

**\$#!\* my client  
has millions...**

...am I prepared as an adviser?

**Mr. Brad Loftus**  
Business Advisory Partner  
RSM Australia

**Mr. Christopher Boag**  
Director  
Royston Capital

**FQQQ**  
**CONGRESS**  
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# The phone rings ....

- You had helped Sandy with Life cover
- Simple affairs – 34, married, two children, First homeowner
- There has been a terrible accident
- She is now in control of the family assets of more than \$30 million

# Today we will cover

- What to do when you land a prospective HNW client
- The issues you may face
- How you can target HNW clients

We are also going to provide you with one 'Key Take-Away'



# Are you Ready to Poll?





# Poll Question

Does anyone call their office a:

- Family Office
- Claim to provide family office services
- None of the above





# Your client has \$m's

How this came about will impact the advice you will provide.

- Farm sale – ownership structure and intergenerational planning
- Business sale – ownership structure
- Inheritance, either personally or via a testamentary trust
- Lottery win
- Divorce settlement



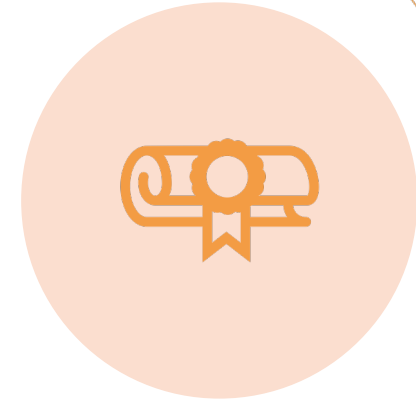
# Can I advise?



WHOLESALE AND  
SOPHISTICATED CLIENT TEST.



INFORMED CONSENT



DO I HAVE THE EXPERTISE?

# Compliance

## Standard 1

- You must act in accordance with all applicable laws, including this Code, and not try to avoid or circumvent their intent.

Just because they meet a wholesale test does not mean they should be treated as wholesale.

## Standard 4

- You may act for a client only with the client's free, prior and informed consent. If required in the case of an existing client, the consent should be obtained as soon as practicable after this Code commences.

You should ensure that you document the clients informed consent when obtaining the accountants certificate.



# About HNW clients



# Are you Ready to Poll?





# Poll Question

What do you define as a HNW client (investable funds)?

- \$1M+
- \$5M+
- \$10M+



# HNW client needs

## Service providers

- Accountant
- Solicitor
- Financial adviser

## Services

- Structuring?
- Estate planning, legal documentation.
- Financial strategy, investment advice.



# HNW Client Needs

Why?  
Need / desire to  
balance wealth  
with protection



## Investment Advisory

- Investment policy
- Asset allocation
- Manager search and selection
- Fee negotiation
- Performance benchmarking
- Investment administration
- Portfolio reporting

## Wealth Advisory

- Tax compliance
- Tax advice and tax planning
- Wealth strategy
- Estate planning
- Budgeting and bill payment
- Personal insurance advice
- PAF advice and administration
- Consolidated reporting

## Family Office Advisory

- Family governance
- Investment, estate, and philanthropic goal alignment
- Risk assessment and mitigation
- Family education
- Next generation development
- Leadership and succession planning
- Multi generational strategy

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# Family Office

Is Royston Capital or RSM a Family Office? – No.

Do you need to be? – No

Stick to your area of expertise, that's why the client came to you.

Multi-family  
office

Single  
family  
office

Business  
family  
office

Virtual  
family  
office



# Top 5 reasons HNW seek advice

Estate and wealth transfer

Legal and tax advisory

Wealth management

Family governance

Rising generation training and education

What's the answer?

# Structuring

Asset Protection, Succession, Wealth Protection, Tax Optimisation -  
Structures that HNW clients use

- SMSF (generous tax rates....up to \$3m)
- Discretionary (Family) trusts
- Corporate trustees
- Corporate beneficiaries



# Self-Managed Superannuation – SMSF

Generally, the key attributes are the same, so what's different:

- Cost inefficient until ~ \$400k of member benefits
- Generally, must deal at arm's length
- Common to hold Commercial Real Property
- Possible to purchase geared investments

# SMSF – Planning Considerations

- "Better Targeted Superannuation Concessions"
  - From 1 July 2025
  - 15% Tax on Balance increases over \$3 million
  - 'Tax on unrealised gains'
  - This will be difficult to Navigate with Australia's love of property
- Binding Nominations
- Managing Death Benefits Tax



# Discretionary (Family) Trust

- Flexibility
- Intergenerational Wealth Transfer
  - Delay Capital Gains Tax
  - Avoid Stamp Duty
- Asset Protection (family & business risk)
- ATO focus on Beneficiaries receiving financial benefit
  - S100A - Duty of care to the beneficiaries



# Controlling a Trust

- The deed is the 'rule book'
- Corporate Trustee – Additional protection?
- The importance of an Appointor
  - Will it be the LPR?
  - Is it embedded in the deed?
  - Can the trustee act on the death of a key individual?

## THE APPOINTOR

Trustee

Mum & Dad


Trust Property

Land / Shares

Beneficiaries

Family

# Controlling a Trust – Corporate Trustee

- Primarily for asset protection
- Risks of having a natural person
- Should always be a sole purpose company
  - Same company for multiple purposes 
- Control of the company on death and incapacity



MEDIATOR

DISPUTE

PROBLEM

CONFLICT

# The Utility of a Corporate Beneficiary

- Utilising effectively has been difficult since 2009
  - Division 7a
  - S100a re-interpretation
- Cash must flow to the company
- Companies are a tax deferral mechanism
- Potential for the family to fund investment
  - Directly or as a lender



# Investing

ASX Listed Shares  
International listed  
shares

Managed Funds  
(listed and  
unlisted)

Interest Bearing  
Securities (listed  
and unlisted)

Syndication  
(property and debt)

Alternative  
investments?  
Private equity,  
venture capital etc.

Direct Property

Operating Business

Custody or non-custodial

# What advice will you be providing?

Depending on the client, you may be providing advice on all their requirements or maybe you are providing advice on just one piece of the puzzle.



ASX listed share portfolio



Managed fund portfolio



International share portfolio



Interest-bearing securities portfolio



Asset allocation advice



SMSF advice



Investment committee member



Financial modelling



Philanthropy

# Case study

- Sale of a business for more than \$6m.
- Working and non-working children.
- Superannuation balances below \$500k.
- Sale proceeds in two tranches plus an earn-out.
- 2nd tranche payable after the CGT liability is due and the earn-out payable in the following FY.
- Structures already in place include: SMSF with corp trustee, discretionary trust with corp trustee.
- Corp beneficiary with Div7A loan.



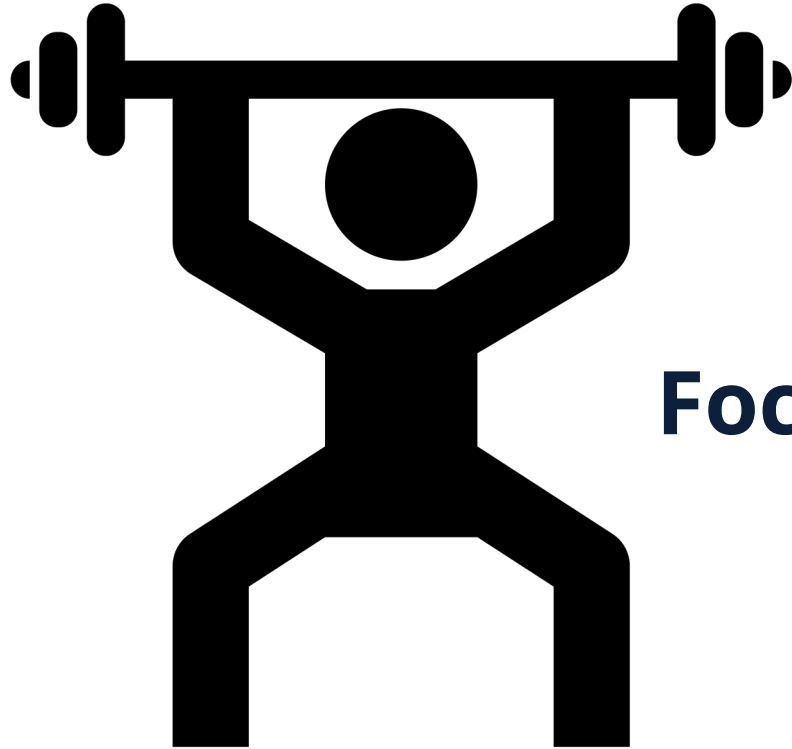
# Case Study

- Catch-up concessional contributions of 5yrs
- Non-concessional contribution program
- Investment loan with pre-paid interest
- Repayment of Div7A loan
- Family trust distributions to adult kids \$180k
  - Superannuation for kids
  - Balance of present entitlement for future home deposit
- Philanthropic donation and establishment of their long-term giving strategy

# Targeting HNW?



# Targeting



**Focus on your strengths**



# Key Takeaway

- Stick to your area of expertise, that's why clients trust you.
- Don't be afraid to introduce other experts to the client. Your role can be to project manage the services and experts.

Q&A

FQQQ  
**CONGRESS**

**2023 ADELAIDE** NOVEMBER 20-22



**Thank you for  
attending this  
session**

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