

Perspective from...



Trusts in focus: A measured view in a time of change

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Following the recent Federal Budget announcement, many families are grappling with an understandable question: *do I need to make changes to my current structures or estate plans?*

It's a natural response. When proposed changes touch on structures as widely used as trusts, it can be tempting to act quickly to stay ahead of potential impacts.

However, the detail of the proposed changes is not yet settled, and legislation still needs to be developed, introduced and passed. History tells us that proposals can evolve meaningfully through this process. Acting too quickly in response to incomplete information can, in some cases, create unintended outcomes or complexity that outweighs any perceived benefit.

In periods like this, a steady, long-term perspective becomes particularly valuable. While it's important to understand what might change, the more important question is whether your structure continues to serve your long-term purpose.

What changes have been proposed?

At a high level, the Budget proposes a number of changes that affect how discretionary trusts are taxed. These include the introduction of a 30% minimum tax on trust income from 1 July 2028, alongside changes to capital gains tax that may alter how gains on assets are calculated and taxed.

Importantly, these measures are aimed at reducing the tax advantages traditionally associated with income splitting and certain structuring approaches. However, they do not remove the ability to use trusts, nor do they alter the broader role of trusts in asset protection, governance or succession planning.

Clarity of purpose helps families remain steady, even as the policy environment evolves

One of the most consistent hallmarks of successful families over generations is clarity of purpose — a shared understanding of what their wealth is for, and what it is intended to achieve. This underlying purpose acts as an anchor, guiding decisions and providing stability, especially during times of uncertainty or change.

Rather than reacting to each policy announcement in isolation, a clearly defined strategy helps ensure decisions remain aligned to broader objectives. It empowers families to assess change thoughtfully, rather than defensively.

Within this context, it is also worth stepping back to consider the role trusts play.

Well-designed structures are built for the long-term – not a single budget announcement

While tax has always been an important consideration, trusts have never been solely about tax outcomes. At their core, they are governance structures — designed to help manage, protect and transition wealth over time.

For many families, trusts provide important safeguards around asset protection, help to manage complexity across generations, and offer a structured framework to support the orderly transfer of wealth. These features are often central to why the structure was established in the first place.

As a result, while potential changes to tax settings may shape how trusts are used going forward, they do not necessarily change the underlying reasons they exist.

That's why the most important consideration is not simply whether the tax treatment changes, but whether the structure continues to be fit for purpose in supporting long-term goals.

Taking a strategic, informed approach

In the current environment, our guidance is to remain considered and deliberate. Families should monitor developments as further details of the proposed changes becomes available, and review arrangements in the context of the broader family strategy and objectives.

A measured approach, grounded in purpose and informed by complete information, will place families in the strongest position to respond — whatever the final form of change may be.

For over 100 years, Mutual Trust has guided families through significant legislative and economic change. Drawing on our in-house, integrated expertise, we can help you assess potential outcomes and support informed decision-making. For a meaningful conversation about how these changes may affect you, please contact your Relationship Manager.

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