



SECURED EQUITY SOLUTION

The Secured Equity Solution (SES) is an asset protection solution provided to you in conjunction with law firm BPL Advisory, which is designed to better protect the valuable assets of at-risk individuals from potential creditors.

HOW DOES THIS STRATEGY PROTECT EQUITY?

The SES provides asset protection by effectively converting the at-risk individual's equity in their valuable assets to a liability owed to a special purpose protection trust (Protection Trust).

Once implemented, the value of the at-risk individual's equity becomes a loan from the Trust to the individual and the at-risk individual's valuable assets secure the repayment of that loan (e.g. registered mortgage and/or registered security interest).

In the event that the at-risk individual is sued and a creditor obtains a favourable judgment, the equity secured by this strategy will usually be unavailable to satisfy that judgment.

NO STAMP DUTY OR CGT

Individuals are not required to transfer their valuable assets to any other party under the SES, meaning that stamp duty, CGT or income tax implications will not usually apply.

ADVANTAGES

- > Asset protection is significantly improved
- > CGT, stamp duty and income tax should not arise
- > Equity protected by SES can be 'topped up' or released in the future
- > Can be integrated into the individual's estate plan

POTENTIAL DISADVANTAGES

- > Bankruptcy clawback provisions may apply
- > Eligibility for small business concessions may be affected
- > Existing financiers may request a deed of priority

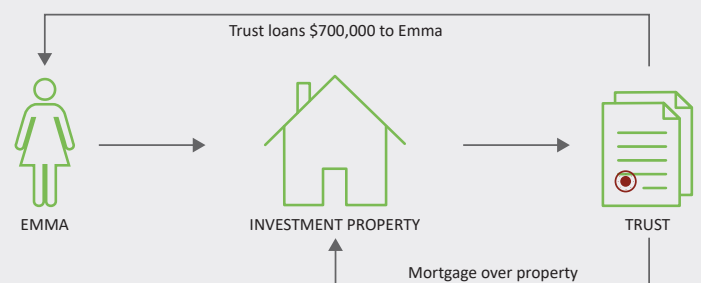
HOW DOES THE SES WORK?

Consider the following example.

Assume Emma is at at-risk individual who holds an investment property worth \$1,300,000. A mortgage of \$600,000 is owed to a financier.

STEP 1 - Emma gifts the amount of her equity (\$700,000) to the trustee of the Protection Trust

STEP 2 - The Trustee then loans that \$700,000 back to Emma and takes a second mortgage over her property for repayment of that loan



The suitability of this solution is dependent upon the at-risk individual's specific circumstances. For further information please contact Mark Lewis at BPL Advisory on (07) 3184 9186 or email mark@bpladvisory.com.au.

This summary covers legal and technical issues in a general way. It is intended for information purposes only and should not be regarded as legal advice. Further advice should be obtained before acting on any issue mentioned in this summary.