



# FIDUCIARY FOCUS

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## AN INTEGRATED APPROACH TO ESTATE PLANNING



Estate planning conjures a variety of emotions: worry, fear and sadness, to name a few, making it an easy topic to defer. Most people avoid talking about death, especially their own. Instead of looking at how assets must be divided and dealt with after death, it might be easier to take a different approach. We believe that it is better to start with the bigger picture before narrowing down your focus to your final decisions. Start by focusing on your clients' objectives and the future they want for the people they care about.

You will have to discuss the following aspects with your clients:

### 1. WHO THEY WANT TO INCLUDE IN THEIR WILL

Determining who is significant will underpin how you draw up an estate plan. Who are closest to your clients? Who do they want to leave a legacy to? Who do they feel responsible for? Are there any charities or organisations they wish to leave a bequest to?

This is the emotional aspect, thinking about who and what means most to them, putting themselves in the shoes of their loved ones when they are no longer with them. If your client has a young family, they will most

likely want to provide for their children's education, living expenses, and give them a home to live in. If their family is more mature, they might not have to take these types of considerations into account and can decide to bequest more of their assets to their favourite charity.

Once you have identified their beneficiaries, you and your client can roughly allocate a percentage of the estate to each beneficiary.

### 2. THE NEEDS OF THEIR BENEFICIARIES

It is important to consider the needs of each of the chosen beneficiaries. What might happen when your clients are not around to help those who have always relied on them? If they worry about their dependants coping without them, it is critical for their will to capture the support they want to continue to provide. Minor children, family members with disabilities, or those not financially literate could all need ongoing assistance with their financial affairs and even their daily living arrangements.

### 3. WHO WILL ASSIST THEIR BENEFICIARIES WHEN THEY ARE NO LONGER THERE?

The good news is that there are people that can look after your clients' heirs. It is crucial to understand their last wishes and to create a team with the right skills and knowledge to execute them correctly. Role players in such a team would include:

- **You in your role as a qualified financial planner** – to deliver a financial strategy that will give beneficiaries an income to cover their needs for as long as necessary.

- **Trustees (if a trust is created)** – to carry out the terms of the trust and make decisions about trust assets in the best interests of all beneficiaries; experienced and independent trustees are neutral to family dynamics and can often add a lot of value by diffusing sensitivities and building cooperation.
- **An executor** – to fulfil the instructions of the will; ideally the executor will implement the estate plan and keep the will up to date; an executor will have a good understanding of the client's intentions and will also be familiar to the family.

#### 4. THE VALUE OF THEIR ESTATE

When you have determined your clients' goals, their beneficiaries, and what they want to leave for each of them, you can start looking at the detail:

- Prepare a list of assets and decide which assets go to which beneficiary.
- If there are beneficiaries with special needs, you need to think about setting up a trust and appointing trustees.
- Consider the tax implications, for example capital gains tax or estate duty, and how you can structure the estate to minimise these.
- Determine what the executorship fees will be. Make sure that there is enough liquidity in the estate.

#### 5. RELOOK YOUR APPROACH

Once you have gone through the process, go back and look at your clients' original objectives. Does your plan meet their expectations? Does it benefit the right people and match their intentions for the legacy they want to leave behind? If not, review your plan.

Estate planning is an important part of any financial plan and it is crucial to ask your clients these potentially difficult questions. Once you start exploring and preparing for possible scenarios after death, this unpleasant topic will at least no longer be a burden. Your clients will have peace of mind that their affairs are in order and that their loved ones are taken care of.

Old Mutual Wealth Fiduciary's team of fiduciary specialists are geared to provide all of these services to you and your clients. Our aim is to simplify what can sometimes feel like a complex and daunting task, and to develop a clear solution that addresses your clients' personal concerns and requirements with respect to their estate.



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