



EXECTRUST

Newsletter 01/2008

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Have something to tell us?
Please send an email

Covered in this issue

Cash Flow in your estate.	1
Master's Offices	1
Tragedy Strikes	2
Insurance and the Deceased Estate	2
Death does not cease a credit agreement	2
News from Us	3

Do you have sufficient cashflow in your estate?

You will require sufficient cash in your estate to meet obligations such as creditors, administration expenses and so forth in your estate. Newer legislation, such as Capital Gains Tax, makes it all the more necessary for you to ensure liquidity in your estate. For example, should you not have sufficient cash-flow to meet all obligations (including administration expenses) your executor will be forced to reduce as many of the assets as is required by him, to cash in order to meet these obligations. The end result means that, the executor will be required, by Law, to register the estate itself, as a Tax Payer, in order to meet its obligations to the

SA Revenue Service. Having registered the estate as a taxpayer will result in further delays with the administration of the estate, as an executor may not finalise any estate in cases where taxes are outstanding. It is therefore in your own interest and those of your beneficiaries) to ensure liquidity in your estate. One could do this by way of having a Life Policy payable to your estate, for example. We have discussed cash-flow in a previous issue, but it boils down to the fact that Capital Gains Tax has far more reaching effects as meets the eye. The short story is where you are wanting assets to be transferred to beneficiaries as opposed to

letting them have cash, proves to be a train of thought as op-



We can assist you with average costing of administering a deceased estate.

posed to making a light decision. Every action that you take with regards to your assets have reactions in terms of law, unless provided for in terms of the **planning** of your Last Will and Testament.

Special points of interest:

- * Backlog at the Master's Offices not really news. (Bottom article of this page)
- * Did you know that if an executor sells an asset, the estate **MUST** be registered as a tax payer? (Main article)
- * Is your Will up to date?

Masters of the High Court

Some of you may have noticed a recent article in our local newspapers relating to the Masters of the High Court and service delivery from those offices. The fact of the matter is that it affects not only the relevant Master's Offices, but it affects

the entire industry role players such as the trust companies trying to deliver the service that the clients demand. As a member of the Association of Trust Companies, we have been assisting the Master's Office officials as opposed to complaining

about the service or lack thereof. So, it has only been highlighted now as opposed to this being news for the community. It does become extremely embarrassing when responding to clients' queries!

Tragedy Strikes

We were approached by a client for assistance with her late husband's estate, after she had been turned away by some prominent names in both the banking industry as well as the professional industry, the reasons for which we would prefer not to discuss. The estate was duly reported and appointment received to proceed with the administration. The administration was set forth and decisions taken where necessary. Upon contacting our client to update her Will (as her spouse had died intestate), she advised that she would rather wait until the new year, being January 2007. Accordingly, we had

diarised to contact the client in due course. An appointment was missed by the client that was arranged for early January 2007. Upon contacting the client via her cellular phone, the voice on the other side had informed us that our client was in hospital due to a "hit-and-run" incident. A taxi had knocked her down and not stopped. The result is that our client remains in intensive care at the hospital, she is non-

responsive to anybody or any object. She has three children, one of which is a major. The estate cannot proceed, as we need to take some serious cash-flow decisions and also tend the minor children's needs. Her family have now intervened and we are pressing ahead with a Curatorship appointment to try to sort out her affairs. A lesson to learn here is to keep your affairs up to date.



Your Will should always be up to date and never a "shelved" thought!

Insurance and the Deceased Estate

Are you sufficiently insured? Did you know that whether your beneficiaries require All Risk Insurance or not, it is the executor's duty to preserve assets. We refer to the current legislation in this case. If, for example, the deceased owned immovable property during his lifetime, and this property now forms part of his estate assets, it is the executor's duty to preserve the assets in that estate. The only way an executor can really

preserve an asset of that nature, is to take out a policy for that asset. In some cases, the deceased would probably not have had insurance on his assets and the beneficiaries may opt to keep that legacy. But happens if the house burns down, or the house is burgled.? Although the heirs may have signed an indemnity for the executor not to take out insurance, the executor remains responsible for preserving the asset. Accord-

ingly, your executor may be held personally liable to restore the estate to the position it was in prior to the incident.

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Death does not Cease a Credit Agreement

Many households run the odd furniture account, or clothing account and definitely a cell-phone account. All of these debts remain in your estate when you die and the fact of the matter is, the accounts are to be serviced monthly in terms of the agreement that you had with your credit provider during your lifetime. The executor must then contact your credit provider



Scrutinise your contracts

(albeit Truworths or CNA or a bank) and request their claim against the estate. Although their claim may have been noted against the estate, the accounts need to be serviced and this is where the ex-

ecutor requires cash in the estate. He usually makes once off lumpsum payments. It becomes technical where Credit Life Assurance is concerned, but the bottom-line is, your estate's cash-flow needs to be in order, or provisions for cash should be made when planning your Will. It is therefore of high importance that you provide your Wills Drafter with enough information to properly plan your Will.

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We render the usual Fiduciary Services to our communities nationally, but the difference is, we regard these services as Essential Services to Society. No job too big or too small and we endeavour to assist our clients where we can.

News Headlines

Our Website

We are in the process of upgrading our website—if for any reason you cannot access our website, please accept our apologies, as we are improving our website and the end result will be an interactive one that will improve our services to you.

Toll Free Number

We currently await our toll free numbers. A further benefit for our clients.

An Industry First

We have undertaken negotiations to bring you an SMS Question and Answer Service. Obviously there will be a charge levied for the questions, but we cannot depict with any accuracy, the costs thereof.

In short, the service will be able to respond to your general queries relating to either of the Fiduciary Ser-

vices offered by us, albeit, trusts, wills or estates of deceased persons.

The responses will not include current matters at this time, but watch this space!!



"Hurry, Jason, time is getting few!!!"