

Welcome to the Legenis monthly newsletter.

We are currently in the process of relocating our offices. This should have little impact on your dealings with Legenis, as we have little face-to-face contact with our valued customers, associates and stakeholders.

The distribution of this month's newsletter has been brought forward, slightly, to enable us to concentrate on our relocation, later in September.

Warmest regards,
Dr Robb Musgrave
Managing Director, Legenis

Legenis: Leaving a lasting legacy for families, foundations, corporations and non-profit communities by empowering them to do the right things, by doing things right.

[ARTICLE 1](#)

[ARTICLE 2](#)

Article 1



Recently Dr Robb presented at the international MDRT Annual Meeting. The MDRT is the Premier Association for Financial Professionals. Over 80 years old with nearly 5000 attendees and more language translations than the United Nations, the 2009 conference in Indianapolis it was the achievement of a personal goal for Robb. Here is a summary of his address published in the MDRT daily conference newspaper.

Values Make Death and Taxes Riveting Party Conversation

To suggest that a client's financial and estate planning objectives should reflect his or her values would seem to state the obvious. But often the two are at odds. And when this happens, one another or another – usually the former, along with the plan – goes by the wayside.

How to avoid such conflicts, develop a legacy plan that is true to all the client holds dear and establish rewarding client relationships was the theme of a Tuesday afternoon focus session, "How Values Make Death and Taxes Riveting Party Conversation." The session was presented by Dr Robb Musgrave, a fellow of the Association of Financial Advisers in Australia and the Australian Institute of Management and CEO of Legenis, a Coorparoo, Australia-based legacy planning firm. "Often people's values will be different from other (financial) goals and objectives, and this can cause conflict within each individual," said Musgrave. "When push comes to shove, people will live according to their values and forgo other goals and objectives.

"To make an impression on prospects, gain their interest, and secure an ongoing relationship (you have to) talk about what is important to them and what they value," he added. "You will be amazed and delighted at where these conversations go."

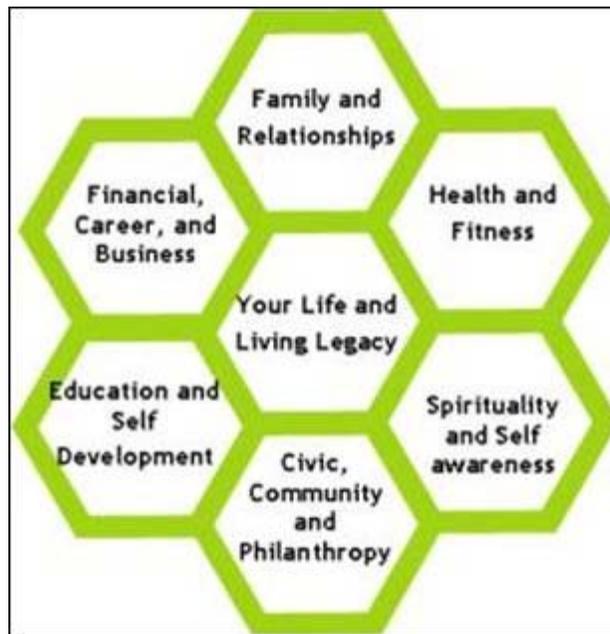
Talking about values

Musgrave said there are 125 separate values. While they can change during one's lifetime, values generally remain constant once formed. Such values are usually established based on life experiences.

By understanding what is important to clients, said Musgrave, the advisor can achieve multiple objectives. Among them:

- Establish the real needs of clients
- Take a holistic approach to planning
- Better engage clients
- Start conversations from a positive angle
- Build better long-term client relationships
- Understand client motivations
- Link products to client values

Musgrave said advisors can learn about a client's values using an online Valgenics test that takes 10 minutes to complete. The test identifies a person's dominant life values, which underpin their decision making. The eight most dominant values that are selected fall within these six life categories:



“Starting the conversation with what your clients value most allows you to learn more about your clients than most advisors ever know,” said Musgrave. “When you replace ad hoc with holistic planning, you uncover a new vista of planning opportunities with financial products and structures that best meet each of your client’s needs, now and into the future.”

Once clients’ values are known, the advisor can more easily discuss what is important to them and begin to set financial, family, and philanthropic objectives. To that end, said Musgrave, the advisor should ask them several questions (see “Questions for Clients” below).

A Plan by Default

When establishing new legacy planning objectives it is essential, said Musgrave, to be familiar with clients’ current estate plan. In every case, if clients have not made a plan for themselves, the government will have made a plan for them – their “plan by default. When examining the estate plan, he said, the advisor can inquire about the client’s net financial position or infer a net financial position and provide an example of just how the plan by default would affect the client’s wealth or the family inheritance.

“This is where clients start to get really disturbed, excited, and motivated – when you disclose the problems that are current and relevant to them if they continue to do nothing.” Said Musgrave. “However, they must own the problem before you can attempt to recommend solutions. Solving a problem before it is owned guarantees no sale will be made at any level because the problem does not have a home.”

A Plan by Design

When designing an estate plan for clients, added Musgrave, the advisor needs to start by presenting them with choices, the first of which involves this question: “Do you want to pay the taxes that have been identified or would you prefer to redirect some or all of this to a charitable cause?”

The option of making gifts allows people to develop the concept of charitable gifting. From that position, he said, the advisor can make suggestions

regarding using family foundations or a charitable trust. If the client chooses not to make gifts, then opportunities for lowering the estate tax impact are severely restricted.

"Gifting puts the charities and the family ahead of the Tax Office in the distribution process," said Musgrave. "In a competition between the charities and heirs, the heirs will normally win, so we need to change the dynamics."

"The object of this exercise is to remove the competition between the heirs and the charities as beneficiaries for the estate dollars," he added. "Then, get your client to start thinking about the best way to structure a solution. Ask yourself, 'how will the family win and how will the charity win if I apply this solution?'"

The "wonderful part" of using life insurance to cover estate and CGT taxes, he added, is the value of the policy correctly structured can exceed the obligations, often by double or triple the amount, creating even bigger benefits for heirs and charities.

Questions For Client's

What's Important To You? Why?

Can you tell me about your family?
What about your family members is important to you?
How important is it that your family gets your wealth?
Do you want to keep the wealth for yourself or give it to the government?
Have you thought about what lessons and important values you want your children and grandchildren to learn from you?
Have you thought about what your legacy might be and who would benefit?
Have you thought about how your legacy could be funded from tax dollars that you may not have to pay?
Would you like to talk about this further?

Source: *MDRT Briefing* – 10th June 2009 Indianapolis

Article 2

How Pets in Your Will cause, "Trouble"?



US millionaire Leona Helmsley caused a stir when she left \$12 million in trust to be used to care for her Maltese terrier "Trouble" for the remainder of her

life. The two people nominated to take care of trouble did not want her. Poor Trouble even received death threats and a judge, taking Trouble's age and pre-existing medical problems into account, reduced the amount in the trust. This was an extreme and unusual case, but it highlights the need to take care when making provisions for pets.

In 63% of Australian households pets are part of the family, giving us one of the highest levels of pet ownership in the world. For a pet-lover who wants to ensure that their furry, feathered or scaled friend is taken care of in the event of their death, there are a number of ways they can provide for their pet in their will.

Legacy to a friend or Relative

A legacy to a friend or relative with a non-binding request that they look after your pet may be a good option. You would need to discuss this with the friend or relative first to ensure that they are willing to take on this responsibility. Some people are more than happy to accept, like book shop heiress Christina Foyle's former housekeeper who was bequeathed the millionaire's country cottage providing she looked after Foyle's cats and tortoise!

A Trust for Pets

Another Option is to set up a trust for the care and maintenance of your pet, this was the preference of the Queen Mother. She created a £3 million trust for a herd of 150 Aberdeen Angus Cattle and 200 sheep making them perhaps the wealthiest set of animals in Britain. However there are a few practical matters that should be noted before setting up a trust in your will. Most importantly, the trust must contain sufficient funds to last your pet's lifetime. The funds will be used to cover you pet's food and veterinary requirements and any other items you would ordinarily provide for your pet. As well consider what happens to the balance of funds when the pet passes. Rewarding the carers on the pets death may create bigger trouble.

Pet Legacy Programs

If you don't have a friend or relative who is a fellow pet-lover, some animal charities offer "pet legacy programs: where the pet will be found a new, suitable home or, can be cared for by the charity for the remainder of its life. The NSW Animal Welfare League has a Legacy House which is a dedicated centre for pets who have been left in its care when an owner has passed away. The RSPCA in each state offers a similar service in a Bequest Pet Program which gives supporters peace of mind knowing that their pet will be placed in a loving environment and that all future expenses will be met by the RSPCA. Of course, with both legacy programs pet owners are expected to make a sizeable donation, the minimum recommended amount being \$6,000 per pet.

Finally, some people prefer that their pets be euthanized on their death, not wanting them to suffer the grief of separation and the possibility of finding unsuitable homes. While this option is popular in Australia, in a number of cases in the United States the courts have held that euthanasia clauses are invalid on the basis that it is cruelty to animals. For many people their pet is a loving companion and extremely important in their life. Deciding what to be done may not be a big issue, but it can be (as it was with Leona Hemsley), but as an adviser understanding does show concern and care.

Whichever option you feel is best for your pet, it is important to ensure your will is properly drafted and that your have been advised on and considered all

the practical and legal implications. When selecting your adviser values such as care and concern are important prerequisites in the adviser culture.

[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