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PROTECTION OF ASSETS

Why try to protect your assets?

- ◆ To attempt to safeguard against substantial increase in the value of property as a result of inflation.
- ◆ To attempt to safeguard assets in the event you require long-term rest home or hospital care.
- ◆ To attempt to safeguard against reintroduction of estate duty.
- ◆ To attempt to safeguard them in the event you remarry.

Rest home/hospital care

- ◆ The criteria for a Residential Care Subsidy for older people in long-term residential care (whether a Rest Home, Public or Private Hospital) is set out in a pamphlet entitled "Residential Care Subsidy" published by NZ Income Support Service.

Disposal of family home

- ◆ This asset may be disposed of by way of sale to a third party (including individuals, Family Trusts, etc.) and a subsequent systematic gifting of the sale price by the original owner.
- ◆ Under such an arrangement:
- ◆ The home would be sold to a third party at Government Valuation (if the valuation is less than six months old) or at the current market valuation.
- ◆ The sale price is gifted at the rate of \$27,000.00 per year for each owner without attracting gift duty until the sale price is extinguished. Upon sale, there may be an immediate gift of \$27,000.00. (No Gift Duty).
- ◆ The owner takes a Life Tenancy to protect his/her interest.

Disposal of other assets

(Depending on the value)

- ◆ Other assets may simply be given to a third party or dealt with in the same way outlined in (3) above.

Drawbacks:

- ◆ NZ Income Support may disregard any gift over and above \$5,000.00 per year for the previous five years in deciding whether a Rest Home Subsidy ought to be paid or not. NZ Income Support may have power to re-examine gifts even before that five year period which is specified in the pamphlet referred to in (2) above.