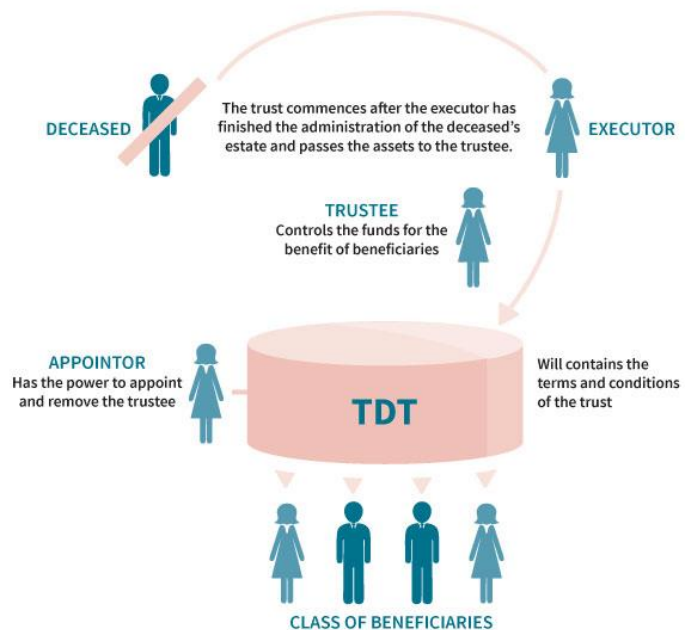


Single Testamentary Trust Information Guide

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 young and growing families?

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.

It has the extra advantage that children (provided they come within the class of beneficiaries and are under 18) are treated like adults for tax purposes and taking advantage of the \$18,000 tax free threshold.

Asset Protection

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 a specific group of beneficiaries named in the will. The assets held in the trust are generally protected from the personal liabilities of a trust beneficiary.

For example, if a beneficiary has a personal debt then assets of the trust cannot be accessed to pay the debt.

The situation may be different 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).

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.

This information guide covers legal issues in a general way. It is not designed to express opinions on specific cases. It is intended for information purposes only and should not be regarded as legal advice. Further advice should be sought regarding your specific situation before taking any action.

