on the quality of care you receive. It may also increase the likelihood of discord and legal disputes 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 when your estate is being 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. Consider calling a family meeting today to communicate the concept of paying a beneficiary caregiver in real time for their efforts while preserving the concept of equality in your will.

If only one of your beneficiaries is likely to provide 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 beneficiaries 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 infrequent communication. Consider formalizing weekly or biweekly meetings or conference calls to keep your beneficiaries apprised of any issues relating to your health.

### **You have given everyone a powerful gift**

It is excellent that you have taken the time to arrange for a Property & Affairs Lasting Power of Attorney, which is simply a document that gives another party the legal authority to act on your behalf to manage your legal and financial affairs. Often those who try to save money by writing their own will also forget to write a Property & Affairs Lasting Power of Attorney and miss one of the most crucial steps in preparing their plan.

### **Leave them more than just your wealth – show them how to plan**

Not all your intended beneficiaries know who you have selected as your power of attorney. Consider sharing your Property & Affairs Lasting Power of Attorney at your next family meeting so that if the day comes that it needs to be invoked, other family members will be prepared for the decisions that need to be made. As with the selection of your executor, you may want to consider having your financial adviser or will specialist attend your next family meeting to explain the duties of a power of attorney and under what conditions those duties would be invoked. This is the kind of wise leadership and education that patriarchs and matriarchs share with family to ensure that wealth and family relationships are preserved.

### **Your family is lucky**

Through your Health & Welfare Lasting Power of Attorney, you have legally specified your health care treatment preferences should you no longer be able to make medical decisions for yourself, and you have 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.

This important document is not only a gift to yourself but also to your family, who will not have to wrestle with these decisions – especially 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 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. Individuals like you who anticipate the need for these legal documents set up their beneficiaries to succeed. This kind of planning greatly reduces the probability that family will litigate over the health care decisions made on your behalf and over your estate itself. If you are married and travel with your partner, others should have a copy of your Health & Welfare Lasting Power of Attorney. Be sure to add this to the agenda of your next family meeting.

### **Sometimes the most valuable gifts are non-financial**

You have not shared a copy of your Health & Welfare Lasting Power of Attorney with your beneficiaries. But this kind of planning and attention to detail can greatly reduce the probability that your beneficiaries will fight and ultimately litigate over the health care decisions made on your behalf. It will also significantly reduce the probability that disagreements over medical decisions made on your behalf will spill over into disputes over your estate in the fullness of time.

If you are married and travel with your partner, others should have a copy of your Health & Welfare Lasting Power of Attorney. Be sure to add this to the agenda of your next family meeting. Will and wishes planning is much more than just dividing wealth. It is about starting family conversations about life, aging and ultimately dying with dignity. This is an extraordinary gift to give yourself and your entire family.

### **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.

### **Share the list**

You have not given your executor(s) a list of your assets and liabilities. Do it now. Consider going one step further by assembling the background documents for these assets; for example, deeds to property or ownership documents for various assets like boats and cars. 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 spot 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 often arise

when assets are revealed late in the estate administration process. One of the fastest growing areas of insurance is executor insurance, given the amount of will challenges by beneficiaries who are either displeased with their share of the estate or the speed at which it is administered.

### **Who will turn off your social media?**

You have not given your executor a process to locate your list of social media and computer usernames and passwords. If you have ever received a Facebook, LinkedIn or other social media message reminding you to wish your deceased family member or friend a happy birthday, you'll know how important this planning is. There is no more public expression of planning unpreparedness than these kinds of messages, which cannot be easily shut off without your password. Given the prevalence of online banking and bill paying, and the need to access important documents and contacts, you also need to share computer usernames and passwords. Organising your estate in such a detailed and thoughtful way will be acknowledged by those who matter most.

### **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.

### **You were taught well**

You indicated that you have a copy of a parent's will or had a copy 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 shared will and wishes plans and are therefore more likely to extend this practice to your own beneficiaries. This culture of transparency offers a significant advantage to the next generation in working with advisers to implement planning solutions that can reduce taxes and reduce the odds of will challenges.

### **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.

### **You're a strategic planner**

You share a financial adviser or accounting firm with at least one of your beneficiaries. One of the most overlooked benefits of this arrangement will come 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 both taxes triggered by the transfer of assets and the damaging costs of a will challenge.

### **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 to divide your estate equally among all your beneficiaries is the right decision. 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 real property, or a loan, has been made to, for example, one sibling but not to others and has either not been documented or not communicated to other intended beneficiaries. The notion of estate equalisation can be a flashpoint for will challenges, 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 by 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.

### **Act on your concerns about overspending**

Being worried about the spending habits of a beneficiary is a common concern, especially for those who have accumulated significant assets or who intend to leave assets that will materially change the financial fortunes of a beneficiary. For some the temptation will be to insist that the intended 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 family disputes.

### **The spender spouse – look to your adviser for help**

Your concern about the spending habits of at least one of your intended beneficiaries' partners is a common concern but not one that will likely resolve itself on its own. But it can be addressed in a family meeting through proper facilitation and through technical solutions, such as the use of trusts. Your adviser can work with you on a strategy to manage this potentially serious concern about the preservation of your gifted capital.

### **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 have some concerns about drug, alcohol or gambling addiction with one of your intended beneficiaries. Inheritances can release potential in the next generation or they can accelerate pre-existing problems. Because you are aware of an addiction in our family, you are in a privileged position to 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 the 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 other beneficiaries 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.

### **Broaden your conversation about disability**

You have at least one beneficiary with a physical or mental disability who will require ongoing financial support after your death. If you have not discussed and implemented special arrangements to provide for continuing support for this loved one, please make doing so an urgent priority. Your adviser can explain the wide range of options, from financial considerations to guardianship in the case of a minor (under age 18).

Your hopes, desires and expectations of care for a beneficiary who is currently under your care and supervision 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 the future.

### **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.

### **You loaned money and wrote it down**

You likely have no idea how unusually well organised you are. Of all the issues that can cause grief for an executor, undocumented gifts and loans are the number one source of family conflict. If you want to be remembered as organised, focused, considerate, thoughtful and purposeful, just keep doing what you are doing.

### **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.

### **You understand that small things can cause big problems**

Your will deals with the division of real property and personal possessions such as your home, jewellery, art and pets. This piece of excellent planning is often overlooked. If your list of assets is comprehensive, there is likely to be few disputes. Having these assets valued can keep 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 estate that they truly value.

Double check that your approach is clear, whichever method you've chosen. And if you haven't already, 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.



**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

**Craig Palfrey,**  
Take a moment to congratulate yourself.

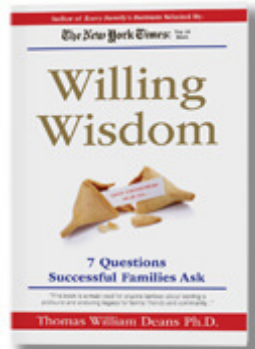
You have invested time and imagination in a subject that many people ignore. Estate planning is so much more than dividing wealth – it's about leaving relationships that work well when we are gone. When you will with wisdom, it is wisdom that you will. This is your greatest gift to family, friends and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