



"The Gift of Education"

Macarthur Education Trust

What is it?

The Macarthur Education Trust provides a secure and tax effective structure to allow you to provide for your children or grandchildren's future secondary and tertiary education outside of the risk profile of your own investment portfolio. The governing concept is to create a structure that regardless of changing circumstances in your own financial situation, your nominated child (as the sole beneficiary of the trust) will have the necessary funds to meet their future education requirements.

Why has it been established?

Macarthur was asked to find a solution for one of our clients. Our research discovered that the available education funding products, in our opinion did not satisfy our client's requirements so we created a structure that did.

Existing Education or Scholarship Plans are expensive in terms of management fees as the funds are effectively double handled, often have contribution fees, penalties for withdrawing money early and promote questionable tax benefits.

In addition, investments held directly in a child's name can incur penalty taxes for minors at the top marginal tax rate or as the child will have full access to the funds at age 18, potentially allow the child to spend the funds on items outside the education expenses you intended to provide for (e.g. sports car, overseas holiday).

Traditionally the vast majority of Australians have neglected to address how they are going to meet their children's future education funding requirements. With the cost of

secondary and tertiary education currently increasing at double the inflation rate and projected to continue for the foreseeable future, Australian families need to take steps to ensure their children and grandchildren obtain the best education possible.

"A superior education lays the foundation for an individual's future success"

How does it work?

The Macarthur Education Trust utilises a customised discretionary trust (established for education expenses only) combined with a tax effective investment product to provide:

- a secure funding vehicle with its own risk profile that sits outside of your personal financial situation
- has true tax benefits utilising the 10 year insurance bond rule (tax paid within the product)
- Set and Forget with no tax returns for at least 10 years (if no withdrawal is made during this first 10 years)

Macarthur does not hold or manage any of your funds. Once we have established a Macarthur Education Trust structure for your nominated child, your Trust invests directly into an Investment Growth Bond.

Tax Effective Investment Vehicle

Following our research, the Commlnsure Investment Growth Bond (IGB) has been selected as the investment vehicle from amongst a number of competing products due to its simplicity, transparency and the reassurance provided by its financial backing. Commlnsure is the specialist insurance arm of the Commonwealth Bank Group and has been awarded a AA Insurer Financial Strength rating by Standard & Poor's. The IGB has all the usual investment options of a traditional managed fund combined with the addition of tax effectiveness and life insurance guarantees. As a life insurance product the IGB is a statutory fund regulated by Australian Prudential Regulation Authority (APRA).

The IGB utilises the 10 Year Bond Rule meaning that tax is paid within the fund at the corporate tax rate and tax free to the nominated beneficiary after ten years. As the tax is paid within the fund there is no requirement to lodge a tax return for this ten year period.

How do I proceed?

Visit www.macarthurcapital.com.au and click on [Education Trust](#) to complete our online form.

OR

Contact [Nicholas Eagle](#) or [Andrew Hartland](#)
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