

The benefits of *estate planning*

Estate planning is not only for the wealthy. In fact, the less you have, the more important it is to have a plan to ensure the efficient use of your resources.

This is the opinion of Louis van Vuren, CEO of the Fiduciary Institute of Southern Africa (Fisa). He says that estate planning is something everyone should do, regardless of their financial circumstance.



He explains that an estate plan ensures your assets and liabilities (everything you own and everything you owe) are structured in such a way that you get the most out of what you earn and own during your lifetime, and that your loved ones continue to benefit from your estate when you die.

“If you fail to plan, you plan to fail,” he says.

Estate planning is generally not a priority for young people, who are caught up in paying off student debts, buying a home, building a career and raising a family. There is a misconception that thinking about death, funerals and wills can wait until you are older. However, Covid-19 has taught us that life is unpredictable; therefore, every adult needs to give thought to their financial future and what would happen in the event of their death.

Get the ball rolling

“Estate planning is a specialised field and you have to find someone who knows that field. The Fisa website is a good starting point,” says Van Vuren.

“Saving money in the long run sometimes means having to pay professional fees in the short term to get proper advice.”

Before you get started, advises Van Vuren, make a serious effort to understand your own financial affairs. “Read about financial matters to increase your



Louis van Vuren

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understanding. Do not get your advice around the braai fire or in a coffee shop. Instead, find someone you can trust who has knowledge. The best way to do this is to research the person's track record. Do not always look for free advice. It is usually worth every cent you pay for it,” he says.

Appointing an executor

An executor – or person who will deal with your estate after your death – will be named in your will. Some people choose to nominate a family member to avoid a professional person from having to be paid out of the estate. Is that wise?

Van Vuren says if the person has the knowledge and experience, it may save costs. “However, ask yourself, if you were the survivor, how you would handle a situation should a family member mess up the job? Would you demand the removal of a family member as you would a stranger? If not, steer clear,” he warns.

“An independent executor can be appointed or an agent can be appointed to help the executor if he/she is a family member or friend.”

Updating your plan

Remember to update your estate plan and will should your circumstances change, such as if you get married or divorced or have a child or grandchild. Otherwise, Van Vuren recommends it be updated every two years.

• Fisa is the only professional body in SA focusing solely on fiduciary practitioners in Southern Africa.

www.fisa.net.za