

RFS - Assets

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Problem: A client is not always clear on which assets are on the personal balance sheet. There is confusion between the share value in a business and the assets and liabilities of that business. The same confusion exists for the assets and liabilities of a Trust. Business and trust assets are often bequeathed in a Will, which is impossible to do. The inclusion of Business or Trust assets on a personal balance sheet results in several inaccuracies on the FNA. Loan accounts are either an asset or a liability in the estate.

Houseview

Understand the 4 Bucket Approach and apply it to the estate plan.

Loan accounts: List under either assets or liabilities and include in the estate plan.

Suretyship: Ensure that this is addressed at its source.

Shareholding/Interest: Ensure that only the shareholding is captured in the balance sheet, nothing else.

Trust assets: Exclude it completely, it does not form part of the balance sheet of the client.

Action

On the balance sheet, accurately reflect the value of an interest in the business and personal assets. Exclude the assets of a trust.

Consider that a trustee or a beneficiary of a trust holds no interest in or right to any asset in a Trust.