

Inheritance

Make the most of what life serves up to you...



Counting your blessings

It is not every day that people are gifted large sums of money or valuable property.

But when this gift comes to you as an inheritance, it might also come with a sense of sadness at the loss of someone close. At the same time, there may be feelings of personal responsibility and a desire to make the best you can of a rare opportunity.

While an inheritance can sound appealing before it actually happens to you, surprise and the possible mix of emotions that might come with it can make dealing with an inheritance particularly challenging.

Most of us don't receive any sort of windfall too often, so we can be quite unprepared for the financial issues and opportunities it raises. One thing is certain; there is a lot of financial decision making ahead for any beneficiary. There can be excitement but also fear that money and opportunity might be wasted if you make the wrong moves.

Decisions may include whether to use the money to pay off the mortgage; to fund education expenses for your children or grandchildren; or to donate some of your good fortune to charities you support or in honour of the person who left you this gift. All of these possibilities might confront you. And then there are the key questions: which are the right decisions for you, and how do you go about making them?

Making the best decisions

This is an opportunity to identify both personal and family goals, and weigh up the options the inheritance provides, short term and long term. Sitting down with a financial adviser can assist you to identify your choices and manage any risks, starting with a discussion about what your goals are and what priority you give to each of them.

The tax situation can be a little more complicated with the sale of inherited property and shares, but an adviser can help sort this out and work with your accountant or put you in touch with one. You may also need assistance from a lawyer or real estate professional, and your adviser can help there too.

If an inheritance or unexpected windfall comes your way, you can feel confident that by contacting a financial adviser you will receive the support you need to make the decisions in front of you, and to make the most of your opportunity.

Financial advisers can offer long-term guidance or targeted advice when you need help to manage specific events in your life.

An adviser works through the details with you to create a plan, including your:

- goals and aspirations
- income and spending
- superannuation and tax
- investments and major assets.

A life changing event

When Brian inherited a one-third share in the old family home after his dad had passed away, he recognised that dealing with his inheritance might be a challenge.

Brian had seen first-hand what could go wrong. It had certainly all gone wrong in his wife's family; the disruption and disputes ran for years.

Fortunately, Brian and his two brothers readily agreed to "go and see someone."

They found an adviser who was happy to see them together and that turned out to be a breakthrough. They were able to focus on the big question — what to do with the house — and work out a plan to suit each of them.

"Our brother Jim needed cash and decided to move on, so we had two valuations done and went from there," says Brian. "Frank and I wanted to hold it for four or five years and rent the place out, so we agreed to pay Jim his share."

"Frank thought it was a good investment, and for me it was also about hanging onto something important."

By talking with the adviser they also discovered that if the property wasn't sold within two years of their father's death, the sale proceeds would be subject to capital gains tax, so Brian and Frank agreed to return eighteen months later. "By then, we'd gone over it all a few times, and decided we didn't want tax complications so we'd move on," said Brian.

"In the end we just split the sale costs, and then the proceeds," said Brian. "I just think we've been lucky, really lucky."



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