

# Succession Trusts



*Plan your family's future with confidence*

## What is a Succession Trust?

At Macquarie Group Services, we understand your desire to pass your wealth to your loved ones securely and according to your wishes. A Succession Trust offers a powerful solution to protect your assets, avoid disputes, and ensure your legacy thrives for generations. Discover how this trust can work for you.

A Succession Trust is a type of discretionary trust that you can use to provide for your loved ones and manage the transfer of your wealth after you're gone, without compromising fairness or exposing the funds to a variety of risks.

## How it works

A Succession Trust is a flexible legal arrangement you create during your lifetime to hold and manage your assets—such as cash, property, or investments—for the benefit of your spouse, children, or grandchildren. You act as the trustee and maintain control of the trust until you pass away. Control then moves to your spouse or children who follow your rules, outlined in the trust deed, for distributing income and capital. Unlike a will it keeps your wealth outside your estate and safe from legal claims. This structure allows you to control how and when your assets are shared, providing peace of mind and adaptability as your situation changes.

Initially you and your spouse will be Principal Beneficiaries and Appointors, thus controlling the trust. You will also be the Trustees. On your passing or resignation, these roles will transfer to your children, giving them the control.



**For example:** John and Jane have amassed a decent amount of wealth during their lifetime. They have 3 children together, Chris, Allen and Peter. John wants to protect the family wealth and smoothly transfer it to his children when he passes away. He sets up a Succession Trust that will give his wife Jane, and his children each a share of the income of the trust but keep the capital locked away upon his passing. When Jane also passes away, both the capital and income of the trust will go to his children. John can divide these equally or in specific percentages to different individuals.

## Features of a Succession Trust

Succession Trusts are designed with your family's needs in mind, offering customizable options to safeguard and distribute your wealth:

### More protection than a Will could ever offer

Assets held in your estate can be subject to claims under the Family Provision Act, where individuals can contest a will for inadequate provision. A Succession Trust keeps assets OUTSIDE of your estate with clear rules, protecting them from these claims.

### Bloodline Feature

This option restricts beneficiaries to only being blood relatives. Spouses of children or grandchildren are excluded, protecting the assets of the trust.

### Customised Voting

Require agreement among family members or chosen parties for changes to the trust, promoting fairness and unity.

### Flexible Divisions

Share income and capital equally or in specific amounts, with rules for different stages (e.g., after one parent passes and after both).

### Manage Timing

Restrict capital of the trust being distributed until a specific date in the future, for example, when your youngest child turns 18 years old.

### Lockdown Vs Non-Lockdown Options

**Lockdown:** The roles of Principal Beneficiary and Appointor transfer to the child upon ONE parent's death. The surviving parent cannot amend the trust.

**Non-Lockdown:** The roles remain with the surviving parent until their death or resignation. The surviving parent is still able to amend the trust.



## When to use a Succession Trust

- **During Your Lifetime:** Set it up now to manage assets and adapt to changing family needs.
- **Before Major Life Events:** Ideal before retirement, marriage, or if you have a blended family.
- **If You Have Complex Assets:** Perfect for significant wealth, like property or investments.

## Why use a Succession Trust?

- **Avoid Disputes:** Clear rules prevent family arguments over your wealth.
- **Protect Your Legacy:** Shield assets from creditors, lawsuits, or divorce settlements.
- **Ensure Fair Sharing:** Distribute wealth as you wish, avoiding will contests like the 2020 *Joss v Joss* case in Victoria, where a daughter claimed \$3.225 million.

A Succession Trust is your safeguard against the uncertainties of wills, offering peace of mind and a lasting legacy.

## Frequently Asked Questions

### What types of assets can I include in the trust?

You can add money, property, or investments to manage, protect and pass on to your family.

### Who manages the trust?

You manage the trust during your lifetime, with the ability to make changes as you see fit. After you pass away, control shifts to either your spouse (Non-lockdown) or your children directly (Lockdown).

**Don't leave your family's future to chance. A Succession Trust ensures your wealth is protected and shared as you envision.**

**Contact us for more information on (02) 9231 5111**