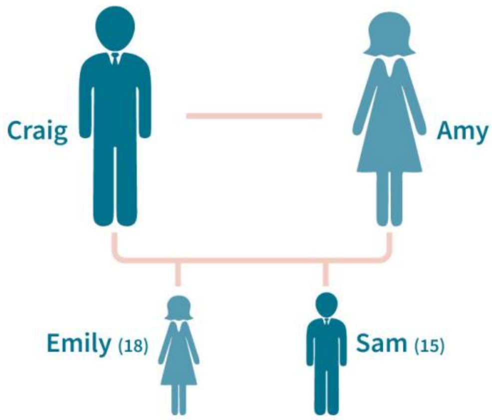
Professionals and Self Employed
Information Guide

Case Study

Amy and Craig are married with 2 teenage children, Emily (18) and Sam (15). Amy is an architect running her own practice. Craig is a policeman. Their main assets are the family home held in Craig's name, Amy's practice in her name, and their superannuation entitlements.



Estate Planning Needs

Amy and Craig have worked hard to achieve their financial position. Their family is growing and they want to have an estate plan that ensures the right people end up with control of the right assets when they need it most, in particular to ensure that if Craig predeceases Amy that their family home is protected.

Decisions to be made

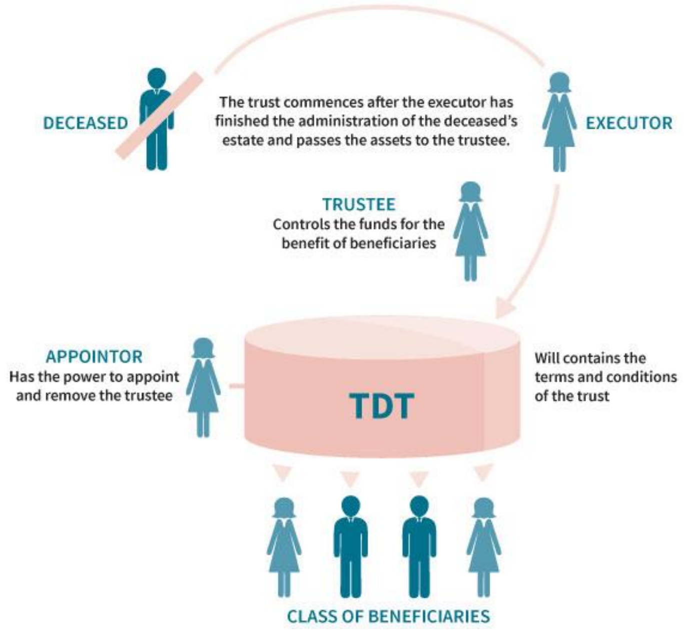
- Who will manage their estate (Executors)? Typically in the first instance this will be the survivor. If both have died, then Amy appoints her brother, Nick, and Craig appoints his sister, Janie, to act.
- Who will be guardian for Sam: They appoint Nick and Janie jointly as Sam's guardian.
- How their estates will be left: In the first instance, they each leave their estate to a testamentary trust. On the survivor's death, half of the estate passes to a trust for Emily and her descendants, and half to a Trust for Sam and his descendants.
- Who will benefit if none of the close family survives (spouse, children and grandchildren): they agree that their estates should be divided equally with a half share going to Amy's siblings and the other half going to Craig's siblings
- Who can manage their affairs whilst they are alive (Attorneys)? Typically in the first instance this will be the spouse. If the spouse cannot act, then Amy appoints her brother, Nick, and Craig appoints his sister, Janie, to act.

The Professionals and Self Employed solution includes;

- a will per client with single or multiple testamentary discretionary trusts
- a set of documents per client to appoint attorneys for financial and personal/health matters
- letter of wishes
- detailed advice letter on all aspects of the documentation
- a virtual meeting with an estate planning lawyer to provide advice and explain the documentation
- storage of final documents

What is a Testamentary Discretionary Trust (TDT)

A TDT is created by the Will. The Will contains all of the terms and conditions of the Trust. The TDT commences after the death of the Testator (the person who makes the Will) when the Executor completes the Estate of Administration and passes the Estate Assets to the nominated Trustee of the TDT.



Why use testamentary discretionary trusts for Professionals and Self Employed?

Asset Protection

People in financially high risk occupations, such as professionals, business owners and company executives, will often prefer not to receive inherited assets in their own names.

Rather than all the deceased's assets being distributed by the executor upon death, some or all of the assets remain in trust for the benefit of each specific group of beneficiaries named in the will.

The arrangement cannot provide a complete safeguard where a beneficiary is involved in Family Court proceedings, as the Family Court has extremely wide powers to make orders concerning assets (including trust assets).

Tax Planning

A TDT can provide tax savings because the trustee has discretion to distribute income to beneficiaries on lower tax rates, reducing the overall tax payable. Beneficiaries under 18 are taxed as if they were adults.

Opportunity to provide for beneficiaries with special needs

A beneficiary may not be capable of managing his or her inheritance because of special needs. For example, where a beneficiary has a disability, is a spendthrift or has a drug, gambling or other addiction.

The trustee can make distributions and manage the funds on the beneficiary's behalf.

Flexibility/Control

Over time the needs of the beneficiaries may change. The flexibility of the TDT allows the trustee to make distributions in a way that suits the circumstances prevailing at the time.