

FACT SHEET – VULNERABLE BENEFICIARIES**“VULNERABLE”?**

Refers to the situation where a beneficiary may be suffering from a mental or physical disability. Alternatively, a beneficiary may have an addiction to alcohol, drugs or even gambling. Further still, it may simply be a reference to a young beneficiary who is ill-equipped to deal with an inheritance.

CONSIDERATIONS FOR THOSE WHO HAVE A DISABLED BENEFICIARY

1. Does your current Will provide adequate funds and care options?
2. How will you ensure that your beneficiary is not taken advantage of in the use of the funds set aside for their care and maintenance?
3. Have you considered the most appropriate accommodation options?
4. Have you made provision for a Support Network or Family Committee to manage the personal and lifestyle decision making functions for disabled beneficiaries?
5. Have you included a referee or dispute resolution system to deal with disputes between or conflicts of interest by those caring for your beneficiary?
6. Is your current Will mindful of Centrelink and tax implications which may affect your beneficiary's living and health care expenses?
7. Have you considered what happens to any inheritance remaining after the death of the beneficiary?

CONSIDERATIONS FOR THOSE WHO HAVE A BENEFICIARY SUFFERING A FORM OF ADDICTION

1. How do you provide a property/accommodation for a beneficiary whilst ensuring the property is prevented from sale/encumbrance resulting from the beneficiary's addiction?
2. How do you provide adequate funding for living expenses but in such a way that the funds are not used inappropriately?
3. How can you fund the beneficiary's living costs but still allow them to access Centrelink benefits where appropriate?
4. Should you consider allowing access to capital amounts to fund larger one off expenses such as purchase of motor vehicle or expensive medical treatment?
5. Should you make provision that should beneficiary prove they are no longer addicted they can manage their own financial affairs?
6. Who are the most appropriate people to manage any special trust fund on behalf of the beneficiary-other family members or independent trustees?

CONSIDERATIONS FOR THOSE WITH YOUNG BENEFICIARIES

1. Who should care for the children if both parents are gone?
2. What measures should be put in place to ensure the beneficiaries benefit from their inheritance, but do not *control* it until an age deemed appropriate?
3. For what items should capital be available to these beneficiaries (eg. deposit on home, education)?
4. What age is appropriate for the beneficiary to officially take control of their inheritance?
5. Further, who should control the beneficiary's inheritance until they reach the chosen age?
6. What checks and balances can be put in place to ensure chosen Trustees act in the best interests of the children?

WHAT TO DO

- Deal with the issue as best you can, do not hide from it
- Try to avoid leaving it for others to 'work out' when the time comes – this typically places a huge strain on remaining family members
- Take the time to really discuss issues within the family, and take expert advice to ensure you have a good understanding of your options
- Where feasible, let other family members know what has been done and why
- If possible and practical, try to avoid leaving children 'in charge' of their siblings' inheritance
 - This is not always possible, and in some cases a family will be well-equipped to deal with these issues, but generally speaking this situation can be the cause of significant disruption and angst for those managing their sibling's inheritance
- Be as clear as possible
- Consider mechanisms for dealing with claims against an estate (eg from a disgruntled beneficiary) should this be an issue
- Try to remain practical – you can never think of every eventuality