



Examples continued

testamentary trust.. When the marriage broke up shortly after Maria died the family house did not form part of Tina's personal assets and so did not form part of the family law settlement.

Dick & Dora, Chris and Steve

Chris and Steve, Dick and Dora's twin Sons were like chalk and cheese. Steve was a successful public servant whilst Chris was a failed entrepreneur. Any inheritance Chris was likely to get would soon be taken up by past creditors or in future unprofitable schemes. Dick and Dora still wanted their sons to receive equal shares of their estate so they used a testamentary trust to allow any money to go to Chris to be held until he settled down or to provide a house or the like to him if his circumstances decline further.



Next Step or more information

A Testamentary trust will is more complex than a standard will and requires a solicitor to assist in drafting it.

Please contact Simon Pattison or Ross Moschella at Ellison Moschella to discuss the suitability of a Testamentary Trust will to your situation

4th Floor
King George Tower
71-89 Adelaide Street
Brisbane Qld 4000
Phone: 07 3221 8655
Fax: 07 3221 6568
E-mail: mail@ellisonmoschella.com.au

Estate

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**Can a Testamentary
Trust help your
family?**

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What is a Testamentary Trust?

A Testamentary Trust is essentially a discretionary trust which comes into existence upon the death of a person.

Once the administration of a person's estate is completed the money remaining is held in trust for the benefit of those selected by the will maker.

It has a number of benefits over a simple will including tax and family asset protection advantages.

If you find yourself with any of the situations set out in this brochure it is worth your while to discuss this option with us.



Advantages

The advantages of a Testamentary Trust arise from two important features, namely the concessional tax treatment allowed under taxation legislation and the effect of how a beneficiary "owns" their entitlement..

Particular examples of these advantages include:-

- *Reduce tax by up to \$16,182 per beneficiary*
- *Protect beneficiaries with disabilities*
- *Protect beneficiaries with matrimonial disputes*
- *Protect beneficiaries with potential or current debts*
- *Protect beneficiaries with gambling, drug dependency or other problems*
- *Maintain assets in the family*
- *Give beneficiaries the flexibility to receive assets when they want to*
- *Minimise the opportunity for disputes*
- *Allow certain beneficiaries to retain any pension they may receive*

Examples

Jan & Dave

Due to the property boom and their contributions to Superannuation over the years when Jan and Dave are killed in a car crash aged 68 their estate is worth over 2 million.

Their three children are all adults earning reasonable money. Fortunately Jan and Dave set up a Testamentary trust which included their 6 grandchildren. The Trustee of this Testamentary Trust is able to distribute the income from the investment of the 2 million amongst those grandchildren—saving approximately \$36,000 in Tax each year

Maria, Vince and Tina

Unfortunately Vince and Tina's marriage was not looking good. Maria, Tina's mother did not want to see the family house sold to pay for a family court dispute. She created a Testamentary trust by her will leaving the house in the