

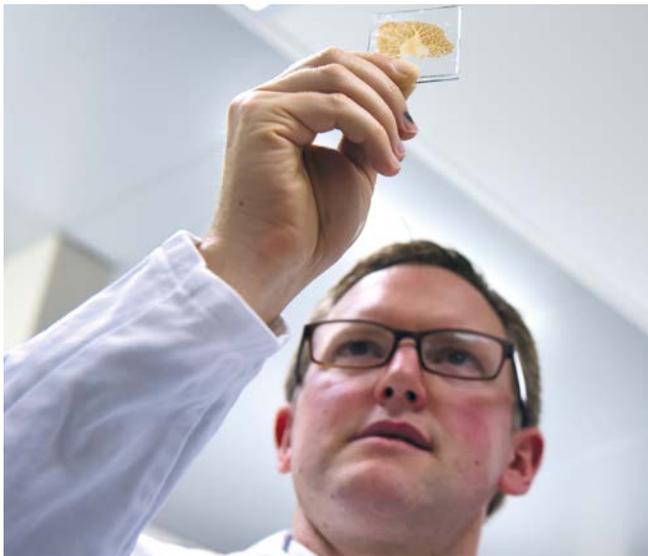
STUART CARLYON

Financial advisers for your lifetime goals

The bank with frozen assets

Some of you may have met Susanna's life partner, Duncan who for the past three years has been living with Parkinson's though, touch wood, hasn't been too hampered by the condition. To be honest it has been more the source of various jokes (he works in research and refers to his 'shaky statistics'), than it has been a cause of any distress. Susanna's parents were both sadly tormented by Alzheimer's disease so brain matters are close to their hearts.

The conditions have alerted Susanna and Duncan to the amazing work at the University of Auckland's Centre for Brain Research. It is one of the leading brain banks in the world though they make it plain that they need donations to the brain bank to further their work. To find out more, Susanna and Duncan approached Associate Professor Maurice Curtis who is Deputy Director of Neurological Foundation Human Brain Bank. He is an enthusiastic champion of their work and he kindly offered a tour around the lab which is dedicated to researching the causes of Parkinson's and Alzheimer's.



Dr Curtis analysing brain tissue

What a fascinating tour! Susanna can be quite squeamish, but there was no cause to worry. There were no bell jars with pulsing brain matter floating in formaldehyde. Forget the theatrics. Instead the laboratory, in which at least 15 people in Dr Curtis' team dedicate their working hours, is a busy place with powerful microscopes and computers used as the main tools.

Each year some 25 brains come available from people who have already made arrangements to donate, and these include a mixture of healthy specimens and those with Alzheimer's or Parkinson's. Dr Curtis said that when a fresh new brain arrives (it must be within 24 hours of the donor dying), there's a flurry of activity to catalogue the specimen. One half is sliced, with each portion wrapped in aluminium foil and placed in a small white cardboard cakebox, and deep frozen at minus 80 degrees. Talk about frozen assets.

The freezer is security-locked and looks similar to those big chest freezers that households used to have in the 1960s.

The other hemisphere of the brain is preserved and used for more immediate analysis. The brain is dissected into 60 identified portions that enable various scientists to explore specific regions of the brain – depending on their own field of investigation. Most demand is for samples from the core areas of the brain: the hypothalamus and its immediate neighbours.

"Do you want to see some brain?" asked Maurice. His two guests nodded assent, and he showed the two a series of microscope slides with slivers of brain tissue sliced thinner than Prosciutto ham. These were cross sections of the vermis of cerebellum which, when stained with marker dye, looked as beautiful as Ginkgo tree leaves.

"Do you want to see some brain?" asked Maurice. His two guests nodded assent, and he showed the two a series of microscope slides with slivers of brain tissue sliced thinner than Prosciutto ham."

The team of medical scientists are a dedicated group following an investigative lead unique in the world. The first area of brain deterioration with Parkinson's, and similar conditions, is in the olfactory bulb – the little channel where the brain is literally exposed to the nasal passage. A loss of sense of smell is often an early indicator, and then the deterioration spreads inward, in a distinct pattern. What if this spread could be headed-off at the pass? Would that halt Parkinson's or Alzheimer's? That's the hope.

Dr Curtis is sanguine about whether he and the team will be first to come up with treatment but is optimistic they may discover a preventative measure. As he points out, more than a dozen drugs, each costing the developers some half a billion dollars in research have been developed as potential cures, only to have failed to perform in testing. "People work for forty years in this field, and their work may prove fruitless. However eventually this work will bear fruit," Dr Curtis says. "But we have to try our best. Even a failure tells us something."

The research unit works to a high ethical code and offers prospective donors a complete chance to see what's involved. It is highly skilled research and it goes without saying that they are interested not just in having brains donated, but in having financial bequests to help fund the work, something Susanna and Duncan have decided to do.

"Some kind of bank" quipped Duncan. "It offers high interest, but you can't make withdrawals."

In this case we heartily recommend the investment.

Other mortal matters

While on the subject of mortality, it's good practice to review your estate planning arrangements from time to time. We have seen how recent legislative changes have prompted clients to re-evaluate whether they still need to own assets in a trust.

Even if you don't have a trust, you should review your Will and Enduring Power of Attorney appointments to reflect your present stage of life. We also encourage clients to re-assess their overall financial arrangements if their circumstances change.

Labour is currently reviewing the tax regime so if there are changes, it may be an opportunity to have a check up on your financial health. There's bound to be something that will affect us all.



Family trusts getting snagged by offshore legislation

Last year in the UK the Money Laundering, Terrorist Financing and Transfer of Funds Regulations legislation was passed. Now, with a scintillating name like that, it is quite likely that the legislation failed to create a blip on your radar. What's Terrorist Financing got to do with us Kiwis?

Well, these UK Regulations have an extra-territorial reach. If you have set up a Trust and have beneficiaries living in the UK (your daughter or son or grandchildren perhaps), then your Trust is in the spotlight. The UK taxation office, the HMRC, wields the spotlight.

- Any trust (even a New Zealand Trust) will have a reporting obligation to the UK tax office, every tax year, in which the trustee is liable to pay any of the following taxes in the UK: income tax, capital gains tax, inheritance tax (IHT), stamp duty reserve tax (SDRT), and stamp duty land tax (SDLT).
- If you have UK shares or other UK investments held by your Trust, (and many of our clients have these in the portfolio), the income in the form of UK dividends may be taxable to non-resident trustees if the trust has one or more UK resident beneficiaries.

So it's the combination of UK investments in a trust and UK resident beneficiaries or trustees that creates the issue. If the above applies, then the trustees are required to register the Trust and disclose the

following information on an online portal:

1. Name, address, passport number, and date of birth of the settlor, all current beneficiaries, and all "controlling persons";
2. Details of the trust's worldwide assets including current market values.

Just when trustees thought they were operating their trusts correctly, now international legislation is creating increased compliance. If the UK Regulations affect you there are several options to avoid the need to register your Trust there:

- a) Sell all UK investments; or
- b) Remove UK resident beneficiaries from the Trust and amend Wills for their inheritance; or
- c) Transfer all your investments into a personal portfolio and consider winding up your trust.

The second two options would involve work for your solicitor and/or accountant.

If you wish to retain your Trust as it is, we recommend the first option - selling all UK investments. It is the quickest option and from an investment point of view, it is also a good time to sell these and rebalance the portfolio. Most of the UK denominated investments have enjoyed greater than expected returns over the past year.

We don't forecast things getting any simpler in the future for Trusts. These types of long-distance regulation will only become more complex over time. Trusts with US citizens involved already have tax filing obligations. How long before Australia imposes their own similar track and trace regulations?

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A Trust may still be useful in the context of your overall business, financial and family situation but now is a good time to reconsider the pros and cons. Please call us for a preliminary discussion and you will then need to talk to your lawyer and accountant.

...And taxes

Just when you have breathed a sigh of relief, suddenly it's that time of the year again when we need to focus our attention on tax returns. Portfolio tax reports will either be emailed to you or your accountant around mid-May.

In order to process your tax report as smoothly as possible, please let us know if you have changed your accountant since the 2017 tax return.