

The logo consists of a white hexagon with a thin black border. Inside the hexagon, the text "SMSF" is written in a large, bold, black sans-serif font, and the word "ASSOCIATION" is written in a smaller, black sans-serif font directly below it.

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National Conference 2023 Case Study

Meet the family...

Philip and Elizabeth

Philip, passed away peacefully, only two months shy of his 100th birthday after being happily married to Elizabeth for nearly 74 years. Following Philip's death, Elizabeth's health took a turn for the worse and she died less than 18 months later at the age of 96.

They are survived by their 4 adult children, 8 grandchildren and 12 great-grandchildren.

Philip and Elizabeth's estate planning was simple. Their assets were to go to one another and ultimately, their son Charles was to be the sole beneficiary of their superannuation benefits and estate. The remaining 3 children were all estranged.

Prior to their death, Philip and Elizabeth had lived in their family home in Buckingham for over 40 years. Their home plus a property in Windsor are all part of their Estate. No benefits have been paid to any beneficiaries yet due to the ongoing dispute amongst the siblings.

Philip and Elizabeth also had their own SMSF which held property in Balmoral Beach and Sandringham. They were the only members of the fund, and both had accumulated substantial balances prior to the introduction of the contribution caps. Shortly before her death, Elizabeth had instructed the trustee to pay her entire benefit to her as a lump sum. However, due to the need to liquidate assets, this payment was only made after she had passed away.

Charles (67) and Camilla (65) and the C&C SMSF

Charles and Camilla have been married for 18 years having both been previously married.

They live in a palatial home in Clarence which is way too big and has too many stairs for their age, so they are looking to downsize in the short term. Their long-term strategy is to move into aged care, but they are unsure how to fund such a strategy.

Charles has two sons, William (40) and Harry (38) from his previous marriage to Diana. William has three children and Harry has two. All of Charles' grandchildren are under 18 years of age.

Camilla has a daughter, Laura from her previous marriage but no grandchildren of her own. Charles and Laura have a strained relationship. Charles has excluded Laura as a beneficiary of his estate and gets particularly agitated when Camilla assists Laura financially, especially as she has yet to finish her university degree. Camilla continues to maintain regular contact with her daughter and has nominated her, as one of her legal personal representatives.

Charles refuses to retire and is still working as a contractor in the architectural and urban planning firm where he was a partner for 30 years. His super balance comprises mostly a tax-free component as it was funded by way of a CGT retirement contribution from the sale of his interest in this business. He draws a pension from the C&C SMSF to fund his lifestyle.

Camilla was, for many years, a teacher before she set up her own career as a business coach. However, over the past few years her health has deteriorated, and she often has trouble recalling facts and information. She is entitled to a pension from the Teacher's State Super Fund and has only been drawing lump sums from C&C SMSF to fund her medical bills.

The C&C SMSF only has two members, Charles and Camilla. It has a corporate trustee (CCs Pty Ltd) with Camilla and Charles appointed as directors. The SMSF invests directly in shares, listed property as well as unlisted unit trusts.

The C&S SMSF also owns a vintage Land Rover which is currently being modified so that in accordance with Charles' Will, on his death it will go to his first-born grandson. Other than Charles' involvement in the design of the vehicle and some minor mechanical work, all other services have been performed by third party providers and funded by the SMSF.

Charles has a life insurance policy owned in the C&C SMSF. Camilla has life insurance policies in both the C&C SMSF and her Teacher's State Super Fund.

William (40) and Catherine (41) and the HazBill SMSF

William and Catherine have been married for 12 years and have three children - two sons George aged 9 and Louis aged 4 and a daughter aged 7.

William is a successful property agent and Catherine works in the fashion industry as an accessories buyer.

William and Catherine have worked hard on their marriage following revelations that William has an 11 year old son conceived from a one night stand he had with a former co-worker when he and Catherine were on "a break".

Despite William and Harry's sometimes unfriendly brotherly rivalry, Charles convinced them to set up an SMSF to start saving for their retirement – the HazBill SMSF. William, with the more stable income, was able to quickly build a reasonable super balance and, with the help of related party loans from Grandpa Philip, their SMSF was soon able to purchase two properties. The brothers pick properties in coastal locations that they could one day see themselves retiring in. William uses his contacts in the industry for any maintenance required on the properties, at mates rates.

When William married, the brothers agreed that Catherine should also join the HazBill SMSF. Naturally, when Harry married, he expected Meghan would also join the fund, but William and Catherine disagreed. Harry later discovered that the feuding between Catherine and Meghan all stemmed from Meghan finding out that Catherine's diamond engagement ring should belong to her.

To ensure they leave their super benefits to each other, William and Catherine each have binding death benefit nominations (BDBNs). If one predeceases the other, the benefits are to be split equally amongst the children. The BDBN does not specify who those particular children are.

Harry (38) and Meghan (41)

For years Harry has had to deal with rumours that Charles is not his real father and the feeling that he loves William more.

Eager to be his dad's favourite son, Harry named his daughter 'Lilibet', in honour of his late grandmother. But that hasn't seemed to work. Harry has now decided to enrol his young children at a prestigious Royal Among Us boarding school – a decision which is likely to put Harry and Meghan under substantial financial strain.

Harry and Meghan's financial position was recently made worse when Harry invested in an independent film studio on the recommendation of his uncle Andy. Harry's considerable investment in the studio was lost after the studio went into bankruptcy following a misconduct scandal involving the founding director.

Harry is also worried about the mental health of his wife. Meghan and Harry's family got off to a shaky start when they first met and even after being married for 5 years, she still feels like the outcast. Meghan is riddled with the tension, and she fears Harry and her are heading for divorce. To save their marriage, the couple has recently relocated overseas but this is adding to Meghan's anxiety as she also tries to juggle the stresses of motherhood with two toddlers.

Meghan's confidence is also rocked by the current state of her career. As an aspiring actress and model, she had her big break and starred in a successful movie which saw her rise to global fame very quickly. She then landed a documentary series on Netflix which is bringing in some income, but the show is now at risk of being cancelled due to low viewing rates. Coupled with no new movie offers coming her way, she is feeling depressed at the thought that she might be a one-hit wonder.

Harry and Meghan don't have much by way of superannuation savings as they believe in living for today and lead a lavish lifestyle as they try to keep up with William and Catherine. They have a sizeable mortgage on their home and holiday house, they owe money for their cars, and they have several credit cards which at times they struggle to pay off monthly.

The little super that Harry has, is invested in the HazBill SMSF with his brother & Catherine but he wants to set up his own SMSF with Meghan. Harry wants to start investing in digital assets to fast track his retirement savings. Having recently moved overseas, he is keen to rollover his benefits but with an LRBA in place, the fund does not have sufficient liquid assets. This is adding to the strained relationship between the couples. The management of the HazBill SMSF is virtually at a standstill.