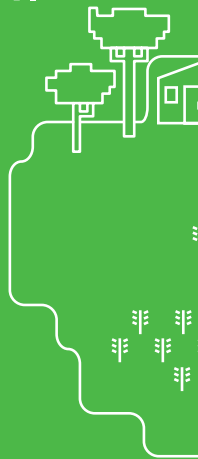


Working
with you,
whatever
the
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LONG TERM SUCCESSION AND ESTATE PLANNING

THE DO'S AND DON'TS

Excerpts from agribusiness specialist Bill Beard's presentation on succession planning for farmers



SUCCESSION & ESTATE PLANNING

Insights at a glance

- Treating your children fairly does not necessarily mean equally
- Honest communication of expectations is crucial
- Some families implement their plans:

During lifetime

- Often successfully
- Provides certainty
- Can address retirement and aged care needs
- May create exposure to relationship breakdown

On Death

- Creates huge uncertainty for younger generation
- Paralysis and procrastination are common
- All advisers should be in the same room at the same time
- One size does not fit all



SUCCESSION PLANNING WHEN BUYING LAND

The Don'ts:

- Purchase land in the trading entity
- Purchase land necessarily in one trust only
- Purchase land in individual names
- Purchase land in a company name without considering Capital Gains Tax consequences

The Do's:

- Plan very carefully who the ultimate controller could be
- Use multiple land-owning trusts, depending on location and number of farming successors
- Use trusts that qualify for the intergenerational stamp duty exemption
- Consider rectification of any very recent land purchases

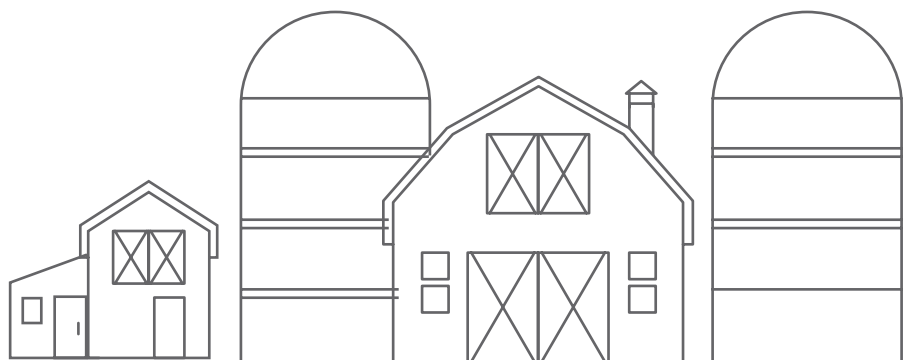
SUCCESSION PLANNING WHEN MAKING LIFETIME TRANSFERS

The Don'ts:

- Transfer land to the trading entity
- Ignore the potential benefits of using more than one trust
- Transfer land to individuals
- Ignore stamp duty and Capital Gains Tax consequences

The Do's:

- Plan very carefully who the ultimate controller could be
- Consider using multiple land-owning trusts
- Consider stamp duty and Capital Gains Tax implications
- Consider holding some land in a self-managed superannuation fund



ESTATE PLANNING WHEN PASSING LAND VIA A WILL

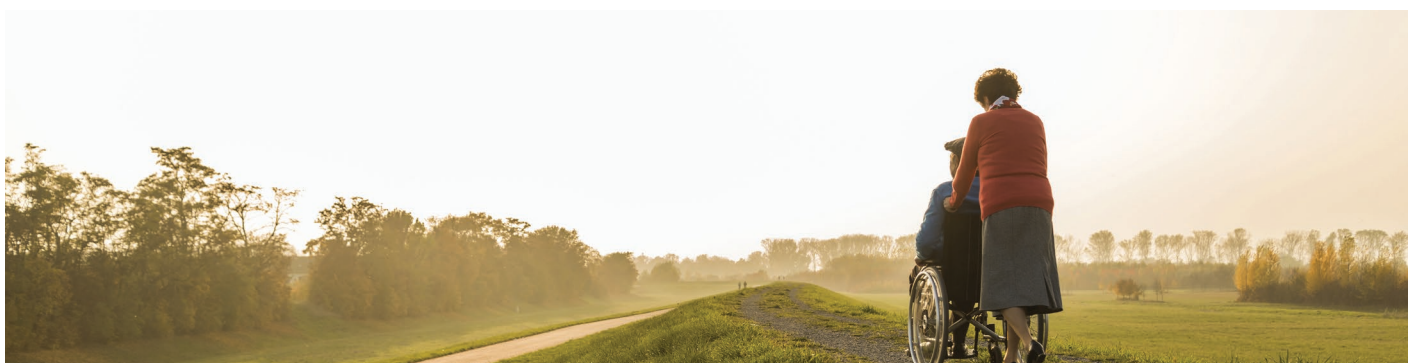


The Don'ts:

- Don't leave land to non-farmers
- Don't leave land to an individual
- Don't pay insufficient attention to the succession of the controllers

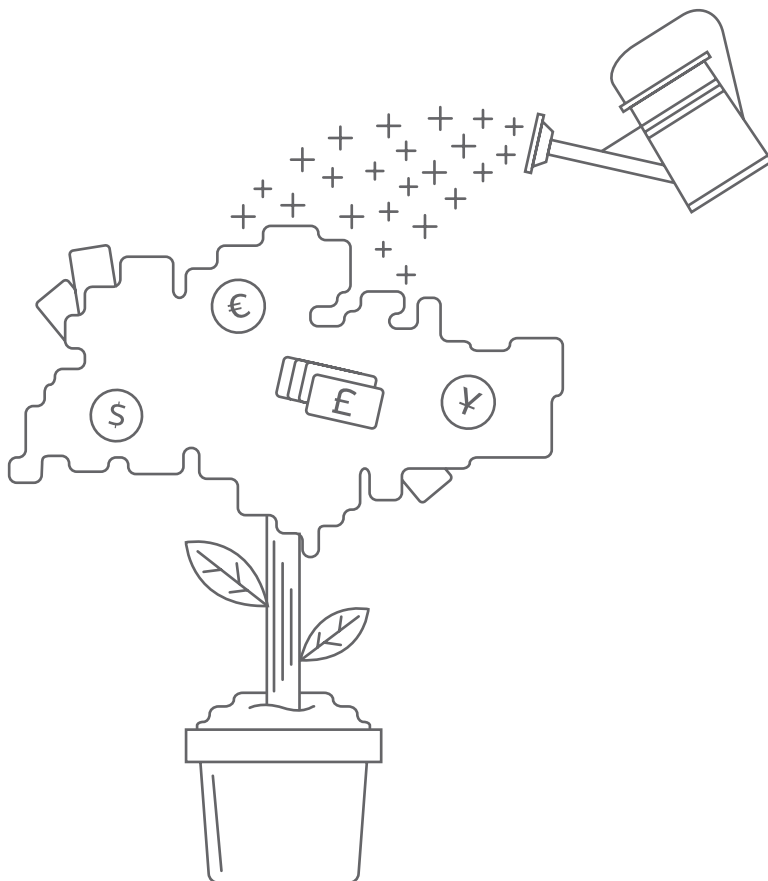
The Do's:

- Provide for non-farmers either using non-farming assets or impose financial obligations on farming beneficiaries
- Use Will trusts
- Consider bloodline trusts
- Hotpotch clause between farming children
- Consider using years of service as a method to distribute wealth
- Carefully consider the possibility of your Will being challenged



OTHER TRAPS WHEN MAKING WILLS

- Using the Will to nominate future trust controllers
- Ignoring or failing to “deal” with shares in family companies
- Ignoring or failing to deal with credit loan accounts in family companies or trusts
- Ignoring debit loan accounts in family companies or trusts



THE POWER OF BEING UNDERSTOOD

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