

CAPITAL
LEGACY



leave a legacy



ADMINISTRATION OF ESTATES:

ESTATE VALUE OF LESS THAN
R250 000.00



PROCEDURES AND PROCESSES TO ADMINISTER



LOW VALUE ESTATES

As at 24th November 2014, if the executable value of the estate is less than R 250 000 in value, that estate must be administered in accordance with the Master of the High Court's directions as well as Section 18(3) of the Administration of Estates Act 66 of 1965. If the deceased passed away before such date, then the minimum threshold for low value estates will be R 125 000.

PROCEDURE - The following procedures must be followed: :


-  Reporting the estate
-  Obtaining Letters of Authority
-  Opening an estate bank account
-  Liquidation and Distribution of the estate
-  Closure of the estate

PROCESS - Processes explained:

1 REPORTING THE ESTATE

As soon as possible after the death, the surviving spouse or nearest blood relative, or person who identified the deceased must report the estate to the Masters office in the area of jurisdiction which is determined by where the deceased was resident (in South Africa) or owns immovable property. Currently the Master's offices are in Pretoria, Cape Town, Pietermaritzburg, Grahamstown, Bisho, Umtata, Bloemfontein, Kimberley, Mmabatho/Mafikeng, Johannesburg, Polokwane, Durban, Port Elizabeth and Thohoyandou.

The following documents must be submitted to the Master's office by the person applying to be appointed as the Masters representative:

- | | |
|--|---|
|  Death Notice |  Death certificate (certified copy) |
|  ID of the deceased (certified copy) |  Acceptance of Masters Directions in duplicate |
|  ID of the Masters representative (certified copy) |  Next of Kin affidavit |
|  Inventory |  Original Will (if applicable) |
|  Marriage certificate and Antenuptial contract and / or previous divorce orders and / or pre-deceased spouse death certificate (certified copy) |  Declaration of marriage |
|  Declaration that the estate was not previously reported |  Proof of all assets |



ID of all heirs (certified copy)



Acceptance of Masters Directions in duplicate



List of creditors of the estate



2 OBTAINING LETTERS OF EXECUTORSHIP

Once the Master is satisfied that all of the reporting requirements are in order, he will issue to the applicant a Letter of Authority. This document certifies that the appointed Master's representative may liquidate and distribute the estate in terms of the deceased's Will or according to the Intestate Succession Act 81 of 1987.



3 OPENING AN ESTATE BANK ACCOUNT

Once it is determined that there is more than R 1000 in cash to be collected, the Master's representative is obligated to open up a bank account in the name of the estate whereby all cash transactions may be recorded and submitted to the Master should he so request.



4 LIQUIDATION AND DISTRIBUTION OF THE ESTATE

The Master may issue a directive on the manner in which the estate is to be liquidated and distributed. This will include but not limited to collection of all cash from bank accounts, unit trusts, investments, policies, sale / transfer of all shares, sale / transfer of vehicles, immoveable properties and businesses. Further all creditors must be informed that the debtor has passed away and their final claim is to be lodged with the administrators of the estate. Once all creditors including SARS have been notified and submitted their claims against the estate, the Masters representative must draft a statement of assets and liabilities. If there is a cash deficit, the heirs of the estate must pay in the cash shortfall. All creditors, and administration costs must be settled in full first before any distributions are made to heirs.

All tax returns must be completed until the date of death. Estate duty and Capital Gain tax calculations must also be completed and paid to SARS if need be.

Note that if the estate has proven to be insolvent, then the estate must be administered according to Section 34 of the Administration of Estates Act 66 of 1965.

Further, if it is discovered that the estate assets are more than the R 250 000 threshold, the Letters of Authority must be returned to the Master and application for Letters of Executorship must be complied with.



5 CLOSURE OF THE ESTATE

Once all cash has been collected, assets sold / transferred, all liabilities paid, then only may you proceed with a payment to the heirs. The bank account must then be closed. Records of every voucher showing the value of the assets and liabilities, the statement of assets and liabilities, proof of payment to heirs and full bank statement must be kept should the Master request same.



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