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Next Issue:

**Challenging a Will—
by Eugene Collins**

If you would like any of our previous newsletters or any of the our free booklets on Wills, Family Trusts, Relationship Property of Business Law

DO I NEED A FAMILY TRUST

I often get asked by clients “Do I need a Family Trust?”

The answer in most cases is simply **YES!**

The Benefits of Using Family Trusts or Asset Protection

Government Asset Testing

Should you have a stroke (or some other permanent illness) and are required to reside permanently in a private hospital / rest home then depending on your level of incapacity this will cost you somewhere between \$500.00 and \$1,200.00. The current New Zealand super payment is approximately \$300.00 per week and the Government will subsidise the difference between your cost of care and the amount received in your super provided your assets are under \$200,000.00. By transferring your family home to a family trust it would no longer be owned by you personally and not part of your personal assets.

Creditor Protection

If you are self employed, or if you have been successfully sued and made bankrupt any personal property owned by you is at risk of being used to pay off your creditors. By transferring assets to a trust this can be avoided.

Inheritance Protection

In the event you leave your personal assets to your children upon your death those assets would be at risk in the event that your children's relationship was to break up and their ex- partner/wife/ husband would be entitled to half of all relationship property.

Family Protection Claims

Upon death your Will can always be challenged by members of your family under the Family Protection Act 1955. By having a family trust own your biggest asset, your home, this would avoid your home being open to such a challenge.

Relationship Property Claims

If you were entering into a marriage or de facto relationship and bringing in a larger value of assets than your partner then they may be at risk in the event that the marriage or relationship fails. The ideal time in this situation to set up a family trust and to transfer your home is prior to the relationship commencing.

You should be aware that transferring assets to a family trust is not an overnight solution, and it takes time to get the full benefit of having a family trust.

When your property is transferred to a trust you need to loan the trust the funds to purchase the property from you. You can then forgive the debt that is owed to you by the trust at a rate of \$27,000.00 per person per 12 month period (\$54,000.00 per couple).

The property is transferred at current market value so as you can appreciate property values generally go up so the sooner you transfer your property to a family trust the lower the price, and the sooner you can complete the gifting program and begin to reap the rewards of having your property owned by a family trust.

We offer a free 20 minute consultation if you have any queries or concerns regarding family trusts. We also have available a useful information booklet from our website or a hard copy can be picked up from our reception.