

Holiday checklist

Schalk Reyneke CA(SA) from CAP

This is the time of the year most of us take a bit of a break. It is also a period when people take stock of their lives, providing the ideal opportunity to consider their risks.

Over the years, we have been able to identify potential risks. The idea is not to publish a comprehensive checklist, but to mention a few that might trigger action on your side to approach your financial advisors. This list seeks to ensure on a yearly basis, all risk related aspects are reviewed comprehensively and in combination to ensure that material risks are addressed and that all solutions complement each other.

Risks we have identified in the past:

Will and last testament

- No will exists
- Estate is going to the wrong beneficiaries, i.e. ex-spouse
- A new child has arrived, but is not included
- Trust assets are being dealt with in the will

Business interests

- Buy-and sell insurance are outdated with the actual value of the business
- No arrangements on repayment of loan accounts when exiting the business
- Shares have not been transferred to the trust

Shareholders agreement

- No agreement is in place
- Does not deal with aspects relating to splitting up of business
- Business valuation is not addressed

Trust

- The Trust deed is outdated
- Tax returns are outstanding
- Donations to trust not handled correctly
- Risks relating to interest-free loans

Life insurance policies

- Incorrect beneficiaries, i.e. ex-spouse or business partner
- Minors are indicated as beneficiaries, which could fall under Government control
- No utilisation of your trust in the policies
- Insufficient cover and benefits to provide for needs
- Exclusions and specific destinations that might not be covered
- Hobbies/activities that might be excluded
- Not providing for scenario when you become un-insurable

Short-term insurance

- Value of vehicles are too high causing unnecessary premiums
- Not all assets covered under appropriate categories
- Insurance of property not in line with financier requirements
- New assets acquired that are not covered

Medical aid

- Covering of expenses in holiday destination
- Uncertainty about the amounts that will be paid
- Availability or not of emergency rescue

As you can see from the few examples there are various aspects that need to be look at. These aspects need to be reviewed on a yearly basis at least to ensure that you know at least where you are at risk and what the possibilities are.

