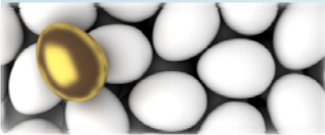




Trust Memo



Reflections on Trusts

If you are a trustee:

- Have you ever read the Trustee Act?
- Have you read any material on Trusts or being a Trustee?
- When did you last have a formal Trust meeting?
- Do you have a professional Trustee advising you?
- Have you attended any formal training course on being a Trustee?
- Are you also a Settlor and/or a beneficiary? Do you understand the current implications of this arrangement?

It's that time of year again when we get reflective on how we got here, where we are going, and how we are going to get there. Some food for thought...

Poor Trust administration is often talked about but what is it?

Failure to review the Trust and the Trust Deed in the last year or two to make sure that the setup of the Trust matches the current environment in relation to government agencies, and legal changes stemming from court cases setting new precedents.

Lack of Administration: Formal meetings need to be held at least annually with minutes signed to record the adoption of annual financial statements and tax returns, distributions to beneficiaries (or not), lending activities, investment advisors and the

sale and purchase of assets.

Incomplete Setup: No Settlor's memorandum of wishes to provide Trustees with guidance about the Trust's purpose, in plain English.

Incomplete documentation: Loans or leases to beneficiaries or third parties that are not held as signed documents or minuted to record the terms.

Majority of gifting still to occur: Assets are not protected if gifting is largely incomplete. If a minor amount of capital is still owed to the Settlor this provides an avenue for cash redemption at some stage, and is less of an issue.

The current "guesstimate" is that there are around 400,000 trusts in New Zealand, and there is no regulatory regime

Trusts need to always be operated with all the beneficiaries in mind – Completely different hats are worn in each role whether you are a Settlor or a Trustee or a Beneficiary.

(as there is for companies through the Companies Office).

This situation is under review, and the Law Commission is currently asking for feedback. It is thought that many of these Trusts involve "Mum and Dad" Trustees, and may have substantial implications for them.

If you have any concerns about any issues relating to your trust, we have a range of solutions to assist you to put your mind at rest. Just call Catherine on (03) 477-8777 to identify how we can respond to your needs.

Did you Know...?

Considering neighbourly negotiations about the boundary fence?

The minimum "adequate" fence required by law to separate you from your neighbours is quite a simple post and wire fence.

Anything more glamorous requires the agreement of both neighbours.

If your neighbour doesn't want to pay the extra amount they don't have to. They are only responsible for an equal share of a simple fence.



If in doubt, contact Lindsay and the team.

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