



By Paul May

paulm@collinsmay.co.nz
DD: 576 1400

Lloyd Collins

lloyd@collinsmay.co.nz
DD: 576 1403

Eugene Collins

eugene@collinsmay.co.nz
DD: 576 1407

Nicola Goss

nicola@collinsmay.co.nz
DD: 576 1404

Paul Whitmarsh

paulw@collinsmay.co.nz
DD: 576 1409

Davina Rowan

davina@collinsmay.co.nz
DD: 576 1411

Amy Haste

amy@collinsmay.co.nz
DD: 576 1405

Michael Moohan

michael@collinsmay.co.nz
DD: 576 1417

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WHAT HAPPENS IF YOUR TRUSTEE RETIRES?

For all of those people who have any involvement with a Family Trust, there will occasionally be times when a Trustee needs to retire.

This could be because the Trustee is moving out of town or out of the country. Another example is when the Trustee may no longer wish to be your Independent Trustee, or you may no longer want that person.

Unfortunately, if a Trustee does retire or is removed, there are usually some consequences that follow on from that.

The most obvious example is that if you establish a Family Trust to own the home that you live in, then each time a Trustee retires, you need to change the name of the Trustees on the title to the property. That will involve dealing with us as your lawyers and therefore involve some cost.

In addition, if the Trust has signed a mortgage over the title, then

the consent of the mortgagee (usually the bank) is also needed to change the names of the Trustees and the change of names on the title.

This involves dealing with the bank and therefore involves further bank fees, and usually involves more legal work to be completed. Again, this leads to added cost.

The process is the same for any asset owned by the Trust e.g. company shares, life insurance policies, term deposits etc.

For these reasons, it is preferable to avoid changing Trustees if at all possible

Obviously, the best way to try to avoid that is to give some serious consideration and thought to who your Trustees are going to be in the first place.