



What are TDT Wills?

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TDT WILLS

What is a TDT Will?

TDT stands for Testamentary Discretionary Trust. A TDT Will sets up family trusts within your Will to add a layer of protection over your assets and provides tax flexibility to your beneficiaries. The trust does not take effect until the Willmaker passes away.

BENEFITS

What are the benefits of a TDT Will?

The two key benefits of making a TDT Will are to protect your assets, and to offer a unique opportunity for you to use a tax effective strategy in your estate planning.

ASSET PROTECTION

Protecting your assets:

In a TDT Will, the assets are not held in the beneficiary's personal name. The assets are placed inside the trust for their benefit. This can make it more difficult for a third party to take control of those assets.

Beneficiaries of your trust may include your spouse, your children and your grandchildren.

If one or more of your beneficiaries:

- are in an occupation which could carry a risk of litigation;
- are at risk of a marital or relationship breakdown;
- have special needs or disabilities; or
- has a history of poor financial management;

a TDT Will protects and manages the assets for them by appointing trustees to make appropriate decisions about the use of the funds.

TDT Wills can be used to contribute to the financial security and educational needs of the beneficiary's children and grandchildren. They can also be used to restrict the distribution of inheritance to direct descendants only.

TAX FLEXIBILITY

Tax Flexibility:

A TDT Will provides tax flexibility as income and assets can be distributed to the beneficiary or entities associated with the beneficiary who are on lower tax rates. The trustee of the trust can choose to stream income to the beneficiaries in ways to minimise the tax payable on the income of the trust, for example, to children or grandchildren.

SUITABILITY

When is a TDT Will suitable?

A TDT Will is not suited for all circumstances. Often those who opt for TDT Wills are those who are in high-risk professions, or have beneficiaries who are high income earners or are vulnerable in some way.

If your spouse does not require the asset protection advantages of a TDT Will and would prefer to exercise autonomy over their inheritance, your Will can establish the TDT to operate only after both spouses have passed away.

On occasion, it is possible for the cost of operating TDTs to outweigh the tax benefits. While there are no ongoing legal expenses after the Will has been created, after the Willmaker's passing there may be accounting and audit expenses associated with meeting tax compliance requirements.

The flexibility provided by a TDT Will does not suit those who wish to 'rule from the grave'.

Once Loan has a better understanding of your financial and personal situation, she will help you decide which is the best solution for your specific circumstances.

CLIENT TESTIMONIAL

Loan's promptness and expert knowledge made me feel very comfortable that I am dealing with a highly regarded professional. I would engage Loan for future legal advice as her wealth of knowledge in the area of Wills and Estates indicates a highly competent professional.

- an Estate Planning Client

More Questions?

For more information or to enquire about how we can assist you, please contact Loan Chow on **(07) 3160 3300** or lchow@yhclawyers.com.au.

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