

Cost of dying can be killing for families

ALMOST one in three people die without having enough cash in their estates to pay for costs and debts. It's a frightening thought, to be sure, but it pays to plan ahead for your eventual death one day.

After The Herald reported the sad case of the Uitenhage widower facing the threat of losing his home to pay for his late wife's estate ("A pensioner's estate anguish", Fair and Square, November 30), the Fiduciary Institute of South Africa (Fisa) stepped in to outline the potential costs that families need to plan for.

Fisa says that for estates above the value of R125 000 (gross value), the Administration of Estates Act requires the executor to pay the following costs from the estate funds.

If you look at the list, you can see how it adds up, so save your surviving loved ones the anguish Oom Andre went through by being prepared:

1) Advertising costs

Two advertisements have to be placed in a local newspaper and the Government Gazette. This costs between R1 000 and R1 500.

2) Conveyancing fees

There is no transfer duty payable when a property is transferred from an estate into the name of the beneficiary, but the conveyancer has to be paid for the transfer of the property. This fee depends on the value of the property and is determined in terms of a sliding scale. An average property with a value of R1-million will cost approximately R15 000.

3) Rates and taxes

In order to transfer a property a clearance certificate needs to be obtained from the city council or municipality. This will only be issued if the rates and taxes are paid in advance, normally for about six

months, which could amount to several thousand rands.

4) Masters fees

This is the fee payable to the Masters Office of the High Court, which is the authority that handles deceased estates. There is a formula to calculate this fee, but the maximum amount payable is R600.

5) Executors fees

Executors fees always seem to be a contentious issue, says Fisa, which notes it is important for people to understand what fees can be charged, how they are calculated and what an executor's responsibilities are in order to receive this fee.

In terms of current regulations, the fee is 3.99% (Vat inclusive) of the gross value of the estate assets as on date of death and 6.84% (Vat inclusive) on income earned by the estate after date of death.

Although executor's fees are regulated, you may negotiate the fee with your nominated executor at the time of drafting your will. The fee will be influenced by factors such as the complexity of the estate and the value and type of assets to be dealt with.

6) Taxes and other debts

Not only will all outstanding taxes have to be paid from the estate before an estate may be finalised, but the executor will have to determine whether CGT is payable as death is a deemed event for CGT.

Outstanding amounts due on a bond at death have to be settled before the executor may distribute the assets. Retail and credit card debts need to be settled swiftly as interest does not stop when one dies.

7) Other costs

These include medical bills, maintenance and accrual claims and finally funeral costs too.

● Further information on Fisa at: www.fidsa.org.za



INEVITABLE: Families should ascertain what costs will be payable in the event of death and plan accordingly. The executor will then be in a better position to administer the estate quickly