

TRUST STRUCTURE AND BUSINESS GROWTH STRATEGY

PROBLEM

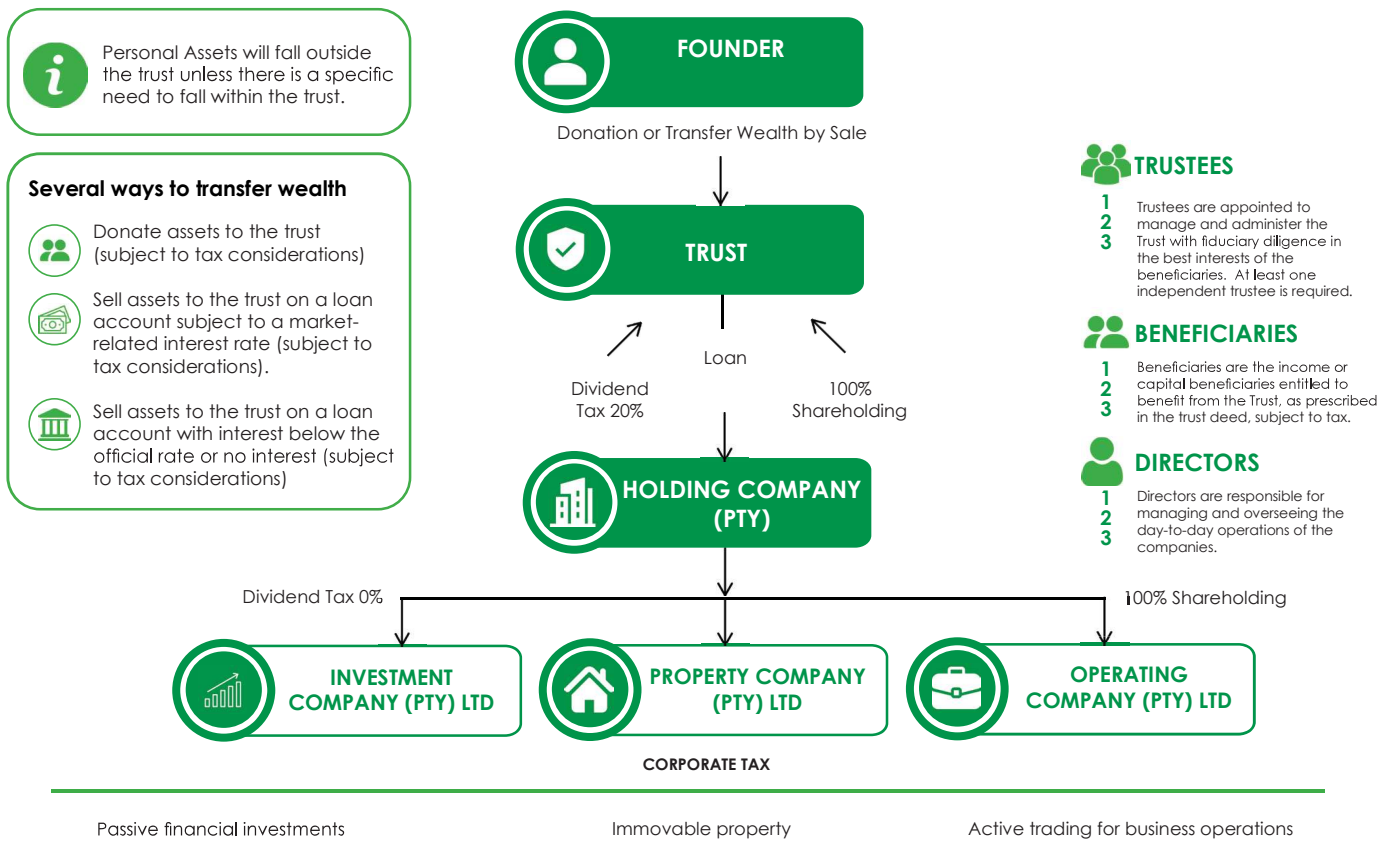
Many successful South African entrepreneurs have built multiple thriving businesses with significant growth potential. But all are faced with the same dilemma: how to protect and pass this wealth safely to future generations, estate liquidity costs such as taxes and administration costs upon death could substantially erode your life's work, creating the classic wealth preservation challenge faced by successful entrepreneurs.

OUR APPROACH

For entrepreneurs who have built substantial wealth and want to preserve it for future generations, we carefully explore transferring key assets and businesses into a well-designed family trust structure. This is never a one-size-fits-all approach. We thoroughly assess four critical factors:

1. Tax consequences,
2. Cost of implementing and maintaining the structure,
3. Existing professional team that can help maintain the structure,
4. Complexity of current business operations and ownership framework.

Only when these elements align do we proceed ensuring the solution delivers genuine asset protection, tax efficiency, and long-term peace of mind, while remaining practical and sustainable for the client's unique situation.



GOLDEN THREAD

Step 1: Move growth assets to the Trust (via donation or sale)

Step 2: Create a loan account (estate pegging), when selling assets to the trust.

Step 3: Gradually reduce the loan account

Step 4: Ensure the following:

- Governance integrity
- Tax compliance
- Correct flow of dividends

WHERE ASSETS MOVE

Into inter vivos trust (often via Holding company)

Where the Estate is Reduced

- Shifting growth to the trust through estate pegging
- Loan account reduction through annual donations

MAINTENANCE

- Align tax and estate planning strategy continuously
- Accounting and bookkeeping of loan accounts
- Ensure continued tax compliance
- Maintain administrative and regulatory compliance