

TRUSTED VOICE ON TRUSTS

**Demystifying Trusts in South Africa
Trusts in Practice – a Reference Guide**

Author: Phia van der Spuy

Publisher: Createspace

Price: R307.20 (Red Pepper Online)

Also available as an e-book (Amazon)

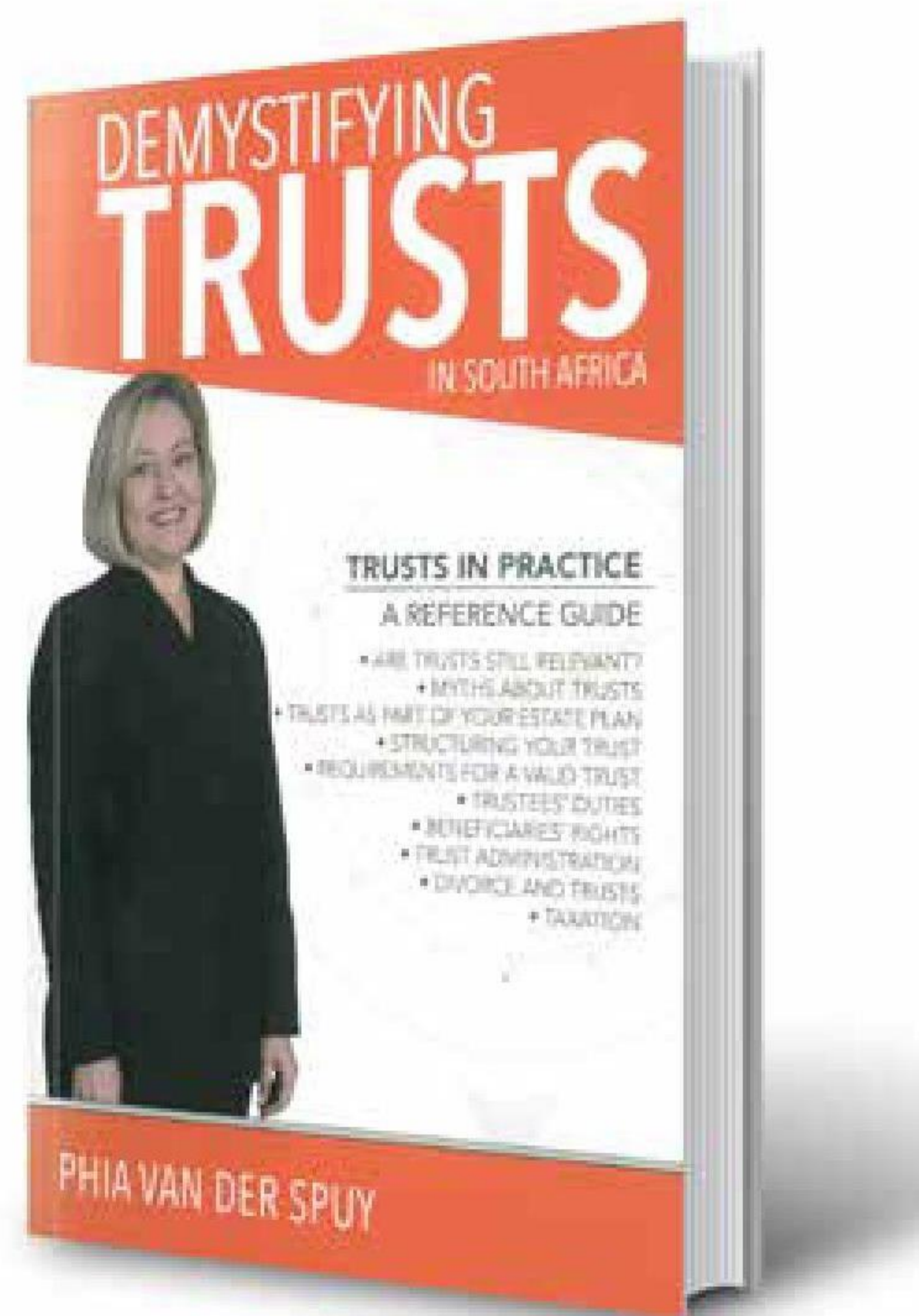
Some things in life are just complicated, and in finance one of those things is the subject of trusts. Not only are they conceptually difficult to grasp, but a number of myths have emerged over the years surrounding this most intangible of legal entities.

Setting the facts straight and doing an excellent job of thoroughly explaining trusts to the lay person is this book by Phia van der Spuy, a member of the Fiduciary Institute of Southern Africa, and founder of Trusteeze, a company specialising in the management of trusts.

Van der Spuy writes: "Many years ago, I was approached by a client who was going through a divorce. He required guidance in terms of handling his various trusts.

"Despite the fact that I was a qualified chartered accountant with many years' experience in financial affairs, my knowledge on trust matters, at the time, was limited.

"Determined to help my client, I reached out to my network of attorneys, estate planners, accountants and other professionals for guidance, only to discover that their knowledge was equally limited. It soon became clear to me that people who registered trusts were relying on 'professionals' who were as in the dark as I was. I decided to make it my personal mission to empower myself, and others, with as much



knowledge about trusts as possible."

Her book is an essential reference for anyone who is already involved in a trust – as founder, trustee, administrator or beneficiary – or anyone contemplating registering a trust in South Africa.

In the past, trusts have been liberally used by the wealthy to minimise their personal obligations to the taxman. Recently, in a drive to force this sector of society to pay its fair share in tax, the South African Revenue Service (SARS) has targeted trusts by increasing certain taxes on them and closing loopholes. This has prompted the question: are trusts still relevant?

Van der Spuy writes: "Trusts have been in existence for centuries, and it is for this reason that it would be difficult for any government to undo their fundamental principles.

"One of [these] is the protection of assets for future generations, and this principle cannot be found in any other estate planning vehicle ... Even if SARS introduces more punitive measures for trusts, the costs associated with losing unprotected assets may far outweigh the extra taxes."

Van der Spuy and other trust experts agree that, in this day and age at least, tax should not be the main or only consideration in registering a trust.

In the book, she explains the different types of trusts, and under which circumstances they should be used, and explains how they are structured, managed, taxed and terminated. She also lists the disadvantages of trusts, which is vital information for anyone thinking of going this route.

In fact, I doubt very much whether there is any question you have about trusts that is not answered in this comprehensive book.

– Martin Hesse