

ICEA LION

Estate Planning



 **ICEA LION**
INSURANCE • PENSIONS • INVESTMENTS • TRUSTS

We're Better Together

What Is A Trust?

Your Estate is defined as all the money and property you own, especially at the point of your unfortunate incapacitation or death. As such, Estate Planning is the process by which you put in place structures to safeguard your hard-earned legacy, by setting up clear instructions on what should happen to your assets in the unfortunate event of your incapacitation or demise. In other words, Estate Planning ensures you leave nothing unsaid. A primary goal for many estate plans is to protect and provide for loved ones and their future needs long after you, as the person owning the assets (grantor) has passed on. This way, your legacy is protected, preserved and passed on as you intended, to your nominated beneficiaries. Beneficiaries could be your surviving spouse, children, relatives, dependants - including non-related individuals, business partners, charities or social causes that you support.

The common misconception around Estate Planning is that it is for High Net Worth Individuals or the very rich. This results in majority of our population not taking up the Estate Planning or indeed bothering to learn more about it. This is also due to the fact that people wrongly assume that their wealth is too little to protect using an Estate Planning instrument. In actual fact, everyone has assets to protect and pass on to their loved ones and the causes they believe in. Examples of funds, property and assets that can be covered under your Estate Plan include: cash; savings in banks, saccos, investment groups; stocks; shares in companies; retirement and insurance benefits; land and houses amongst others.

Why Do You Need Estate Planning?

You work very hard throughout your life to create wealth but do you put as much effort into ensuring that your hard-earned legacy lives on? Have you thought about who you would entrust to handle your business affairs and medical care in time of incapacitation or take care of your estate in the event of your unfortunate demise? It is of great importance to ensure that the hard work and effort you have put into building your legacy is not derailed or lost when you are unfortunately incapacitated or gone.



Planning ahead for a time when you will not be able to take care of your affairs (temporarily or for the long-term) plays a critical role in ensuring that the legacy you envision stays the course. It will help protect you and your family from predators as well as preserve your financial stability. Planning your estate as early as possible is not to court death; it is to prepare for the inevitable. This can be done through Powers of Attorney, a Will or a Lifetime Trust. In addition, it can help to smooth the way for yourself and your loved-ones during a challenging time in life.



What Can ICEA LION Estate Planning Do For You?

- Enable you to have in place a plan to protect and preserve your legacy for your intended beneficiaries thereby offering you peace of mind.
- Allow you to distribute your estate in the proportions of your choice to those you wish to reward or leave it to.
- Preserve your wealth, thereby preparing the future generations for the wealth they will receive.
- Protect your nominated beneficiaries from financial predators who may divert your plans and assets intended for your beneficiaries in your absence.
- Allow you to detach or remove your name from your assets and put them into legally protected vehicles, such as Trusts or Limited Liability Entities that not only help reduce transfer taxes but also mitigates against the risk of complicated individuals brewing conflict over your assets.
- Help you prevent or mitigate against family or business partner disputes that arise when they begin to demand a share of your estate.
- Allow you to appoint trusted executors/ administrators to your estate, as well as guardians in the case of minors who may not be able to manage your estate or even defend themselves in the event of a dispute for your estate – until they become willing and able to do so.

***“Put not your trust in money,
but put your money in trust.”***

Oliver Wendell Holmes



When Is It Best Time To Set Up or Update An Estate Plan?

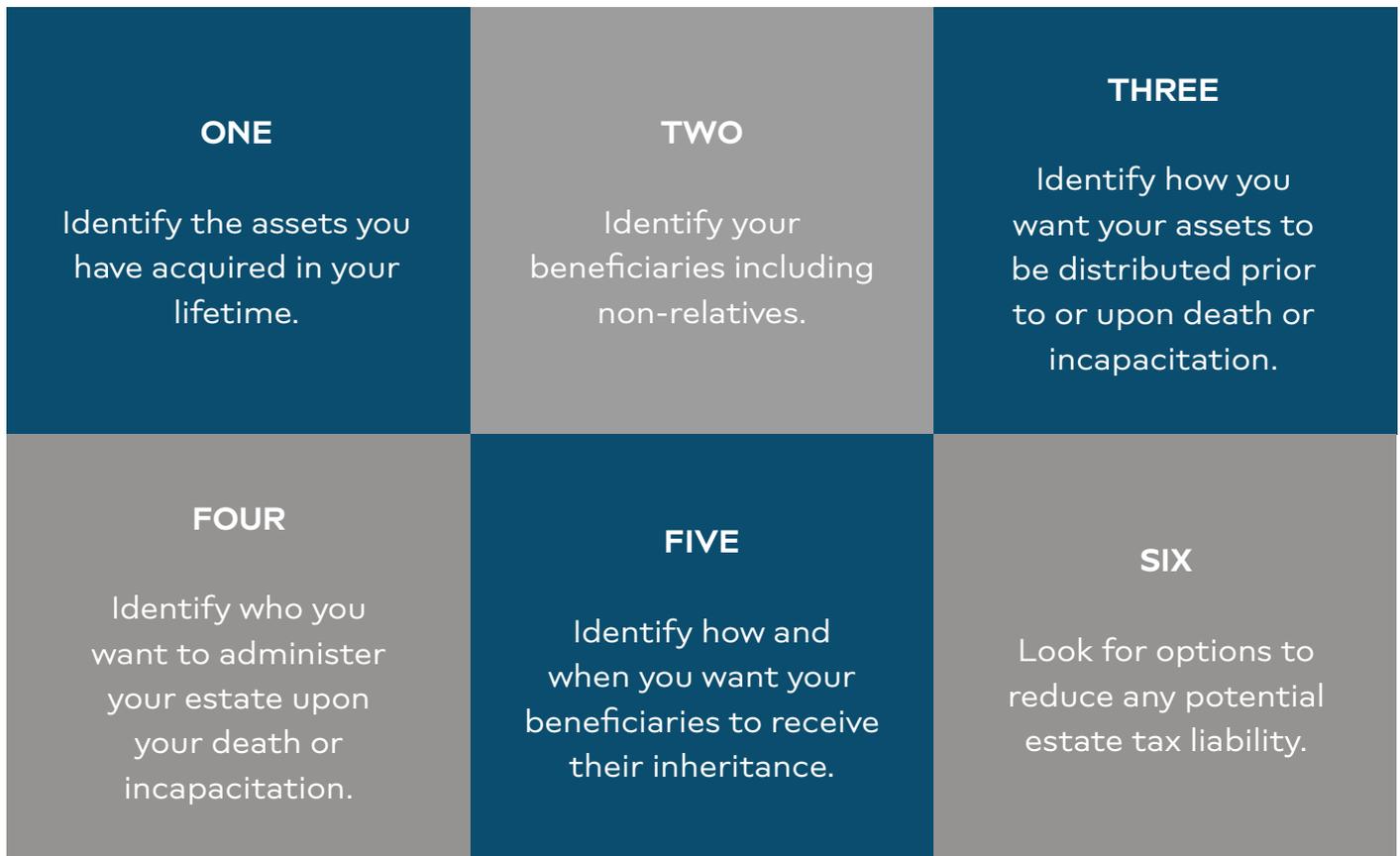
Anytime is a great time to set up or update an Estate Plan so long as there is something you would like to protect and preserve for future generations. However, it is best practice to set up or revise your estate plan, when circumstances that could impact your previous decisions change, even if just slightly. It is a good time to start or revisit your estate plans if:

- You have recently welcomed children or grandchildren.
- You have or are planning to get married, divorced or remarried.
- You want to provide for loved ones with special needs.
- You have a significant business interest you need to be protected.
- You want to control how your assets are distributed after your unfortunate incapacitation or demise.
- You want to maximize and protect the value of your estate.
- You have received an inheritance.
- You have acquired new assets.
- You want to change your designated helpers regarding your finances, health care, minor children and other vulnerable dependants or your private trust.
- In the unfortunate incapacitation or demise of a loved one is imminent.



How Does Estate Planning Protect My Assets?

Estate planning is most effective when approached as a comprehensive process. Overall, the process of estate planning can be broken down into the following main steps:



A key component of estate planning involves protecting your assets for heirs and your charitable legacy, by minimizing expenses and covering estate taxes while still meeting your financial goals. Your Estate Plan should include specific strategies for transferring or disposing of unique assets like a family-owned business, real estate or investment property, shares in a business in which you have a significant stake, stock in a closely held business during your lifetime by way of joint ownership and so on. You may opt to use different facilities such as wills, powers of attorney or trusts which will only take effect upon your incapacitation or demise.

What Else Do I Need To Know About Estate Planning?

- There are several alternative instruments for Estate Planning, however, in some, your estate may be subject to enhanced taxes and the terms can easily be contested in a process known as probate. This is a legal process in which a Will is reviewed to determine whether it is valid and authentic and can often be stressful, time-consuming and expensive.
- Estate Planning can be as simple as drafting a will or as detailed as having several trusts and incorporated limited liability companies for different purposes, in addition to your will.
- Several tools are available for estate planning, these include, joint ownership, gift inter vivos (meaning a gift transferred to your nominated beneficiary during your lifetime), gift in contemplation of death, nomination, trusts and wills. These tools assist in evading a processes as probate or another known as intestacy or being intestate; this refers to a state where you pass on without full and legal clarity on your wishes for your legacy. This can be a stressful, time-consuming and expensive process.

What Do I Need To Know About Trusts?

None of the other Estate Planning tools leaves you (as the grantor), with as much protection and control over your assets - and ensures that the estate continues being useful long after you as a principal owner is gone - as a 'Trust'. A Trust is a legal arrangement where your appointed person or entity (known as a Trustee such as ICEA LION Trust Company) acts on your behalf to oversee the management of your property or assets, for the benefit of your intended beneficiaries. This is usually activated in the unfortunate event of your incapacitation or demise, however, it can still be activated when you are alive in the form of a Living Trust.

You as the grantor assign property rights over to the Trust. Since the assets are no longer owned by you, it becomes exempt from probate. Trusts are widely used and are a well-established way of protecting and enhancing a family's assets. They facilitate the safe and efficient passage of such assets to the chosen beneficiaries, which typically includes future generations of the family.

The purpose of a Trust is to ensure that your funds, property or assets are not only preserved but also distributed in the manner in which you intended. Think of it like a safe deposit box that holds, protects and preserves valuable items for your legacy and for the benefit of your loved ones. It is important to note that Trusts aren't useful only for High Net Worth Individuals; anyone can utilize Trusts. Setting one up is not entirely out of financial reach.



What Is The Difference / Pros & Cons Of A Trust And A Will?

The two most common instruments utilized in Estate Planning are Trusts and Wills. It's worth noting that Trusts are considerably more difficult to contest than Wills, which makes them a good choice for people who are concerned about family disagreements over inheritance. They are also ideal for people who prefer to keep their financial matters private. Here are the differences between the two:

A Trust does not have to go through Probate but a Will does. Further, Trust documentation is private allowing for discretion whilst a Will is a public document. When a Trust is run by the Trustees as per the Settlor's wishes, it becomes very difficult to successfully contest allowing effective administration of one's assets without causing conflict in the family. However, most often, a will can be contested successfully thus one's wishes may be overruled and a new set of distribution of assets advised. As a result, the beneficiaries would not gain from such assets up until the court process is finalised.

Moreover, a Trust allows effective administration of assets for minors and vulnerable beneficiaries whereas with a Will, the court needs to appoint a conservator to receive cash on their behalf. Additionally, a Will cannot provide creditor protection for assets left for beneficiaries for any creditor so such assets may be used to clear any outstanding debts at the expense of the intended beneficiary. However, if you set up your Trust right, you can provide that critical creditor protection for those for whom it was intended.

How Can ICEA LION Trust Company Help Me Plan My Estate?

At ICEA LION Trust Company, we focus on helping you effectively protect and preserve your assets throughout your lifetime and beyond. We work closely with other professionals to walk you through all the choices that you will need to make whilst creating a plan that works best work for you and your beneficiaries. We strongly believe in educating our clients about the alternatives and consequences of life and estate planning; from simple wills, trusts and powers of attorney, to succession planning and wealth transfer. This level of comprehensive detail ensures that the vision you have created will have the desired outcome. We have a team of highly experienced legal professionals that will guide you through all the steps you will need to take in estate planning. Alternatively, should you so wish, we shall liaise with your estate attorney to ensure a smooth planning and transfer process and guide you to select the right type of trust to accomplish your overall goals. The process entails:

Consolidating Your Documents: your property titles, financial records, and taking inventory of assets being transferred to the Trust.

Appointment of Fiduciaries: This is the person/persons you will need to designate to act on your behalf and execute your estate plan in the event that you are unable to do so in future. Such persons will play the role of executor of your will, trustee for your private trust, legal guardian of your dependants and/or personal representative or power of attorney if you became incapacitated. You need to be sure your fiduciaries are aware of and agree to their appointments, and that they know where to find your original estate planning documents. Fiduciaries can be family members, personal friends, or hired professionals such as bankers, attorneys or corporate trustees. ICEA LION Trust Company is also a Corporate Trustee.

At ICEA LION, our mission is to protect and create your wealth. Should you have any inquiries about our ICEA LION Estate Planning or would like to set it up, you can call us on +254 719 071 999 or email us at contactcentre@icealion.com.

ICEA LION Centre, Riverside Park,
Chiromo Road, Westlands
PO Box 30190 - 00100 Nairobi
Tel: +254 (0) 20 2750000
Mobile: 0719 071000 | 0730 151000
Contact Centre: 0719 071999
Email: contactcentre@icealion.com

ICEALION.com