

ADVISOR DAY 2020

SUCCESSION PLANNING

| MUCH MORE THAN JUST A WILL

Presented by

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TOPICS

- A. WHAT IS IN A SUCCESSION PLAN?
- B. OPTIONS FOR A BUSINESS SUCCESSION PLAN
- C. WHAT CAN GO WRONG?
- D. A SUCCESSION PLAN CHECKLIST



A. What is in a Succession Plan?

1. THE WILL
2. WHAT ASSETS FORM PART OF AN ESTATE?
3. WHAT ASSETS DO NOT FORM PART OF AN ESTATE?
4. WHAT ELSE MUST BE CONSIDERED?

The Will

- WHAT IS A VALID WILL?
 - WRITING
 - SIGNED
 - DATED
 - WITNESSED
- INFORMAL WILLS
- CAPACITY
- UNDUE INFLUENCE, SUSPICIOUS CIRCUMSTANCES
- FRAUD

The Will

- DOMICILE
- MOVEABLE & IMMOVEABLE ASSETS
- JURISDICTION
- MULTIPLE WILLS
- INTERNATIONAL WILLS

- BEST OUTCOME IS WHERE ADVISORS COLLABORATE



What Assets form part of an Estate?

- REAL PROPERTY HELD ON YOUR OWN OR AS TENANTS IN COMMON
- DEBENTURES, BONDS, SHARES
- MORTGAGES OR LOANS
- PERSONAL PROPERTY:
 - Cash at bank
 - Superannuation benefits – where BDBN to legal personal representative
 - Life insurances – possibly where no beneficiary is nominated
 - Motor vehicles, plant and equipment, machinery (held on your own)
 - Intellectual property rights

What Assets do not form part of an Estate?

- PROPERTY HELD JOINTLY
- SUPERANNUATION BENEFITS (NOTE EFFECT OF BINDING DEATH BENEFIT NOMINATION)
- LIFE INSURANCES WHERE THERE IS A BENEFICIARY NOMINATED
- ASSETS OWNED BY DISCRETIONARY OR UNIT TRUSTS
- COMPANIES CONTROLLED WITHOUT SHAREHOLDING
- ASSETS CONTRACTUALLY PROMISED OR GIFTED DURING LIFETIME

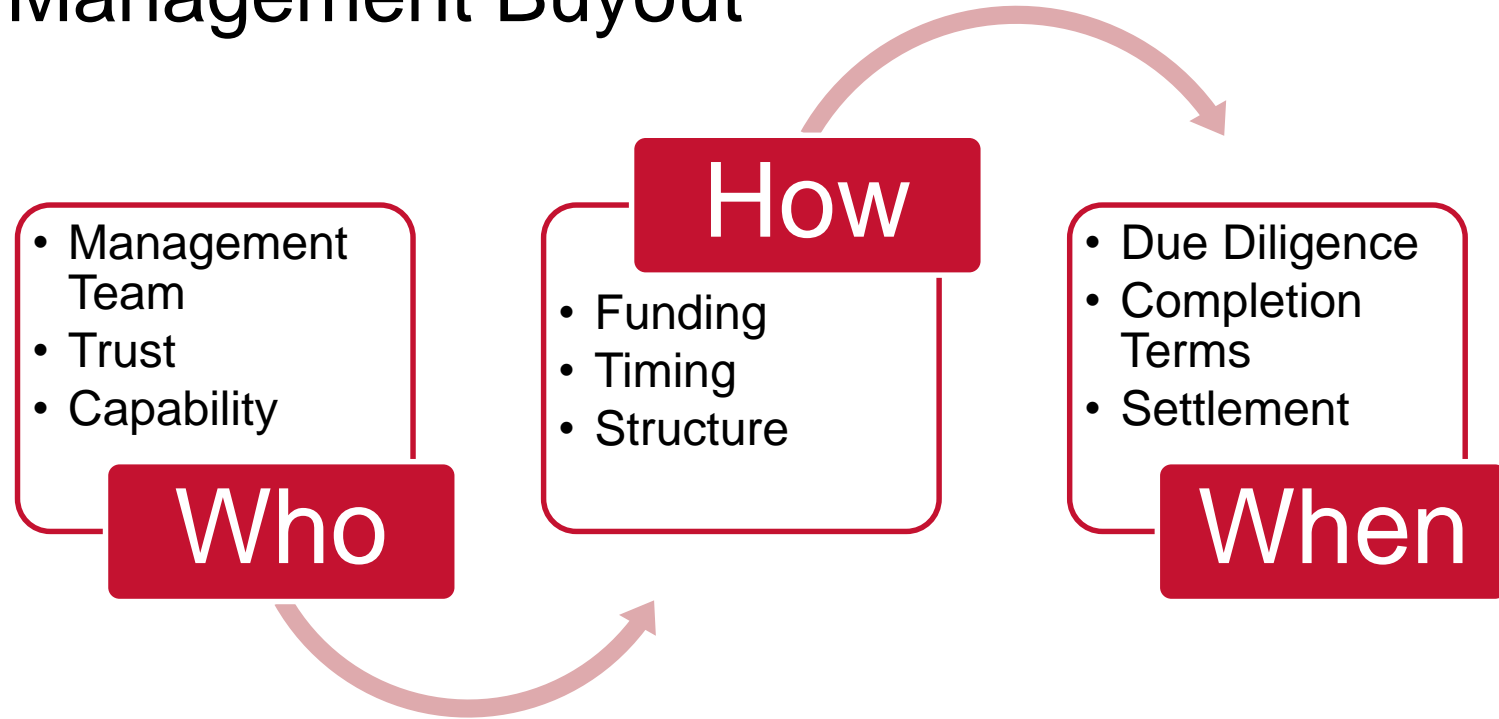
What else must be considered?

- BUSINESS ASSETS AND STRUCTURE
- GRANNY-FLAT ARRANGEMENTS
- BLENDED FAMILIES
- DE FACTO PARTNERS
- RETIREMENT VILLAGES
- CARE IN A NURSING HOME
- AGE PENSION ENTITLEMENTS
- ADEMPATION
- INCAPACITY
- ELDER ABUSE

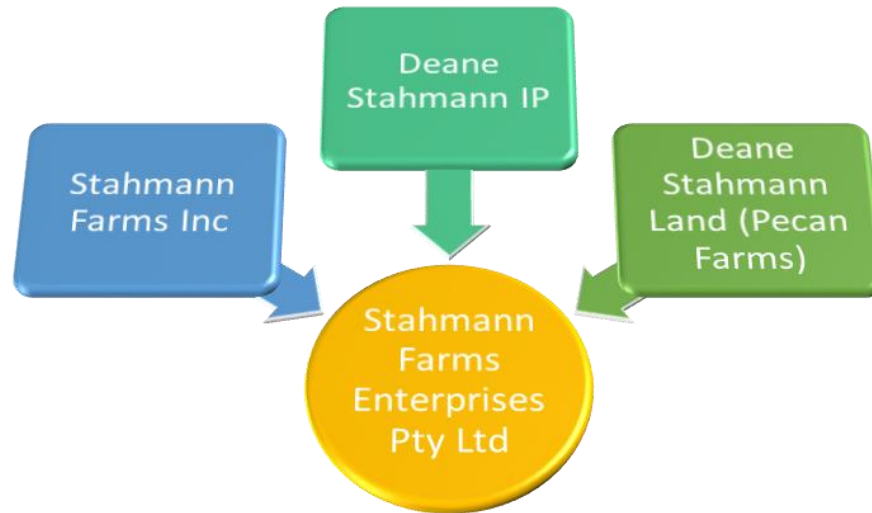
B. Options for a Business Succession Plan

1. MANAGEMENT BUY OUT
2. EMPLOYEE SHARE SCHEMES
3. SALE
4. INTERGENERATIONAL TRANSFERS

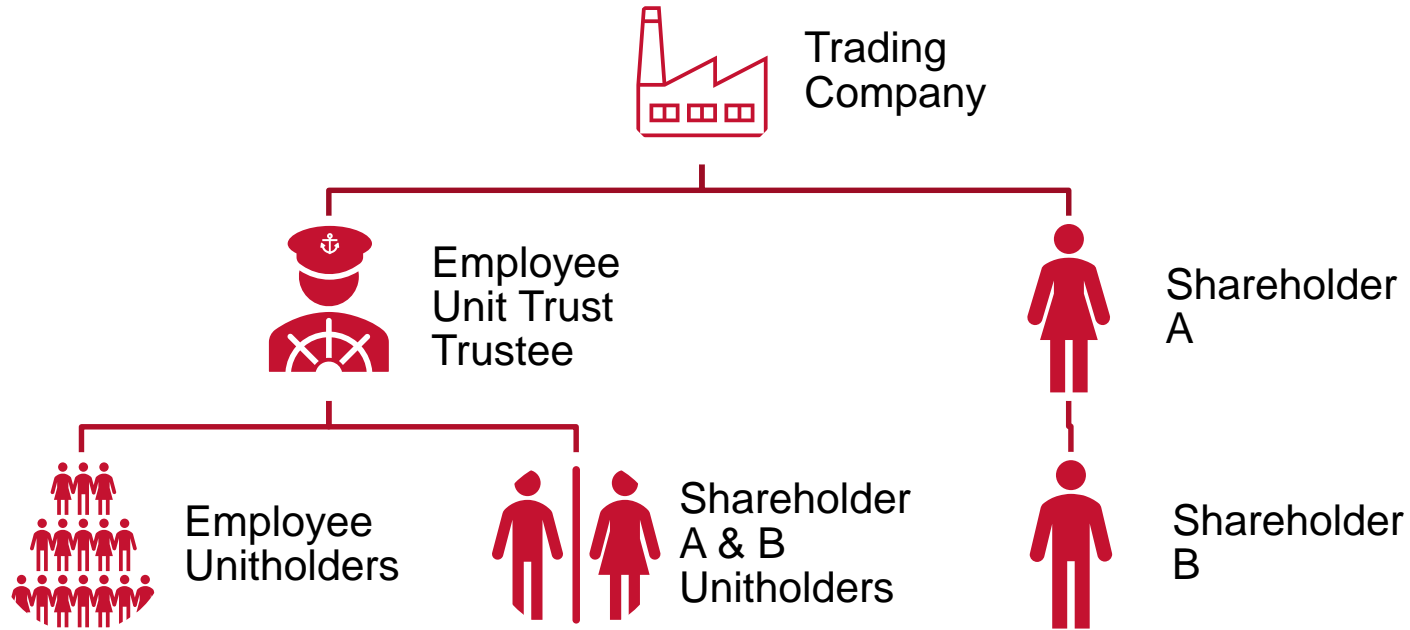
1. Management Buyout



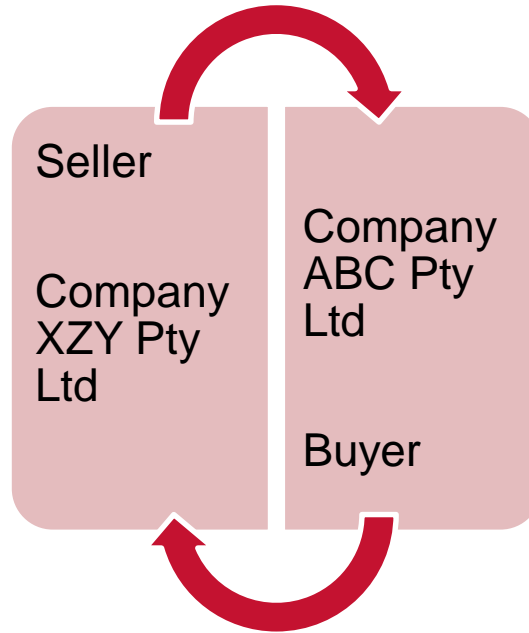
Management Buyout Example – Stahmann Farms



2. Employee Share Scheme



3. Sale – business sale



3. Sale – share sale

Company ABC Pty
Ltd

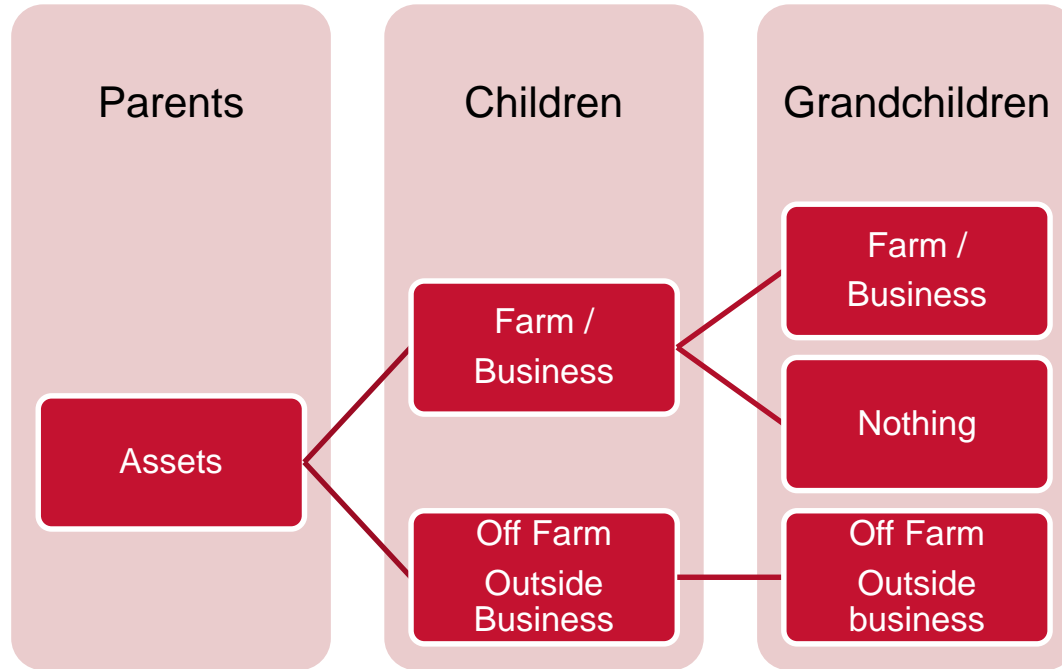
- Shareholder A
- Shareholder B
- Shareholder C



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- Shareholder D

4. Intergenerational Transfers / Family Succession Agreements



HEIDI and SEAL – SUCCESSION PLANNING

Who and what documents were required?



(HINT: The answer is nothing to do with shark week)

LARGE ASSET POOL and INTERESTING PLAN

HEIDI and SEAL – SUCCESSION PLANNING

4 CHILDREN - LENI , LOU, HENRY, JOHAN.

- LENI – 5% - IN WILL
- LOU / LOU'S CHILDREN – 0%
- HENRY – 75% - SOME NOW WITH STRINGS ATTACHED, SOME IN WILL
- JOHAN – 20% - SOME NOW, MOST IN WILL.

HEIDI and SEAL – SUCCESSION PLANNING

WHAT DOCUMENTS WERE REQUIRED

- SUCCESSION AGREEMENT
- WILLS AND EPOA'S HEIDI AND SEAL, HENRY AND HIS WIFE
- TRANSFERS FOR LAND AND WATER (FOR EACH LOT TRANSFER BUT ALSO FOR SOME THAT CHANGED OWNERSHIP)
- MINISTERIAL CONSENTS FOR SOME LAND / WATER
- WATER ALLOCATION TRANSFERS
- OSR DOCUMENTATION – INCLUDING VALUATIONS
- INSURANCE NOMINATIONS
- BRAND TRANSFERS
- CATTLE TRANSFERS
- DOCUMENTS SUPPORTING THE CHANGE IN BUSINESS STRUCTURE AND PERCENTAGES
- LENDING DOCUMENTS AND SECURITY DOCUMENTS
- SHARE SALE DOCUMENTS

HEIDI and SEAL – SUCCESSION PLANNING

WHO NEEDS TO BE INVOLVED?

- HEIDI AND SEAL AND CG LAW
- LENI, HENRY AND JOHAN AND THEIR LAWYERS
- ACCOUNTANT - HEIDI AND SEAL
- ACCOUNTANT - HENRY AND WIFE
- FINANCIAL PLANNER / INSURANCE ADVISOR –HEIDI AND SEAL
- STOCK BROKER – HEIDI AND SEAL
- BANK MANAGER - HEIDI AND SEAL
- BANK MANAGER – HENRY AND WIFE

Lifetime Giving

- IS IT ALL ABOUT CONTROL?
- PART 4 SUCCESSION ACT – ADEQUATE PROVISION?
- TRANSFERRING
- JOINT OWNERSHIP
- INTER VIVOS TRUST

C. What can go wrong?

1. CONTROL ISSUES
2. ACCESS TO EQUITY
3. CASH FLOW
4. DISPUTATION/CHALLENGE

Control



Access to Equity



Cash Flow



Succession Plan Checklist

- STEP 1 ESTABLISH GOALS AND OBJECTIVES
- STEP 2 DECISION MAKING
- STEP 3 SUCCESSORS
- STEP 4 ESTATE PLANNING
- STEP 5 TRANSFER METHODS AND STRUCTURE
- STEP 6 CONTINGENCY PLANNING
- STEP 7 VALUATION
- STEP 8 EXIT STRATEGY
- STEP 9 IMPLEMENT & FOLLOW UP
- STEP 10 DOCUMENT MAINTENANCE

What have we covered?

- A. WHAT IS IN A SUCCESSION PLAN?
- B. OPTIONS FOR A BUSINESS SUCCESSION PLAN
- C. WHAT CAN GO WRONG?
- D. SUCCESSION PLAN CHECK LIST

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