

# TAX TALKS

Australia's Tax News Podcast - The Podcast for Australian Tax Professionals

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## 214 | Appointor

The appointor has the power to appoint and remove a trustee and hence holds the power in a discretionary trust.

### Appointor

What is the role of the appointor? And how should they align with your executor and SMSF? Here is Grant Abbott of Lightyear Docs and [I love SMSF](#) with the answer.

And as usual please take all this just as entertainment and don't believe a word we say.

Here is what we learned but please listen in as Grant Abbott explains all this much better than we ever could.

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### Appointor

An appointor has the power to appoint and remove a trustee. This is usually done by signing a document of removal or appointment. A trust can have one or several appointees.

### Family Trust

In a discretionary family trust the trustee makes all discretionary decisions. So whoever has the right to remove and appoint the trustee has the ultimate power.

In a family trust this power is usually held by a parent. When this parent dies, his or her Will can nominate the successor. If the will is silent, the trust deed often provides that the deceased's executor will become the appointor.

Many modern trust deeds no longer have an appointor. So the trustee holds the power.

### Asset Protection

An appointor is exposed in legal proceedings. When under attack – for example in the family court or in bankruptcy proceedings – the appointor needs to step down and let the next in line come in. Most trust deeds include an automatic removal of the appointor when under attack.

### Succession

When a patriarch or matriarch passes away, you basically have three players. The executor of the estate. The appointor of the family trust. And the leading member of the SMSF. These three positions should align.

The concept of leading member for SMSFs comes from the concept of the appointor for a normal trust.

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This is just a short summary of some of the points we learned in our talk with Grant in this episode. Please listen in as Grant explains all this in much more detail.

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