

Welcome to the Legenis monthly newsletter.

Legenis is an innovative business which takes a values-based consulting approach and follows on from my original PhD research. The essence of this approach involves working with clients to build powerful living legacies involving the financial, personal and social aspects of their lives.

Our clients are often referred to us by other professional service advisers (Financial Planners, Lawyers, Accountants). We also work with major donors of charities and through personal networking and client referrals.

One of the Legenis objectives is to continue developing legacy and philanthropic research. Another is to present you with new, important and challenging issues from our international relationships.

For example in June, 2009 I will be attending and speaking at the internationally recognised MDRT annual meeting; the premier Association of Financial Professionals to share current initiatives.

The team and I look forward to working with you in the future.

Kindest regards,
Dr Robb Musgrave
Managing Director, Legenis

ARTICLE 1

ARTICLE 2

ARTICLE 3

ARTICLE 4



Article 1

Successful Families are founded on Values and Communication

"Communication is the glue that cements family relationships" says Lee Hausner, Clinical Psychologist and author of "Children of Paradise: Successful Parenting for Prosperous Families."

The successful transfer of wealth is at the heart of multi-generational families. According to US wealth adviser Randy Ottinger, in his book *Beyond Success*, a majority of families are not successful in this pursuit because there is often a breakdown of trust and communication within their families, and the children are often not adequately prepared to deal with the responsibilities and obligations of wealth.

How can wealth be effectively transferred to our children?

o Start during childhood when our values are formed

- o Tell stories about of how the family achieved their wealth and the effort it took - raise them on the war stories
- o Listen and encourage them to find their own path while being assisted in a gentle loving way
- o Empower them to make good decisions based on firm values and sound reasoning
- o Encourage them to try new things and be allowed to fail without fear of criticism. As Stephen R. Covey says, *"People are not truly self-governing unless they are free to fail."*
- o Be a good positive role model for healthy self-esteem and respect for others
- o Explain that wealth is not the ultimate objective but is a means by which to achieve greater objectives and fulfilment
- o Let them know that wealth is a privilege, not a right and your money is not necessarily their money.

Once our children realise money is a tool for the greater good, children's lives will be enriched and wealth will transfer more successfully and be used more responsibly.

Roy Disney once said, *"When your Values are clear, your decisions are easy."* Legenis has developed a patent pending system for indentifying an individual's dominant values. More on this in a forthcoming issue.



Article 2

Man's Search for Meaning

How do I build a life of meaning, passion and balance with the flexibility to control my own time and achieve all I want to achieve in life, on my own terms? This is an essential Self-actualisation question.

When Abraham Maslow conducted his research on the hierarchy of human needs, he worked with many successful and wealthy individuals to prove his theory of Human Motivation. As a result he places self-actualisation at the apex of the pyramid of needs, to be activated once all our more fundamental needs are met.

This is exactly what we have found in legacy planning. Once people have met their basic needs, and often this includes finding success in business or in one's career, it is common to ask "What's next?" This is often accompanied by a feeling of restlessness. Some people find their answer lies in applying their business skills, their money and/or their special talent to helping others... and a philanthropist is born!

In this way a life of success is transformed into a



Article 3

Planned Giving or a Giving Foundation?

Did you know that 75% of Australians do not have a Will that reflects their current circumstances? In fact 50% of Australians do not have a Will at all!

It is important for all of us to understand that preparing a Will is good housekeeping and will help your family and friends and importantly, protect your assets.

Apart from ensuring your family and friends are provided for in your Will, you may want to support a charitable cause, donate to an organisation or fund a scholarship. Leaving something in a Will is the most common form of planned giving and is completely revocable, as people can change their Will. It need not be limited to someone in retirement, as anyone with assets and/or dependents should have a current Will in place.

However, there are other less known options for planned giving that offer great flexibility, such as willing the proceeds of a life insurance policy into a charitable trust or family foundation while leaving the assets in your estate to your heirs.

Another effective means is to establish a family foundation in the form of a Prescribed Private Fund (PPF). This can be established at any time with either a one-off donation or by making annual donations for an accumulation period of up to 10 years. Money that is transferred into the fund receives favorable tax treatment, and can reduce the donor's income tax liability each financial year and a tax offset can be obtained for up to 5 years; so it is best to establish a PPF during one's lifetime.

There are numerous financial, personal and social advantages in establishing a living charitable legacy, such as preparing heirs for effective wealth transfer, transferring family values, building multi-generational families that stay together, seeing the results of your philanthropy improve and save lives during your lifetime; all of which I will elaborate on in future issues.



Article 4

Planning for Protection

You have worked a lifetime to accumulate what you have, whatever the result. The wise course of action is to have a well thought-out plan about what you want done with that wealth. Have you included existing charitable organisations to carry on with your beliefs and the causes you feel are important after you are gone?

Let's assume for a moment that you left \$300,000 outright to your ten-year-old grandson. By the time he takes possession of the money on his 18th birthday it has grown to \$600,000. The 'happily ever after' version of this story ends with him using the money to fund his medical education and inventing a cure for cancer. The alternative ending finds your grandson believing \$300,000 is enough money to keep him without having to go to university. He gets into the wrong crowd, marries early and later divorces his wife who ends up taking half of what is left of the inheritance he is squandering.

The way to work towards a happy ending is to leave the money in a trust with specific instructions that provide for and protect your grandson. But you should also consider ways of passing your values on to him so that they work for him. Since (in this scenario) we will assume you would like to encourage him to pursue an education, then the trust would be structured to release money for educational purposes until he reaches the age of 30.

In order to encourage him to finish university and pursue the many opportunities open to him, you can stipulate that once he receives a degree, he can then use the trust money to start a business or purchase a home. If his wife files for divorce, you will have the inheritance protected by the terms of the trust. And if he were to die, the remainder of the trust money could be directed so that it benefits his children.

When asked what he intended to leave his children Warren Buffet reportedly once said, *"I want to leave them enough to do anything they want, but not enough to do nothing."*

CONTACT US | UNSUBSCRIBE

www.legenis.com



Legenis Pty Ltd

PO Box 88 Coorparoo Qld 4151 Australia **ABN** 20 115 007 246

Phone 1300 302 191 / 61 7 3324 2791 Fax 61 7 3324 2833

Email info@legenis.com