



SENTINEL INTERNATIONAL ADVISORY SERVICES

ABOUT US

Sentinel International is an independent fiduciary services company with a customer driven focus. Our approach is to help individuals and families develop and clarify their estate planning objectives, both short and long-term. We work together with the client and the financial adviser to design a comprehensive plan that integrates all aspects of an individual or families interaction with its wealth. We offer the services that our clients require to implement their plans and accomplish their objectives.

Sentinel International's professional team has a heritage of keeping customer relationships at the heart of everything that we do. We understand that no two people are alike, which is why our solutions are tailor-made to suit, manage and protect the clients specific needs.

Our focus is to ensure that wealth is preserved for future generations and succession planning as well as to ensure that tax mitigation strategies are correctly implemented

VALUE PROPOSITION

Our slogan is: 'Investing in Life, planning for tomorrow' because we understand that estate planning is about more than just the facts and the figures, it's about the legacy that the client wishes to leave behind. At Sentinel, we see ourselves as trusted advisers, applying our knowledge, creativity, objectivity and experience to the singular task of meeting the needs of our clients. Our hallmarks are independence, objectivity, integrity and personal service.

SERVICES OFFERED

Local estate planning

Our highly skilled and experienced estate planning consultants, legal advisers and fiduciary services experts can assist clients who require comprehensive tax and estate planning to maximise the value of their estates and to ensure an orderly and sensitive transfer of assets from one generation to the next. Through our comprehensive approach to estate planning, we ensure that the client's wealth is protected and preserved both during his/her lifetime and upon his/her death. At all times we take cognisance of the unique needs of the families of our clients.

Trusts

The popularity of the inter vivos trust has during the past years increased significantly primarily as a result of its perceived tax advantages. Despite these perceived tax benefits it is important not to create a trust simply to avoid tax but rather to integrate it into a holistic, well structured estate plan. Factors such as the protection of beneficiaries and continuity should rather determine the objective for creating the trust. The devolved ownership, flexible construction and confidentiality benefits of trusts make them an ideal solution to a range of complex personal and corporate situations.

Sentinel offers a range of solutions to these challenges, and creates the opportunities to meet our clients' individual objectives, providing stability for the present and protection for the future. From first contact, we examine each client's current requirements and future aspirations, and analyse already existing structures. From tax and estate planning for private clients to special needs trusts such as charitable and special trusts, Sentinel's expertise guarantees that aspirations are realised and benefits maximised for all our clients. We take the time to understand each client's personal requirements and offer a full range of trust formations, including:

- Inter vivos discretionary trust
- Special trust
- Charitable trust

Trust deed review

Used properly, a trust can provide the estate planner with a number of benefits. These benefits range from ensuring the smooth handover of assets from one generation to the next, caring for assets for those who are unable to look after the assets themselves to short and long-term tax planning. However, these benefits can effectively be undone through a badly drafted trust deed. Like a will, a trust deed is a dynamic document which needs to be updated to keep pace with changing tax and case law as well as personal circumstances.

The trust instrument is regarded as the constitution containing the provisions to which the trustees must adhere to, however, it has been our experience that at least 95% of all the trusts that we have reviewed are either lacking in necessary clauses or contain clauses that could be detrimental to the planner. Common areas of concern are, amongst others:

- Incorrect beneficiaries which effectively undoes all the planning
- Insufficient definitions thereby limiting the trustees powers and discretion
- Incorrect vesting dates which can result in the trust terminating at the wrong time
- Insufficient clauses when dealing with income and capital distributions
- Clauses conferring too much power on an individual which could result in negative tax consequences

Our review encompasses an in-depth analysis of the existing deed as well as a written opinion detailing our recommendations and suggested replacement clauses. Each review will vary as they are customised to suite the individual client's requirements.

Professional trusteeship

There are many reasons to establish a family trust ranging from the preservation of family wealth and assets to minimising short and long-term taxes. However, all these objects and protections of the trust can fail if care is not exercised with the administration of the trust. If the founder sets up a trust and then continues to control the trust assets as though nothing has changed then the trust simply becomes his alter ego. The trust can and will be attacked by creditors or anyone else claiming an interest in the trust property. One of the most common grounds on which trusts are attacked is the failure by the founder to hand over effective control of the trust assets to the board of trustees as well as lack of proper record keeping. We only have to examine two recent divorce cases, namely Jordaan vs Jordaan and Badenhorst vs Badenhorst to see the detrimental effects of managing a trust badly.

The founder must be seen to give up control of his assets otherwise no trust has been created, and he will run a very real risk that the trust's assets will be included in his estate for divorce, insolvency or estate duty purposes. Proper professional trustees are able to demonstrate through the trust records that there has been a surrendering of control and proper management of the trust fund. It must be noted that simply having the name of a trustee, who is not a beneficiary, on the letter of authority is not sufficient. Substance over form!

The duties of a trustee are as follows:

- Care, diligence and skill: in a dispute, the court will not look at your skill level but enquire into what a person, that normally looks after the affairs of other people, would have done under similar circumstances.
- Trust deed: the trustee must make sure that he is familiar with the contents of the trust deed and that the provisions of the deed can be executed.
- Appointment of a trustee: no trustee has any power to act until he has been formally appointed by the Master of the High Court.
- Taking control of the assets: part of the process of taking control of the trust assets is to ensure that the money in the trust is properly invested. A trustee must always know where the trust assets are as well as their condition.
- Income: the trustee has to apply his mind to the collection and payment of income and capital to the beneficiaries.
- Keeping books and records: the trustee is obliged to keep records of all trust decisions and copies of all vouchers.
- Distribution of the trust: correct distribution of trust capital to the beneficiaries.

The role of the independent trustee is one of great responsibility and which, if not complied with correctly, can have adverse financial consequences for the founder. If you would like Sentinel to act as the independent trustee then our responsibilities for the administration of the trust would include the following:

- Sentinel, together with the other trustees, will be responsible for ensuring that the trust property is adequately insured and funds are properly invested by measuring fund managers performance to approved benchmarks, and determining the short, medium and long-term income and capital needs of the beneficiaries.
- We ensure that the provisions of the trust deed are complied with and upheld at all times and that all the trusts' statutory requirements are complied with. We prepare and maintain a trust asset register (investments and fixed assets), and conduct trustee meetings annually, bi-annually or quarterly depending on the size of the trust and the type and level of investments.
- We record the minutes of the trustee meetings and investment decisions, maintain the minute book, prepare special resolutions and loan agreements, and provide minor changes to the trust deed.
- We also advise whether or not the trust is being utilised as an efficient estate planning tool and provide general tax advice relating to the trust.

Most people who have a trust have them for the right reasons, but many are ignorant when it comes to administering them correctly. In terms of current legislation and court precedent, it is not sufficient to continue in the manner in which things were done in the past.

Trust accounting

Sentinel is able to complete the annual financial statements and tax returns for trusts. We specialise in trusts and therefore our accountants fully comprehend the attribution rules as well as distributions to beneficiaries, thereby minimising taxation in the trust. Trust tax returns and the tax returns of the beneficiaries are synchronised to ensure maximum tax efficiency.

Personal tax returns

With tax compliance becoming increasingly onerous most taxpayers struggle to understand what is required of them. To compound this complexity even further the South African Revenue Services (SARS) are severely penalising non-compliance. It is therefore imperative that taxpayers submit their annual returns timeously and correctly in order to avoid penalties, interest and possible criminal prosecution.

Our specialist tax compliance officers are dedicated to providing service and advice which is in the best interest of the client. Sentinel has years of experience in dealing with SARS which allows us to understand their systems and procedures. This experience and knowledge enables us to stay abreast of new developments and current events which means that the taxpayer does not have to worry about changing tax legislation. We utilise a leading software package in order to administer our client database which allows our staff to have immediate access to client information. Each stage of completion is followed by strict quality control procedures. We specialise in all aspects of individual tax compliance ranging from simple returns to complex provisional submissions.

Wills

The reality is that death is an inevitable consequence of living! It is unavoidable and unpredictable so all that we can do is to continually ensure that our estate affairs are in order to guarantee that when our day arrives we leave behind a structured estate. One of the ways of ensuring that we leave behind this orderly estate is through our last will and testament. A will is an essential element of any estate plan as it allows the individual to regulate, according to their instructions, the allocation and distribution of all the assets that he/she has acquired during his/her lifetime. It can also be used as an estate planning tool to minimise any eventual taxes in the hands of the heirs. It is essential that the will is reviewed at least once every two years to take into account changes in personal circumstances as well as changes in the political, legal and economic environments. In essence, a will is probably the most important and powerful document that an individual will sign during their life-time, simply because when it comes in to operation then it is too late to come back and change it.

Since the 1 July 1997, when the rules regarding exchange controls were relaxed, it has become possible for South African residents to hold assets abroad. The effect of this is the need to consider how the international assets of South Africans will devolve on death.

Sentinel recommends, in certain circumstances, that it would be advisable to have a separate will for these foreign assets. There are definite advantages of having a separate will for foreign assets, not least being the reduction of the time it takes to wind up the total estate. Sentinel is able to plan and execute wills based on our personal experience gained from winding up estates, administering trusts and offering estate planning advice. Our team comprises of experienced professionals, skilled at dealing with all the complexities of estate planning and we remain constantly at the forefront of evolving developments in this industry. In preparing wills, special attention is paid to all the available income tax and estate duty concessions. The client will receive a tailor-made will to ensure the heirs receive their inheritance in the most tax efficient manner. We believe that personalised and proactive advice is the key to unlocking value for our clients and our goal is to ensure that our clients are secure in the knowledge that they have placed their affairs in safe hands that can be trusted to protect their best interests.

In our personalised estate planning consultations we concentrate on:

- The specific needs of testators and their heirs
- The impact of estate duty, income tax and capital gains tax
- The use of estate planning opportunities to preserve wealth
- Offering advice on the distribution of the estate to eliminate potential conflict between heirs

Winding up deceased estates

We specialise in the administration of deceased estates from the very simple administration in terms of Section 18(3) of the Administration of Estates Act No 66 of 1965 to very complex estates requiring estate duty calculations, negotiation with SARS, winding up of close corporations, etc.

Although anyone can be nominated as executor in a will, obtaining the actual appointment from the Master of the High Court can be problematic if a professional executor is not nominated.

Sentinel International provides such a specialised estate administration service, either through nomination by its own clients in their wills, or by acting as agents for other executors.

Once appointed, Sentinel has systems in place to ensure the smooth administration of an estate no matter how complex, and we strictly follow the procedures as laid down by the Act.

Why should you use Sentinel to administer your estate?

- First and foremost we keep our focus on our clients and their requirements.
- We realise that losing a loved one is a traumatic experience.
- We will treat you in a professional manner with dignity and respect.
- Our systems are geared to keep you up to date with the progress of winding up the estate.
- We involve our clients in decision making and the solving of problems.
- We have a flat management structure ensuring decision making without delays.
- We have highly qualified and experienced staff, each willing to assist you as far as possible during the administration process.
- You may rest assured that the estate will be wound up within the ambit of the law and as speedily as possible. We have fidelity insurance in place.
- We are a member company of the Association of Trust Companies and subscribe to its values.
- Sentinel International has a staff compliment who knows what they do, why they do it and are proud of the way they do it.

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REGIONS SUPPORTED

- Pretoria
- Johannesburg
- Durban
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REFERENCE AND PRICING

To qualify for the preferred rate or service enhancement, please quote the following reference.

Quote reference: Allan Gray Adviser Services

Pricing: Discount of 5% on market price.