



Twenty Strategies in Thirty Minutes

Sit back and get Fired Up ...

This is not a St Patrick's Day prank

17 March 2021



Start your Engines

Strategy One: Get to know all of these and advising success is guaranteed

- Discretionary Trust with three levels down of Appointors
- Leading Member discretionary trust
- Changing trusts and SMSF deeds with no resettlement
- Family Protection Living Trust for bloodline protection
- Leading Member SMSF for bloodline protection
- SMSF testamentary trust built outside of the estate
- Insurance Proceeds testamentary trust built outside of the estate
- Corporate trustee – successor director solution
- Bucket company – bloodline and successor director solution
- The Protector – advanced gift loan back strategy with call options

Want to know how they are done ...



Master Strategy Day 2021

A line up of Master Strategists giving you their best high revenue earning SMSF, Tax, Asset Protection and Estate Planning strategies for the year.



March 26 2021 | 8:30am - 5:00pm AEDT | Online Event
Cost: \$195 - 7 CPD and 7 CPE points



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Master Strategy Day 2021

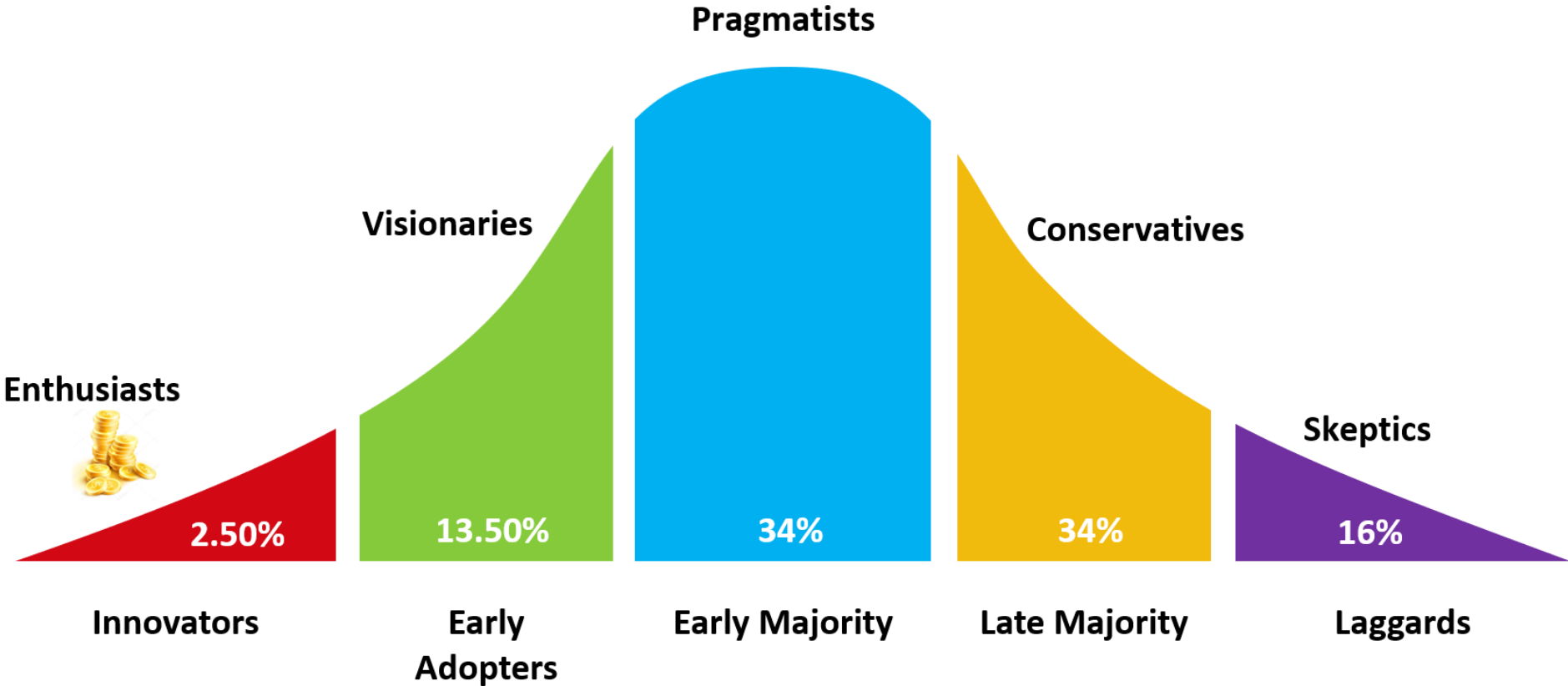
by LightYear Docs [Follow](#)

\$195

[Tickets](#)

LYD Strategists and Change GPS get \$50 coupon

Strategy Two is obvious – do what others are not yet doing!



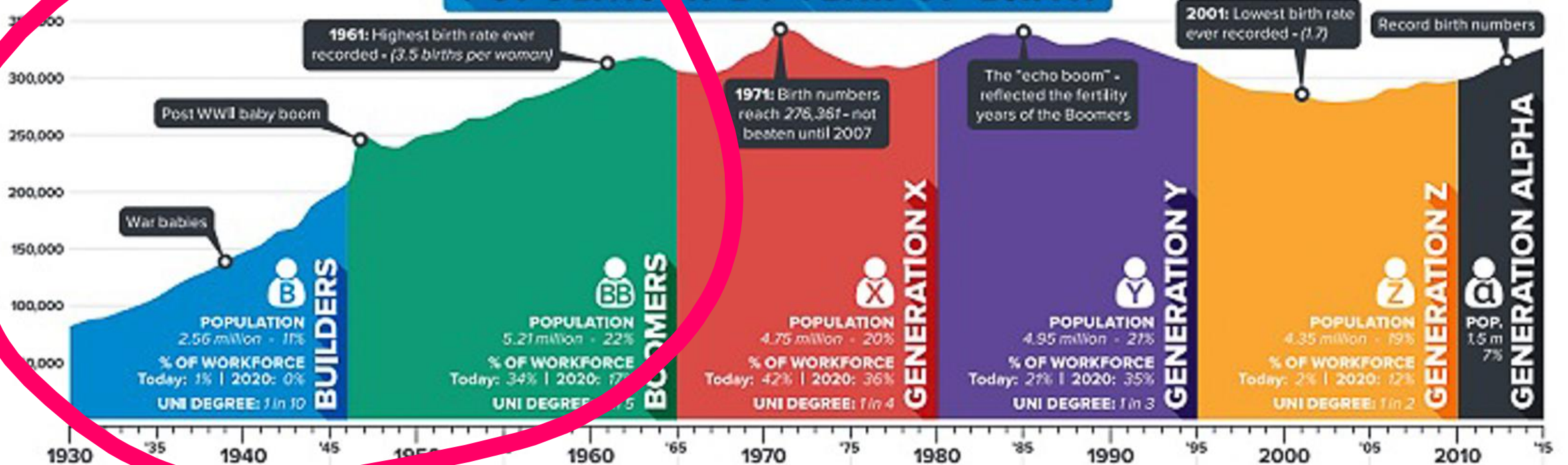
Strategy Three: Know where the money is and why?

\$7TN

AUSTRALIA'S GENERATIONAL PROFILE

LIFE EXPECTANCY AT BIRTH (YEARS)	MEDIAN AGE OF PARENTS (NEW BIRTHS)	MEDIAN AGE FIRST MARRIAGE	FERTILITY RATES (BABIES PER WOMAN)
1984: Male: 75.9 Female: 79.0 Today: Male: 79.9 Female: 84.3	1984: Fathers: 30.5 Mothers: 27.1 Today: Fathers: 33.0 Mothers: 30.7	1984: Male: 25.7 Female: 22.9 Today: Male: 29.8 Female: 28.1	Australia: 1984: 1.9 Today: 1.9 Current OECD Avg: 1.7 Current world Avg: 2.4

POPULATION BY YEAR OF BIRTH



Strategy Four: Family SMSFs

- Six member rule about to become law
- Rule against perpetuity does not apply to SMSFs
- Provides longevity and insurance against incapacity of members
- Run separate investment strategies for members
 - split accumulation and pension
- Don't forget to go up to parents how can make deductible contributions

Strategy Five: Run Family SMSFs with one or two directors only

- Parents of minors who cannot be directors can take the minors place as a Replacement Trustee
- Where a person has a specific EPOA enabling that person to act as a director of the corporate trustee of the Fund, then the member does not need to be a trustee/director
- Can have one or two director six member SMSFs
- Who should NOT be a director is the question

Strategy Six: Family SMSF Insurance Plans

- Fund pays Life and TPD for adult children
- Proceeds can go into a SMSF Testamentary Trust – see later for the benefit of children’s children
- Trustee gets a deduction for any lump sum or income stream payout – partial to almost full
- TPD income streams can be paid to children of any age
- Salary continuance can be paid but just more problematical

Strategy Seven: The Leading Member SMSF

- Hire and fire the Trustee and also Members of the Fund – can be the only Trustee of a six member SMSF – how?
- Can control the investment strategy and has power of veto over all Trustee decisions
- Leading Membership passes on the death, disability or resignation of the Leading Member
- If a Corporate Trustee all the shares held by Leading Member only and on transfer shares are cancelled and issued to new Leading Member
- Easy to upgrade – deed and corporate trustee
- Review LYD Leading Member collateral

Know and use the Concessional Contributions Laws

291-1 What this Division is about

There is a cap on the amount of superannuation contributions that may receive concessional tax treatment for an individual in a financial year.

You can carry forward unused concessional contributions cap from the previous 5 financial years and use it to increase your cap in a later financial year (unless your total superannuation balance equals or exceeds \$500,000).

Superannuation contributions that exceed your concessional contributions cap are included in your assessable income for the corresponding income year.

A tax offset compensates for the tax that generally applies to the contributions in the superannuation fund.

Note: Part 2-35 in Schedule 1 to the *Taxation Administration Act 1953* contains rules about a charge you may be liable to pay, and about releasing the excess concessional contributions from superannuation.

Strategy Eight: The Parent Power Play

ATO TD 2005/29 Example

14. *Mary is a computer consultant who provides her professional services through her private company to a number of clients, all of whom refuse to contract with her personally but insist on obtaining her services through a contract with her company. The company employs Mary to provide programming services to its clients and employs her husband Derek to provide administrative support. Derek obtains a market value salary for his administrative work for the company, but the company provides superannuation contributions on his behalf to a complying superannuation fund up to his age-based limit of \$95,980. The company provides the remainder of its fee income, net of expenses, to Mary as remuneration for her services. Mary's remuneration consists of salary and a superannuation contribution of \$4,500, representing 9% of her salary (the minimum level of superannuation support required under the superannuation guarantee scheme). Mary's salary is lower than it would have been if the company had not made such a high superannuation contribution on behalf of Derek. However, Derek provides valuable service to the company for which he is fairly remunerated, the company makes genuine superannuation contributions on his behalf, and there are no unusual features to the arrangement. In the circumstances Part IVA does not apply.*

Strategy Nine: LRBA Refit

- Refinance from commercial loan to related party loan
- Interesting ATO ruling using Bare Trust lender
- Refinance from related party to commercial loan – LaTrobe have low rates on SMSF loans and do the transfer of small business active asset to a SMSF and loan back – to release funds



Commercial SMSF			
Purchase & Refinance			
≤\$3m			
Credit Grade	≤60%	65%	70%
A	5.69%	5.99%	6.19%
B	6.99%	7.29%	7.49%
C1	7.29%	7.49%	7.99%

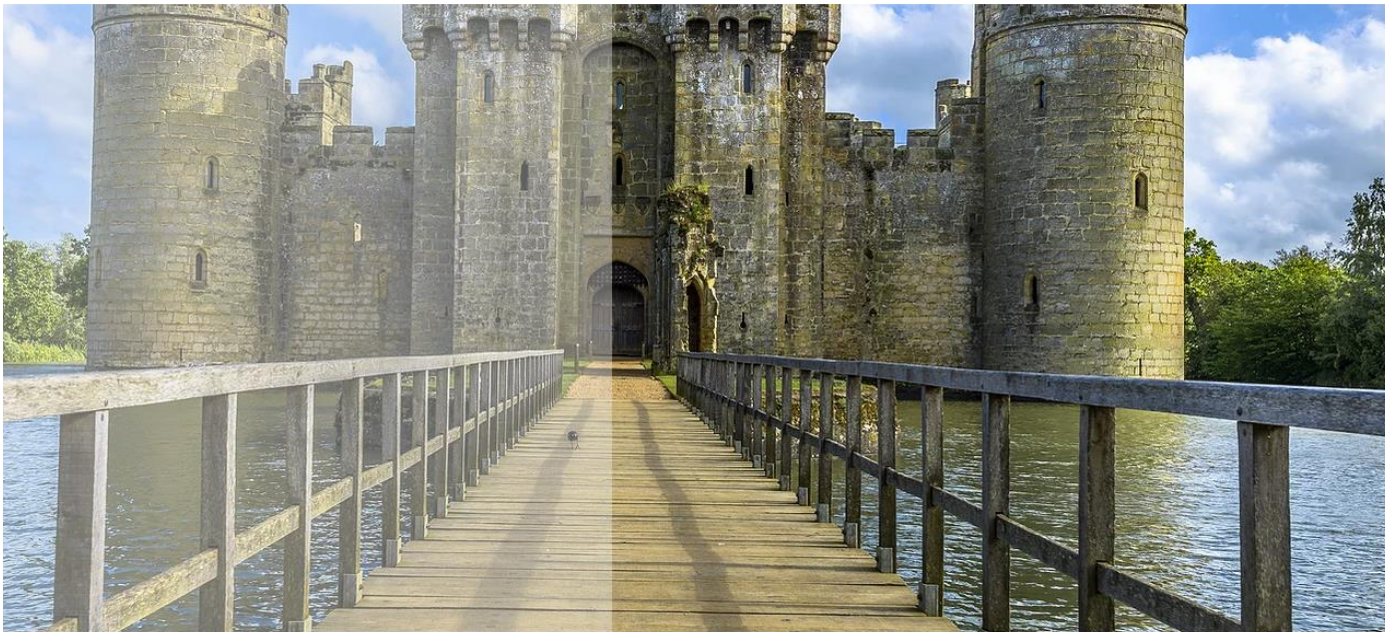
Tim Munro's Five Tax Strategies for 30 June 2021

1. Lodge 2021 FBT Returns
2. Use a “Bucket Company”
3. Beware Temporary Full Expense creating a Trust Loss
4. Get your Trust Distribution Resolutions done
5. Understand Tax Planning is:
 - Reducing Tax, and
 - Planning for Tax Payments



Strategy Ten: Become a SAPEPAA adviser

SUCCESSION, ASSET PROTECTION & ESTATE PLANNING ADVISERS ASSOCIATION



“SAPEPAA empowers its members to provide family based succession, asset protection and estate planning advice to their clients. The Association delivers a strong adviser accreditation program that meets specialist competency standards, provides on-going CPD and creates a community of like advising minds with SAPEPAA advisers embodying the hallmarks of confidence, compliance, empathy, ethics and professionalism.”

Strategy Eleven: SMSF Will much stronger than BDBN

Please enter the **Nomination** and **Direction** details

Does the member want to revoke earlier nominations?

Yes **No**

Does the member want reversionary pensions to take precedence?

Yes **No**

Does the member want to appoint the executor as the replacement trustee or replacement director?

Yes **No**

Does the member want death benefit payments including pensions and lump sum?

Yes **No**

Does the member want a Professional to look after the estate upon the members death?

Yes **No**

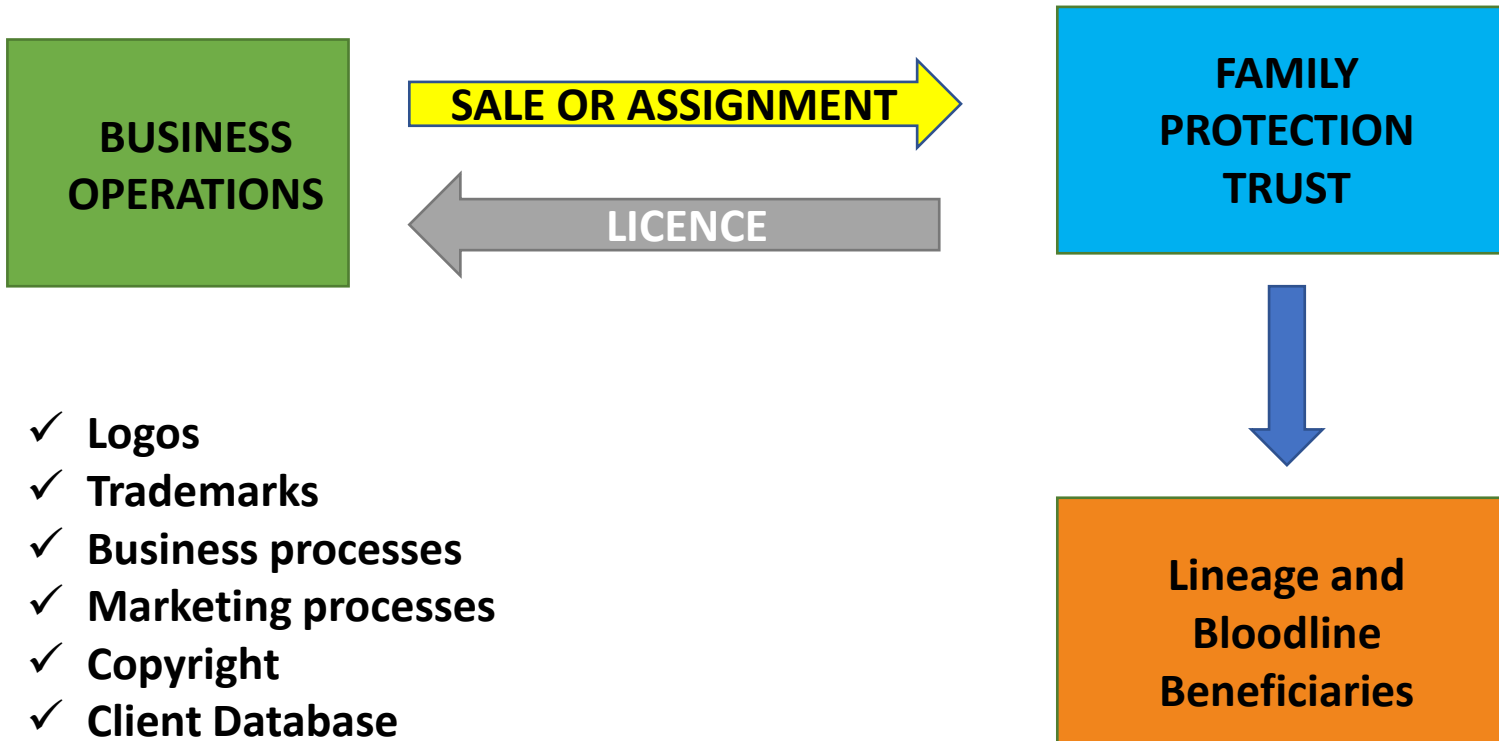
Do you want a catch all - escape clause in case the superannuation benefits are not payable because of non-compliance of the Fund?

Yes **No**

Strategy Twelve: SMSF Death Benefits Testamentary Trust

- Normal testamentary trust laws where the trust is created by the Executor on the death of the testator have been changed
- Superannuation can be transferred directly into a SMSF Death Benefits Testamentary Trust
- This can be by the Trustee of the SMSF or by choice of the adult child or minor child beneficiary of a retail super fund BDBN
- Minors are taxed at adult tax rates
- Capital has to be for the benefit of the dependant beneficiaries – children and financial dependants

Strategy Thirteen: De-risking a client's business with the Business Protector



Strategy Fourteen: The Protector – Family Wealth Protection

Family Protection Company

Step One
Family Protection Trust
– DNA style



Family Beneficiaries
Lineage or Bloodline

Step Three: Loan with Security



Step Two: Settle or Gift

Assets	Net Equity
Home	\$1,000,000
Cars	\$50,000
Bitcoin	\$50,000
Net Equity	\$1,100,000


Strategy Fifteen: Protecting the Business, SMSFs and Trusts where Directors die, become bankrupt or become incapacitated with Successor Directors

- Where a sole director, or for old companies where two directors must sign – dies, goes bankrupt or becomes incapacitated, what happens to:
 - Trading company
 - Bucket company
 - SMSF trustee company
 - Discretionary trustee company
- The Successor Director solution provides for another person to step in as a director



Strategy Sixteen: Unpaid Present Entitlements – sort them out pre 30 June!



- For adult child beneficiaries – gift to the Trustee of the Trust or loan forgiveness
 - Gift to a Family Protection Trust and formalise with a loan agreement between the FPT and the discretionary trust
 - Or can transfer for consideration to the Family Protection Trust using an assignment of a UPE
 - Need to cover current UPE and consider what will be happening for 30 June
- 

Strategy Seventeen: The Family Protection Living Trust – better than a Will



- When someone dies, even with a Will the process is painful, long and expensive involving the Supreme Court
- Worse still each State has its own family provisions claims enabling spouses, ex-spouses, children and grandchildren make a claim on the estate
- This may see any estate bequests take months if not years to be paid out minus any legal fees – up to 70% of the estate
- Use a Living Trust which is popular overseas and involves leaving the estate with few assets – now housed in the Family Protection Trust

Strategy Eighteen: Family Allowances and Financial Dependency

- Meaning of Financial Dependency - Malek and Faull's case plus ATO Private Binding Ruling - Number: 1051231612657
- Set up a Family Allowance contract
- Couple up with a Dependency Declaration to show dependency of each member of the Family
- What are all the benefits of meeting the definition of dependency under the SISA 93 and ITAA 97 – No tax on Taxable Components

Strategy Nineteen: Wills and TTs

- Can complete basics using a data capture with the legal side of the Will signed off by Abbott & Mourly lawyers
- The data capture is the key and available on the LightYear Docs or Change GPS site
- Get a line of Executors and their successors
- Specific bequests can be converted into Testamentary Trust by the Executor or the Beneficiary
- Life Tenant Trust
- Main Beneficiary and Residual Beneficiary
- Can build one Testamentary Trust instead of residual estate

Strategy Twenty: Strategy Fee Potential

Number of LYDClient Wills + EPOA pm	Fees \$ \$1,600 per couple	Time per Will and EPOA - 2 hours	Per Annum Fees \$
2	\$3,200	4 hours	\$38,400
4	\$6,400	8 hours	\$76,800
6	\$9,600	12 hours	\$115,200
10	\$16,000	20 hours	\$160,000

Number of LYDClient Wills + EPOA with Protector per month	Fees \$ \$4,500 per couple	Time per Will and EPOA 3 hours	Per Annum Fees \$
2	\$9,000	6 hours	\$108,000
4	\$18,000	12 hours	\$216,000
6	\$27,000	18 hours	\$324,000



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