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APPOINTING A COMPANY AS A TRUSTEE — THE BENEFITS

Following Freya's last newsletter some benefits in appointing a Company as Trustee of your Family Trust include:

1. Making it easier to sign documents as Trustee;
2. Minimising the need for a change in Trustee.

Signing documents

All Trustees must authorise Trust decisions. In the event Trust property is sold, all Trustees must sign an authority form to authorise the change of ownership. If a Trustee is unable to sign (if they are overseas or elsewhere in New Zealand) this will delay the sale and penalties may apply.

If however a company is the sole Trustee, any one director may sign on behalf of a Trust.

Change in Trustee

Peoples' circumstances change. A Trustee may pass away or a person may no longer wish to act as a Trustee for a number of reasons. They may move away, fall out of touch or have other commitments.

If a Trustee is removed or appointed, a Deed of Retirement/ Appointment needs to be prepared

(usually by a solicitor or other professional).

In addition, if the Trust owns residential property, ownership needs to be transferred into the new Trustees' names. If the property is subject to a mortgage, the bank's consent is also required.

Not only does this take time but it incurs solicitor's and bank fees together with land transfer registration charges.

Alternatively, if a company is acting as sole Trustee, no change of ownership is necessary. If a director is to be removed/appointed, the shareholders pass an ordinary resolution (approved by a simple majority of the shareholders). The Companies Office records may then be updated with the company key.

Obligation to file an annual return

A point to note, companies have an obligation to file an annual return. This incurs an annual filing fee, currently \$45.

20 MINUTE FREE

**WANT to review your Family Trust structure?
 THEN call us and take advantage of our 20 Minute Free interview**