

The Last Flight to Fiji

Client Scenario

FOR MANY YEARS, a key message in estate planning seminars has been the mantra ‘even if you don’t have an estate plan, you have an estate plan’.

The underlying theme being that Murphy’s Law often happens when most inconvenient and least expected.

When it does, the consequences can be life changing and often traumatic for those involved.

People who plan for the worst while hoping for the best, like preparing for war in times of peace, often avoid disaster.

The success of many modern law firms is to a large extent due to the fact that most people, most of the time, avoid addressing the issues that, in hindsight, they often wish they had.

One very powerful example of this principle in practice relates to the significant tax advantages that are available on death, as long as appropriate estate plan steps are implemented prior to a person actually passing away.

There is significant literature explaining the technical aspects of the tax benefits, which is outside the scope of this book. Largely, the philosophy derives from the concept that, at least in Australia, death is not a tax-planning event.

In very limited circumstances, it is possible to ‘reverse engineer’ many of the tax benefits after somebody’s death and, for many years, the Fiji pilot story provided just one example of how this can help.

The story itself has a broad framework similar to that of dozens of other stories that give rise to the same solution:

- a the person central to the story is too young; in situations I have seen firsthand, the youngest person has been 24, the oldest 42
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- b the person dying leaves dependants – usually a spouse and children under the age of 18
- c the dependants are left under financial duress because of the death – there is insufficient wealth, even after insurance and superannuation payments, to maintain a lifestyle comparable to that enjoyed before the death
- d in the vast majority of cases the central person is male.

The circumstances of the death include accidents involving cars, bicycles, motorcycles, planes, and helicopters, water related incidents, heart attacks, cancer, brain aneurysms, suicide and murder.

So that each presentation remains as ‘fresh’ as possible, I will often select stories involving these events, at random.

I will also make sure that the significant parts of a story are varied, so as to disassociate them from real client situations.

This story – *The Last flight to Fiji* – involves a young couple Daniel and Marie-Louise, who had met by chance in far North Queensland about five years earlier.

Daniel was a commercial pilot who primarily flew commercial helicopters out of both Townsville and Fiji. Marie-Louise was a marketing consultant who, at the time they met, was on a 3-month contract with the department of tourism.

After a courtship of around two years, and after living in Townsville for 18 months, Marie-Louise became pregnant with their first child.

Having been disciplined with savings, and having pooled their funds, the young couple had accumulated enough wealth not only to buy their ‘dream home’ on Queensland’s Sunshine Coast, about two hours north of Brisbane, but also to take 12 months off work after the birth of their child.

They both officially ‘retired’ from work, three months before the due date, so they could settle into their new home and community.

Based on the photos I saw, Daniel had ruggedly good looks – with a mop of blonde hair, blue eyes and olive skin – much in the style of Robert Redford. I never met him because, about six weeks before the

due date of his daughter's birth, he received a phone call from the cargo company he had worked for in Townsville, asking him to help out on a handful of flights that the owners believed would help secure a new, substantial, customer for the company, in Fiji.

As things had gone so well with the move into the new house and the pregnancy, Marie-Louise encouraged Daniel to help his former employers, and the first few flights were uneventful.

The third flight, however, was to be his last.

The storm activity that Daniel encountered about 20 minutes off the coast of Fiji had not been on any radar reports prior to take off. By the time the helicopter disappeared from air traffic control radar, the storm activity was so severe that all other flights that day were cancelled.

The wreckage from the helicopter was never located.

On receiving the news of her husband's death, Marie-Louise went into an immediate and very traumatic labour and both she and her daughter (born six weeks premature) spent a number of weeks in hospital.

By the time I met her about two years later, Marie-Louise was as stunningly attractive as I imagined she had been when she met her late husband. She had naturally blonde shoulder length hair, ocean blue eyes, with the physique of a ballerina. I still recall the attention that she drew from the clients in reception on the morning I met her for the first time.

Despite her stunning physical appearance, emotionally she was spent. By her own admission, she had barely slept a night since first learning of Daniel's death, and certainly had not worked or even thought about working since.

Unless she carefully managed the balance of Daniel's life insurance policy payout, Marie-Louise might be forced to sell her dream home simply to ensure that there would be sufficient food on the table.

My rather academic role was to work in conjunction with her accountant to help establish a special form of trust that would provide

sufficient tax benefits, in relation to the insurance payout, to delay (and ideally avoid) the need to sell the family home.

And that, until one night four years later in Sydney, was the end of the story.

On the night in question, I had included the story as part of a 45-minute seminar, delivered to a group of high net wealth individuals invited by the financial planners in a private banking arm of one of the big four banks.

It is usual for a number of the attendees stay behind after the formal presentation to ask questions directly relevant to their circumstances. For reasons which I never take personally, it is rare for someone to be the *only* one left in the room – with a lawyer.

This particular evening, however, one woman waited until everyone else had left and, after introducing herself as Amy, commented that my use of stories throughout the presentation had been a very effective way to reinforce a number of messages.

As I began methodically to pack up the equipment, Amy remarked bluntly, “You should make sure, though, that you change your stories enough so that people cannot work out who you are actually talking about”.

As I slightly fumbled with the power cord, my reflex verbal response tried to disguise that sinking feeling in my stomach. “Well”, I said, “I always do”.

“Tonight you didn’t, Matthew”.

“Yes, well, everything was deliberately mixed up bit as usual, as I remember”, I responded in rapid fire. I felt the need to pack up quickly and be out of the auditorium immediately.

As I picked up the laptop bag and moved to shake Amy’s hand and thank her for attending, her tear-filled eyes caught mine and she whispered, “Matthew, I was the one who phoned your pilot”.

The long silence that followed was broken as Amy repeated, “Matthew, I was the one who phoned your pilot to ask for his help. I was the one who caused his death”. It’s not just his widow who hasn’t been able to sleep since that day. She sees the face of her husband.

I see the faces of Daniel, Marie-Louise and their beautiful young daughter. The post script is that the tax savings that your fancy legal work delivered only enabled Marie-Louise to inject illicit substances into her forearms, thighs and under her toenails. She hasn't lost her life yet, but she has lost her daughter to the state government and her house to her creditors”.

Amy went on, “While you might think that Sydney is a long way away from Brisbane and Brisbane is a long way away from Fiji, always, always, always make sure that you honour those absent and protect their privacy when you are sharing your stories”.

Having made her point so compellingly, Amy then took the time to explain to me the personal journey she had taken towards a greater understanding of what it means to influence and inspire one's self, as well as others.

Perhaps most pointedly, she explained something that many insightful leaders seem to know; of all the things that you do, some can have influence and some cannot. The critical learning is understanding the difference between the two.

Amy had spent some time trying to help the family that she felt she had influenced adversely, but when it became clear that they had no interest in what she had to offer, her energy was channelled into three areas and, in each, she had created significant positive change.

In her own family, there had been significant health issues with an adult daughter, and with complete unselfishness, Amy had devoted time, energy and resources to address them.

In the cargo business, losing two pilots and a helicopter would potentially bring catastrophic personal and financial trauma to a medium size business. In fact, business doubled within four years of the accident, creating significant opportunities for all those associated with it.

Finally, much of the additional profit generated by the sustained growth was used to make significant improvements to pilot training and overall air safety for all aircraft operating in Fijian airspace.
