

### **1. Review/Update your will:**

Having a Will is the cornerstone of any estate plan. For anyone with children the consequence of not having a Will may be devastating. Once you have a Will, it is important to review it regularly, and also to ensure that your family know where to find your Will when you aren't around to show them.

### **2. Appointing guardians for minor children:**

This issue is often overlooked by parents, especially as a surviving parent remains guardian in the event of the death of the other parent. However, couples should always stipulate a guardian for their children to cover the eventuality of their simultaneous death. Deciding who will raise your young children should you die is a tough task - so tough that many parents never do it. Some just procrastinate, while others find themselves deadlocked, unable to agree with their partner over a suitable candidate. For parents who have minor children, it is imperative to take time and special consideration when deciding who will take guardianship of their children in the event that they die. Your nominated guardian should be stipulated in your Will.

### **3. Review beneficiaries:**

As your family situation changes over the course of a lifetime, you may need to change the names of beneficiaries not only in your Will but also in life insurance policies and other documents that list beneficiaries, such as trust deeds and group life funds.

### **4. Appointing trustees for minor children:**

Trustees should not be confused with guardians trustees are appointed in a Will to administer monies inherited by young children, or heirs who are not capable of doing so. Guardians look after and care for minor children. The appointment of trustees is crucial for inheritances by minor children (i.e. under 18 years) as in the absence of provisions in a Will creating a trust, a minor child's cash inheritance must be paid over to the Master of the High Court's Guardians Fund for safekeeping.

### **5. Record-keeping:**

It is a traumatic time for the surviving family when someone passes away. This trauma can be exacerbated when your loved ones cannot find important documents, keys to safety deposit boxes, financial statements and other necessary information. It is essential to create a list of where all-important information can be located and give the list to someone you trust.

### **6. Donations:**

In terms of current legislation, a person is allowed to donate up to R100,000 each tax year, free of donations tax, to children, trusts or other persons. There is no limit on the amount that spouses may donate to one another tax free. By making donations, large estate can be reduced to avoid significant estate taxes.

### **7. Estate taxes:**

There are various ways to limit the taxes payable on your estate (such as estate duty and capital gains tax), depending on the size of your estate and your family situation. It is worth-while to discuss the

options with your financial advisor.

#### **8. Liquidity:**

One of the most common problems in winding up an estate is the situation where there is not sufficient cash to settle the estate's liabilities, such as mortgage bonds, vehicle finance, taxes and winding-up costs such as executor's fees and conveyancing costs. In such a situation the outcome can be a forced sale of assets (such as the family home). Life insurance is an easy and affordable way to provide estate liquidity.

#### **9. Offshore assets:**

If you should have offshore assets when you die, you'll also have a foreign estate that will have to be administered. Each country has its own legislation dealing with inheritance and the signing of Wills. Your South African Will won't necessarily meet with the legal requirements of the country where your assets are situated. A solution is to execute a separate Will in the foreign jurisdiction dealing only with those assets.

#### **10. Make a living will:**

Many people today draw up living wills. A living will is an advance document reflecting a person's wishes regarding the type of medical care he or she would or not want if the person lacks the physical capacity to communicate his or her needs, especially where there is no hope of recovery or significant improvement. One of the most important roles of a living will is that it may be the only written evidence of what a person's wishes are.