

Not everyone should have a Family Trust, but everyone should have a Will

A family trust is not a magical tool to solve all your tax problems and risk management needs. I would suggest you get proper professional advice on whether you should set up a family trust.

One option is to register a trust during your lifetime (inter vivos trust), and the other option is to cater for the registration of a trust after you have passed away in your will (testamentary trust).

Like with so many other important decisions in life, you should do a detailed cost-benefit analysis. You should weigh up the pros and cons.

Cons are, amongst others, the cost implications of setting up the trust and managing its affairs with the assistance of your auditors and the independent trustee. They typically do not work for free. On the other hand, a trust can be a very effective tool to protect assets against creditors and against vulnerable beneficiaries such as minor children, drug addicts and mentally incapacitated persons. In appropriate cases, trusts can also help you save on Estate Duty, Capital Gains Tax, and Income Tax.

Everyone should have a will. If you already have a will, you should regularly revise it. Revising your will is specifically important if one of the following happens: children are born, heirs pass away, assets mentioned in the will are sold, new assets you specifically want to bequeath to an heir are acquired, divorce, marriage, registration of a family trust and the acquisition of overseas assets.

Volker Krüger