

Getting One's Affairs in Order

Notes from a Talk given to St Heliers U3A

April 6th, 2016, by Ashley Wilson

In my case the need to do this was triggered by a major health scare in October, 2014. I had a pulmonary embolism caused from deep vein thrombosis on long flights.

I made some resolutions, for with travel to Europe virtually every year for 20 years, mainly to see families there, I had become blasé:

1. Go business class in future on long flights (there is a saying that if you don't go that way, your kids certainly will!).
2. Wear tight stockings. In fact for my next long flight I bought Skins (from a Rebel store). These are expensive elastic tops and pants. I found during the first 12 hour leg last year that the top was very uncomfortable. Tight stockings, frequent "getting ups" and lots of water are best.
3. To get my affairs in the best order possible to lighten the work required by my children on my death and with the realisation that for many of these tasks I was the best informed on what to do.

Everyone's circumstances will be different (e.g. married or single, with a partner and with or without children) but there are many generalities that apply to us all.

Two key people after you die are your accountant and solicitor. Ideally they should be around after you die, so should be younger than you. I have dealt with one firm of solicitors since I first bought a house in Auckland 51 year ago. They have given great service. The first solicitor died, the second is nearly my age and at work only on a few days per week. But they have all my records and I am confident that should my present solicitor retire before my death, they have all my records and I will get someone else in the firm to manage my affairs.

Go through your files. I keep everything that I believe needs to be kept in a desk drawer. When it is full I go through and put things into manila files. I have about 25 of these; some in a filing drawer in a desk but the rest float around on a table, since I need to refer to them a lot. Some of my file titles? accounts, trusts, insurance (health and other), travel plans, air points, house matters, personal, memberships, receipts etc. I label them "throw out on my death", "keep seven years for tax reasons", "go through and keep what you want and then dump", "important family records that should be kept".

Get your will in order. Consider forming "powers of attorney", ordinary and enduring. Our Money Matters group had an excellent talk on this subject a year or so ago which prompted me, and no doubt others, to do this.

In your will do try to be as fair as possible. Mine is quite simple. I lost my wife in 1992 and my five children will get equal shares. This is the simplest and best situation but some of you will be faced with having a handicapped or ill child or a child clearly much worse off than siblings e.g. a daughter on her own with young children. Those of you who are married will in most cases leave everything to

your husband/wife. Some will have a partner who has been loyal and loving. How do you split things between him/her and your children? And it is difficult to keep things equal when one large asset, eg a business or farm, is the dominant asset after your death. Do make sure your immediate family are aware of the terms of your will. There should be no surprises after you die! Otherwise the family will not think so well of you, and being open and fair solves many possible family concerns or disputes after you die.

Knowing my wife was dying of cancer in 1991 we formed trusts since death duties applied then (they were removed in December 1992, just a few weeks after her death). Ever since I have had to prepare every year tax statements for the two trusts, my wife's estate and my own personal affairs. I understand that trusts can be terminated but they may be helpful if you require full-time care at some stage, in which case the government may not be able to require you to use trust money to pay for the care. Make sure that children living overseas do not have to pay tax on any inheritance. I learned only recently from an Australian tax expert that a daughter living in Australia will have to pay tax on any inheritance from a trust. I am still working on how to avoid this situation.

When my wife died my daughters took her jewellery, sterling silver and other personal items that I didn't need. We roughly valued these and gave our two sons the equivalent in cash. Being fair also means that you should have no favourites among your children. This is hard but necessary. In my case I am fortunate that all my children seem to be happily married or partnered with no one significantly disadvantaged physically or financially.

My wife and I were agreed that we should in our wills look after our children only and not include grandchildren. It is our children that should have this responsibility. We have given birthday presents to the grandchildren under 21 and a lump sum to each when they turn 21. Since the first one turned 21 in 2008 I have inflation-adjusted the sum since!

We have made loans available from personal finances to any child that needs one, though clearly there is a limit to this. One should retain sufficient funds to be able to continue to live comfortably. These are at 3% per year and tax free. One daughter adds the interest to the capital while a son pays the interest every year. Neither is under any obligation to pay back the loan before I die but the other siblings and my solicitor know the situation and any amount owing on my death will be deducted from their inheritance. Since grandchildren are not in my will I will not lend them money. Some may have to consider making loans that are legally prepared to guard against the possibility of a marriage break-up of one of your children.

When my wife died the children went over the assets in my house and decided equitably on who would get what on my death. These were mainly paintings and furniture. Since the three daughters live overseas they will probably now not want any furniture. All of this is recorded in a book I have filed. When they have taken what they want they can get a company such as Elderly Assist Ltd., to come into the house and take everything and pay the family something. When your house is sold your descendants can get advice from companies that can "dress it up", sometimes with better furniture, to hopefully increase the selling price. I haven't touched the books in my library since they add pleasure and happy memories to my life. The children will go through them and take what they want and then they can go to a second hand book shop eg Jason Books who will take them away and pay the estate for the ones that have some value. Consider forming a Memorandum of Wishes

which will spell out what is not covered in your will, e.g. covers the distribution of non-financial assets after you die.

If you have things of value that are of no further use to you and will not be wanted by family on your death, sell them. If you haven't used Trade Me, then some friend will have, so see them.

I have left a list of contacts with a son that cover people and companies to contact on my death. It includes:

notifying my solicitor and accountant immediately.

stopping superannuation (private and from the government).

stopping magazines that I get currently.

notifying associations of which I have been a member, in some case for over 50 years. In two cases I have prepared summaries of my work experience so if they choose to prepare an obituary they have the facts eg dates of joining, positions held etc.

Make sure you have a list of the investments you have. In my case I have them for the two trusts, my wife's estate and my personal investments.

Leave passwords for key computer files with a relative.

I haven't been into genealogy in a big way, but my mother left a large book which has a lot of family records. I have added a little to these and paid interesting visits to where forebears were born, married and buried. Someday, someone of one's descendants will value that information, so at the very least make, and file, some simple records on family information.

Photographs. If you have a family movie on film or tape get it transferred to a CD and take off copies for your children. I have a lot of old photographs in albums but have taken few photographs in recent years. Your children can go through them and select and copy what they want. At the very least go through them and where possible put names, places and dates on the back.

Consider writing a brief memoir, which I hope to do this year. This will be for family use. Two of my great grandfathers left England in the 1870's and I would love to know why they left. They died before I was born and like most young people I didn't ask parents or grandparents those questions. Those that follow me would, I like to think, be interested in my early childhood, how my family managed during World War 2, learn of the time once a year when my father took me to the Freezing Works to harness a horse to a dray(few tractors were used then) to get a load of manure for our garden! Reading a Deborah Mitford biography recently reminded me of burying my head into the soft flank of the family cow when milking it and how a cow kicks forward unlike a horse. And my children still can't quite believe that I played the organ in our local church for a month when the organist, my piano teacher, was away!

On my death a death notice will be put in Auckland and Christchurch papers (Christchurch because I grew up there). I have made a list from my address book of friends and relations, who as a courtesy, should be phoned with the news. I have made a similar email list of friends overseas who should be informed.

Make sure a surviving spouse or partner and your children are aware of what type of funeral you want. If you choose to have a celebrant, make the choice before you die so that he/she has at least met you. The legal requirements on your death are simply that the Department of Internal Affairs has to be notified and this and the death certificate (by burial or cremation) would be handled by the funeral directors you choose. You can have a private funeral with a separate “gathering” of family and friends and anyone can MC that function.

Don't leave attending to your affairs till too late. Apparently those aged less than 60 underestimate how long they will live while those over 80 overestimate their life expectancy. Moreover you don't need to have a health scare to do the things outlined above. Attend to them now!

Finally a divorce complicates life in many ways so stick with him/her!

*Thanks to Yvonne Hamilton, Lawre Taylor and Richard Jeffrey for helpful suggestions given to me after giving this talk to our Money Matters group in February.