

YOU LIFESTYLE

YOUR MONEY SORTED



PROVIDE FOR YOUR PETS

By **LETTIA WATSON**

Send suggestions for topics and requests for info to yourmoney@you.co.za. We may answer your questions in this column but won't reply personally.

What would happen to your beloved pooch should you die? Start planning now!

YOUR WILL

In terms of South African law pets aren't assets and you therefore can't leave them to someone in your will. But you can leave money in your will to someone so they can take care of your pets. This is a legally binding bequest, Ronel Williams of the Fiduciary Institute of South Africa says. Anyone contesting it will have to prove the testator wasn't competent to make a will at the time it was executed, or that they were unduly influenced to make the will.

CONDITIONS

If you leave money to someone to take care of your pets, the only way to ensure it's indeed used for that purpose is to attach a condition to this effect. If the money isn't used for that purpose, the condition isn't fulfilled and the bequest fails, Williams says. But this can prove impractical as someone then has to "police" the situation. You also have to stipulate what must happen to the funds if the bequest should fail. That's why a trust is usually suggested for this purpose.

TRUSTS

You can establish a trust either during your lifetime or in your will. Doing it in your will is relatively straightforward and cost-effective – the only cost is for the drafting of the will. The will must: stipulate which assets or part of your estate must be transferred to the trust; appoint trustees; appoint the income beneficiary (who'll take care of you pets); provide how the trustees must use the income from the trust funds; when the trust will terminate; and what will then happen to the trust assets.

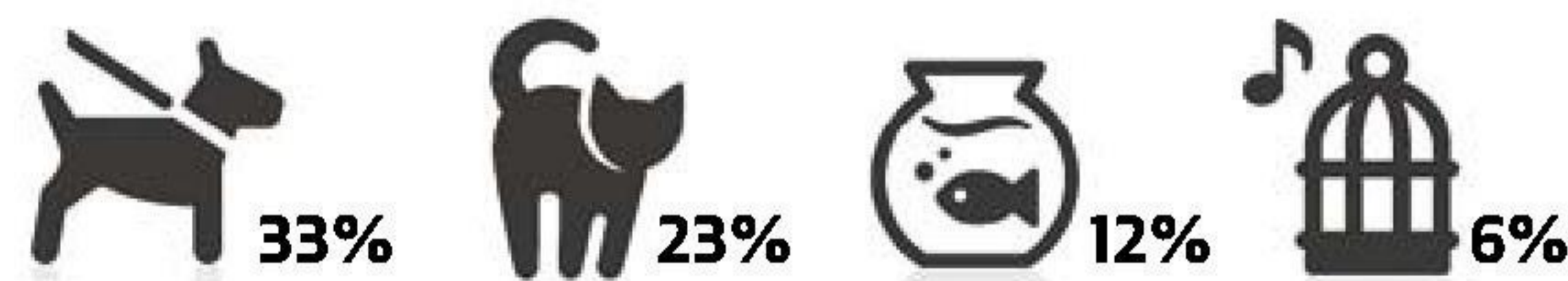
HOW IT WORKS

The role of the trustees is to administer the trust, invest the trust funds and use the income to care for the pets. Your will could for example stipulate that the trustees use the net income of the trust assets to pay someone to care for your pets until the death of the last pet, at which time the trust will terminate and the capital assets go to a person or persons, or a charity. The trustees have a fiduciary duty to ensure the funds are used for the intended purpose.

FIVE QUESTIONS ABOUT TRUSTS

- 1 How do I choose an income beneficiary?** It must be someone you trust will look after your pets. It's a good idea to discuss this with the person beforehand so they understand what will be expected of them and how the trust works.
- 2 Can I nominate more than one income beneficiary?** Yes, and you can name an alternative person who can take over if for instance the first income beneficiary should die.
- 3 Must I inform the trustees beforehand?** Yes, it's good if they're aware of it. After your death they must officially accept their nomination before they can act as trustees.
- 4 What are the administrative costs of a trust?** There aren't set tariffs but the law stipulates that trustees must receive reasonable remuneration. Professional trustees usually charge a fee based on the value of the trust assets, as well as an administrative fee and one for preparing the annual tax and financial statements. Ask your attorney for details.
- 5 What does it cost to establish a trust while you're alive?** Between R10 000 and R30 000, Ronel Williams of the Fiduciary Institute of SA says. It depends on how complex the trust is and the fee of the person who establishes the trust.

33% HAVE DOGS



Worldwide most people (33 percent) keep dogs as pets, followed by cats (23 percent), fish (12 percent) and birds (six percent).

SOURCE: INTERNATIONAL RESEARCH GROUP GFK

TIP! There must be enough money in the trust to take care of your pets. Calculate how much it will cost to take care of them for life, including food, vet's visits and grooming.

GET MORE HELP HERE

- Fisa: fisa.net.za
- Animals Protection Act: daff.gov.za
- Countrywide contact details for animal welfare: nspca.co.za

SOURCE: RONEL WILLIAMS IS CHAIRPERSON OF THE FIDUCIARY INSTITUTE OF SOUTHERN AFRICA AND FIDUCIARY SPECIALIST AT NEDBANK PRIVATE WEALTH.

Don't accept your dog's admiration as conclusive evidence that you're wonderful

- AMERICAN ADVICE COLUMNIST ANN LANDERS

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