Policy

Topic: **Life Interest & Deferred Charges**

Version Control	Version 1.0	**Policy Owner**	Retail
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Revised by			
Approval Authority	General Manager Retail		

Purpose

The purpose of this document is to set out Public Trust's approach and policy in relation to new Estates that provide for a life interest or right of personal residence (**ROPR**), for which Public Trust's fees would usually be deferred until the expiration of that right.

Policy

This policy applies to new Estate contracts that are opened after 14 August 2017, where a life interest or ROPR is provided for within the Will.

Deferred charges are NOT to be provided in any circumstances for any client types.

Where a new life interest or ROPR would usually require the deferring of Public Trust's fees, the Procedure below must be applied. Public Trust must renounce if an agreement to pay Public Trust fees cannot be reached.

Procedure

	SCENARIO	**PROCEDURE**
1	Life interest or ROPR in house only to spouse/partner/family member, and either: a) residue to spouse/partner/family member (i.e. the life tenant). Residuary beneficiaries are ultimate beneficiaries of house; OR b) residue (may be house and/or other assets) to other beneficiaries (children etc)	**Options:** 1. Residual beneficiaries agree to pay Public Trust fees annually as invoiced (reflected in Plan of Administration – insert new life interest/ROPR fees wording); OR 2. Residual beneficiaries agree to leave a sufficient reserve of cash funds in the Estate, to cover expected Public Trust fees; OR 3. Residual beneficiaries pay a sum of money to the estate (up to $20,000) to cover ongoing fees, and undertake to top up the funds if the funds are subsequently depleted and insufficient to pay fees. 4. Life tenant agrees to pay Public Trust fees (effectively an interest free loan to the residual beneficiaries), repayable to the life tenant's Estate on death or to the life tenant on surrender of life interest; OR 5. If unable to reach agreement to any of the above options, **then** Public Trust must renounce and the family referred to the Executor Assist service to assist with estate administration.
2	Life interest or ROPR in residue, including house and other assets such as cash investments	Fees payable from estate's capital. Seek agreement in writing from residual beneficiaries that once the initial administration of the estate is completed and paid for from

		residue, the ongoing Public Trust fees will be deducted directly from the estate's capital annually (reflected in Plan of Administration – insert new life interest/ROPR fees wording).
3	Life interest or ROPR in house only, residue (may be house and/or other assets) to children or other beneficiaries, most likely in an amicable, close family situation where, for example Public Trust is not adding value by continuing to act as Trustee.	Fees payable from residue. To consider: 1. Public Trust renounce in favour of family members 2. Deed of Family Arrangement – is it still a valid situation – what is value of house – if under rest home subsidy threshold encourage this outcome. Agree process and fee for all of above work. If none of these options are accepted, then seek upfront deposit from beneficiaries (at a minimum, to cover probate, estate establishment and transmission charges). The four options above (in Scenario 1) then apply, should the beneficiaries wish for us to continue as Executor and Trustee.