

Policy: Depletion of Funds

Purpose

To identify the risk of actual and potential depletion of funds held on behalf of all financially managed and Power of Attorney customers and manage the risks appropriately thereby minimising the impact to customers.

Policy statement

As financial managers, NSW Trustee & Guardian has a responsibility to ensure the customer has sufficient funds to meet expenses during the period of management. In managing this responsibility, we:

- 1 Identify customers who are at risk of their financial assets and investments fully depleting and take appropriate action.
- 2 Inform the customer/key contact by communicating in writing and discussing the depletion risk.
- 3 Prepare a strategy to address depletion issues occurring within 10 years and activate a Depletion Action Plan in consultation with the customer/key contact.
- 4 Record the Depletion Action Plan outcome in CIS/TEAMS and maintain ongoing reviews during the budget and file review process.

Context

Depletion refers to the likelihood of customer's available funds being spent at a rate that will result in realisable assets not lasting the customer's median life expectancy, or at least to the end of their pension preclusion period.

Depletion is calculated on an individual basis with consideration to the customer's age, life expectancy, financial assets and investments, Centrelink pension or other pension that is not asset based.

For management purposes, three categories of depletion are utilised:

- 1 'Depletion' where depletion is expected to occur within 10 years
- 2 'Serious Depletion' where depletion is expected to occur within five years
- 3 'Critical Depletion' where depletion is expected to occur within two years

This policy set standards to ensure effective, accountable and responsible management of customer's estates for a customer's average life expectancy or, if that is not possible, until a pension preclusion period expires.

Financially managed and POA customers have a right to expect that quality control measures are in place to identify and avoid the early depletion of their estates.

NSWTG strive to maintain a balance between professional financial management and the respect of the customer's lifestyle choices.

Risks/Benefits

- The customer/key contact is informed and aware of the impact, strategies and actions required.
- The impact to the customer is minimised.
- NSWTG officers know the strategy for effective customer management
- The risk is earlier depletion of the customer's estate, causing greater and social impact if the policy and procedure are not applied.

Scope

Trustee Services for financially managed and Power of Attorney customers
Financial Planning Unit

Legislative context

[NSW Trustee and Guardian Act 2009](#)

Definitions

CIS & TEAMS mean the electronic Systems used by NSWTG to manage customer estates

Customer means a financially managed or POA customer

Depletion Action Plan is a plan developed by Trustee Services in consultation with customer/key contact and others including NSWTG specialist teams to address the depletion issue

Document information

Title:	Depletion of Funds Policy
Owner:	Senior Manager, Financial Planning
Approver:	Director Legal & Professional Services
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