



“Refiring” advisers for next level advice



Connecting Significant Advisers

The Hub for resources and IP



Training and education on Family Board style advice



Significant Advice Network



OUTCOME

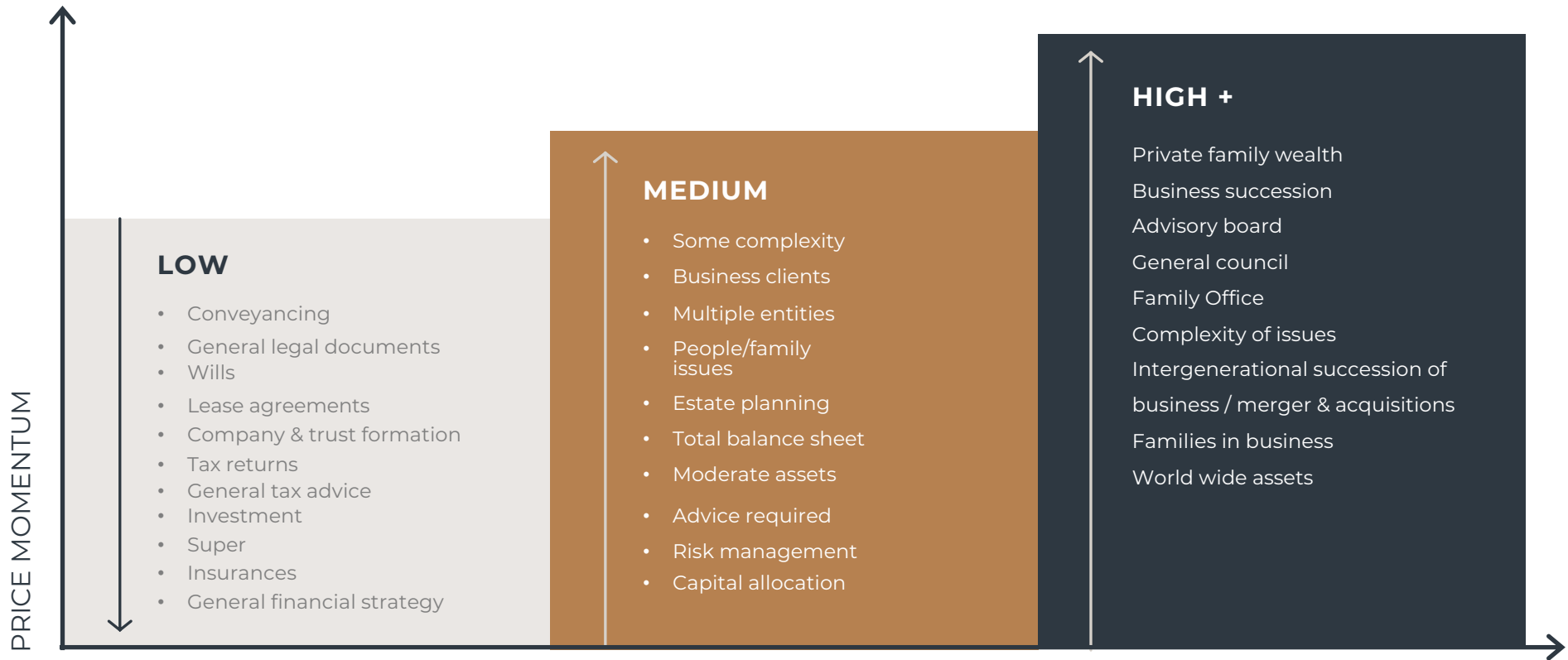


“A passion gives you a reason to keep learning and to work towards mastery

+

A financial engine to monetise the value you bring”

Commoditisation of professional services



VALUE CHAIN

SKILLS REQUIRED

FORM

LOW

- Conveyancing
- General legal documents
- Wills
- Lease agreements
- Company & trust formation
- Tax returns
- General tax advice
- Investment
- Super
- Insurances
- General financial strategy

MEDIUM

- Some complexity
- Business clients
- Multiple entities
- People/family issues
- Estate planning
- Total balance sheet
- Moderate assets
- Advice required
- Risk management
- Capital allocation

HIGH +

- Private family wealth
- Business succession
- Advisory board
- General council
- Family Office
- Complexity of issues
- Intergenerational succession of business / merger & acquisitions
- Families in business
- World wide assets

People skills, hard & soft, emotional intelligence & IQ.
Adviser, coach, mentor

- Ability to:
- have broader conversations
 - to broaden the scope
 - to stay in context
 - to position ongoing services
 - to navigate different risk frameworks and articulate to collaborate with other professionals

- Retainers
- Yearly plan
- Total balance sheet risk management



Swimming lanes

Need to develop skills to 'help' swim in other lanes



Different is better than better

Not expected to know everything, expected to know how to "think" about issues



Commoditisation of professional services

“A RACE TO THE TOP”

Accounting
Legal
Financial
Services

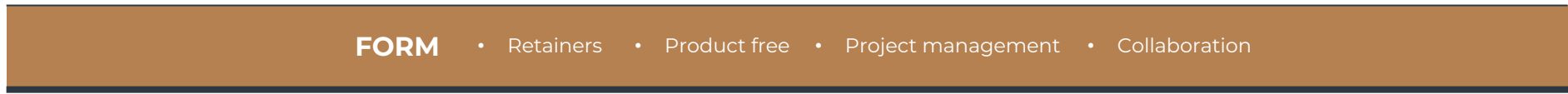


- Threats are here now
- Online
 - Cheaper
 - No advice
 - Document production in volume
 - Discounts
 - Consumer educated/aware
 - Overseas competitors

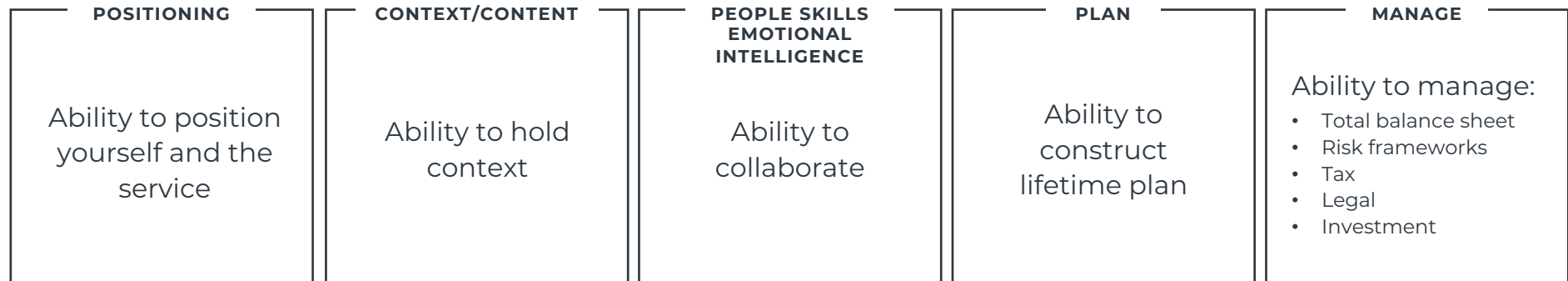
Value sits in



- Complexity
- Sense maker
- Intergenerational wealth
- People issues
- Business succession
- Family board
- General counsel
- Risk manager
- Merger & acquisition
- Total balance sheet



Skill Set Required





Perception of value



To know how to think about their problems – all of them.



They want financial solutions to be part of much larger lifetime solutions.



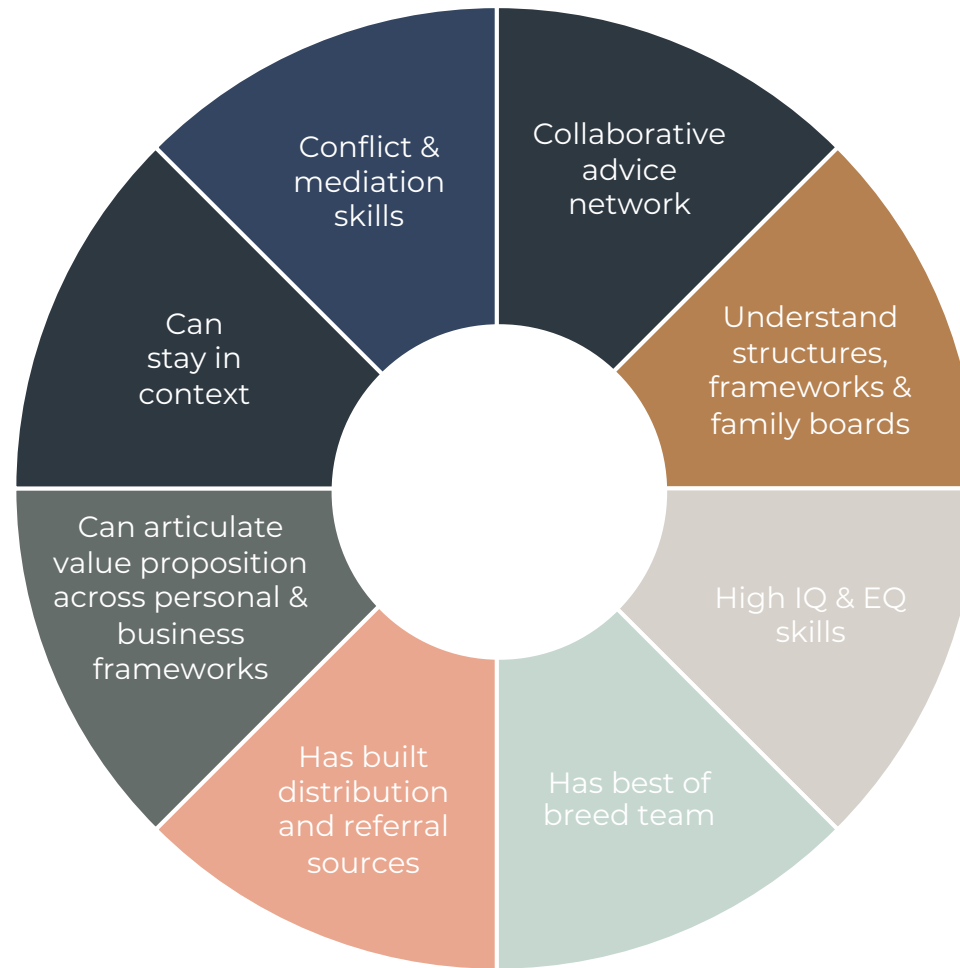
They want a greater sense of direction, confidence, and capability in all areas of life.



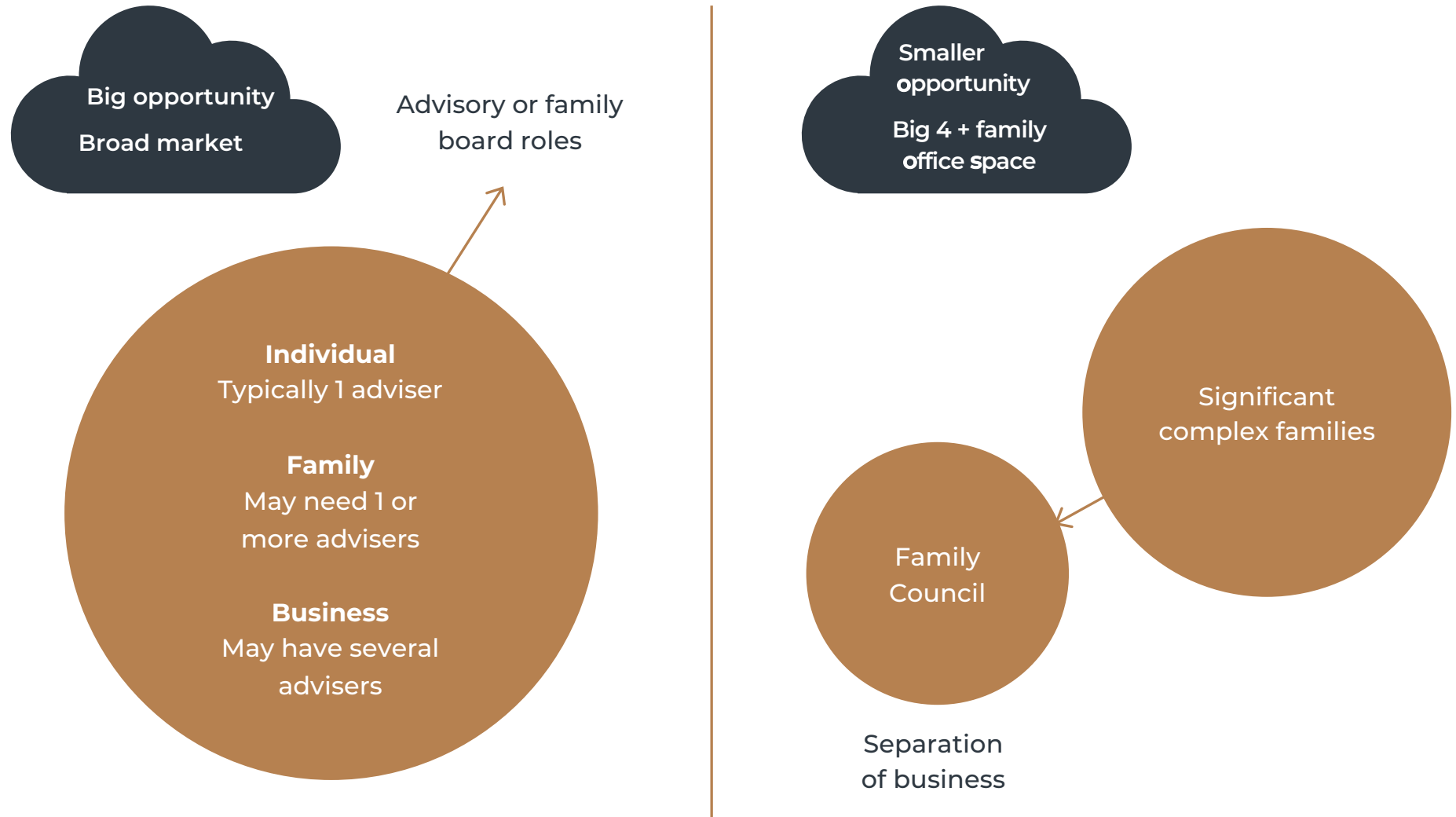
They want advisers who can construct a lifetime plan for them.



Wheel of competency



Big opportunity vs small opportunity



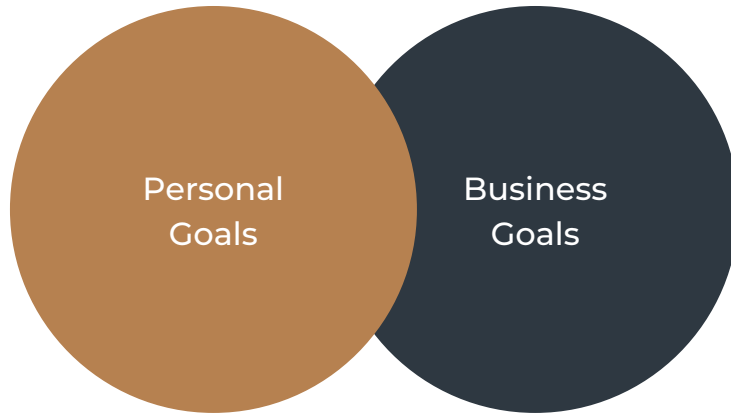


Matriarch/Patriarch

OR

Significant individual

NOW TO DO 3 Year 10-100 Years (LLLL)



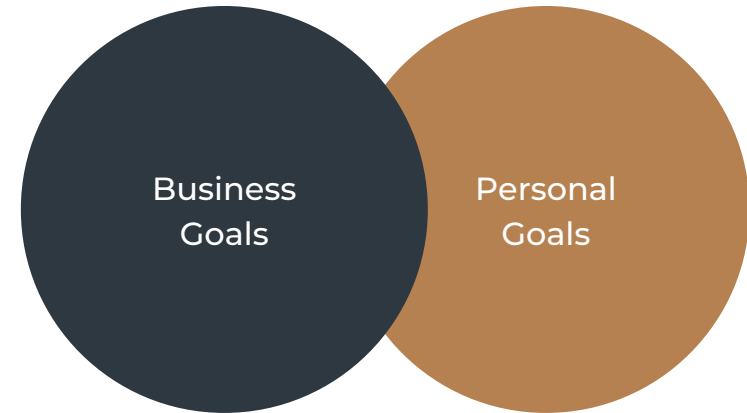
Personal Goals

- Typically succession
- Transfer of income
- Equity
- Control

Business Goals

- Chaos to greatness
- 3 year – 1 year – 90 days – now

Discuss difference between business and personal goals, then lead into business

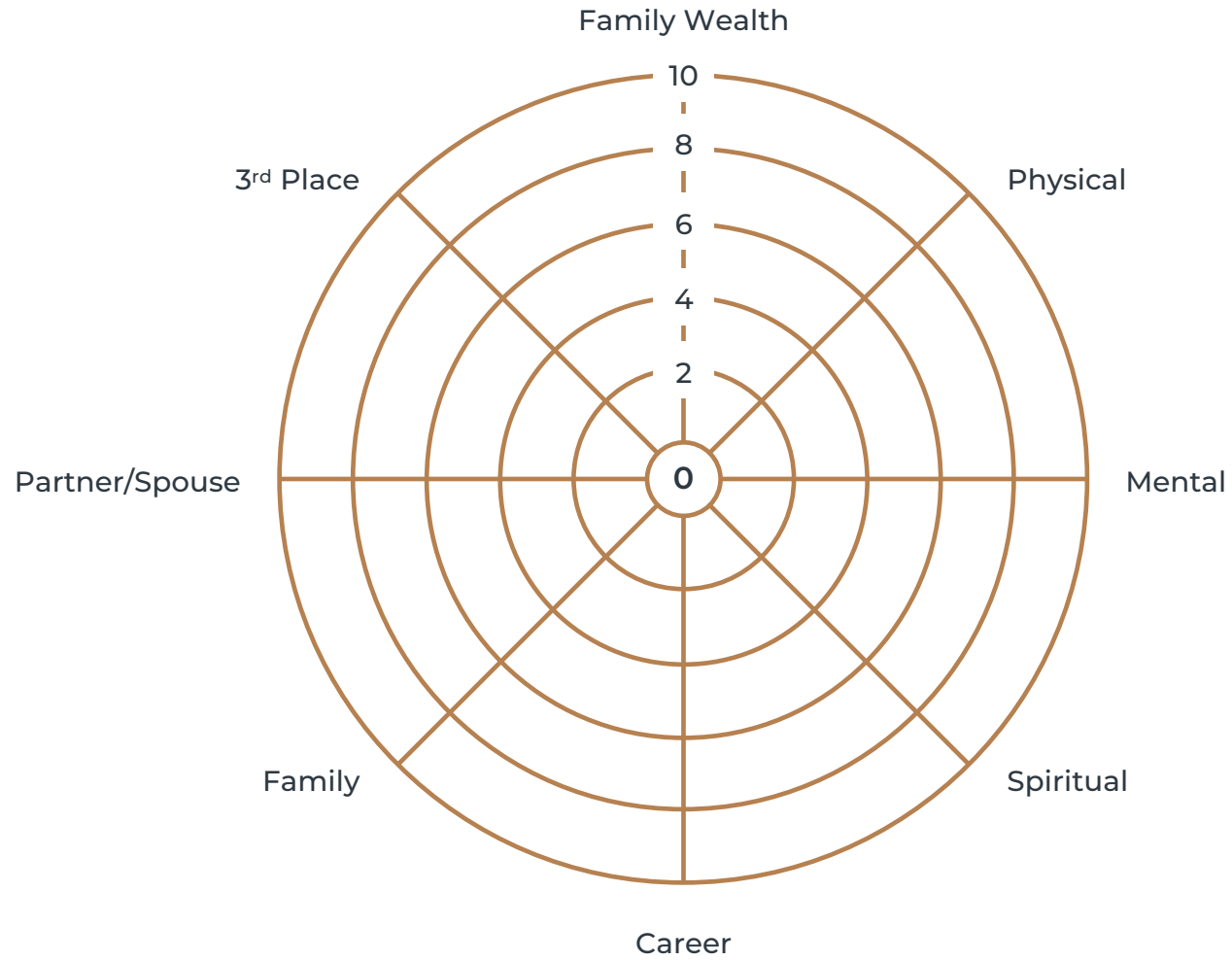


3 years → 1 year → Now/Business

- 90 Day Rocks
- And/Or (may do another meeting)
- 10-3-Now
- Chaos to greatness
- Wheel of life
- Red, blue, black
- Chaos to greatness





Wheel of life





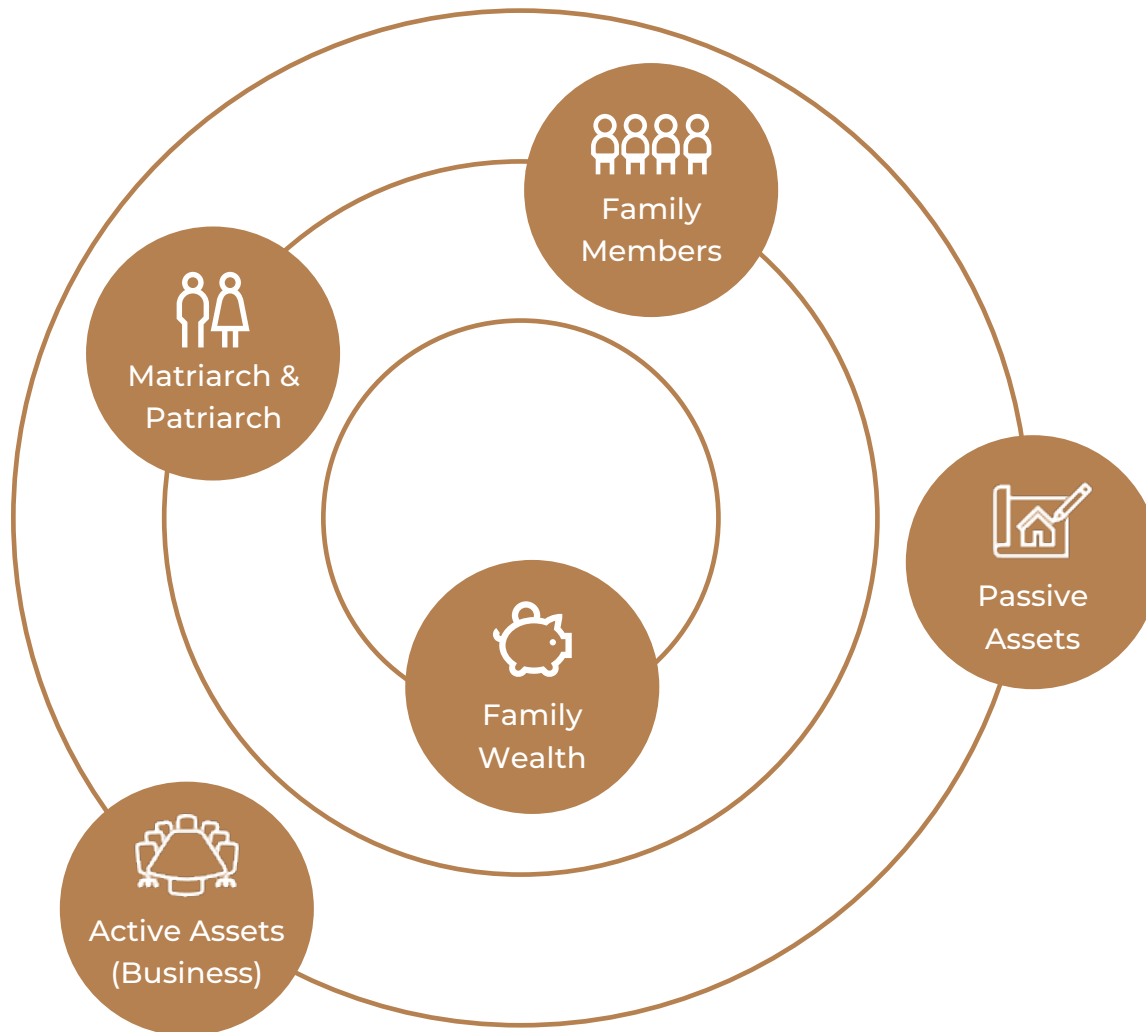
My ideal week

Guiding Statements	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	
My Purpose is:	TO DO TODAY							Distribution:
Goals for the Week: Self: Family: Business:	 TODAY'S APPOINTMENTS							Current Clients:
	8-12							
	12-2							
	2-5							
	5-9							
	<u>IMPORTANT:</u> What I need to do.				<u>URGENT:</u> What others need me to do.			Gratitude for:

The 4 rules for your To-Do list are: 1. Plan tomorrow tonight. 2. Plan 3 tasks. 3. Balance the urgent with the important. 4. Balance Red-Blue-Black.



Family universe



Family board

- Across total balance sheet
- Family issues
- Family meeting
- Bring family on the journey

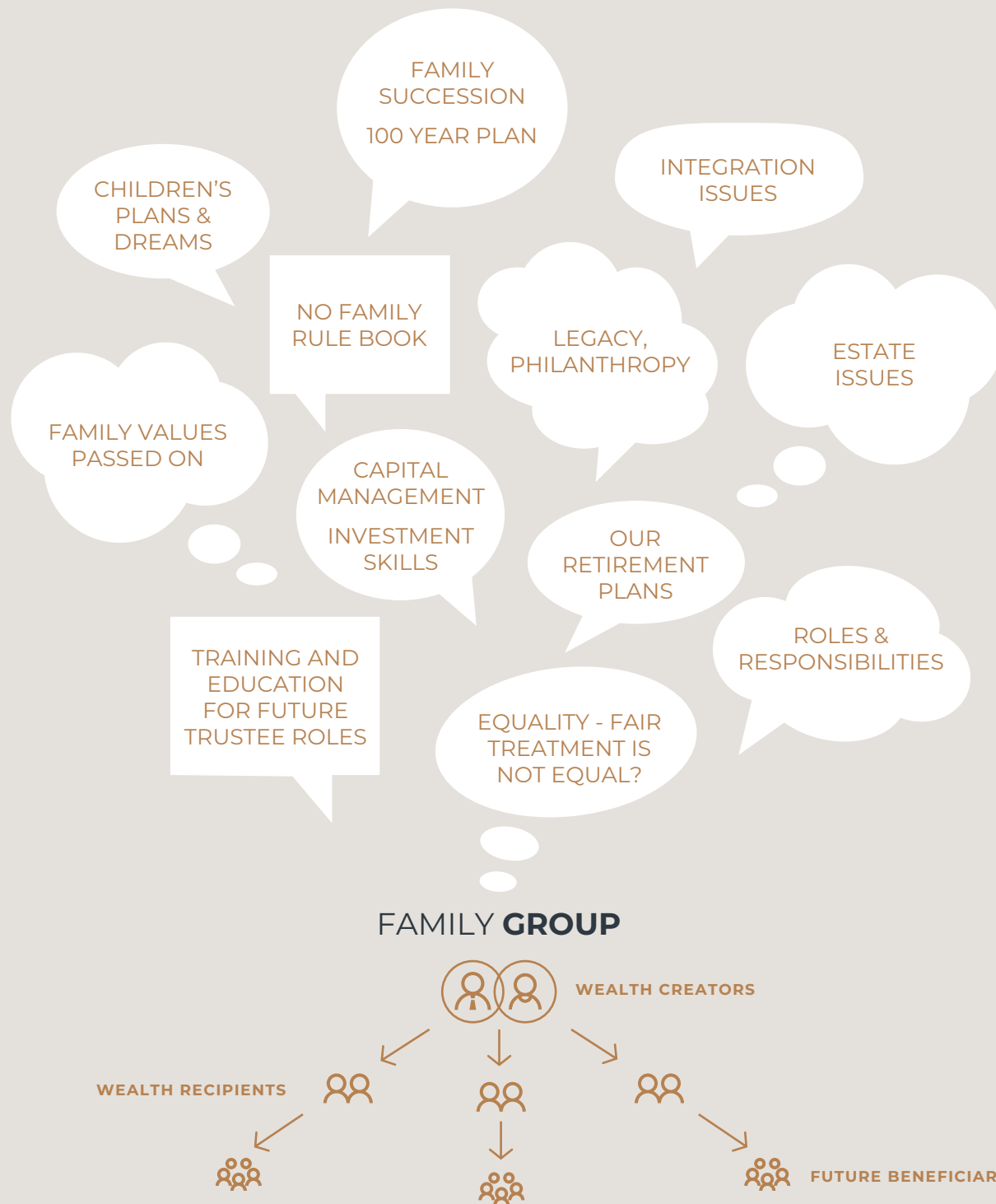
Business board

- Governance
- Robust
- Investor ready
- Succession/key people



Top of mind

- Where to start?
- Do children have the skills to navigate?
- How do I treat everyone fairly?
- I worked hard to build this and don't want it wasted!
- I don't want children to be Country Club kids!
- The capital is to live on, not off!
- What will my legacy be?
- How do I give this the best chance of success?
- Who do I need to surround myself with?
- What is my role now?



Family Office

GIVING FAMILIES CONFIDENCE, CAPABILITIES & DIRECTION



TOTAL FAMILY BALANCE SHEET APPROACH

ASSETS

- Property
- Equities
- Private equity
- Business assets
- Cash
- Other
- Debt structures
- Liquidity

INCOME

- Salary
- Bonus
- Dividend
- Rent
- Interest

ENTITIES

- Companies
- Trusts
- Superfunds
- Personal



GOALS & PLANNING

1 YR

- Understand balance sheet
- Set goals
- Estate
- Asset protection
- Investment strategies

3 YRS

- Financial plan underway
- Assets secured
- Estate documents completed
- Investments underway & working
- Business investment ready

10 YRS

- Retirement goals
- Sell business
- Develop family constitution (Rule book for family wealth)
- Investments and balance sheet in order

20 TO 100 YRS

- Retirement
- Mentoring
- Educate next generation
- Constitution in place
- Legacy
- Community impact



INVESTMENT RISK

- How much investment risk?
- End goal
- Live too long
- Spend too much
- Market risk
- Liquidity

TAXATION RISK

- Risk profile
- Governance
- Tax structures
- Tax plans
- Reporting to ATO
- BAS, GST
- Tax program

ESTATE RISK

- Protect beneficiaries
- Fund the estate
- Insurance issues
- Wills
- Powers of attorneys
- Agreements
- Death benefit nominations
- Documentation
- Estate equality

LITIGATION RISK

- Structures
- Warranties
- Directorships
- Entities
- Loans
- Agreement
- Personal & professional risk
- Estate

BUSINESS RISK

- Covenants
- Directorship
- Staff
- Succession
- Key person risk
- Advisory board
- Mergers and acquisitions

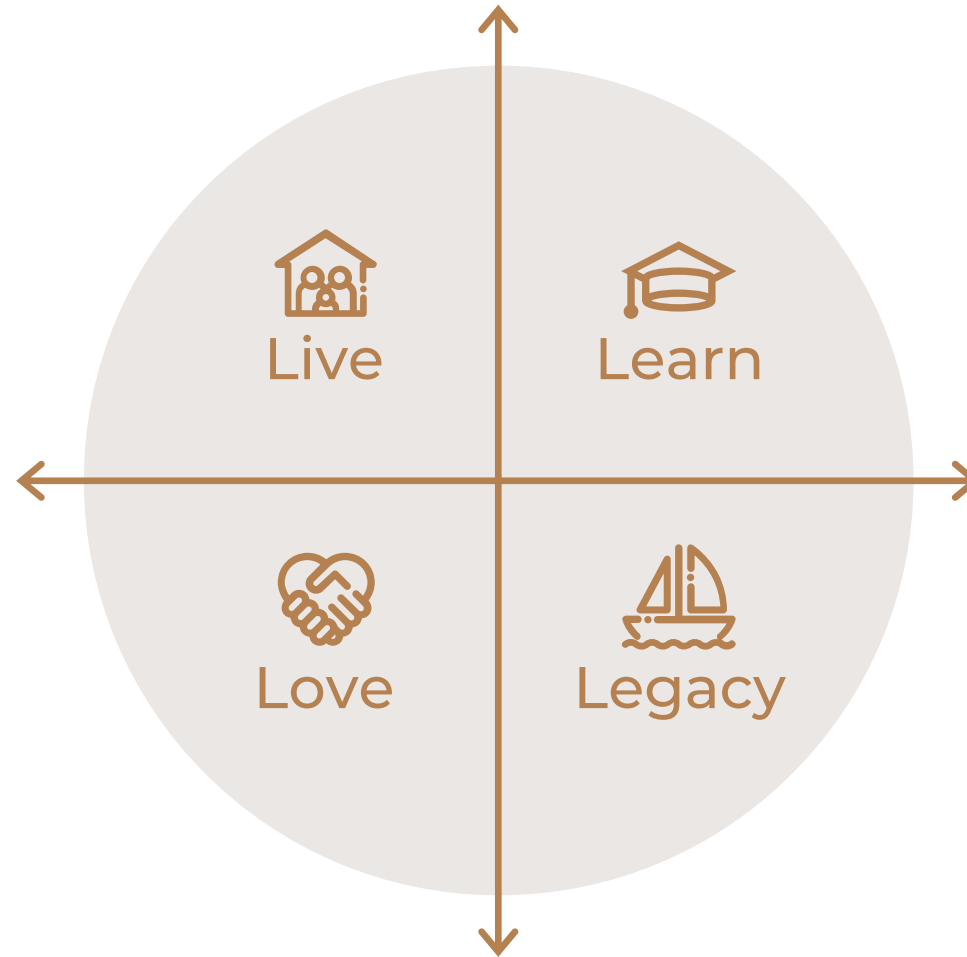
OTHER RISKS

- Family
- Relationships
- Divorce
- Finance
- Cash flows
- Inflation
- Health
- Charity

Risk management considerations to navigate

LIFE PLAN

What makes a great life





Demonstrate capability

1

Estate

The diagram illustrates the structure of an estate. At the top, the word "Estate" is centered. Two arrows point downwards from "Estate" to two categories: "Testamentary Trusts" on the left and "Trusts" on the right. Under "Testamentary Trusts" are three document icons. Under "Trusts" are two triangle icons. To the right of these categories is a book icon labeled "Rule Book For Future".

2

Asset Protection

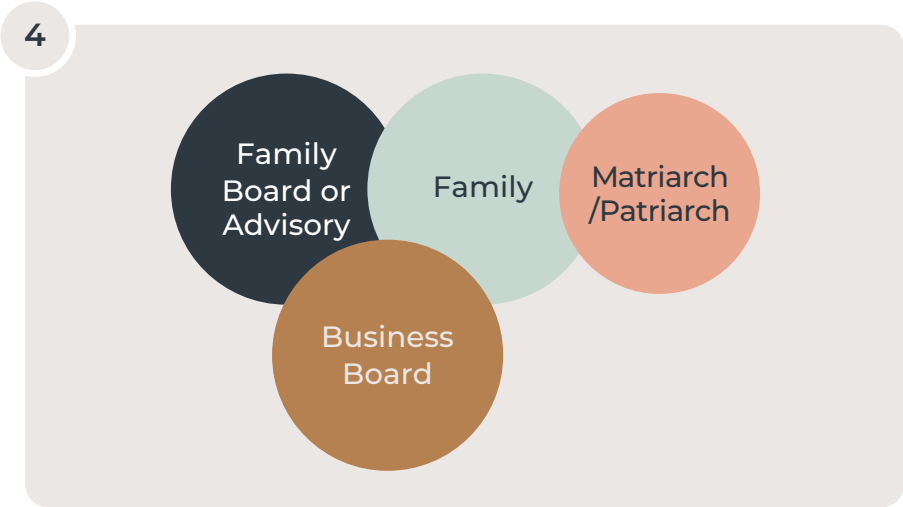
Business risk	—————>	Plan
Direction	—————>	Plan
Predator/creditor	—————>	Plan
Family/ relationships	—————>	Plan

TOTAL BALANCE SHEET 'RISK' LENS

3

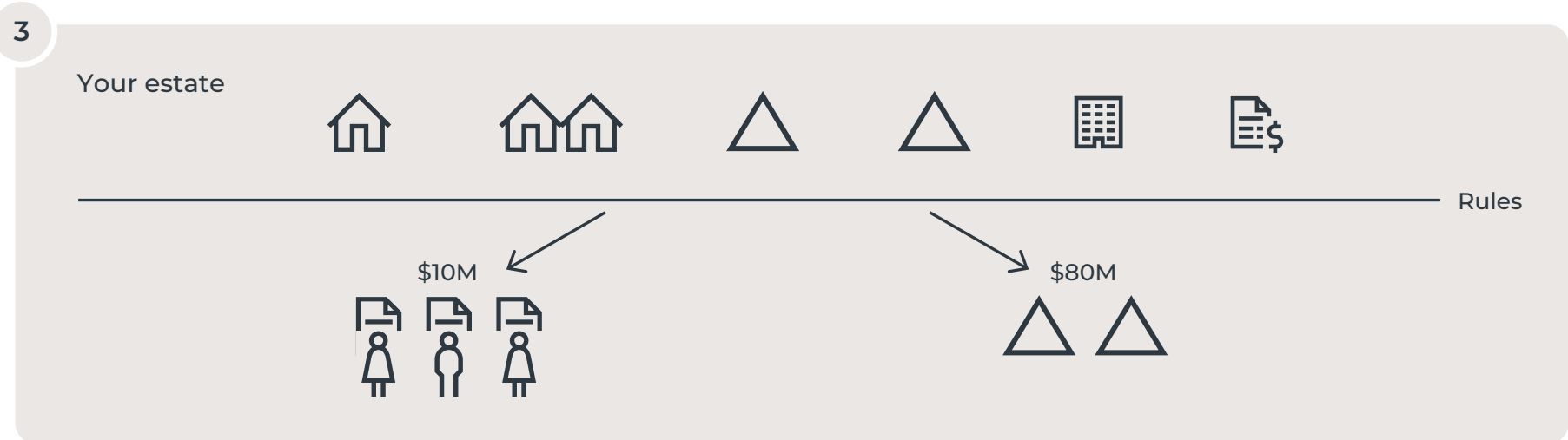
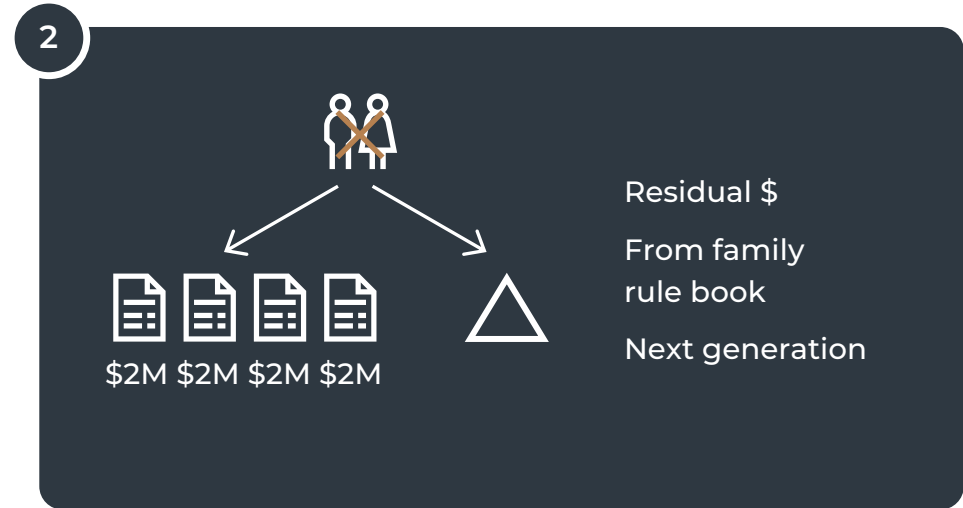
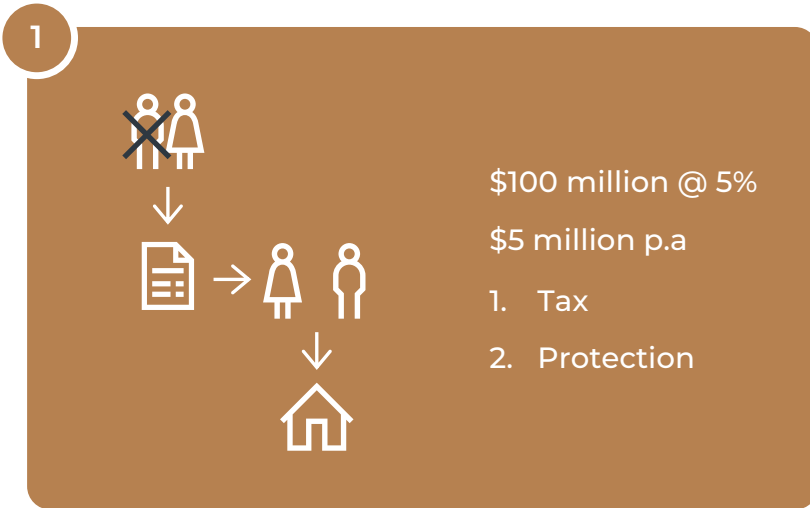
Success Plan - To whom, when, why

Income	—————>	10 years - 100
Equity	—————>	
Control (to whom, when, why)	—————>	





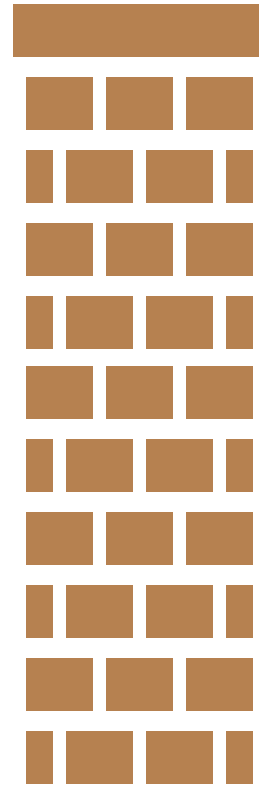
1. Estate conversation





2. Asset protection

Family wealth
 \$\$\$\$



(Brick wall)

Business risk

Litigation

Relationship risk

- Family risk
- Divorce
 - Addictions
 - Health



3. 10 - 20 - 100 Year Plan

Transition wealth

Income

Equity

Control

To whom, when, why?

Active assets



3 – 10 years

- Governance
- Key people
- Board

Passive assets



Investment risk, control

Total balance sheet

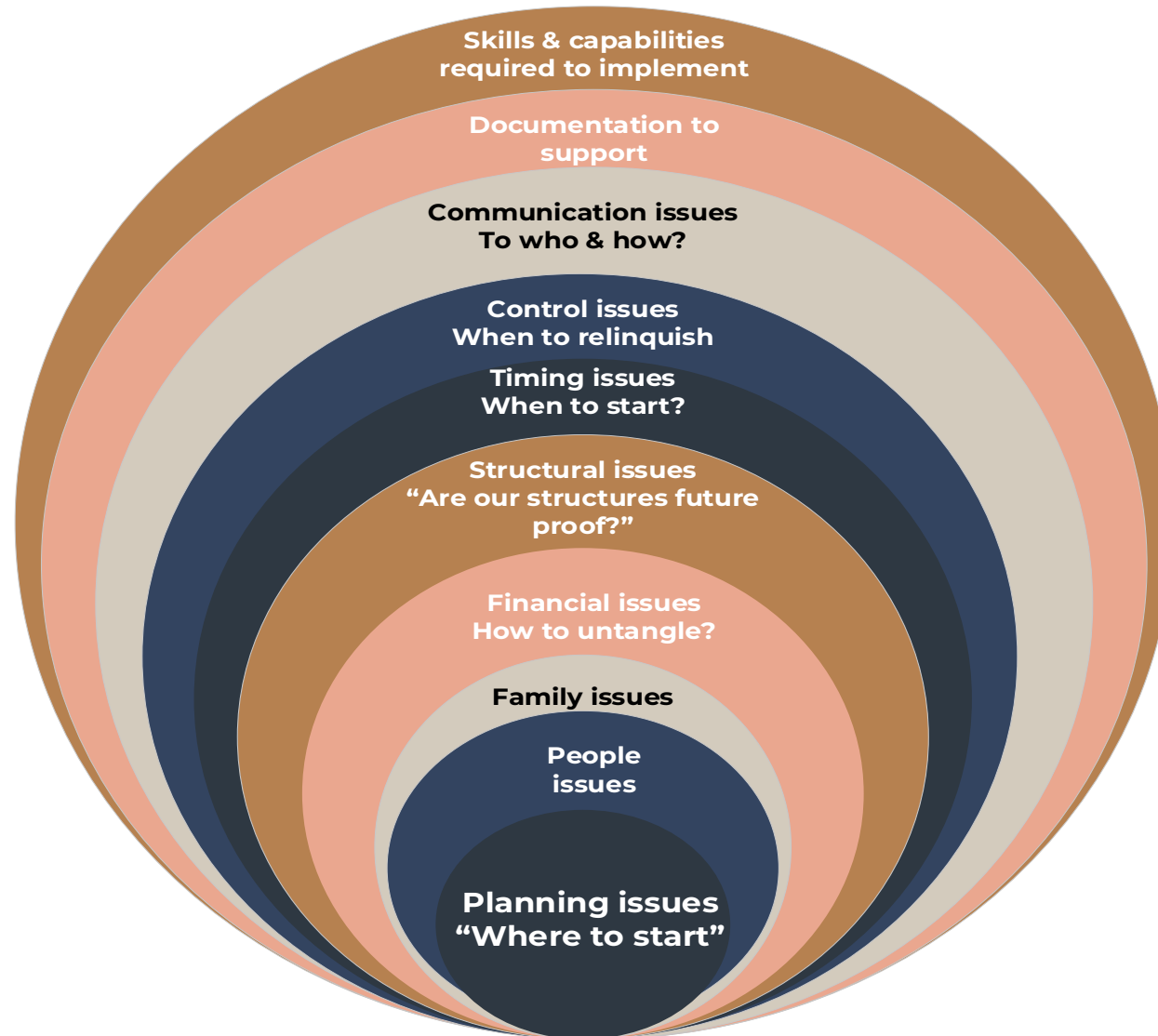


Risk management lens, reporting



Succession Planning

Multiple issues



Capability & Planning Issues



- Where to start?
- Where are we going?
- Ability will articulate our future direction?
- Are we committed?
- Our existing advisers competencies?

- Who will champion the cause?
- What capabilities do we need?
- What are our decision trees?
- How do we make tough decisions?
- Best of Breed team required across tax, legal and wealth

- How do we engage & communicate?
- What does success look like?
- What if the kids don't like it?
- How do we manage conflict?
- Are we accountable?
- Who will help us?

Risk Management Lens

1

REDUCE

2

AVOID

3

TRANSFER

4

RETAIN

People	Family	Financial	Structural	Timing	Communication
<ul style="list-style-type: none"> • Mum & Dad, dreams & aspirations • Adult children, dreams & aspirations • Relationship issues, divorce • Family breakdowns • Non interested children • Interested & can't manage the money • Health Issues • Control issues • Staff issues, retaining good people • Communication issues • Mismatch of values and trust 	<ul style="list-style-type: none"> • Non alignment • Communication • Disinterest or distrust • Self-righteousness • Expectance • Participants don't want to get involved • Financial mismatch - some have money, some don't • Divorce 	<ul style="list-style-type: none"> • How much do Mum & Dad need • Dollars they might need for the capital required • Charities • Loans to children • Children employed in business V's not employed • Distribution and income in the future – Fair V's Equal • Income & capital distribution • Reporting of finances • Investment decision making now & in the future • Investment advice • Who to seek advice from • Debts, guarantees, warranties 	<ul style="list-style-type: none"> • Who owns what • Is our structure fit for purpose • Are we asset protected & tax efficient • How does structure allow for handing over control • CGT & tax considerations • Are our structures future proof • So they represent our wills & estate planning • Can we easily report across the group <p>Required documentation:</p> <ul style="list-style-type: none"> • Wills & estate wishes • All loan documents • Revised structures • All other agreements 	<ul style="list-style-type: none"> • What's the plan on timing handover for income, equity & control • When are we ready to retire • Can I retire & still participate on the board • When does a family member/s take over • How do I know with confidence it's time • What happens if I die or lose capacity now • What's the back up plan • Should we have a fire drill • I need all this in place now • How long does this take 	<ol style="list-style-type: none"> 1. We need to get clear first 2. We need our plan sorted first 3. How do I communicate to family <ul style="list-style-type: none"> • How do I communicate to extended family, spouses, partners etc • How do we keep everyone in the loop • Do people/family need to sign a non-disclosure document • Is there a forum for people to discuss concerns & disagreements • What happens if family disagree • What happens if 1 person is seen to be favoured • How can we make this robust

Sample 12 month agenda

Significant Individual or Family

Business Assets

Q1	Q2	Q3	Q4
4 L's; Live, Love, Learn, Legacy	Staff Issues – Long term incentive plan	Monthly business meetings	Due diligence ready
Decide to keep or sell the business	Key documents; wills and estates	Full board working	Monthly reporting
Understand financials	Family rule book	Staff engaged	Across issues
Understand risks	Mergers & acquisitions	Leadership training	Feeling confident
Structures	Risk Management framework for the business	Robust reporting	Rules & functionality
Recruit Best of Breed team	Document the strategy	Issues list identified	Developing culture
Determine skill set required	Board papers commencing	Risk management overlay	Structure in place
Monthly meeting	Robust financials	Personal: Wills, estates updated Succession documents Powers of attorney Structure sorted Long term incentive plan	Personally well organised
Financial advisory meeting	Functionality of roles		
	Investor ready		
	Due diligence ready		



Sample to do list

- Sort estate and wills
- Clarify trustees and executors
- Sort business succession
- Bring adult children on journey
- Robust group cashflows and reporting
- Plan family meeting
- Set course for business
- Review key people and incentive programs
- Develop family rule book
- Decide to merge, sell, keep
- Risk management lens across total balance sheet
- Review asset protection and professionals
- Education/maintenance fund for grandchildren
- Charity/philanthropy
- Review asset allocations and liquidity
- Fire drill of all issues
- Update deeds and documents
- Adult children succession and control plan
- Loan securitisation
- Review guarantees and warranties
- Control plan for asset in death/loss of capacity
- Income equity and control issues

<Date>

10-3-Now – Mr & Mrs Client

CONTEXT



NOW		TO DO LIST	3 YEAR GOALS	10 YEAR GOALS
 Mr & Mrs Client	Ages: 65 Children: 3 Grandchildren: 5	<ul style="list-style-type: none"> • Wills and estate • Family rule book • Business succession • Asset protection • Family advisory board • Governance • Business plan complete • New CEO • Long term incentive plan • Finalise loans to kids • Review guarantees & warranties • Review debt & liquidity 	<ul style="list-style-type: none"> • Succession • Estate OK • Kids on track • Retired 	<ul style="list-style-type: none"> • Succession • Fair not equal • Deal with son in business • Look after kids • Not Country Club kids • Look after grandkids • Retire gracefully • Maybe sell/merge business
 Residence	Value: ~\$5 million			
 Investment Property + Company	Value: ~\$5 million			
 Trust 1, Trust 2	~\$10 million			
 Farm	~\$20 million			
 Business	Value: ~\$20 million Staff: 80 1 son is in business			
 Superannuation	~\$5 million			





3 big questions

1

Why do you need a Family Board Adviser?

2

Why me?

3

Why now? & Are you advisable?

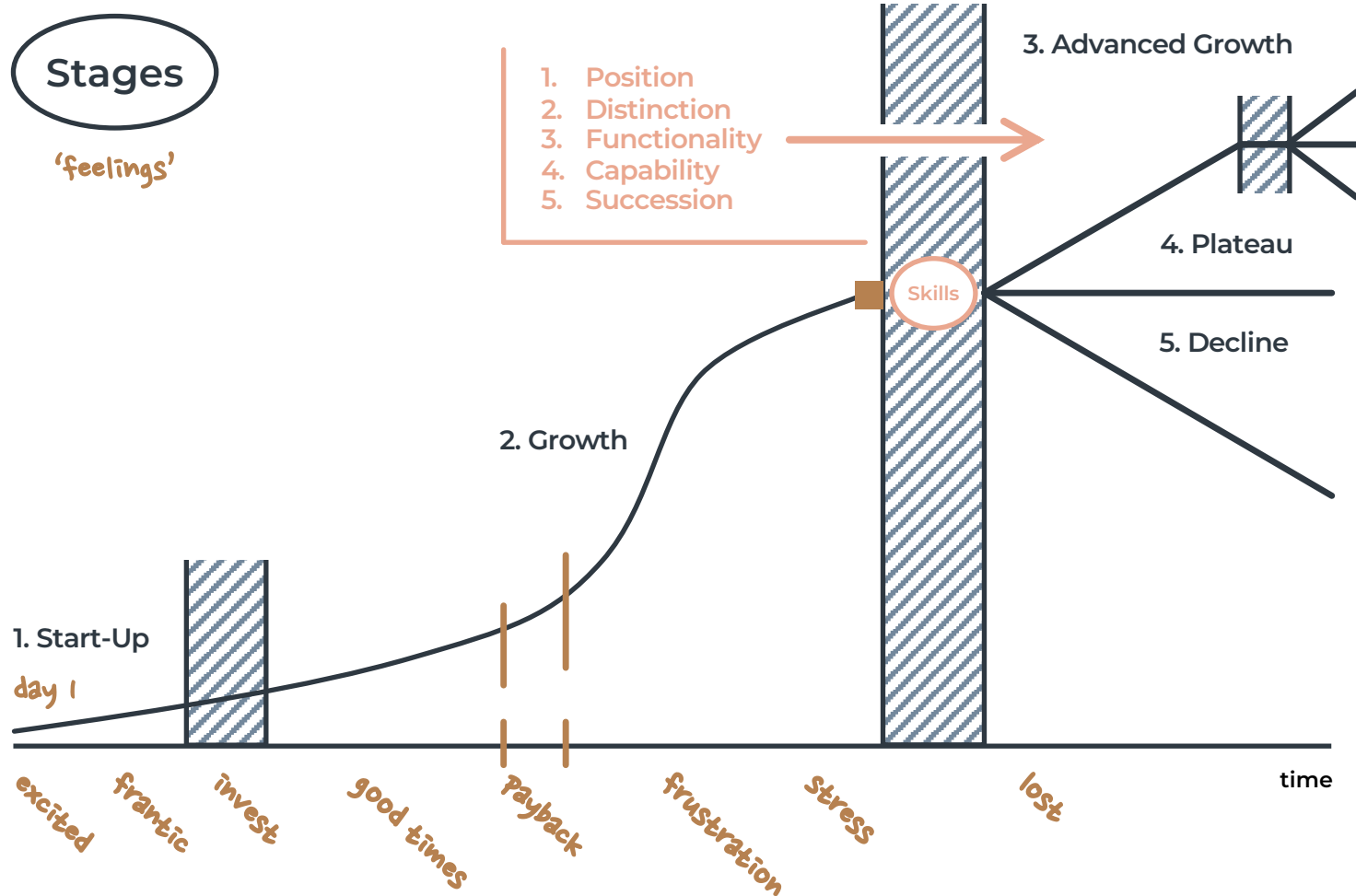


Typical client conversations and needs

- 1 Successful and time poor
- 2 Successful and unhappy
- 3 Successful and family dysfunctional
- 4 Successful and unhealthy
- 5 Adult children aren't capable & directionless
- 6 Successful at business but a poor parent
- 7 I've no-one to talk about the above
- 8 Don't know how to get out of the business
- 9 Don't know how "to think" about their issues
- 10 Successful and no governance
- 11 I don't have a network of capable advisers
- 12 How do I tell my kids they don't get everything?
- 13 How do I treat my new partner fairly?
- 14 Can you screen my existing professionals?
- 15 How should I think about my estate, my business, my wealth, next generation?
- 16 How do I build leadership, resilience & positive culture in the business?
- 17 What's my legacy and how do I communicate it?
- 18 How should I think about that?
- 19 Can you help me with key people in business?
- 20 How do I feel about family members in business?



Stage of development





Red Blue Black

- Strategy
- Positioning / Marketing
- Client Management
- Culture
- Succession
- New Business Opportunities

Business Development

Pre-sold

Sales (Expectation)

Design (Quality Efficiency)

Delivery (Experience)

Client Services (Relationship)

Operations

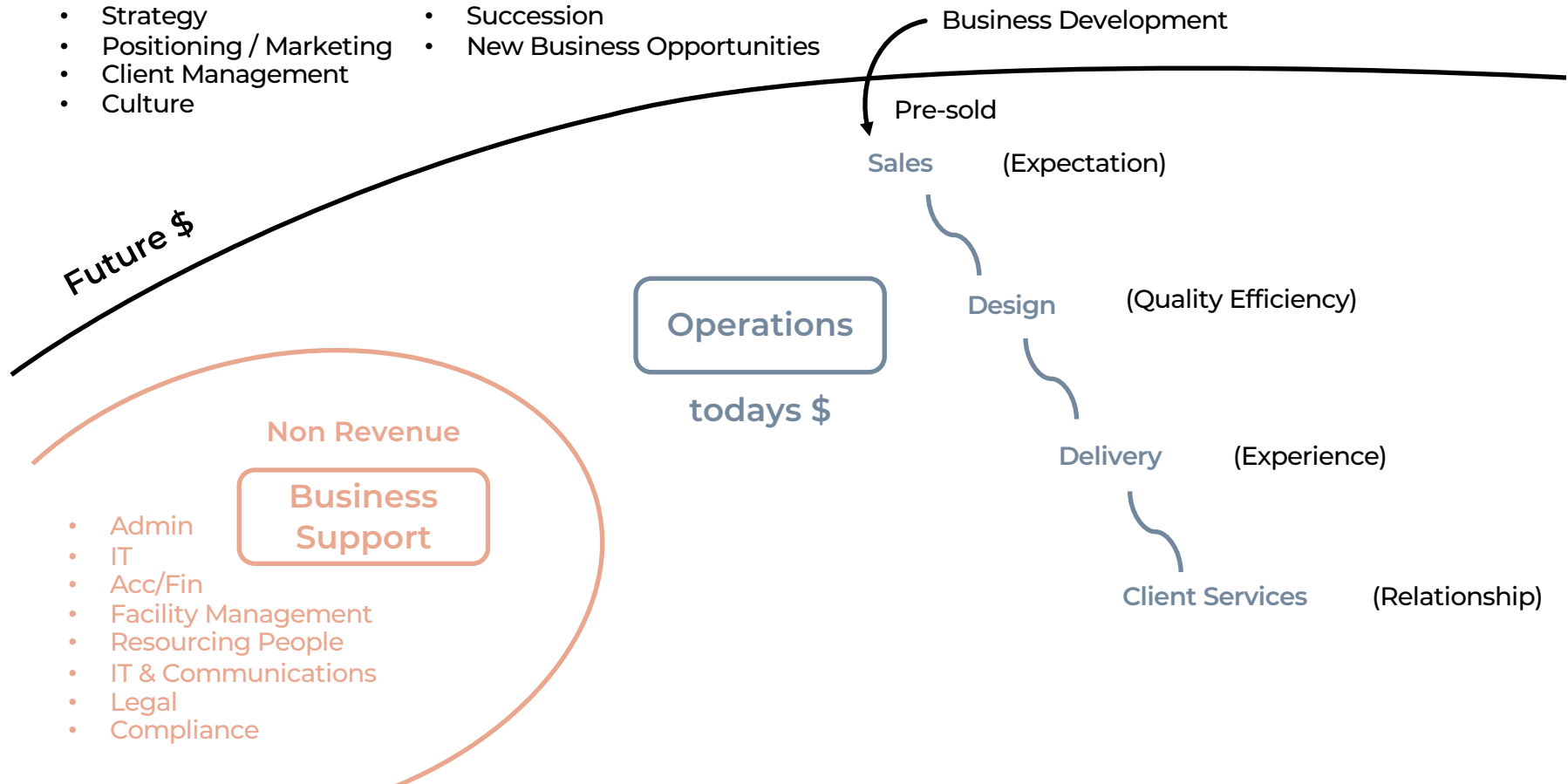
today's \$

Future \$

Non Revenue

Business Support

- Admin
- IT
- Acc/Fin
- Facility Management
- Resourcing People
- IT & Communications
- Legal
- Compliance





Meeting guidelines

Meeting 1

Be referred or introduced and positioned correctly

May need to reposition:

Position Myself:

1. Protection of assets from predators & creditors
2. Help them get clearer on where they are headed around family goals & aspirations
3. Developing a 12 month plan around implementation & succession issues. Typical issues can be: risk management, adult children capabilities, estate issues, transitional wealth, dealing with 'Paris Hilton' kids

The role I play is like sitting on the family board

Use collateral to facilitate discussion:

- Chaos to greatness
- Annual Review document
- Ask where family are trying to get to
- Ask about family and children
- What keeps you awake at night?
- Are you feeling confident about your affairs?

Meeting 2

Ask permission to go through a planning process

Do the following:

- 10-3-NOW or 3-1-NOW
- Business: Chaos to greatness discussion
- 4 L's – Live, Love, Learn, Legacy
- Estate
- Asset protection
- Succession plan
- To Do List (see sample)
- Discuss retainers and 12 month program
- Show 12 month review document
- Sit down, Shut up



Meeting guidelines continued...

Meeting 3

Document their committed future, meetings, calls, agenda

Present 12 month plan

Discuss investment/retainer

Get an agreement on scope underway; on the role they need you to play

Supporting Documents:

- Sample 12 month plan
- Chaos to greatness
- “What are they thinking about?”
- Engagement documents
- Sample agendas

Meeting 4

Commence 12 month program

Roles

1. Lead role, family board as above
2. Invited onto advisory board
3. Invited onto business board

NB: Any additional fees for, legal, accounting, wealth are under a different scope from client

Note

1. These are presented, not emailed
2. May take 2 meetings to get clear on engagement
3. May need to gather some information after meeting 1 to clarify/discover
4. Context discussion with the ability to solve content

<Date>

12 Month Plan

This document sets out your 12 Month Financial Game Plan. It is intended to provide an overview of the areas in which we will be focusing upon in our 12 month engagement.





Chaos to greatness

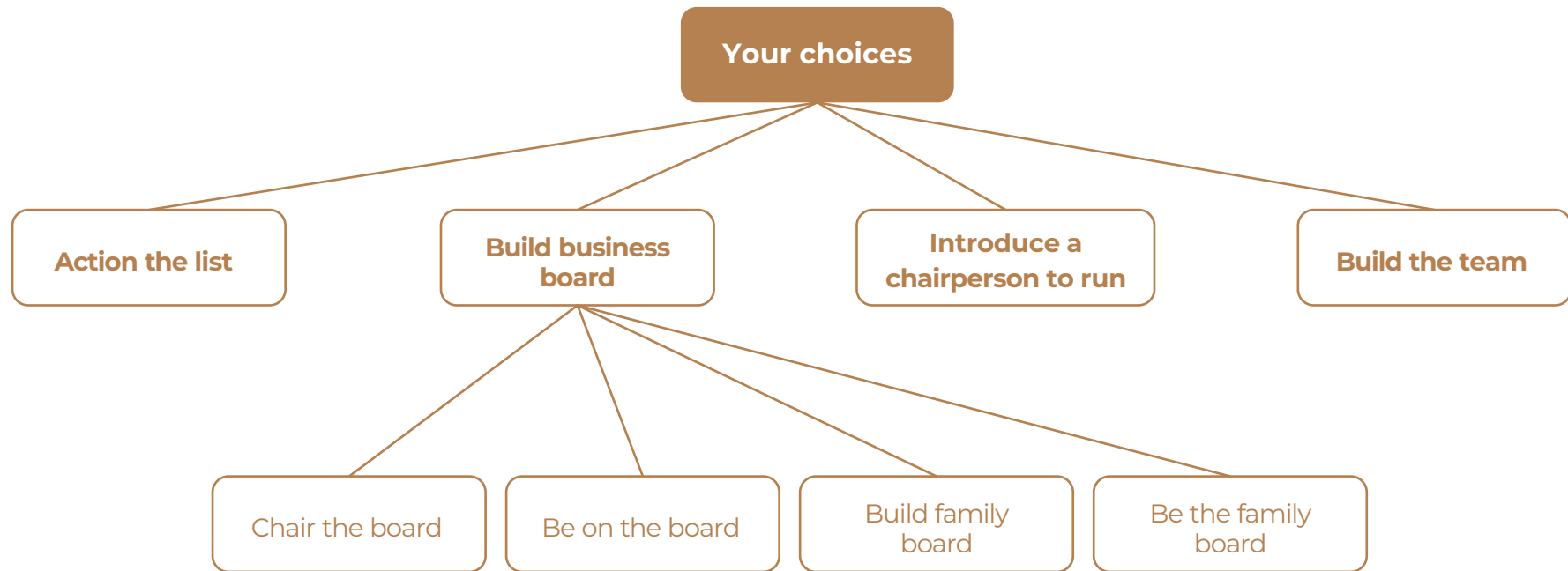
CHAOS	MEDIOCRITY	EMERGING BUSINESS	GREAT BUSINESS	LASTING GREATNESS
<ul style="list-style-type: none"> • Take any client • No systems/processes • Profit negligible • No value proposition • Run like headless chook • Owner doing everything • Family member doing books • Owner doing lots of red • Tax issues • No business plan • No marketing plan • Putting out fires • Reactive • Decisions made on price • Office looks cheap 	<ul style="list-style-type: none"> • Some systems • Owner on the tools • Cash flow inconsistent • Beige • Unclear pricing • Unclear positioning • Possible low level staff • Unclear job roles • Duplication • Things get missed • Profit low • Owner in red/blue • Key person dependent • First brick wall 	<ul style="list-style-type: none"> • Systems in place • Functional roles • Some black activity • Branding • Positioning • Referrals • Clear CVP • Outsource/insource red • Cash flow steady • Less owner dependent • Owner free to go part-time • Owner has coach/mentor • Business debt • Second brick wall • Values identified 	<ul style="list-style-type: none"> • Systems clear and followed • Functionality clear • Positioning known • Branding recognisable • Clear CVP • Owner freed up • Management systems • Strong distribution • Pricing & packaging • High level staff • Employer of choice • Financial systems & reporting • Mature business • Team ethos • Advisory board • Values lived 	<ul style="list-style-type: none"> • Good systems followed • Strong culture • Inspiring vision • Higher purpose • Mentoring/coaching • Development plans for staff • Good profit • Good cash flow • High performing team • Talent magnet • Professional leader • Saleable • Other business opportunities • Succession • Debt free • Full board governance • Contribute to society
OWNER'S FEELINGS				
<ul style="list-style-type: none"> • Stressed • Pressured • Scared 	<ul style="list-style-type: none"> • Pressure • Trapped • Apathy 	<ul style="list-style-type: none"> • Safe • Relieved/relaxed • Energised 	<ul style="list-style-type: none"> • Relaxed • Confident • Pay back 	<ul style="list-style-type: none"> • Proud • Satisfied • Fulfilled

Build a To Do List

12 month plan of attack

Get organised

Your role: To bring capability, confidence and 'network' to the table





Suggested agenda for:



INDIVIDUAL

Check in

What's on your mind

Wheel of life

Ideal week

BUSINESS

EOS	People
Vision	Data
Issues	Process
Traction	90 Days Rocks

PERSONAL

Wills	Estates
Financials	Next 2 weeks
Priorities	



FAMILY BOARD

Check in top of mind

Total balance sheet reports

Business reports /financials

90 Day Rocks

People issues

Family issues

Succession

Financially well organised



BUSINESS BOARD

Set agenda

- Minutes
- Traction
- People
- Processes
- Taxation
- Financials
- 90 Days
- Overall strategy check in
- Risk management lens
- Build capability
- Build accountability



Pricing engagements

What's your ideal world/week look like?

Number of engagements
 Type/style of engagements
 Ideal revenue

Value =

Their desire for capability and resources

Your time and availability

Dollar value of asset = retainer

Complex financials + 10-30%

Perceived value to client + 10-50%

Your ideal number of engagement revenues and mix of clients %

ASSETS

20m
 36K
 + 10-30%
 + 10-50%

50m
 48K

100m+
 60K

Time
 Complexity
 - Desire
 + Value to them
 + Your availability

Are they coachable, advisable?



Sample board/business plan

NOW	1 YEAR	3 YEARS
<ul style="list-style-type: none"> • Family owned • 80 staff • Key person dependant • 1 family member CEO • 1 part time • Succession needed • Key person risk • Governance • Profitable • Guarantees & warranties unknown • Banking not good • No HR policy • Little marketing • No SWOT • No risk management frameworks 	<ul style="list-style-type: none"> • 90 Day Rocks • Get advisory board • Roles, functionality • Review HR • 1st board meeting <hr/> <ul style="list-style-type: none"> • 90 Days • Key staff • Long term incentive plan for key people • Board meetings • CEO reports • Strategy <hr/> <ul style="list-style-type: none"> • Agreements • Marketing • Governance • Culture 	<ul style="list-style-type: none"> • Succession in place • Merged or sold • Not keyperson • Dad retired • Kids treated equally not fairly • Good governance framework • Investor ready • HR tight • Risk management known • Board in place • Double profit • Valuable • Options



Risk management

1 REDUCE

2 AVOID

3 TRANSFER

4 RETAIN

ASSET 1	ASSET 2	ASSET 3	ASSET 4	PERSONAL
<ul style="list-style-type: none"> • People • Employment • Covenants • Guarantees • Licence • Succession • Job selection • Political • Union • Sub-contractor • Tax • Balance sheet • Key person 	<ul style="list-style-type: none"> • Tenancy • Interest rates • People • Valuations • Cash 	<ul style="list-style-type: none"> • Reputation • Conflicts • Builder • Capital • Investor base • Opportunities • Staff retention • Succession • Key person 	<ul style="list-style-type: none"> • People • Staff • Business plan • Public • Council • Financials 	<ul style="list-style-type: none"> • Business risk • Estate • Family • Succession • Conflicts



Case study

SIGNIFICANT INDIVIDUAL

Time Poor

Unhealthy

- Ideal week
- Wheel of life
- Large or growing business
- Good operator to Manager
- Control issues
- No one to talk to
- May not need/afford a board
- Need a "sense maker"
- No one in their "tent" - across their life issues, including business
- Someone to bounce all business ideas
- May need accountability

BUSINESS FRANTIC

Time Poor

- Functionality - red, blue, black
- Accountability – 3yr – 1yr – 90 Day
- 90 Day Rocks

Business

- People – key person – risks
- Taxation/structure review
- Financials
- Risk management lens, Avoid – Transfer – Retain – Reduce

Personally

- Ideal week
- Risk 'lens'
- Wills & estate
- Asset protection
- Finances well organised



2 day take aways

What have we built? *Capability*

BUSINESS	PERSONAL	CLIENT
<ul style="list-style-type: none"> • Positioning • 3yr -1yr - 90 Rocks • Stages • Functional • EOS • Risk management Lens • Risk document • Board document • 12 month plan document • Engagement docs 	<ul style="list-style-type: none"> • Emotional intelligence frameworks • Feelings Model • Drama Model • Ideal week • Wheel of life • Content/context • SCARF Model • “Lens” 	<ul style="list-style-type: none"> • Engagement framework • 10-3-NOW • Estate and succession documents • Constitutions • Engagements collateral • Pricing the work • The conversations • 12 month financials • Role descriptions • Trust Model • Value Model • Big Rocks/lens

Increased Capability —————→ *Increased Confidence* —————→ *Great Client Outcomes*

Spheres of influence

Existing Clients

- Coffee catch up
- Review of risks
- Use chaos to greatness
- Risk management lens
- Pitch you build the board or position a colleague as the go to guy
- Organise the meeting
- Use of stories

Centre of Influence

- Coffee catch up
- Collateral
- Use of stories



People & businesses you know

- Coffee catch up
- Position new service
- Use collateral
- Use of stories

New Clients

- Do the content
- Set context
- Broaden the discussion
- Surround with right people (Make the introduction)


Your Business Partners


- “Let them know”
Use of stories



Do's and don'ts

 Don't solve content, initially


 Do get context, 10-3-NOW


 Do show capability

..... Entities

..... Asset Protection


..... Succession

 Do ask feeling questions

 Don't provide solution


 Do position yourself & others


 Don't introduce by email


 Do introduce by meetings and phone


 Don't send engagement agreements by email

 Do build your best of breed team

 Don't feel threatened if you don't know everything, support is here

 Do position this with your business partners and potential centres of influence

 Don't be the best kept secret

 Don't wait for others to refer you

 Do step into the courage zone!



Checklist

- Positioning elevator pitch
- Frameworks to engage individual, family, business
- 10-3-NOW & 4 L's
- 3-1-90 Day Rocks/business
- Demonstrate capability:
 - Estate
 - Asset protection
 - Succession
 - Income/equity control
- Business frameworks
 - Positioning
 - Red, blue, black
 - Functionality
 - Stages
 - EOS
- Personal & client frameworks
 - Wheel of life
 - Ideal week
 - Feelings Model
 - Content/context
 - "Lens" or rock
- Collateral
 - Sample board notes/plans
 - Engagement agreements
 - Sample agendas
 - Yearly review plan
 - Thought provokers, chaos to greatness
 - Overview of risk management
 - 1 page plan
 - Scope of work



12 month topics and capabilities

- Family charters/constitutions
- Mediation
- Business frameworks
- Incentive plans/key person
- How to run a family meeting
- Dealing with conflict
- Current and protection strategies
- Advanced asset planning
- Emotional intelligence frameworks
- Total balance sheet reporting
- Building a vault
- Fair v's equal
- Dispute resolution
- Positioning and pricing
- Building referral sources
- Building our "own" distribution/ie CFO Centre
- Best use of our network



The GAF training videos

- Asset protection
- Total household income
- Top of mind
- Family office
- Estate planning
- Stages
- Positioning
- Mindset
- P.I.E.S
- 6 Steps
- Trust equation
- SCARF Model
- Profound listening
- Filters Model
- EI brain
- Content & context
- Clearing the mind
- Wheel of competency
- Referrals
- Commoditisation
- Family board role conversation
- Role of adviser
- Chaos to greatness
- Black activity
- Annual review
- Family constitution
- Perception of value
- Red, blue, black



Mr & Mrs Client discussion document

MISSION

To provide an everlasting legacy for Mr & Mrs Client and family to engage, preserve and enrich:

- Their lives
- Their family
- Their community

VALUES

Behaviour and actions that aspire to and are there to help give context to discussions.

INTERGENERATIONAL WEALTH TRANSFER

KEY CONCEPTS

Career · Financial Support · Charity · Enrichment · Community · Philanthropy · Independence · Family · Fairness · Support not handouts · Responsibilities · Rights & obligations · Financial acknowledgement

BACKGROUND INFORMATION

- Mr Client occupation
- Mrs Client occupation
- Financially supporting adult children
- Succession/the issue



Responsibility

As a group/family:

To promote the family in a positive manner and to interact with each other in a helpful and responsible way.

To treat each other with respect;

- To respect the difference of opinion

To be unified in our endeavours to promote the ideals and values of the family.

As an individual:

- It's your responsibility to implement any actions or changes to the constitution as agreed
- To support the group
- To see the bigger picture here and not focus on your own personal circumstance
- To embrace the good fortune you've experienced
- Be grateful

Career/occupations/endeavors

- It is expected everyone will pursue a career, or employment as a condition of the constitution and the financial benefits attached.
- This also acknowledges everyone is on a different pathway but has an agreed willingness to develop and pursue a meaningful contribution to work and earning a regular income outside of the family.
- It is Jane's wish that her children are not financially dependent on her.
- For those willing to enter into private business on a case by case basis; support may be offered as a loan.
- It is Jane's desire that through meaningful work her children prosper and develop their own wealth.

Independence

- The family group is very important to Jane
- Family events
- Holidays



- Charity
- Support where needed to help glue the family together

Just as important; family members are encouraged to be financially independent. Each member should have their own wealth plan documented.

It is Jane's wish that financial support is not ad-hoc and within the context of this family constitution.

Support not handouts

- Jane would like to continue to support family members in addition to their salaries/personal earnings.
- A proposal to support the engagement of a "Personal Coach" for each family member around:
 - o Life goals
 - o Career
 - o Health and wellbeing
- Additional support on a case by case basis if family members would like to further develop themselves and their skills.
- Re – careers
- Upskilling.
- Personal Development.

Financial acknowledgements

This acknowledges financially that the children have, in the past, received funds from Jane.

The children also receive a yearly distribution of \$100,000.00. These are to be reviewed in line with this document.

Financial support

Given we want this windfall to service intergenerational wealth, we need to be cognisant that it's not a never ending 'pit'.



Currently and foremost the money is for Jack and Jane to enjoy retirement and travel. Secondly, it's to be additional support for family members; not their only means of support.

It is envisaged to provide additional support to:

- Children in the \$50K to \$75K range per annum.
- Additional funds provided up to \$25K for education, career and personal development.
- There is an expectation that people contribute a minimum of 1 week per annum of time to charity, philanthropy or Community for this allowance.
- Emergency funds available in times of medical or personal issues.

Family and fairness

- Jane has provided financial support to all children in a fair manner.
- This document is endeavoring to provide a fair set of expectations to ensure this money will support future generations as well as the current.
- A set of financial covenants will be agreed upon and enforced.
- It will be fair.
- Jane hopes and wishes are that the family members treat those rules with respect and that they respect Jane's best intentions.

Health and wellbeing

It is Jane's intention that the family members are caring, considerate and community minded.

Jane hopes that all family members endeavour to have good health and wellbeing around the areas of mental, physical and spiritual health (have a meaningful life).

Obviously, everyone has ups and downs and experiences life's trials and tribulations. The constitution is designed to help support the family through financial advancement in those areas.

It is proposed that each family member take on a personal coach in this regard.



Charity, philanthropy and community

- Jane and Jack have a range of nominated charities they currently support.
- Their intention is to continue to support those charities and would like input from other family members.
- It is their desire that other family members commit time and effort to charity, philanthropy or community endeavours given the financial good fortune they have had.
- Each family member will contribute a minimum of 1 week per annum to these endeavours to acknowledge and be grateful for the support and the fortunate circumstances they find themselves in.
- Jane and Jack would like to hear further ideas and concepts from family members in this regard.

INSERT COMPANY NAME
Board Meeting Agenda (60 minutes)

Board Meeting Date: INSERT DATE
 Location: INSERT MEETING LOCATION
 Commencement Time: INSERT TIME

	Estimated Time
<p>1. Meeting Opening</p> <ul style="list-style-type: none"> 1.1. Apologies 1.2. Previous Minutes <ul style="list-style-type: none"> 1.2.1. Confirmation 1.2.2. Matters Arising / Action List 	5 minutes
<p>2. Matters for Discussion</p> <ul style="list-style-type: none"> 2.1. General Manager's Report <ul style="list-style-type: none"> 2.1.1. Current Significant Issues 2.1.2. Communication Update 2.1.3. Marketing Update 2.1.4. Business Development / Relationships Update 2.1.5. Market Analysis 2.1.6. Projects Tendering Update 2.1.7. Projects Won Update 2.1.8. Recruitment & HR Update 2.1.9. 1 Year Look Ahead 2.1.10. Update on Strategic Plan Implementation (3 Yrs) 2.1.11. Risk and Compliance Update 2.1.12. Major Key Performance Indicators 2.1.13. IT Update 2.1.14. Legal Claims 2.1.15. Insurance Claims 2.1.16. Matters for Approval 2.1.17. Matters for Noting 2.2. Financial Report <ul style="list-style-type: none"> 2.2.1. Profit & Loss and Balance Sheet – key metrics only 2.2.2. Actuals vs Budget – major differences discussion 2.2.3. Overheads Update - % and competitor review 2.2.4. Statutory Compliance Review 2.2.5. Cash flow and Accounts Receivable 2.2.6. Facilities Summary – Overdraft, Bank Guarantees & Bonds 2.2.7. Insurance Update 2.2.8. 1 Year Look Ahead 2.3. What Keeps You Up at Night? 2.4. Discussions concerning forthcoming strategic decisions 2.5. Other matters for discussion 2.6. Presentation by management (if required) 	20 minutes
<ul style="list-style-type: none"> 2.3. What Keeps You Up at Night? 2.4. Discussions concerning forthcoming strategic decisions 2.5. Other matters for discussion 2.6. Presentation by management (if required) 	10 minutes

<p>3. Matters for Decision</p> <p>3.1. Major strategy decisions</p> <p>3.2. Routine decisions including capital equipment approval and expenditure (discussed only if requested by the Director or General Manager)</p>	<p>5 minutes</p>
<p>4. Matters for Noting (discussed only on exception basis)</p> <p>4.1. Updated Board Calendar</p> <ul style="list-style-type: none"> • Update Board Calendar <p>4.2. Other matters for noting</p>	<p>5 minutes</p>
<p>5. Meeting Finalisation</p> <p>5.1. Review actions to be taken</p> <p>5.2. Meeting evaluation</p> <p>5.3. Next meeting</p> <p>5.4. Meeting close</p>	<p>5 minutes</p>

SAMPLE BOARD MINUTES

Date/Time:	
Location:	
Attendees:	Advisory Board Members: <ul style="list-style-type: none"> • • By Invitation: <ul style="list-style-type: none"> • •
Apologies:	
Agenda Item/Topic	Discussion/Outcomes
1. Meeting Opening	<ul style="list-style-type: none"> • XXXXXXXX • XXXXXXXX
2. Discussions on Management Report	<ul style="list-style-type: none"> • XXXXXXXX • XXXXXXXX ACTION ITEM: NIL
3. Finance	<ul style="list-style-type: none"> • XXXXXXXX • XXXXXXXX ACTION ITEM: Follow up with accountant for tax planning meeting
4. Risk and Governance	<ul style="list-style-type: none"> • XXXXXXXX • XXXXXXXX ACTION ITEM: NIL
5. Other Matters for Discussion	<ul style="list-style-type: none"> • XXXXXXXX • XXXXXXXX ACTION ITEM: XXXXXXXX
Date of next meeting	xx/xx/xxxx

SAMPLE
90 DAY ROCKS

90 Day Rocks

Future date:

ACTIONS	WHO	WHEN
THEME: Financial facilities confirmed		
•		
•		
•		
THEME: Systems & processes		
•		
•		
•		
THEME: Staff recruitment		
•		
•		
•		
THEME: Premises decision made		
•		
•		
•		

Next 90 Days



**CITIZEN FAMILY
CONSTITUTION**

TABLE OF CONTENTS

1. TRUSTEE ACKNOWLEDGEMENTS	1
2. STATEMENTS OF INTENTION	1
1. Reasons for Establishing Family Constitution.....	1
2. Family Principles.....	2
3. Family Objectives.....	2
3. BOARD OF DIRECTORS.....	2
1. Composition of the Board of Directors.....	2
2. External Board Members and Professional Advisors.....	3
3. Board Meetings	3
4. Chairman of the Board	3
5. Resolutions of the Board	3
6. Flying Minutes	3
4. GENERAL MEETING	4
1. Calling a General Meeting	4
2. Notice Requirements.....	4
5. DISTRIBUTION OF INCOME	4
1. Discretionary Distribution.....	4
2. Limitations on Discretion – Nominated Charities	4
3. Limitations on Discretion – Eligible Members of the Citizen Family	4
6. DISTRIBUTION OF CAPITAL	5
7. LENDING TO ELIGIBLE MEMBERS OF CITIZEN FAMILY	5
1. Application for Loan	5
2. Grant of Loan	5
3. Maximum Lend.....	6
4. Loan Terms	6
5. Discretionary Terms	6
8. OBTAINING CURRENT MEMBERSHIP	6
1. Application	6
2. Representative Applications	6
3. Procedure for Application	6
4. Acceptance of Application	7
9. DISSENTING ACT.....	7
1. First Warning.....	7
2. Second Warning	7
3. Removal as Current Member	7
4. Incapable of Remedy	7
5. Cancellation of Share	8
6. Procedure for Re-application	8
10. FINANCIAL EDUCATION	8
10.1 Education to Members	8

11. CONFLICT RESOLUTION	8
1. Notice of Dispute.....	8
2. Settlement Conference.....	8
3. Commencing Proceedings	8
4. Negotiations without Prejudice	9
5. Continued Performance	9
12. INCONSISTENCY	9
12.1 Constitution Will Prevail.....	9
12.2 Amendment	9
13. GENERAL	9
13.1 Amendments to Constitution	9
14. INVESTMENT POLICY	9
1. Consultation.....	9
2. Minimum Investments Standards	9
15. USE OF FAMILY HOME	10
1. Application	10
2. Intention	10
3. Allocation	10
4. Transfer	10
5. Maintenance	10
6. Interest.....	10
16. CHARITY WORK	10
17. DEFINITION AND INTERPRETATIONS	10
1. Definitions	10
2. Interpretation	13
SCHEDULE 1 – CONSTITUTION OF THE TRUSTEE	14

Citizen Family Constitution

SUMMARY

Under this document, certain members of the Citizen family are eligible, but not obliged, to apply to the board to become entitled to distributions of income and, in certain circumstances, capital from the trusts controlled by the board. Successful applicants are known in this document as “Current Members”.

The board is not required to accept an application merely because the applicant is a Citizen family member – the applicant must satisfy certain requirements in terms of estate planning, insurance, financial education and other several other issues (see clause 8).

The Current Members are responsible for electing members to the Board.

1. TRUSTEE ACKNOWLEDGEMENTS

The Trustee notes that:

- (a) it is the trustee of the Trusts, in accordance with the Trust Deeds;
- (b) this Constitution limits the Trustee’s power under the Trusts, including the Trustee’s discretion to distribute income and capital of the Trusts;
- (c) the constitution of the Trustee (*Trustee Constitution*) is attached as Schedule 1; and
- (d) the Trustee Constitution establishes the Board.

2. STATEMENTS OF INTENTION

2.1 Reasons for Establishing Family Constitution

The intention of establishing this Constitution is to:

- (a) build structured wealth for the immediate and successive generations of the Citizen Family;
- (b) provide a structure for the allocation of wealth among the Citizen Family in an equitable, protective and tax-effective manner;
- (c) provide a framework for the succession of members of the Citizen Family so that wealth is maintained and not dissipated; and
- (d) provide a share of the Citizen Family wealth to the greater community, including but not limited to the Nominated Charities.



2.2 Family Principles

Members of the Citizen Family should maintain:

- (a) a well-balanced values system where we are:
 - (i) honest and ethical;
 - (ii) humble and fair;
 - (iii) loyal and respectful;
 - (iv) tolerant and compassionate to the community;
 - (v) flexible; and
 - (vi) friendly and approachable;
- (b) a desire to strive for excellence and quality in what we do;
- (c) pride in our family and business;
- (d) an improvement mindset;
- (e) a desire to first understand any issue and then commit to a logical problem solving process or conflict resolution process to resolve the issue;
- (f) recognition of the contributions of other members of the Citizen Family; and
- (g) a desire to be an effective contributor using our own creative and innovative talents to benefit the Citizen Family and the wider community.

2.3 Family Objectives

The Citizen Family has the following objectives:

- (a) achieve individually acceptable balances of work and family life;
- (b) maintain good, long-term relationships between family members; and
- (c) build and maintain pride in the Citizen Family name and reputation.

3. BOARD OF DIRECTORS

3.1 Composition of the Board of Directors

Subject to the Trustee Constitution:

- (a) the initial member of the Board is Jack Citizen.
- (b) a Board member continues to hold office until he or she dies, loses capacity, is removed by resolution of the Current Members or until his or her office becomes vacant pursuant to the Constitution or the Trustee Constitution;
- (c) a person (other than Jack Citizen) may only be a Board member for an aggregate of three (3) years in any six (6) year period; and
- (d) the Current Members that are eighteen (18) years or over may by resolution remove any Board member (other than Jack Citizen) and may by resolution appoint another person in his or her place.



3.2 **External Board Members and Professional Advisors**

- (a) The Board must consult with Paul Smith, John Jones and Andrew Martin (*Advisors*) in making its decisions.
- (b) For the removal of doubt, the Current Members may nominate one or more of the Advisors as Board members.
- (c) If any of the Advisors practice any profession, they are entitled to be paid fees for work done by them or their firm including without limitation work of a professional nature.

3.3 **Board Meetings**

- (a) The Board may meet together for the dispatch of business and adjourn and otherwise regulate its meetings as it thinks fit. Each Board member is entitled to reasonable notice of any meetings of the Board.
- (b) While Jack Citizen is the sole Board member, the number of Board members necessary to constitute a quorum is as stated in the Trustee Constitution. Otherwise, the number of Board members whose presence is necessary to constitute a quorum at a Board meeting is such number as is determined by the Board members and, unless so determined, is two (2) Board members.

3.4 **Chairman of the Board**

- (a) The Board members must elect one of their number as chairman of their meetings and may determine the period for which he or she is to hold office.
- (b) Where a Board meeting is held and:
 - (i) a chairman has not been elected as provided by clause 3.4(a); or
 - (ii) the chairman is not present within ten (10) minutes after the time appointed for the holding of the meeting or is unwilling to act, the Board members present must elect one of their number to be a chairman of the meeting.

3.5 **Resolutions of the Board**

Resolutions of the Board require a majority vote, as follows:

- (a) 5 or more Board members entitled to vote then a vote of not less than 80% of the Board members entitled to vote is required;
- (b) 4 Board members entitled to vote then a vote of not less than 75% of the Board members entitled to vote is required;
- (c) 3 Board members entitled to vote then a vote of not less than 65% of the Board members entitled to vote is required; and
- (d) 2 or less Board members entitled to vote then a vote of not less than 100% of the Board members entitled to vote is required.

3.6 **Flying Minutes**

- (a) A resolution in writing of which notice has been given to all Board Members and which is signed by all Board Members entitled to vote on the resolution is as valid and effective as if it had been passed at a meeting of the Board duly called and constituted and may consist of several documents in the same form each signed by one or more of the Board members.
- (b) Such a resolution shall be deemed to have been passed on the day on which the document or if more than one the last of them and at the time at which the last of them was last signed.



4. GENERAL MEETING

4.1 Calling a General Meeting

A Board member (*Calling Member*) must once in any twelve (12) month period, call a general meeting of the Current Members.

4.2 Notice Requirements

The Calling Member must comply with the notice requirements set out in the Trustee Constitution when calling a general meeting.

5. DISTRIBUTION OF INCOME

5.1 Discretionary Distribution

Subject to clauses 5.2, 5.3 and 5.4 and the terms of the Trust Deeds, the Trustee will at its discretion in each financial year:

- (a) hold the Trust Income which is available for distribution upon trust to pay, apply or set aside the same or any part or parts thereof to or for the benefit of the Current Members and the Nominated Charities (*Income Beneficiaries*); or
- (b) resolve to accumulate the whole or any part of the Trust Income.

5.2 Limitations on Discretion – Nominated Charities

In each financial year, the Trustee must pay, apply or set aside a minimum of ten (10) percent of the Trust Income which is available for distribution for the benefit of the Nominated Charities, subject to the condition that the Trustee must not pay, apply or set aside more than ten (10) percent of the Trust Income which is available for distribution to any one particular Nominated Charity.

5.3 Limitations on Discretion – Eligible Members of the Citizen Family

In each financial year, the Trustee may pay, apply or set aside up to thirty (30) percent of the Trust Income which is available for distribution for the benefit of the Current Members or their associated entities.

5.4 Prerequisites for income entitlements

- (a) Before Current Members are to receive any income entitlements they must satisfy the Trustee that they are either gainfully employed, undertaking some form of tertiary education, are raising minor children or have some other reasonable excuse for not working or attending to further education to be considered at the discretion of the trustee.
- (b) If a Current Member chooses not to work, or attend to furthering their education, and is not otherwise raising minor children or otherwise has a reasonable excuse for not working or attending to further education, such as mental or physical illness or caring for a family member who has a mental or physical illness, the Current Member shall not receive distributions of trust income until such time as they can satisfy the Trustee that they satisfy the prerequisites
- (c) In the event there is an unforeseen event which would otherwise preclude the Current Member from receiving the income entitlements then the Trustee may use their discretion to determine whether or not the Current Members are to receive any income entitlements.



5.5 **Accumulation**

Any determination to accumulate Trust Income shall be conditional on the law in force in relation to this Constitution giving effect to that determination at the end of the relevant financial year.

5.6 **Tax**

(a) Where the Trustee is required by law to pay Tax in respect of Trust Income allocated or distributed to an Income Beneficiary or monies held by the Trustee on trust for an Income Beneficiary pursuant to the provisions of the Trust Deed and/or this Constitution, the Board may pay the Tax out of the Trust Income to which the Income Beneficiary is presently entitled or may deduct the same out of monies which may then or thereafter come into the hands of the Trustee or over which the Trustee has control and to which the Income Beneficiary is or becomes entitled.

(b) Where the Trustee is liable to pay Tax on accumulation of Trust Income, it may pay the same out of such Trust Income or from Trust Capital as it may decide in its absolute discretion of the Board.

6. **DISTRIBUTION OF CAPITAL**

6.1 **Entitlement to Capital**

Contrary to any resolution by the Trustee, prior to the Termination Date, no Current Member has an absolute entitlement to all or part of the Trust Capital.

6.2 **Lending**

Subject to clause 7, in each financial year, the Board may lend to Current Members up to a total of thirty (30) percent of the Trust Capital that is not otherwise allocated under the Trust Deeds or this Constitution to a maximum of five hundred thousand dollars (\$500,000.00) to each child. This amount shall be adjusted for inflation from the date of this Constitution to the date of the proposed loan according to the movement of the CPI between those two dates. CPI for the purposes of this Constitution means the Consumer Price Index All Groups, Weighted Average of Eight Capital Cities of Australia. If the CPI is no longer current at the date of the proposed loan and another index is then current, the Trustee must compare the indices at the date of this Constitution to the date of the proposed loan and adjust the amount that may be lent to Current Members to take account of inflation.

Lending to Testamentary Trusts

The Board may at its discretion, instead of lending Trust Capital to Current Members, lend Trust Capital to the trustee(s) of a testamentary trust of which the Current Member is an income or capital beneficiary.

7. **LENDING TO ELIGIBLE MEMBERS OF CITIZEN FAMILY**

7.1 **Application for Loan**

A Current Member (*Borrower*) may apply to the Trustee to borrow money from the Trust Capital.

7.2 **Grant of Loan**

The Trustee may at its absolute discretion grant a loan to a Borrower on the terms set out in clause 7.4.



7.3 **Maximum Lend**

A Borrower must not at any time owe to the Trustee more than five hundred thousand dollars (\$500,000.00) subject to inflation as outlined in Clause 6.3. For the removal of doubt, the Trustee must refuse any application for a loan by a Borrower to the extent that that loan would increase the amount owed from the Borrower to the Trustee beyond the sum of five hundred thousand dollars (\$500,000.00) subject to inflation as outlined in Clause 6.3.

7.4 **Loan Terms**

Subject to clause 7.5, loans made by the Trustee under this clause must satisfy the following conditions:

- (a) the loan must require the Borrower to pay interest to the Trustee on the principal and interest outstanding from time to time at a commercial interest rate and otherwise on commercial terms;
- (b) the loan must be consistent with the Constitutions investment policy;
- (c) the Borrower's debt must be secured by the highest possible security available to the Trustee, unless the Trustee is satisfied that there are compelling reasons not to receive such security; and
- (d) for any one loan, a Borrower must not borrow more than thirty (30) percent of the market value of the asset(s) acquired using the borrowed funds.

7.5 **Discretionary Terms**

Loans made by the Trustee to a Borrower under this clause may contain such other terms as the Trustee in its absolute discretion determines, to the extent that those conditions are not inconsistent with the conditions set out in clause 7.4.

8. **OBTAINING CURRENT MEMBERSHIP**

8.1 **Application**

A member of the Citizen Family may apply to the Trustee to become a Current Member.

8.2 **Representative Applications**

If a member of the Citizen Family is:

- (a) less than eighteen (18) years old; or
- (b) of Impaired Capacity;

then the parent or legal guardian of that member may apply to the Trustee for that member to become a Current Member.

8.3 **Procedure for Application**

Applications made in accordance with clauses 8.1 or 8.2 must:

- (a) be in writing;
- (b) include a copy of the Proposed Member's binding financial agreement and cohabitation agreement (if any);



- (c) include a copy of the Proposed Member's will (if any);
- (d) include a summary of the asset protection strategies employed in respect of the Proposed Member's assets (if any);
- (e) includes copies of policy documents and certificates of currency for all insurances held in respect of the Proposed Member (if any);
- (f) include such other information as the Trustee at its absolute discretion requires.

8.4 **Acceptance of Application**

If the Board is satisfied that the Proposed Member satisfies the Eligibility Requirements, the Board must:

- (a) grant the applicant status as a Current Member; and
- (b) issue to that Current Member one (1) ordinary share in the Trustee, upon payment by the Current Member of the subscription price for the share, as determined by the Trustee.

9. **DISSENTING ACT**

9.1 **First Warning**

If a Current Member commits a Disentitling Act, the Trustee must give that member a written notice:

- (a) outlining the details of the Disentitling Act; and
- (b) requiring (if possible) the member to remedy the Disentitling Act within fourteen (14) days of the date of the notice (**First Warning**).

9.2 **Second Warning**

If a Current Member fails to remedy the Disentitling Act to which the First Warning relates within the time specified in the First Warning, the Trustee must give that member a further written notice:

- (a) stating that the member has failed to comply with the First Warning; and
- (b) requiring (if possible) the member to remedy the Disentitling Act within fourteen (14) days of the date of the further notice (**Second Warning**).

9.3 **Removal as Current Member**

If a Current Member fails to remedy the Disentitling Act to which the Second Warning relates within the time specified in the Second Warning, the Trustee may at its discretion remove that member as a Current Member.

9.4 **Incapable of Remedy**

Despite any other clause in this Constitution, if the Disentitling Act is of a type that is incapable of remedy, the Trustee may at its discretion remove that member as a Current Member immediately upon the occurrence of the Disentitling Act without regard to clauses 9.1 and 9.2.

9.5 **Cancellation of Share**

If a Current Member is removed as a Current Member in accordance with this clause:

- (a) any loan owing from the member to the Trustee will become immediately due and payable and the Trustee must take all reasonable steps to recover payment of the loan; and
- (b) the Trustee must cancel the share held in the Trustee by the member and repay the subscription fee paid by the member for the share.

9.6 **Procedure for Re-application**

A member of the Citizen Family who is removed as a Current Member may re-apply for Current Membership at any time in accordance with clause 8.

10. **FINANCIAL EDUCATION**

10.1 **Education to Members**

At least once in any six (6) month period, the Trustee must provide a workshop for members of the Citizen Family on the following topics (**Education Session**):

- (a) asset protection strategies; and
- (b) financial planning;

11. **CONFLICT RESOLUTION**

11.1 **Notice of Dispute**

If any member of the Citizen Family, shareholder in the Trustee or member of the Board enters into a dispute with any other member of the Citizen Family, shareholder in the Trustee or member of the Board, each party must give the other party a notice setting out:

- (a) what the party considers is in dispute; and
- (b) what that party requires to be done to resolve the dispute and the grounds it has for those requirements.

(*Dispute Notice*)

11.2 **Settlement Conference**

If the dispute is not resolved within fourteen (14) days of delivery of the first –mentioned Dispute Notice, the parties must attempt to resolve the dispute by mediation with a mediator approved by both parties or a mediator appointed by the President of the Queensland Law Society Incorporated.

11.3 **Commencing Proceedings**

The parties shall not commence proceedings in any court in relation to a matter subject to mediation unless a written notice is first provided to the other parties to the mediation that the party giving the notice has abandoned the mediation.



11.4 **Negotiations without Prejudice**

Evidence of anything said or done in the course of attempting to settle a dispute is not admissible in any subsequent proceedings.

11.5 **Continued Performance**

During the dispute resolution process the parties must continue to perform their obligations under this Constitution.

12. **INCONSISTENCY**

12.1 **Constitution Will Prevail**

To the extent to which there is an inconsistency between any of the Trust Deeds, the Trustee Constitution and this Constitution, this Constitution will prevail.

12.2 **Amendment**

The Current Member must do all things necessary to ensure that the Trust Deeds, the Trustee Constitution and this Constitution are amended from time to time as appropriate to remain consistent with each other.

13. **GENERAL**

13.1 **Amendments to Constitution**

The Trustee may amend this Constitution by resolution.

14. **INVESTMENT POLICY**

14.1 **Consultation**

The Board must consult with the Private Wealth Firm (or a successor nominated by Private Wealth Firm) in making investment decisions.

14.2 **Minimum Investments Standards**

- (a) The Board must not, in its investment activities:
 - (i) maintain borrowings exceeding thirty (30) percent of the value of the Trust Capital; or
 - (ii) exceed a risk volatility target of eight (8) percent per annum.
- (b) The Board must review the investments of the Trusts regularly but in any event not less than once in any twelve (12) month period to assess compliance with the minimum investment standards set out in clause 14.2(a).



15. USE OF FAMILY HOME

15.1 Application

This clause will only apply if neither Jack Citizen or Jane Citizen occupy the Family Home.

15.2 Intention

The intention of this clause is that the use of the Family Home is shared fairly among Current Members and their families.

15.3 Allocation

The Trustee will at its discretion allocate a period during which each Current Member and that member's family may occupy the Family Home at no cost to the Current Member.

Any decision by the Trustee under this clause is final.

15.4 Transfer

A Current Member may transfer the member's entitlement to occupy the Family Home for an allocated period to another Current Member.

15.5 Maintenance

The Trustee will insure, keep and maintain the Family Home from the Trust Funds.

15.6 Interest

For the removal of doubt, no Current Member will have a legal or equitable right to occupy the Family Home, except with the Trustee's consent.

16. CHARITY WORK

A Current Member must complete an aggregate of five (5) days charity work on a volunteer basis in any twelve (12) month period in which they are a Current Member.

17. DEFINITION AND INTERPRETATIONS

17.1 Definitions

In this Constitution, these terms have the following meanings unless the context otherwise requires:

Act means the *Income Tax Assessment Act 1936 (1936 Act)* and the *Income Tax Assessment Act 1997 (1997 Act)*;

Board means the board of directors established by the Trustee Constitution through which the Trustee makes decisions;

Constitution means this deed and includes the schedules and annexures;

Current Member means a member accepted by the Board as a Current Member in accordance with clause 8.4;



Defacto Relationship means a defacto relationship as defined by the *Family Law Act 1975* (Ctn);

Disentitling Act means any of the following acts:

- (a) commission of a criminal offence;
- (b) possession of an illegal drug;
- (c) maintaining an alcohol addiction;
- (d) engaging in conduct that, in the Trustee's opinion, is not befitting of a member of the Citizen Family; or
- (e) failing to comply with clause 16.

Eligibility Requirements means:

- (a) the Proposed Member is a member of the Citizen Family;
- (b) the Proposed Member has submitted an application in accordance with clause 8;
- (c) in respect of Proposed Members that are married or in a Defacto Relationship, that member has in place a binding financial agreement, or cohabitation agreement, with their spouse or partner on terms satisfactory to the Board;
- (d) in respect of Proposed Members that are eighteen (18) years old or older, that member has an appropriate succession plan in place on terms satisfactory to the Board;
- (e) in respect of Proposed Members that are eighteen (18) years old or older, that member has appropriate powers of attorney in place on terms satisfactory to the Board;
- (f) the Proposed Member has in place asset protection strategies that are appropriate given the nature of the member's risk and his or her level and nature of assets and which are satisfactory to the Board;
- (g) the Proposed Member has in place all reasonable insurances that a prudent person in the position of the member would have, on terms satisfactory to the Board;
- (h) the Proposed Member has not committed a Disentitling Act in the five (5) years preceding the date of the application under clause 8.2 or 8.3, or in such longer or shorter time as the Trustee in its absolute discretion determines; and
- (i) the Proposed Member has attended at least one Education Session in the past twelve (12) months

Family Home means the property located at 80 Ocean Rd, Bronte, New South Wales;

Citizen Family means:

- (a) Jack Citizen and Jane Citizen ;
- (b) their lineal descendants;

Impaired Capacity, in respect of a member of the Citizen Family, means that member is incapable of making his or her own decisions in relation to financial matters. Any certification by a doctor to this effect will be final;

Nominated Charities means:

- (a) Bronte Football Club;
- (b) Treasure House Orphanage (Fiji);
- (c) Bronte Surf Club;
- (d) Bronte Grammar School;
- (e) Any charitable organisation that my children jointly agree upon; and
- (f) Any sporting institution or charitable organisation that the Trustee may in its absolute discretion determine from time to time.

Proposed Member means a member of the Citizen Family who makes an application for Current Membership (in the case of clause 8.1) or in respect of whom an application is made for Current Membership (in the case of clause 8.2).

Tax means any income tax, capital gains tax, fringe benefits tax, consumption tax, value added tax, goods and services tax, provisional tax, additional tax, penalty tax, stamp duty, fine for late payment, tax on deposit or withdrawal of funds from any account or other tax or imposition payable to any government or government instrumentality;

Termination Date means the vesting date of the last of the Trusts to vest;

Trustee means the original Trustee - J & J Citizen Pty Ltd ACN XXX XXX XXX or any substitute Trustee appointed from time to time;

Trusts means:

- (a) any testamentary trust established under the wills of Jack Citizen and Jane Citizen ;
- (b) the Citizen Family Trust established by a trust deed dated 11 May 2001 between William Smith as settlor and the Trustee as trustee;
- (c) The Grand Property Trust established by a trust deed dated 30 January 2006 between Louise Hand as settlor and Citizen Advisory Pty Ltd as trustee
- (d) any other Trust in which any member of the Citizen Family may have an entitlement or an interest.

Trust Capital means the capital of the Trusts;

Trust Deeds means the deeds establishing the Trusts, as varied from time to time;

Trust Income means the income of each of the Trusts, however it may be defined in the Trust Deed for that Trust (and for the avoidance of doubt, it is defined as "income" in the testamentary trusts established under the wills of Jack Citizen and Jane Citizen , the Citizen Family Trust established by a trust deed dated 11 May 2001, The Grand Property Trust established by a trust deed dated 30 January 2006, and any other Trust in which any member of the Citizen Family may have an entitlement or an interest) and in the event of any inconsistency between the following definition and the definitions in the Trust Deeds, the following definition will prevail:

- (a) all amounts taken into account in calculating the net income of the Trusts for tax purposes, and exempt income, as defined in section 95 of the 1936 Act;



(b) if section 95 of the 1936 Act does not apply to the Trusts, the amount remaining to the Trustee after payment of or due allowance for all income tax assessable against the Trustee in respect of the income of the Trust Fund; and

(c) if the Trustee declare in writing that the above definitions of Trust Income, or Income do not apply, then by the Trustee in relation to a financial year, the income calculated in the manner described by the Trustee or, in the absence of a description, the income produced from the investment of the Trust Fund and the efforts of the Trustee less amounts which the Trustee is entitled to reimburse itself out of such income, calculated according to the ordinary meaning of that term in trust law; and

Trust Fund means the sum of the trust funds of each of the Trusts;

17.2 Interpretation

In the Interpretation of this Constitution:

- (a) references to:
- (i) a party includes the party's successors and assigns;
 - (ii) anything includes part of that thing;
 - (iii) persons include individuals, companies, associations, partnerships, bodies corporate, and governments and governmental, semi-governmental and local government and agencies;
 - (iv) documents include the document as changed or replaced from time to time;
 - (v) currencies mean Australian currencies;
 - (vi) a party, where the party is more than one person, means all of them together and each of them separately;
 - (vii) a clause or schedule refers to a clause or schedule in this Constitution;
 - (viii) a statute includes all statutes amending, consolidating or replacing the statute.
- (b) the singular includes the plural and vice versa;
- (c) words including a gender shall include all other genders;
- (d) headings do not affect the meaning of this Constitution;
- (e) if a word or phrase is defined, any variation of that word or phrase has a similar meaning;
- (f) a reference to 'indemnity' means that the person giving the indemnity will indemnify and keep indemnified the person given the indemnity against any loss, damage, claims, actions, demands, costs or expenses suffered or sustained because of the event indemnified against. This means that if the person indemnified suffers any loss or must pay any money (whether or not it is actually paid) because of an indemnified event the party giving that indemnity must pay the amount of loss or the amount of liability to the indemnified party. If it does not, the indemnified party can recover the amount as a liquidated claim; and

if anything to be done under this Constitution falls on a date which is not a Business Day, then it must be done on the next Business Day.

SCHEDULE 1 – CONSTITUTION OF THE TRUSTEE

