

WILLS CASE STUDY

© Brought to you by RetireLaw Estate Planning Solicitors - October 2011

Dying To Get Her Message Across – Part 1



Sally Standard had just finished dropping off her three children to school when a thought of shocking magnitude dawned upon her. She and her husband John have not updated their Wills since the birth of their first child Toby 12 years ago. *“Is this bad? What would happen if her husband John passed away? Didn’t we buy a Will online for \$19!? Are they good enough? What did they say? Where are those Wills? Has the law changed in that time?”*

A serpent of anxiety weaved its way through Sally’s body. A perfectionist by nature, Sally tried her best to ignore the building angst, telling herself it was a simple oversight that could happen to anyone like her juggling being a mother, a wife and part-time physiotherapist.

As she pulled up at a red light, and with so much already on her plate that day, Sally thought it best to send John a message about her concern. Running late for work, and despite her car’s air-conditioning, Sally’s forehead was dappled with small beads of stress filled sweat, as her fingers worked feverously to transfer her worries via smart phone. The light for cars turning right turned green, and a loud aggressive horn for the slow moving car startled Sally from her text message, falsely coercing her to accelerate into the intersection. Poor Sally only realised her fatal mistake for a millisecond before her newly widowed husband’s Blackberry message tone beeped.

Over the next few weeks we will look at a different issue faced by newly widowed John Standard. This ‘serial’ case study will highlight the very real dangers of relying on simple Wills, and the important advantages and protections provided by modern estate planning Wills coupled with ongoing professional financial advice.

The Circumstances

John and Sally Standard had very typical circumstances – the type of **simple** circumstances that would have certainly benefited from proper estate planning advice and documentation.

Personal circumstances

- John 47, public servant on \$110k per year.
- Sally 44, part-time physio on \$60k per year.
- Married 16 years - no previous marriages.
- Kids - Toby 12, Alex 10 and Alice 6.
- Kids scheduled for private schools from year 7.
- All children are in perfect health

Assets circumstances

- Family home held jointly, with \$350k owing.
- Spent \$100k on renovations, current value est. \$800k.
- John \$105k super, Sally \$60k super, nominating beneficiaries.
- John \$300k life insurance cover via his super. Sally had none.
- Sally inherited \$50k of BHP shares from her aunt.
- John has a 20% share in a holiday shack, approx. value \$60k.

Issue 1: Underfunded Estate



Apart from the obvious emotional trauma from losing his wife, John Standard is also dealing with various personal and financial issues stemming from the lack of professional advice obtained prior to his wife’s death. As Sally had no life insurance cover, John is left without any additional financial support following her death. *“Who is going to care for the kids? And how is this parental support going to be funded?”*

With the loss of Sally’s income, John and the three kids are suddenly **down \$60k per year** in household income, forcing Toby’s much anticipated move to a private school next year to be postponed. Had John or Sally spoken with a financial planner or estate planning solicitor, they would have been made aware that their **estate was significantly underfunded**. Even if it had been John who passed away, his life insurance payout of \$300k wouldn’t even have covered the remaining \$350k owing on their mortgage, let alone have provided financial security for Sally to care for their three young children.

Given their age, health and income prior to Sally’s death, it would have been entirely affordable to start a meaningful life policy for Sally and to increase John’s life cover significantly to ensure that their estate was properly funded in the event of a tragedy. In the part 2 of this case study we will look at the consequences of John inheriting assets via Sally’s simple Will.

Have you watched [The Convenient Truth](#) yet? [Click here](#) to view this online presentation about Wills.

Or call **RetireLaw** and have an informal chat with one of our expert solicitors waiting to take your call.
Phone: (02) 9970 0800 **Email:** info@retirelaw.com.au **Website:** www.modernestateplanning.com.au