

Advertorial

Creating lasting family wealth with appropriate structuring

Having accumulated substantial assets and carrying limited debt, the next challenge is structuring wealth that benefits future generations rather than being diluted by tax inefficiencies or poor structuring.

Appropriate structures can materially enhance estate outcomes. Sustainable family wealth is rarely accidental; it is the result of intentional structuring using the correct legal, tax, and investment vehicles.

1. Spread asset risk

Concentration risk is the most common threat to long-term wealth. A diversified portfolio across asset classes, managers, and regions improves resilience and enhances long-term capital growth.

From a SA perspective, geographic diversification is essential. Allocating 25%–45% of assets offshore can hedge currency risk, reduce political exposure, and broaden opportunity sets.

2. Use right ownership structures

Holding assets solely in your personal name is seldom optimal at higher wealth levels. Correct ownership structures can reduce tax leakage, simplify succession, and protect beneficiaries.

Trusts

Trusts remain a cornerstone of family wealth planning as they endure beyond death and can hold growth assets over multiple generations. However, they are taxed at higher rates, require collective trustee decision-making, and demand careful trustee selection.

Retirement structures

Retirement structures governed by the Pension Funds Act are highly effective for intergenerational planning, particularly where income continuity is preferred.

Sinking funds

Sinking funds offer compelling tax efficiency and flexibility. Interest is taxed at 30%, effective CGT is 12%, no CGT on death, and ownership transfers are

seamless.

3. Make your intentions clear

Structures alone are insufficient. Clear guidance on access and control – through letters of wishes, trustee discretion, or staged distributions – is essential.



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