

Documentation Focus

Hybrid Trusts



The Topdocs Hybrid Trust is a highly versatile Trust that combines the flexibility of distributions offered by a Discretionary Trust, with the assurance of vested interest in capital offered by a Unit Trust.

The Key Features of the Topdocs Hybrid Trust include:

The term "Hybrid Trust" does not refer to one particular type of structure. There are many types of Hybrid Trust, indeed "Hybrid Trust" means different things to different people. The Topdocs Hybrid Trust is described here.

1. Establishing the trust The Topdocs version of a Hybrid Trust is established by the settlor transferring the settled sum to the trustee in consideration for the issue of the initial units to the initial unit holders.

2. Income Streaming. "Class of income" means the whole or any part of the income of the Trust Fund of a Financial Year which may be differentiated from any other part of the income of the Trust Fund of the Financial Year by reason of:

- (a) the nature of the income;
- (b) the source of the income; or
- (c) the means of derivation of the income.

The Trustees may decide the classes of income which apply in each Financial Year and divide the classes of income into:

- (a) dividend income which carries income tax credits;
- (b) dividend income which does not carry income tax credits;
- (c) interest income;
- (d) net capital gains; and
- (e) any other form or type of income.

3. Classes of Units The number of unit classes is equal to the number of unit holders. Each class of beneficiaries is defined by reference to their relationship with the relevant unit holder.

4. "Beneficiaries" includes all of the Discretionary Beneficiaries of each Class of Units and "Beneficiary" shall mean any one of such Beneficiaries. The "Discretionary Beneficiaries of each Class of Units" can include the Unit Holder(s), charitable bodies, and persons, trusts or corporations related to the Unit Holder(s).

5. Unit price When the Topdocs Hybrid Trust is set up, the unit holders receive units in consideration of the settlor paying the settled sum. So there is no unit price that applies to those units. If a unit holder later invests in the Hybrid Trust, then they can be issued units in consideration of their investment (and a price can be set then).

The Topdocs Hybrid Trust Establishment Package includes:

- 2 bound copies of the Hybrid Trust Deed, plus 1 unbound copy of the deed to scan;
- High quality leather look binder indexed with tabs to store your documents;
- Trustee minutes to establish the Trust, and to have the Trust Deed stamped by the local Revenue Office;
- Pro forma minutes to administer the Trust;
- Unit Certificates for each Unit Holder;
- Detailed information on how to have the Trust Deed stamped by the local Revenue Office, including a covering letter;
- Information on how to open a bank account in the name of the Trustee/s; Register of Unit Holders.