

Mandela estate mayhem

Lawsuits, auctions and an estate that still isn't wound up a decade after his passing – these are not topics that anyone could have predicted would be linked to Nelson Mandela.

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The South African media is currently abuzz with the news of the anticipated auctioning of our ex-statesman's possessions. The possessions include Nelson Mandela's first ID - post 1994 elections, his hearing aids, walking stick and numerous items of clothing. The auction, to be held by Nelson Mandela's daughter, was set to take place this month but was recently halted. This is all taking place after a two-year court battle.

The auction house estimated the collective value of the 70 lots to be between \$2 million and \$3 million.

Over and above the recent auction drama, which has caused quite a rift in the Mandela family, eNCA has reported that amidst the many issues which seem to be surfacing from the estate; after 10 years, our beloved Madiba's estate has still not been wound up.

Though Nelson Mandela's last will and testament clearly states how his estate should be distributed, there seems to be shortfalls in the estate, which has become public knowledge due to the recently reported run down state of the Houton property and its unpaid utility bills.

The tale of the Mandela estate is not uncommon to any knower of the estates industry. We have firsthand experience with a nightmare that can unfold when a family is not in agreement over an estate or if there is a shortfall in the estate.

There is only one way to avoid this nightmare – get your affairs in order.

At Capital Legacy, we are big on the basics. Namely, ensuring that you know what an estate is, how to ensure that there is enough money in the estate and how to make sure that it's managed and distributed the way you intended, when you are no longer around.

What is an estate?

An estate is the assets and liabilities left by you when you die.

What is estate planning?

Estate planning is the arranging for the distribution and management of your estate at death. The process includes life insurance policies, bank accounts, personal assets, and even ongoing debts such as loans and mortgages.

Why is estate planning important?

Many people don't plan for, and aren't even aware of, all the unexpected legal fees and costs at death. A few examples would be executor fees, conveyancing attorney fees, masters fees, correspondence fees, testamentary trust fees, and other immediate expenses such as travel costs and household expenses. Depending on your estate, these bills can rack up to hundreds of thousands of rands.

Let's put it into perspective:

Executor fees

The industry standard fee charged by the executor or assisting professional to wind up your estate will be a maximum of 3.5% plus VAT of the value of your estate. An estate worth R3 million will pay, for example, approximately R120,750 in fee. In terms of South African law, executors may also charge 6% (plus VAT) of any income into the estate after death.

Conveyancing attorney fees

This is the fee charged by the conveyancing attorney when property needs to be transferred. Fees are calculated on a sliding scale depending on the value of your house as determined by an assessor. A home worth R1,850,000 being transferred to a beneficiary could cost the estate R30,544 in fees.

Testamentary trust fees

This is the fee charged by the trustees to administer the trust you create in terms of your will, usually to look after the money you leave to your minor children. On average, 1.15% of the net asset value is charged to establish the trust, and 1.6% is charged annually for the ongoing administration of the trust. The total cost of a trust with R1.5 million in assets over 15 years would be R377,250.

Hefty, right? We know.

Without a will or proper estate planning, you could leave your family with a mess. As can be seen in the Mandela case in point, even with a valid will in place, other issues can arise, and family feuds take place. Don't leave your family as part of the statistic of South Africans who are in debt after a loved one passes away.

Let us assist you with drafting your will and creating a safety net for your family with our Legacy Protection Plan™, which can cover all the abovementioned fees.

To get your will drafted today or for more information on our estate administration services, visit our website at www.capitallegacy.co.za or speak to your financial advisor.

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Wills & Estates Specialists

Our mission is to ensure that more South Africans have valid Wills in place and to lower the legal fees at death for our clients.

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