

# TRUSTEE FOCUS

## NEED MORE INFORMATION?

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### ANZ Executors & Trustee Company Limited

ABN 33 006 132 332 (ANZ Trustees)  
is a wholly owned subsidiary of  
Australia and New Zealand Banking  
Group Limited ABN 11 005 357 522 (ANZ).

As a Statutory Trustee Company,  
ANZ Trustees is authorised to act  
under the trustee company legislation  
of each Australian state and territory  
(except Tasmania) as:

- executor of Wills
- trustee of charitable and non-charitable foundations
- trustee of statutory common funds
- investment manager of common funds and foundation assets
- other trustee services.



## WELCOME TO THE WINTER EDITION OF TRUSTEE FOCUS

We've had an excellent last six months here at ANZ Trustees and we're particularly proud of some recent milestones that have been achieved:

- \$2 billion in total funds under management – achieved at end of January 2006, and
- \$1 billion in charitable funds under management – achieved at end of March 2006.

These milestones, particularly the \$1 billion in charitable funds under management confirms our place as one of, if not the, leading manager of charitable funds in Australia. Over the last six months a number of factors have contributed to this including the strong share market increasing the value of existing trusts, new trusts coming from estates we have administered, additional funds being contributed to existing charitable trusts and some significant new ANZ Charitable Trust Australia accounts where clients have sought out or added to our market leading products.

It is most encouraging that we are now generating over \$50 million annually from these charitable funds to support community initiatives.

In this issue of Trustee Focus we look at the importance of appointing an appropriately skilled executor in your Will, take an in depth look at our Private Client Custodial Service, expose some common myths of charitable trusts and feature a recent Felton Bequest purchase for the National Gallery of Victoria.

In these articles there is a common message, spending a little time now, thinking about and putting in place appropriate strategies may yield substantial benefits down the track.

I hope you find this edition of Trustee Focus informative and insightful.

If you are interested in further information on any of ANZ Trustees' products and service, please contact us on 1800 011 047.

**David Ward**  
Managing Director  
ANZ Trustees

## WINTER 2006 EDITION

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### FEEDBACK

This is your newsletter. If you have any questions, comments or suggestions about what you would like to see covered in 'Trustee Focus' in future editions, please e-mail your feedback to [trustees@anz.com](mailto:trustees@anz.com) or telephone us on 1800 011 047.

This newsletter contains general information only about services provided by ANZ Trustees and does not contain any recommendations, statements of opinion or advice. In any event, the information contained in this newsletter does not take into account any individual's objectives, financial situation or needs. Comments contained in this newsletter should not be relied upon in any way when deciding whether or not to establish or contribute to a charitable foundation or when managing such a foundation. You should obtain independent advice as to whether establishing and contributing to a charitable foundation is appropriate for you, having regard to your objectives, financial situation and needs.

Should you wish to appoint ANZ Trustees to provide any of the services described in this newsletter, you will be required to enter into a contract setting out details of the terms on which the services are to be provided. You should carefully review the contract to confirm that the terms are acceptable as it is the contract that will govern the terms of the appointment rather than this newsletter.

All statements in the newsletter are based on ANZ Trustees' interpretation of the laws applicable to charitable foundations and other services as at the date of this edition. These laws are complex. While some of the legal requirements may be mentioned in this newsletter, only a very brief summary has been included and accordingly such information may not be complete and should therefore not be relied upon. It is intended only as a guide to some of the main requirements.

Item No. 54907 05.2006 W92032



## PUTTING A SAFETY NET IN PLACE NOW

While building a diversified investment portfolio can be a challenge and ultimately financially rewarding, it can also require a lot of work. Regularly monitoring investment markets, keeping on top of the paperwork generated and keeping up-to-date with taxation and other legislation changes that may affect your portfolio can require your attention on a daily basis. Increasing work commitments or perhaps a desire to wind back the time required to manage your portfolio may eventually mean you would welcome assistance in managing your investments and financial affairs.

If you're in this situation now, or more likely think you may be sometime in the future, but want peace of mind of preparing for that possibility now. If it would be great to have someone else manage your day-to-day administration and record keeping, and even undertake purchases and sales as instructed, then ANZ Trustees' Custodial Service may be just the help you're looking for. According to John Keating, Manager Private Clients, "The case studies opposite, while names and minor details

have been changed, are based on real clients whose situations are different, but all of whom have recognised the value of having our assistance in administering their financial affairs both now and in the future."

So what can John and his team actually do for you through our Custodial Service? The following list describes the key elements that comprise the Custodial Service:

- Consolidated listing of all major assets for valuation and reporting purposes i.e. property, shares, cash, managed funds, artwork.
  - Daily valuation of your portfolio.
  - Regular statements detailing transactions and asset valuations (monthly or quarterly according to need).
  - Preparation of ad hoc reports on request to support investment decisions.
  - Settlement of all investment purchases, sales and transfers as instructed.
- Recording of all asset and cash transactions, and any capital gains tax details.
  - Collection of all interest, dividend and fund distributions.
  - Investment of the cash component of your portfolio.
  - Annual tax reporting statements.
  - Notification of corporate actions e.g. share buybacks, bonus issues, rights issues, corporate takeovers.

"Should a client's needs change in the future, we can offer more comprehensive levels of service through our Advisory Service or Complete Financial Service", said John.

*For further information on the Custodial Service please call 1800 011 047 to find out more, or visit us at [www.anz.com](http://www.anz.com), click on 'Investing' then 'ANZ Trustees'.*



### CLIENT 1

Mr Smith operates a successful business in the tourism industry, enabling him to accumulate considerable personal wealth. He has built a personal equity portfolio, but in recent times realised the paperwork and time required to manage his portfolio was growing. To concentrate on his business' continuing success he realised that the time he was spending on his investments would be better spent focussing on the business. To enable him to do this, he appointed ANZ Trustees to assist in managing his personal equity portfolio. The client still made the investment decisions, but ANZ Trustees stepped in and began collecting his interest and dividends, banking the funds, maintaining tax records (including the complex capital gains records), informing him on corporate actions, and ensuring that surplus cash funds were invested in interest bearing accounts.

The client receives comprehensive reporting on his portfolio performance, enabling him to monitor its progress. As a result of his partnership with ANZ Trustees, the client's primary goal of continuing to build his business is being achieved, while his investment portfolio is also growing.

### CLIENT 2

Mr Russell a retired managing director was recently reviewing his investments and estate planning. Having always managed their financial affairs, he was concerned the burden it would place on his wife and how she would manage if he was not around or became incapacitated and was unable to attend to matters. He has a Will in place with ANZ Trustees as his executor and trustee, but was concerned with the volumes of paperwork and record keeping associated with all his investments. Upon discussion with ANZ Trustees the client set up a dormant Custodial Service Agreement together with a dormant Enduring Power of Attorney. This gave the client peace of mind that he could at any time in the future elect to activate the Custodial Service, wherein ANZ Trustees would step in and take over the management of the investment portfolio, or if the client lost capacity, the Enduring Power of Attorney would be activated and again ANZ Trustees could step in to take on the management of the portfolio and to act in the best interest of the client.

Mr Russell and his wife are both comfortable with the contingencies now in place for the future.

### CLIENT 3

Mrs Greene became a custodial client of ANZ Trustees following the death of her husband, realising that with all the changes in her life she needed help in managing the assets and investment left to her by her late husband. She did not fully understand the intricacies of investments and interrelated taxation, insurance and Centrelink issues, and in her advanced years, felt it would quickly get beyond her. Mrs Greene had moved into a nursing home but did not want to rush into selling the family home as she considered that she would possibly move back home. The client was unaware that she had to inform Centrelink of her move to the nursing home and of her inheritance from her late husband's estate, but this was taken care of by ANZ Trustees. As time moved on the client decided to stay in the nursing home, but did not realise that if she did not dispose of her home that her circumstances would change and her Centrelink pension would be further affected. Again ANZ Trustees helped Mrs Greene by arranging the sale of her vacant property and investing the funds to best suit her needs.



## APPOINTING A PROFESSIONAL AS EXECUTOR IN YOUR WILL

One of the important steps that occurs when writing your Will is deciding who will be the executor of your estate. It's quite common to pick your spouse, one or more of your children, a trusted relative or friend. While it may be seen as an honour to be asked to be an executor, few people realise exactly what is required from this role.

An executor is appointed in a Will and is required to take on the responsibility of controlling, administering and ultimately transferring the assets of the deceased in accordance with the instructions in their Will.

An executor must act independently and impartially and may be personally liable for any mistakes, such as incurring a tax liability.

Depending on an individual's estate, it is a task that can be complex and time consuming. Apart from dealing with grieving and perhaps squabbling relatives, the role may continue on even after the final distribution of estate assets, if assets are to be held for minor children or income is to be paid to beneficiaries 'during their lifetime'.

Where there are added complexities, such as children from more than one marriage, complicated business arrangements or the potential for the Will to be challenged, it is worthwhile considering an independent and impartial third party such as ANZ Trustees.

### Things to look for in an Executor:

- Have the ability to understand legal and tax issues
- Can act impartially
- Someone who will be capable of carrying out these duties at the time
- Is likely to outlive you
- An Australian resident, preferably living in same state as bulk of assets

### WHY APPOINT A PROFESSIONAL EXECUTOR?

Some of the many circumstances in which choosing to appoint a professional, such as ANZ Trustees, as your executor may be appropriate include where:

- your estate is of a complex nature, where it may include a business, substantial or varied assets and existing trust structures.
- there is the possibility of a family dispute.

- ongoing trusts are established in your Will which will require administration over many years.
- you wish to ensure your estate is administered by an independent party to protect the interests of all of your beneficiaries.

ANZ Trustees can act as sole executor, offering experience and expertise in administering estates, or as a co-executor with a friend or family member. Alternatively we can be appointed as a substitute executor in the event the original appointment fails for any reason, or where the executor appointed in your Will wishes to hand over the role to a professional.

While it is our client's choice, in most of the Wills we prepare ANZ Trustees is appointed executor.

For further information on Wills & Estate Planning or Estate Administration please call 1800 011 047 to find out more, or visit us at [www.anz.com](http://www.anz.com), click on 'Investing' then 'ANZ Trustees'.



## EXPOSING SOME COMMON MISCONCEPTIONS ABOUT PHILANTHROPY

In our daily discussions with clients we have realised that while many people are positive about the idea of giving to charitable causes, the thought of establishing their own charitable foundation was something they may not have considered for a variety of reasons. We have put our collective thoughts together and come up with the 3 most common misconceptions about philanthropy and particularly charitable foundations.

### 1. THAT CHARITABLE FOUNDATIONS ARE ONLY FOR THE WEALTHY

- While there are some well known examples of very wealthy and high profile philanthropists, these are not the only people who have established their own charitable foundations.
- Charitable foundations are accessible to those who want to make a strategic and ongoing approach to the community in a way that allows them greater control over the direction of their giving strategy.
- Your own charitable foundation can be a better way of giving a few thousand dollars annually to the community,
- Through ANZ Trustees you can establish a charitable foundation with an initial tax deductible donation of \$50,000 and add to it over time.

### 2. THAT YOU HAVE TO BE DEAD TO ESTABLISH A FOUNDATION

- Although some of the more well known foundations, such as The Felton Bequest, were established in benefactors' Wills, taking effect upon their death, this is not the only time to establish a foundation.
- You can establish a foundation while you are well and truly alive and take an active role in developing the foundation's vision and also contribute further from your estate.
- As charitable foundations are perpetual, your foundation will continue beyond your lifetime – the difference is you have had the pleasure of setting the strategy and being involved during your lifetime.
- Initial donations made while you are alive can be tax deductible, with deductions able to be spread over five years. Charitable foundations are exempt from paying tax on their income.

### 3. ESTABLISHING A CHARITABLE FOUNDATION IS COMPLEX

- Charitable foundations can be as simple or complex as you want – it's your choice!
- One of ANZ Trustees' key priorities is to help people to establish the right charitable structure to reflect their strategy.
- We offer the ability to design your giving strategy and become involved in the giving process, while having the comfort of knowing that all operational and investment aspects are being taken care of by a professional – it can be as simple as completing a 2 page form.
- Alternatively, we can assist you to design a charitable structure that meets tax and legal requirements tailored to meet your wishes where you are involved with everything from governance, administration and investment through to granting.

According to Fiona Rowland, Head of Charitable Foundations, "For many people, deciding to establish their own charitable foundation is a decision that can take well over 12 months."

So apart from some misconceptions about establishing a charitable foundation, what does Fiona see as the underlying reasons people have for prolonging their decision to establish a foundation? "Clients acknowledge that they have a desire to be more strategic about their giving and the option of establishing their own foundation would cover all these requirements," she continued, "But actually making the decision and 'writing the cheque' can be quite daunting and requires a high level of trust – that their gift will be well managed and create a lasting legacy that can be shaped and directed. It's where our reputation as one of the leading managers of charitable funds in Australia and being part of ANZ, one of the country's leading financial groups, can help reinforce the decision. It can ultimately be a rewarding decision on many different levels, it's just taking that quantum step".

Looking to make a tax deductible charitable donation before 30 June 2006? Or seeking further information on how ANZ Trustees can develop a charitable strategy for you, then please contact us on 1800 808 910 or email [charitabletrusts@anz.com](mailto:charitabletrusts@anz.com).



## LA CIGALE PRESENTED TO NATIONAL GALLERY OF VICTORIA

In November 2005 the Felton Bequest presented to the National Gallery of Victoria (NGV) the work titled *La Cigale* (*The grasshopper*) 1872, by French painter Jules Lefebvre. This work is a sister painting to the famous *Chloe* which hangs at Young and Jackson's Hotel in Melbourne. *La Cigale* is considered one of Lefebvre's classic female nudes and was first exhibited in 1872 at the Paris Salon, three years before he painted *Chloe*.

The painting represents a figurative illustration of a famous fable by Jean de la Fontaine (1621-1695). It was accompanied at the Salon exhibition by a quotation from La Fontaine's fable of the ant and the grasshopper, *Quand la bise fut venue* (*When the cold north wind blows*).

It is also believed *La Cigale* was subtly criticising the actions of Emperor Napoleon III, which resulted in France being left out in the cold politically and economically following the disastrous Franco-Prussian war of 1870-1871.

At the unveiling of the work NGV Director, Dr Gerard Vaughan referred in his speech to the work being one of Jules Lefebvre's greatest and an extremely important painting from its period.

Sir Andrew Grimwade, Chairman of the Felton Bequests Committee, said the acquisition was a proud moment for the Committee, with the painting being an important work from the period and one of Jules Lefebvre's great female nudes.

*When Alfred Felton died in 1904, he left the majority of his personal wealth to the Victorian community. His estate was pledged to art and charity through the establishment of the Felton Bequest. The Felton Bequest splits funding equally between the National Gallery of Victoria and charitable causes – particularly those supporting women and children.*

*In his Will, Alfred Felton instructed his Bequest be placed in the care of a committee and a trustee. The Felton Bequests Committee has since been responsible for allocating grants while ANZ Trustees manages and invests the funds.*

La Cigale is on display in the 19th century galleries on Level Two of NGV International, St Kilda Road, Melbourne.



Jules Lefebvre French 1836-1911  
***The grasshopper (La Cigale) 1872***  
Oil on canvas 186.7 x 123.8cm  
Felton Bequest 2005  
National Gallery of Victoria, Melbourne



## Time better spent

### Take the worry out of managing your finances

Dealing with the paperwork and information related to your financial affairs and investments can be time consuming, not to mention confusing. At ANZ Trustees we offer a range of services designed to help manage your financial affairs, leaving you free to do the things you enjoy.

We can provide you with the following:

- Assistance with financial affairs ranging from day-to-day administration through to investment advice if required;
- Preparation of Wills, acting as executor of estates and providing strategic estate planning;
- Establishment of charitable foundations, managing their assets and devising giving strategies.

Our fees are competitive and fully tax-deductible for some services.

So to find out more about how we can free up your time, call us now on **1800 011 047** from anywhere in Australia.

[www.anz.com](http://www.anz.com)

