



ESTATE PLANNING, INTESTACY AND WILL MAKING


4.1 Introduction

Estate Planning involves: -

- The process of ensuring that the client's wealth is properly managed to achieve wealth accumulation, provision and maintenance for family members and the ultimate distribution of his estate to his beneficiaries.
- Ensuring the security and protection of the client's estate, minimizing leakages of wealth through taxes or probate.
- Identifying the best methods for the holding of assets, the transfer or distribution of the estate. This may include the preparation of a Will, making gifts or creating a trust (either during life time or in a Will).
- Identifying the persons or professionals to execute the Estate Plan.

Estate Planning therefore relates to the planning for the smooth succession, distribution or transfer of a person's assets on his death to persons whom he wishes to benefit. This Chapter is focused on the Will, which is one of the most important tools for Estate Planning.

4.2 Testacy/Intestacy

When a person dies leaving a properly executed Will, he is said to have died "Testate".  assets will be distributed in accordance with the provisions in his Will.



PROBATE AND LETTERS OF ADMINISTRATION

5.1 Introduction

Following the death of the deceased, the personal representatives of the deceased will need to apply for a grant of probate (where there is a Will) or letters of administration (in intestacy) that will authorize them to deal with and distribute the assets of the deceased.

When the executor under a Will is unwilling to act then an interested person could apply for a grant of letters of administration with the Will attached. Letters of administration with the Will attached may be applied for when no executor is appointed by a Will; the executor or all the executors appointed by Will are legally incapable of acting as such, renounced the right to act as such; no executor survives the testator; all the executors die before obtaining probate; or before having administered all the estate of the deceased or the executors appointed by any Will do not appear and extract probate.

If the value of the estate of the deceased is below S\$3 million, the application for probate is made in the Subordinate Courts. If the value of the estate of the deceased exceeds S\$3 million, the application is made in the High Court.

Probate or letters of administration will not be granted to more than four persons for the same estate. Letters of Administration will be granted to a Trust Corporation with or without individuals or at least two individuals if there are minor beneficiaries below 21.



ESTATE DUTY AND ITS ABOLISHMENT IN SINGAPORE

6.1 Introduction

Abolishment of Estate Duty in Singapore

Estate Duty, a tax which has been with us for over 60 years has now been finally abolished. In the 2008 budget, the Minister for Finance, Tharman Shanmugaratnam announced that with effect from 15 February 2008, estate duty no longer applies to deaths occurring on or after such date.

This Chapter deals mainly with the implications arising from the abolishment of estate duty in Singapore. As to how estate duty applies to persons dying domiciled in Singapore before 15th February 2008, readers may wish to refer to the first edition of this book.

6.2 What is Estate Duty?

When a person dies, his property, both movable and immovable forms at the time of death, becomes his estate. This basically means all the assets that he owned at the time of death such as his house, bank accounts, investments, jewellery, cars, country club memberships, etc. Estate duty is the tax imposed on the deceased's estate.

Many other countries also impose taxes as a result of death or gifts made upon death. In the U.K., the former estate duty (which Singapore's estate



REGULATION OF SINGAPORE TRUSTS

10.1 Introduction

Trust services feature regularly and complement the wealth management services offered in many established jurisdictions. In Singapore, by and large, most financial services professionals are only beginning to appreciate the applications of the trust and to understand its relevance and role in wealth planning. The misconception and mindset of many people that trusts are used only by the rich or for the sheltering of wealth offshore will hopefully change. With legal and regulatory developments on trusts and trustees now taking place in Singapore, the public awareness should grow.

There are two principal statutes, concerning Singapore trusts, namely the Trustees Act and the Trust Companies Act. Other legislation that covers specific areas of trusteeship includes the Income Tax Act (Cap 134) for taxation on trusts, Civil Law Act (Cap 43) on accumulations, perpetuity and the trust period.

10.2 Highlights of the Trustees Act (Cap. 337)

Recent amendments made to the Trustees Act were passed in December 2004. This was a major step in modernizing the trust law in Singapore and to boost Singapore's efforts to establish itself as a centre for wealth management and offshore trusts.



BUSINESS SUCCESSION

13.1 Introduction

Advisers may have clients who over their working lives, have built up successful businesses either by their sole efforts or with some other owners. More often than not, many do not plan any exit strategies. In discussing the financial plans of these clients, it may be timely to broach the subject relating to the succession of their businesses.

Business succession involves planning for the smooth transfer and succession of the business interests of business owners in situations such as their retirements, their disability to continue in running the business or upon their untimely deaths. The business concerns that are referred to in this chapter may be the partnership or the company organization form.

The need for business owners to spend time in addressing their business succession issues may simply be convincing enough by asking them the questions below.

13.2 Key Questions for Business Owners

- What is your exit strategy from your business either during your lifetime, when you retire or when you die?
- What plans have been put in writing regarding the transfer of ownership, control, and management of your business?
- Who will run your business when you are no longer involved?
- If you had died last week who will carry on your business?



OFFSHORE FINANCIAL BUSINESS

14.1 Introduction

This chapter introduces wealth management in the international arena. This focus primarily on tax havens and the use of wealth holding structures that are offered in these jurisdictions. Quite often a client may come to the adviser with his existing offshore company or an offshore family trust which he plans to include in his wealth management planning. At other times, an adviser may need to recommend his client an offshore holding structure for his investments.

Offshore financial business concerns those financial activities that take place offshore in contrast with domestic or local financial transactions. The term “offshore” is often described in contrast to a person’s domicile or his permanent home or his “onshore” jurisdiction. The person goes “offshore” by moving some of his assets abroad and carrying out transactions outside his home country. One reason is that the services and products offered through an offshore international center could be a better alternative in the client’s pursuit of wealth maximization or tax minimization.

14.2 Offshore Financial Centres

One of the attractive features of going offshore to a particular jurisdiction is that it has zero or minimal tax. Hence the income of the offshore company incorporated in such jurisdiction is not taxed or where minimal tax is paid. However, not all offshore financial centers are tax havens. London is one of the largest offshore financial center and elsewhere in the E.U., there are