

Queensland Public Trustee

Testamentary Trust services Guide for beneficiaries

Helpful information for beneficiaries of a
Testamentary Trust being administered by
Queensland Public Trustee.

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About Trusts

Trust is a legal arrangement where a person or entity (such as a company or an organisation) holds assets including real estate, investments and cash funds on behalf of beneficiaries. Different types of Testamentary Trusts are established by Trust instruments, which is a document such as a person's Will, a Trust deed, letters from superannuation funds or a court order or sanction.

The Trustee is the person or entity responsible for administering the Trust and beneficiaries are the people or entity that benefit from the Trust assets or funds.

Each Trust document specifies:

- what assets make up the Trust
- who can receive benefits from the Trust (beneficiaries)
- what benefits the beneficiaries can receive from the Trust.

Types of Testamentary Trusts

We administer the following types of Testamentary Trusts.

Life Interest

The primary beneficiary is entitled to the full benefit of an asset for the duration of their lifetime. These assets could include a family home, cash assets, shares or other investments. The primary beneficiary is entitled to receive any income generated, without inheriting the asset.

The life interest ends when the primary beneficiary dies or surrenders their interest. When this happens, the estate passes to the remainder beneficiaries.

Right to Reside

The primary beneficiary is entitled to reside in a property for their lifetime or up to a certain time, without inheriting the asset. The right -to reside ends when the primary beneficiary permanently vacates the property or upon the happening of an event as stipulated in the Trust document. When this happens, the property passes to the remainder beneficiaries.

Discretionary

Discretionary Trusts give the Trustee the ability to decide who may receive income or capital from the Trust and in what proportions. This means that distribution of income or capital from the Trust is not fixed. This type of Trust is usually established when the person making the Will wishes to provide for a beneficiary with impaired capacity.

Contingent

The beneficiary is entitled to assets or funds when they meet a certain condition such as turning a certain age. They can only request to withdraw funds from the Trust under certain circumstances such as for healthcare, maintenance or education expenses. The amount that can be withdrawn is limited by legislation to 50 per cent of the capital over the life of the Trust.

Primary and remainder beneficiaries

Life Interest or Right to Reside Trusts have two types of beneficiaries:

- **Primary beneficiary** — someone who benefits during the life of the Trust. This could be by living in a property held by the Trust, receiving income generated by the Trust, or both.
- **Remainder beneficiary** — someone who inherits part or all the assets when the Trust comes to an end.

Primary and remainder beneficiaries have different objectives for the Trust. Our role as Trustee is to act impartially to meet the objectives of both primary and remainder beneficiaries. Our goal is to ensure both achieve the best possible benefits. We do this by:

- achieving reasonable income from the Trust to meet the needs of the primary beneficiary
- preserving the capital value of any assets to meet the needs of the remainder beneficiaries at the end of the Trust.



Our Trust administration services

As Trustee, our role is to administer and preserve the Trust assets and funds for the benefit of the beneficiaries. We do this by identifying and protecting the Trust assets and distributing them to beneficiaries in accordance with the rules of the Trust document. Here are the steps we take to administer a Trust.

Annual Financial Plan

Each year we review the financial plan for the Trust to ensure it meets the needs of beneficiaries and the assets are protected. This process includes seeking your views, wishes and preferences about how we manage investments. The financial plan takes into consideration your needs now and, in the future, along with independent expert advice about investment options.

Manage and invest funds

Each year we review the investment strategy for the Trust, placing funds in the most suitable investment options for both the primary and remainder beneficiaries.

A financial planner may select investment products they consider appropriate. They may select Public Trustee investment products and products from their own recommended product list. Depending on your needs, we may invest money in one or more of the following:

- Public Trustee Term Investment Account
- Public Trustee Investment Funds — Growth Trust
- Other investments as recommended by our financial planners from their product list.

We may also place some of the funds into the Public Trustee Cash Account so that funds can be made available to you as required.

The amount of income generated by the Trust each year varies depending on the size of the investment and economic factors impacting the amount of return.

Interest rates are reviewed and adjusted according to what is happening in the broader financial market. Information about current interest rates is available on our website.

Manage property investments

When a property forms part of the Trust, we work with the primary beneficiary to ensure the property is maintained and protected.

There are certain responsibilities for the Trustee and beneficiaries when a property forms part of the Trust.

As Trustee, we are responsible for:

- ensuring the property is adequately insured
- arranging for an annual building and pest inspection to assess the condition of the property and that compliant smoke alarms are installed
- arranging for property valuations every three years to ensure the replacement cost is reflected in the building insurance.

If you are the primary beneficiary of a Trust with a property, you are responsible for:

- paying property and water rates
- paying insurance to cover the replacement value of the property as stated in the valuation
- paying maintenance costs for the property
- paying utilities while you reside in the property
- advising us of any issues relating to the property.

Provide financial records

We provide you with an annual statement that details our fees to manage the Trust, costs from other providers, income received, and any funds distributed to beneficiaries.

We also provide tax information each financial year for lodging tax returns.

Disperse income to beneficiaries (if applicable)

Depending on the type of Trust, income earned by the Trust investments may be distributed to the primary beneficiary on an annual basis.

An annual payment (distribution) will be made to the primary beneficiary via their nominated bank account. The timing and the amount of the distribution is dependent on the income being available from the invested assets and may vary slightly from year to year.

Close the Trust and distribute assets

When the Trust comes to an end, we work with beneficiaries to finalise the Trust and distribute the assets as instructed under the terms of the Trust document.

Other services

Depending on the type of trust we may provide the following additional services:

- manage property assets including rent collection, maintenance, building inspections, insurance, rates and land tax
- facilitate financial advances for special needs
- lodge tax returns for the Trust.

Fees and charges

The fees Queensland Public Trustee charges for administering a Testamentary Trust are based on the amount of effort required. Our fees are calculated on an annual basis and charged to the Trust monthly. The types of fees and charges vary depending on the needs of the individual Trust. We provide you with a summary of all fees and charges as part of your annual statement.

Standard fees and charges are:

- **Testamentary Trust Service Fee** — This fee is based on how many financial transactions we make or receive on behalf of the Trust over the year. The fee is received annually to ensure it is in line with the work being undertaken.
- **Asset Management Fee** — This fee applies when we are responsible for the administration of assets. This may involve the management of cash, investments or some other form of asset held within the Trust. This fee is based on the value of the Trust assets (excluding real estate property or other place of residence), to reflect the work involved in managing the Trust.
- **Incidental Outlays** — We incur everyday administration costs as part of our service delivery. We recover these costs by charging a set amount based on the type of service and the number of transactions required to provide you with our service.

Supplementary fees that may apply if additional services are required can include:

- **Real Estate Property Fee** — This fee is for services to manage the property including arranging and actioning building inspections and undertaking any necessary maintenance to the property. To support beneficiaries who reside in the property, this fee is rebated in full.
- **Public Trustee Investment Fund Fee** — If the Trust has funds to be invested, they are placed in the Public Trustee Investment Trusts in accordance with our Customer Investment Strategy.
- **Additional Services Fee** — This fee is charged when we need to provide you with more than our standard service or support. An hourly fee is charged for this support.

More information about the fees for our Testamentary Trust services is available on our website.

Withdrawing funds

For both contingent and Discretionary Trusts, you can make a request to withdraw funds from the Trust. However, it must be for your direct benefit as outlined under the terms of the Trust document, which may include for purposes such as healthcare, maintenance or education expenses

There may be a limit to the amount of financial assistance that can be released from a Trust. That amount will depend on the type of Trust and the terms of the Trust Deed or Will.

For other types of Trusts, funds cannot be withdrawn from the capital of the Trust. The only funds the beneficiary is entitled to receive is net income generated from the Trust that is gained through investments. This net income is after all costs of the trust have been paid.

When requesting funds from the Trust it's important to understand that this can affect the final balance of the Trust. When there is less money invested, it can reduce the amount of returns you will gain. It can also reduce the amount of money available at the end of the Trust.

General information

Your privacy

We take all necessary steps to protect the privacy and confidentiality of our customers. That includes the privacy and confidentiality of individuals we interact with in relation to the Trust.

Any personal information we collect from you is only accessed by authorised officers within QPT and will not be disclosed to any other third party without your consent except where required by law.

Making a complaint

We take your feedback seriously as part of our ongoing commitment to provide professional and customer-focused services. We manage all customer complaints in line with our Customer Complaints Management Policy, which all staff must understand and comply with. The easiest way to make a complaint is to contact a staff member who will help you. Other ways to make a complaint:

- use our complaints form — visit www.pt.qld.gov.au and search 'complaints'
- call our complaints line on 1800 014 536 (Monday-Friday, 9am – 4pm)
- email us at complaints@pt.qld.gov.au
- write to us at: Complaints Office, Queensland Public Trustee, GPO Box 1449, BRISBANE QLD 4001

Feedback and suggestions

To help us continually improve our services we regularly undertake surveys to seek feedback from our customers. Responses are gathered by an independent research company and are treated as confidential. There is no obligation to participate, but we are very appreciative of those who do as it allows us to continue improving our services.



Key terms

The following are explanations of terms used in this Guide. They are not intended as legal definitions.

Capital	This is the whole of the assets or property of the Trust apart from any accumulated income. It can be the funds or other assets originally comprising the Trust, the capital growth in those assets, items purchased by the Trustee with Trust funds during the Trust, or income that has been retained and added to the capital (if the Trust document allows for this).
Capital Growth	This is the increase in value assets may have over time. For example, a house may increase in value over years. Assets that increase in value may lead to capital gain, which may be subject to capital gains tax. Some assets may also, potentially, decline in value.
Deed	A type of document recording a legal arrangement such as creation of a Trust. It will usually state who the Trustee is, the beneficiaries, the initial Trust assets and any special rules or terms of the Trust.
Discretion	In many Trusts, Trustees are given powers to do a range of things by the terms of Trust or governing legislation. For example, the ability to apply Trust funds for the benefit of a beneficiary. The Trustee must determine, based on consideration of the circumstances and information available if the proposed use of funds will be for the benefit of, and in the overall best interests of the beneficiary. Where a Trustee is given the power to decide whether to do, or not to do, a thing, or the manner which it should be done — it is said to have a discretion.
Disbursements	A disbursement is when funds from the Trust are paid to a beneficiary.
Entitlement	Beneficiaries may have an entitlement to Trust income or capital as set out in the Trust deed or under the terms of the Will. Beneficiaries may also acquire an entitlement because the Trustee exercises a discretion to pay them income or capital.
Statement of Account	A statement QPT provides that summarises the transactions of the Trust processed during the statement period and is grouped by transaction type.
Terms of Trust	Any special rules written into the Trust Deed or Trust document, which the Trustee must follow or is guided by.
Trust Document	This can be one or more documents which together define a Trust, such as a Will, Probate, Deed, Court Order or legislation.
Trustee	A person or entity responsible for administering the Trust.
Will	A legal document in which a person specifies how their estate is to be dealt with after their death.



Contact us

For more information about our Testamentary Trust services:

- visit www.pt.qld.gov.au/customers
- call us on **1300 360 044**