

### Understanding Estate Planning

Some of the legal jargon explained



### US economy off Life Support

US Fed has finally raised the Official Interest Rate



### Western Australia Seniors Card

Do you know the benefits of the WA Seniors Card?



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FINANCIAL CONSULTANTS

# Insight

## Smart ways to give...

**Choosing to give money to charity or charitable causes that you care about can be straightforward but there are several different ways you can give.**

Some considerations include:

- When do you want to give? When you are alive, after you have died, or both?
- How much do you want to give?
- How much control do you want over how the funds are managed and granted?
- Are tax benefits something you need to need to consider?
- Do you want to leave a lasting legacy, which involves your spouse, children and grandchildren?

Your answers to these questions will help you decide which of the different structures offers you the smartest way to give. Four of the most common options available are one-off donations, bequests, private ancillary funds and public ancillary funds.

Options range from simple and quick (one-off direct donations) to complex and long lasting, such as setting up a private ancillary fund. Let's take a more detailed look at the options.

*Continued on page 3...*



# Understanding Estate Planning Terms



Continued from front page

## One-off donations

Making a direct donation to a charity is still the most common way to give. Donations can be as small as \$2 and are fully tax-deductible.

## Bequests

A bequest is a donation to benefit a charity or cause of your choice which is specified in your Will and commences upon your death. It may be a specific donation or you might choose to establish a charitable trust, which is a long-term giving structure often in perpetuity. A charitable trust is effective if you want to maximise the impact of your initial gift over the long term. All earnings on the funds held in trust are tax-free. This option is most suitable if you have over \$250,000 to give.

## Private ancillary funds

A private ancillary fund (PAF) is a charitable trust, set up during your lifetime or upon your death to benefit nominated causes. A PAF enables you to ensure your giving will align with your values and interests and that it will continue after you die. Any donations you make to a PAF are tax-deductible and all income and capital gains generated within the PAF are tax-exempt. This option is suitable if you have over \$500,000 to give.

## Public ancillary funds

As an alternative to a private ancillary fund, you can establish an account under a public ancillary fund. This allows you to focus on the pleasure of giving, without having to worry about the ongoing administration, investment management or compliance involved in a private ancillary fund. An account can be established with \$50,000.

**For many of our clients, the process of making or updating a Will can be confronting on a number of fronts. Often the legal jargon causes confusion. Below we attempt to simplify and explain what some of the more common terms are and what they really mean.**

**Intestate** – the legal term for when someone dies without a Will.

**Enduring Power of Attorney** – legal agreement that allows a person to appoint a trusted individual to make financial decisions on their behalf.

**Enduring Power of Guardianship** – legal agreement authorising someone to make lifestyle decisions on your behalf should you become incapable of making those decisions yourself. It is commonly used in cases of dementia.

**Executor** – a person the Will maker has nominated to administer the deceased's estate. This can be a trusted friend or less commonly a professional executor such as a lawyer or the Public Trustee.

**Grant of Probate** – Is the process of proving the legitimacy of someone's Will in the Supreme Court. This is usually done by the executor and is generally needed when assets like property or bank accounts are not held jointly with a spouse.

**Advance Health Directive** – is a legal document detailing what type of medical treatment you want if you can no longer communicate. If you do not have a directive then these decisions will be left to your enduring guardian (if you have one) or spouse.



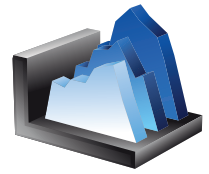
## Your Super and Your Will...

The value of Australian's Super assets is skyrocketing.

- June 2015 saw Australian Super assets exceed \$2.02 Trillion
- There are around 500 different retail and industry super funds in Australia
- Self Managed Super holds 30% of the value of all Super Funds.
- Importantly, Super is NOT necessarily covered by your will.



# US Federal Reserve take US economy off life support



**Following much delay and warning the US Fed has finally raised the Official Interest rate from 0 to 0.25%. This should be seen as a signal that the US Fed have increasing confidence in the ongoing recovery in the US economy following the Global Financial Crisis (GFC).**

## Why the Increase?

The reason is quite simple. Monetary easing since the GFC (zero interest rates and three periods of quantitative easing ie printing money) has been successful in negating the risk of depression, in addition US jobs are now well up on pre GFC levels, unemployment is down to 5%, the housing sector has turned around, and consumer, investor and business confidence is all up.

## What do rising interest rates mean for investment markets

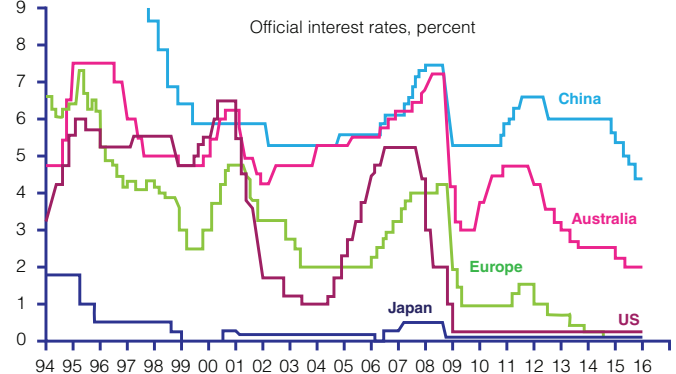
- The most significant reason not to be overly concerned by the Fed's shift is that this increase is a sign that the world's biggest economy is getting back to normal after the havoc of the GFC.
- Countries such as Europe, Japan and Australia are still a long way from monetary tightening. This means on a global basis monetary conditions will remain easy which is positive for growth assets.
- Any further rate increases by the Fed will be gradual. This is due to falling commodity prices, low inflation globally and subdued global growth expectations.

## Impact for Australia

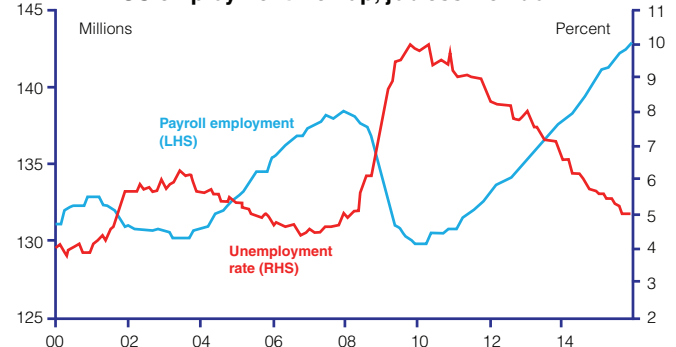
A stronger US economy is good news for Australia, but it should ring warning bells that higher interest rates are on their way here.

*The Australian economy is on a weaker trajectory than the US and the Reserve Bank will not be following with rate rises domestically. In fact the market has priced a greater likelihood that the Reserve Bank will have to cut rates again as the mining boom continues to unwind, housing starts to peak in 2016 and inflation remains low.*

**The Fed hikes interest rates**



**US employment well up, jobless well down**



## We're here to help

Call **08 6282 0170** or visit  
**www.williamgrant.com.au**





# WA Seniors Card



**Did you know that to be eligible you need to be 61 years or older, increasing to age 65 by 1 July 2023.**

You must be a permanent resident of WA

And work 25 hours or less, averaged over a 12 month period.

The benefits of the WA Seniors Card include:

- Free travel on Transperth services between 9.00 am and 3.30pm and 7.00 pm to 6.00am on weekdays, all weekend, public holidays and during Senior's Week.
- State government concessions and rebates such as cost of living rebate, rebate on your local government and water rates, drivers licence and recreational fishing licences
- You are also entitled to discount entry to the Art Gallery of WA, Museum of WA, Perth Zoo, Rottnest Island Accommodation and national parks.
- In addition there are over 500 small, medium and large business's that offer a variety of other discounts.

*You can complete an online application at **www.seniorscard.wa.gov.au**, pick up an application form at the WA Seniors Card Centre or at your local Australia Post outlet or apply in person at the WA Seniors Card Centre.*



## 92.5

The average life expectancy for children born today, when the age pension is still available to people aged 65 and over.

## 57.0

The average life expectancy in 1909, when the age pension was introduced for people aged 65 and over.

## 61.5

The average age of retirement for recent retirees.

## 67.0

The age at which people born after 1st January 1957 can access the age pension.



# Secure your financial future

Call: **08 6282 0170** or visit: **www.williamgrant.com.au**



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