

# Providence

Independent Investment Advisory



Safe Passage

Independent expert advice for high net worth individuals,  
families and non-profit organisations.

## Succession Planning

It's Not Just Financial

## Structures

- Need advice – Accountant & Lawyer
  
- Consideration
  - Tax benefits
  - Protecting your wealth
  - Complexity
  
- Assumptions
  - Clean sheet paper & Australian
  - Disclaimer - General advice not specific advice

## Basic Structures

- Individual / Sole trade
- Companies
- Partnerships
- Trusts
- Other

## Individual / Sole trade

- Tax - 0% to 49% but Capital Gains 1/2
- Advantages
  - Simple -set up, managed & exit.
  - 100% control
  - Easy to change
- Disadvantages
  - Unlimited liability includes personal assets
  - Limited tax planning
  - Hard to raise capital

## Companies

- Separate legal entity
- Taxed flat 30% & reducing ...
- Advantages
  - Limited liability but ...
  - Tax planning - Income splitting & Income shelter
  - Easier to raise capital
- Disadvantages
  - < 100% Control - ownership & agreements
  - Tax - no capital gains relief & losses trapped
  - Costly to change Legal structure

## Trust

- Not a separate legal entity

So what is?

- Trustee holds Assets for another
- Assets controlled by Trustee ... Appointer & Deed
- Various Types – Discretionary, Unit, Hybrid, Super, etc.
- Taxed at Beneficiary level – Individual, Company, etc. except Super

## Discretionary Trust

- Trustees discretion to distribute income and capital
- Advantages
  - Tax planning - Income splitting & Income shelter
  - Asset protection
  - Controlled by Trustee ... Appointer & Deed
- Disadvantages
  - Tax - losses trapped
  - Hard to raise capital



## Superannuation Trust

- Assets for your retirement
- Advantages
  - Taxed 0% or 15%
  - Asset protection
  - Can borrow ... But limited
- Disadvantages
  - Contributions are limited ...
  - Can not run business ... But can hold commercial property
  - Access money 55 years +

## Asset protection

- Asset rich but cash poor
- Protect the Family & You
  - Personal insurance
- Protect the Business
  - Key people – cover them
  - Shareholders – Buy Sell Insurance

## Burden of Wealth

- Obligations to grow
- Family cohesion
- Testamentary issues
- Administration
- Investment decisions

## Purpose of Wealth

- Aspirational
- Income
- Security
- Legacy
- “Fun”

## Relevance

- Responsibilities lifted
- Not needed
- Isolated
- Peers
- Challenge
- Fun

## Behavioural Finance

- Over-confidence
- Momentum/daily pricing
- Information overload
- Instant Experts

## Relationship with Life Partner

- Change of daily routine
- Involvement in new ventures
- Education for succession
- Communication

## Investment Management

- Structures
- Involvement
- Alignment
- Relationship
- Protection
- Requirements
- Administration



## Number 1 Rule - Breathe

Not Just Financial

What is the purpose of your wealth?

[www.providencewealth.com.au](http://www.providencewealth.com.au)



## Safe Passage

### **SYDNEY**

Level 7, 55 Hunter St Sydney NSW 2000  
PO Box R536 Royal Exchange NSW 1225  
T +61 2 9239 9333

### **MELBOURNE**

Level 27, 101 Collins St  
Melbourne VIC 3000  
T +61 3 9653 6406

**W** [providencewealth.com.au](http://providencewealth.com.au)  
**E** [info@providencewealth.com.au](mailto:info@providencewealth.com.au)  
**F** +61 2 9239 0355