

Have you thought about your estate plan?

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Estate planning probably isn't your top New Year's Resolution - but it should be.



As we have recently entered the new year, you probably have a long to-do list of New Year's resolutions, including eating better, exercising regularly, more sleep and hopefully less stress.

Getting your estate planning affairs in order probably isn't at the top of your list – but it really should be.

Here's why.

What is estate planning?

Simply put, estate planning is making provision for your beneficiaries and their financial needs when you are no longer there.

Estate planning includes the preparation of documents, processes and structures to be implemented and followed upon your death to ensure that your loved ones are taken care of and that your estate is distributed as you intended.

An estate can be defined as everything you own – including all your possessions, assets, investments and wealth – and your estate plan deals with what you want to happen to your estate should you pass away.

You probably would not leave the house without car insurance for fear of being in an accident, yet a dent in your car's bumper has far less of an effect on your loved ones than an unexpected death in the family and no sound estate plan to follow through on.

This is why it is so important to get your estate plan in order.

Start with your Will

A [Last Will and Testament](#) is a document that states an individual's last wishes.

It clearly records who should inherit what and allows you to appoint Executors and propose Guardians for minor children, amongst other things.

Passing away without a Will (intestate) is far from ideal as this basically puts the government in charge of managing the execution of your estate.

Getting your Will drafted is not a complicated process, but many people put this off because they don't know where to start.

Additionally, the idea of drafting your Will can be intimidating because it is often perceived as an expensive or time-consuming process but this is, in fact, not the case.

The entire process can actually be completed in just a few hours with the right professional help.

Your Will is probably the most important document you'll ever sign and forms the foundation for your estate plan.

From there, you should start to consider the financial aspects of your estate plan, including unexpected legal fees and costs at death, Life Insurance to ensure your estate has enough liquidity, legal structures such as trusts and, of course, tax efficiencies.

But first, start with your Will.

What information is included in a Will?

A Last Will and Testament generally includes:

- Who your Beneficiaries are - your Will stipulates who will benefit from your estate and what portion of your estate you bequeath (give) to them.
- Whether a Testamentary Trust should be created for Beneficiaries who may be minors at the time of your death.
- Who the Trustees should be if you do require a trust to be set up.
- Who the Guardians of your minor children should be.
- Who the Executor of your estate should be.
- Your last wishes, such as whether you want to be buried, cremated or be an organ donor.
- Details of your offshore assets (if relevant).

What happens if you pass away without a Will?

Drafting your Will also prevents a number of things from taking place, namely:

1. The tension between family members, who may be expectant, and thus need exact instructions in order to avoid conflict.
2. Your estate being distributed according to the intestate law of succession. Without a Will the Master will appoint an Executor on your behalf and your estate will be divided among your surviving spouse, children, parents or siblings according to a set formula. This may not be how you wished to divide your estate and may also incur long delays going through government structures.
3. Financial strain – without proper planning around outstanding debt and execution costs, many estates end up bankrupt, with Executors having to sell off assets such as homes and cars to cover these costs.
4. Your children's inheritance passing to the Government Guardian's Fund or appointed Guardian rather than to a trust that will ensure your wishes for them are carried out.

In the event that you already have a Will in place, it is important to keep it up to date with your life events such as marriage, divorce, childbirth or entering into a business.

Where can you have your Will drafted?

There are several institutions that can assist with Will drafting, including banks, law firms and financial advisors, but it is best to use a specialist company such as Capital Legacy.

Using a professional company to help draft your Will has the benefit of ensuring that it is accurate, valid, witnessed correctly and that all relevant considerations are taken into account.

More importantly, though, is making sure that you appoint the right trusted professional to execute your Will when you pass away.

So, before this shiny new year runs away from you, make sure you get the most important thing on your to-do list ticked off first!

Get your Will done, at no cost, with Capital Legacy - your #1 provider of Wills and estates. For more information, visit: www.capitallegacy.co.za

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