



Estate and Taxation Planning Council New Zealand Inc

July 1992

Dear Member

Fourth Estate

Apologies for the lateness of this newsletter. This is attributable to the distractions of setting up in practice on my own account. Members attending the AGM at the Auckland Club on April 29 will already be aware of a few changes to our Executive Committee. Colin McEwan has joined the Committee and is very welcome.

After a number of years of enthusiastic and efficient service to the Council, as its Secretary/Treasurer, Russell Toplis stepped down from the Committee for a well-deserved respite. This position was soon filled, thanks to Des Trigg's offer to assume the responsibilities of the dual portfolio. Bill Patterson remains on the Committee, after stepping down from the Vice-Presidency – a responsibility which I have taken on myself.

Marguerite Brien, Editor

Charitable Trusts

An often overlooked device available to the estate planner is the charitable trust. Not all clients are active philanthropists. However, many become so when made aware of the potential saving of a 40% capital tax via gifts to their personal charitable trust.

There are substantial benefits in settling a charitable trust during a settlor's lifetime rather than via a testamentary charitable trust. Provided the Inland Revenue Department has initially approved the trust as a charity for the purposes of the revenue legislation, the benefits are:

- All capital payments to the trust are free of all liability to estate and gift duty – no limit on the amount settled and the three year period from the date of death does not apply. This compares favourably with the testamentary charitable exemption of \$100,000 only.
- Annual gifts to the trust are allowable donations for tax purposes and rebates may be claimed up to the maximum approved – at present a \$1500 donation with a \$500 tax rebate.
- The settlor is able to provide an indication to the charities s/he desires to benefit and may be a member of the committee recommending grants, if desired.
- The settlor is able to view the benefits of his/her life-time.

A number of charitable organisations are struggling to meet their financial commitments in the present economic environment. The benefits that accrue to both the settlor and the charity through the establishment of a charitable trust are significant. Will they remain in the future?

Contributed by
Colin McEwan, Assistant Manager,
New Zealand Guardian Trust

New Committee Member

Colin McEwan

Colin, an Assistant Manager with New Zealand Guardian Trust, was educated in Tauranga and later completed a Diploma of Business Studies (Finance) in 1989. Colin joined the Public Trust office in Tauranga in 1971, and later worked for that organisation in a number of other centres, including Wellington, Stratford, Dunedin, Paraparaumu & Palmerston North. He even managed to spend some time with Queensland Trustees in sunny Brisbane.

Colin accepted the position of Assistant Manager with NZGT in the Hamilton office in 1986 and transferred to Auckland as Assistant Manager in 1990. Colin advises that he is married, with two adolescent children, and his interests include tennis, squash, badminton and indoor basketball.

We welcome Colin to the Executive Committee and look forward to his active involvement. He has already demonstrated his willingness to contribute by offering (to the editor's delight and relief) an article – which appears in this newsletter – and by assisting as a member of the sub-committee charged with the organisation of the August seminar on Retirement Lifestyle Planning.

New Members

Interest in the Council grows: evidenced by an encouraging number of applications for membership received by the Executive Committee. The new members represent a wide variety of skills. Please welcome to our functions:

Garry Fitzpatrick is a legal executive with Kensington Swan, and has been with the firm four years. Prior to joining Kensington Swan, Garry worked for New Zealand Guardian Trust for 5 years and at AMP Perpetual Trustees for 3 years before that. His work has involved estate planning for all of the time.

Ian Duffy, is a legal executive for the past 22 years, is Trust Manager with Connell Rishworth Gerard of Whangarei. Ian is an associate member of the N.Z. Law Society, a member of the Registry of Financial and Investment Planners, and a Fellow of the N.Z. Institute of legal Executives.

Andrew Day is to our knowledge the first member of the actuarial profession to join the Council. Now self employed, Andrew was with GRE for 10 years and more recently was a consulting actuary with W M Mercer-Eriksen for 7 years. A Fellow of the Institute of Actuaries (London) and the N.Z. Society of Actuaries, Andrew specialises in the valuation of matrimonial property, particularly superannuation and pension entitlements.

Greg Moyle is a member of the N.Z. Society of Accountants and of the Registry of the International Association of Financial Planners. Greg has worked as a financial planner for the past 4½ years, first with IPD Securities and is now one of the principals of N.Z. Financial Planning Co Limited.

Tom Gannon is a life agent who, for the past 27 years, has been a master general agent with Newpark Financial Services Ltd. He is a member of the Life Underwriters Association, a Justice of the Peace, and has been involved in estate planning for the past 15 years.

Grant Cleary has been a life agent for the past 10 years with National Mutual. He is a member of the Life Underwriters Association. Active in estate planning and business insurance, Grant participates in a number of National Mutual in-house committees which focuses on these two areas.

Note: President Hugh McGuinness has asked the Executive Committee to adopt as one of its goals this year in the increase of Council membership.

Accordingly, a sub-committee has been appointed, chaired by Marguerite Brien, to devise strategies to achieve this goal. Suggestions and / or contributions from members of the Council at large would be most helpful.