

Fiduciary Insights

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From Structure to Strategy: Is Your Trust Still Aligned?

When a trust is set up, the trust deed becomes the reference point. It defines how the trust should operate and what it allows. But over time, what is written in the deed and how the trust is actually used can start to diverge.

The deed tells you what can happen. The financial statements show what is happening. And that distinction matters.

WHAT OFTEN CHANGES OVER TIME

Many trusts were established for clear reasons: estate planning, asset protection or business structuring.

But as your circumstances evolve, the trust often remains unchanged. Over time, this can lead to a gap between the original intention and how the structure is functioning today.

In practice, a review of the financial statements often reveals:

- Capital sitting in cash or low-return assets for extended periods
- Loan accounts that were meant to be temporary but have become permanent
- Investments that are not aligned with your broader strategy
- Income distributions that no longer reflect current family needs
- Assets held in the trust that are disconnected from your overall plan

These are not just technical details. They directly affect how efficiently your wealth is being managed.

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WHY THIS MATTERS

As wealth grows, structures tend to become more complex. Without regular review, this can lead to:

- Inefficient use of capital
- Unintended tax outcomes
- Increased concentration risk
- A structure that no longer serves its original purpose

At the same time, trusts are under increased scrutiny from SARS, particularly in relation to loan accounts and distributions. This means that how your trust operates in practice — not just how it is structured — has real consequences.

FROM STRUCTURE TO STRATEGY

Understanding your trust is not just about confirming that it is legally sound. It is about ensuring it continues to support your broader financial goals.

A more complete view considers:

- How the trust's assets are invested
- Whether capital is being used efficiently
- How income is distributed across beneficiaries
- How the trust fits into your overall estate and investment plan

This shifts the focus from structure alone to how the structure is working for you.

A MORE INFORMED CONVERSATION

A review does not need to be complex, but it should be intentional. At your next review, it may be worth exploring:

- Is the trust still aligned with your current objectives?
- Is the capital within it being used effectively?
- Are distributions structured in a way that supports your family and planning goals?
- Does the trust still play a clear and necessary role within your overall wealth structure?

These conversations often surface opportunities to improve efficiency, reduce risk or better align your planning.

BRINGING IT TOGETHER

A trust can be legally sound and still be inefficient, misaligned or underutilised. That is not a failure of the structure, it is often simply the result of time and changing circumstances.

Looking at the financial statements provides a clearer view of how the trust is functioning today, and whether it continues to serve its intended purpose.

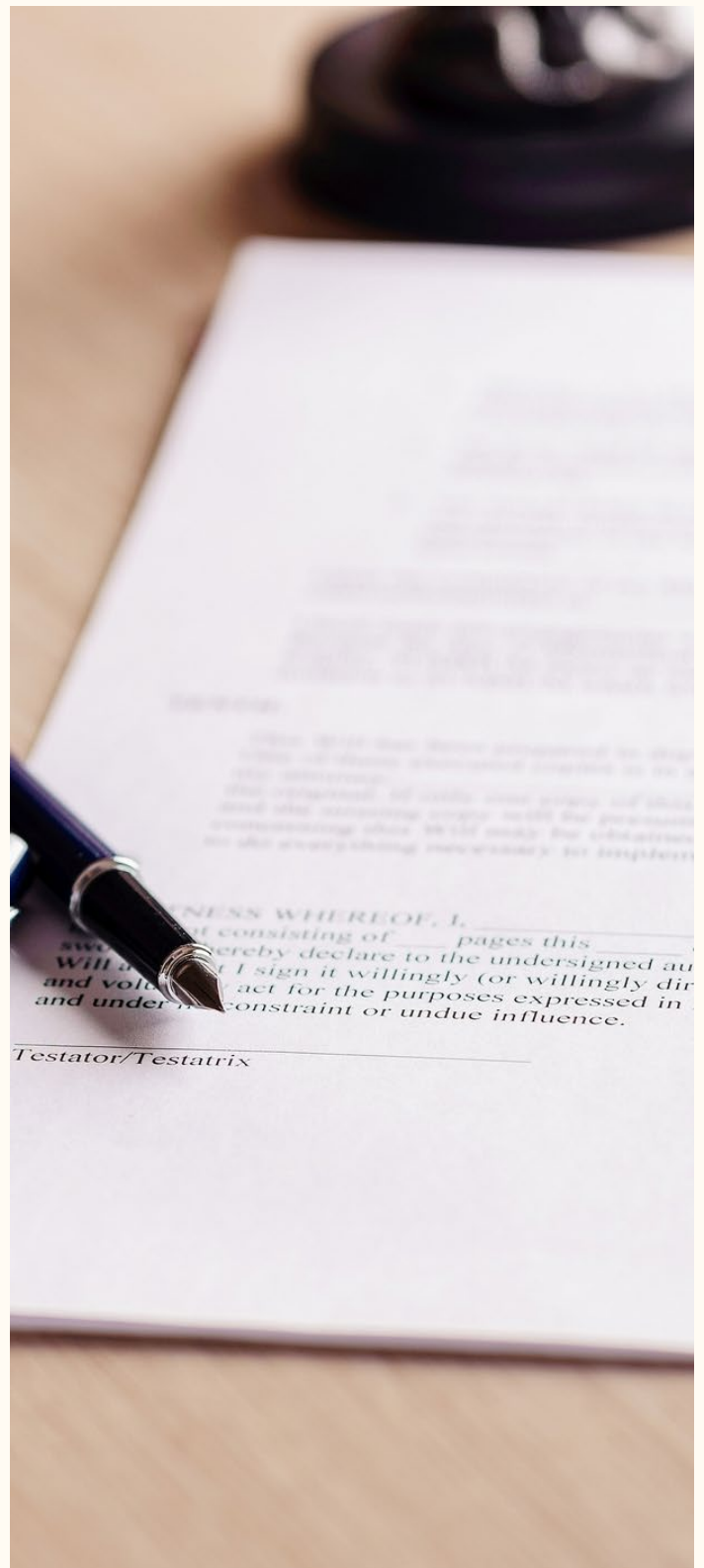
Working with your adviser, and where appropriate, a fiduciary specialist or portfolio manager, can help ensure your structure, investments and overall plan remain aligned.

WHERE TO START

At your next review, consider asking your adviser to walk you through:

- The latest trust financial statements
- How the trust's assets are currently allocated
- How income and capital are being distributed
- Whether the structure still supports your current needs and objectives

Often, it is in this discussion that the most meaningful insights and opportunities emerge.



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