

FINMAN

August 2018

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*Welcome to our August 2018 Newsletter
With a feeling of spring in the air, and only 18 weeks until Christmas,
again the year is escaping us fast! A reminder that if you haven't already got in
your end of year work, please bring that in as soon as you can.*

Attention all Xero Users



Have you often looked at all of the various functions in Xero and asked yourself am I really using Xero to it's full potential? Do you know all about Xero's time-saving tools that will help you to grow your business? Do you know how to get a real-time view of your cashflow at any given time?

At Finman Services, we are Xero Gold Partners, and we offer one on one Xero training at our premises or yours, at anytime that would suit you. A small investment of your time for Xero training, will see your business flourish.

Call us today to discuss!

The Trust Issue

Do you have a family trust? Thinking of forming one as a way to future-proof your assets for you and your children? Take note - the Trustee Act is getting a makeover. While there are still a few parliamentary hurdles to jump, now's the time to get your head around what the new bill will mean for you and your business.

In a Nutshell

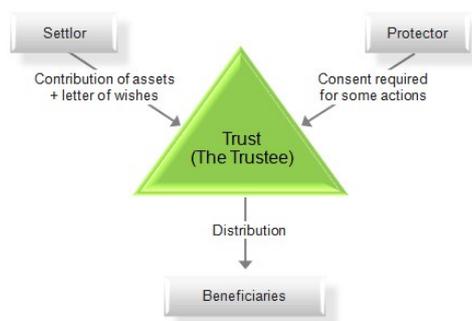
Last August, a new Trusts Bill was introduced to Parliament - the first big change to New Zealand's trust law in more than 60 years. With up to 500,000 trusts operating in our country, they are an essential part of our legal system but the current legislation is no longer cutting it.

The Old Act:

Narrow in scope, expensive and too complicated

The New Act:

More efficient, better guidance for trustees and beneficiaries and easier to resolve disputes



The Trust Issue ...continued

How Will the Act Change My Roles as a Trustee?

Up until now, a trustee's job description has been clear as mud with many families getting into strife unaware of their trustee's responsibilities. With the new bill in place, a trustee's role will be clearly outlined, and include:

- Knowing the terms of the trust
- Acting according to the terms of the trust
- Acting honestly and in good faith
- Acting for the benefit of the beneficiaries or the permitted purpose of the trust
- Exercising trustee powers for a proper purpose

What Changes Will Affect My Business?

1. Extending perpetuity laws

At the moment, when you set up a family trust, it has a time limit of 80 years. Then you have to wrap it up and distribute the assets. The new legislation suggests extending it to 125 years, which may involve significant succession planning adjustments.

2. More information access for beneficiaries

In its draft form, the Trusts Bill proposes to give most trust beneficiaries the legal right to financial reports on the state of the family trust – meaning they'll be able to request more information including 'who's getting what'. Whether beneficiaries have the right to request this information under our current law is a bit of a grey area.

Because this potentially opens a can of worms for trustees, this proposal has been controversial and has attracted a lot of feedback from trust advisers. We will have to wait until later in the year to see what changes (if any) are made to this proposal.

I Have a Family Trust, What Do I Need to Do?

Get your paperwork in order: Document your trust actions carefully (if you don't already) and make sure they're accurate.

Revisit your succession planning: Talk to us to make sure your succession plans still make sense if this legislation goes through.

Review your trust: There might be opportunities to improve your tax structure, reduce your risk profile and better your family's financial situation.

Join us for a coffee! A quick, pain-free chat now (about all of the above) could save mountains of paperwork, and headaches, down the track. Give us a call, or email us to book a meeting.



Changes to Families Package

If you receive the Families Package (formerly the Family Incomes Package), you may be affected by three changes that came in on 1 July. They include:

- Winter Energy Payment to help older people and low income families heat their homes
- Best Start tax credit for families with young children
- Increases to Working for Families tax credits

Because the changes will be made automatically, you don't need to do anything. Anyone who isn't a Work and Income client may need to apply for Best Start tax credit through Inland Revenue.

Boosting Working for Families tax credits

From 1 July the eldest-child rate will increase to \$5,878 a year, and for subsequent children to \$4,745. The abatement threshold will increase from \$36,350 to \$42,700, and the abatement rate from 22.5% to 25%.



This means that the amount of the family's income at which Working for Families tax credits starts reducing is increased, however the amount of the reduction has increased from 22.5c in the dollar to 25c in the dollar. The result is net increase to families receiving Working for Families tax credits.

Best Start

The Best Start payment of \$3,120 a year (or \$60 a week) per child is designed to help families meet costs in a child's early years. It will be available to all families in their child's first year and for low - and middle-income families in the child's second and third years. Best Start payments will be abated at 21% for income above \$79,000. It will be made available for children born after June 30 and will replace the Parental Tax Credit.

Winter Energy Payment

The Winter Energy Payment is aimed at helping people on a benefit, New Zealand Superannuation or a Veteran's Pension to heat their homes in winter. It provides \$20.46 a week for single people, and \$31.82 a week for couples or people with dependent children. It will be paid from 1 July to 30 September 2018.

'All you need is the plan, the road map, and the courage to press on to your destination'
Earl Nightingale