

ANTECEDENTS INFLUENCING ESTATE PLANNING

by

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ABSTRACT

ANTECEDENTS INFLUENCING ESTATE PLANNING

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Estate planning involves managing one's assets during one's lifetime and effectively disposing of those assets to intended beneficiaries after death, while also effectively discharging death taxes and other liabilities. Regardless of the many estate planning tools and mechanisms available to curb the effect of death taxes, estate consultants report that South Africans are still not carrying out estate planning. Therefore, the fundamental goal of this study was to determine what antecedents influence estate planning, in an attempt to gather pertinent information to motivate and promote estate planning in South Africa. The other area of interest for this study was to determine if there are relationships between these identified antecedents and estate planning, as well as between death taxes and estate planning in South Africa.

The literature review clarifies the concepts of estate planning and death taxes, provides information on the tools available for appropriate estate planning and lists the antecedents that influence estate planning globally. This conceptual framework was used to guide the primary research process in which hypotheses were formulated to provide insight for the research study goals. Non-experimental, quantitative and inferential methods were employed for this study. Primary data was collected via a web-based questionnaire. The questionnaire tested perceptions of estate planning and the antecedents influencing estate planning in South Africa. Owing to the scientific nature of this study, the simple random sampling technique was employed. The SAS package (version 9.2) was used to analyse the data collected.

The results of this study are discussed in detail, confirming the relationship between the antecedents and estate planning as well as the relationship between death taxes and

estate planning in South Africa. The results of this study further reveal the positive and negative antecedents influencing estate planning in South Africa. In conclusion, the study achievement is presented and recommendations for future research are tendered.

Key words:

Antecedents

Death Taxes

Estate planning

South Africa

OPSOMMING

FAKTORE WAT BOEDELBEPLANNING BEINVLOED

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Boedelbeplanning behels die bestuur van 'n mens se bates gedurende jou leeftyd en sluit ook die effektiewe vervreemding van die bates aan begunstigdes na afsterwe in. Dit is belangrik dat boedelbelasting en ander laste effektiewelik geminimaliseer word. Boedelbeplanningskonsultante rapporteer dat meeste Suid-Afrikaners geen boedelbeplanning doen nie, dit ten spyte van al die boedelbeplanningsmeganismes wat beskikbaar is. Daarom is die fundamentele doel van die navorsing om vas te stel watter faktore beïnvloed boedelbeplanning en sodoende inligting in te samel wat boedelbeplanning kan bevorder. Ander belangrike temas wat aangeraak word in die werk is die verhouding tussen faktore geïdentifiseer en boedelbeplanning asook die verhouding tussen boedelbelasting en beplanning in Suid Afrika.

Die literatuuroorsig verduidelik die konsepte van boedelbeplanning en boedelbelasting. Die literatuuroorsig sluit ook boedelbeplanningsmeganismes in, asook alle faktore wat boedelbeplanning wêreldwyd beïnvloed. Dié raamwerk is gebruik om die primêre navorsingsproses te dryf sodat 'n hipotesis geformuleer kan word. Die hipotesis verskaf insig tot die studiedoel van die navorsing. Verskeie navorsingsmetodes is gebruik in die werk, waaronder nie-eksperimentele, kwantatiewe en inferensiele metodes. Primere data is ingevorder deur 'n web-gebaseerde vraelys. Die vraelys het die persepsies van boedelbeplanning en faktore wat dit beïnvloed getoets. Die eenvoudige ewekansige steekproefnemingmetode is gebruik aangesien die werk van 'n wetenskaplike aard is. Die SAS-pakket (weergawe 9.2) is gebruik vir die analise van die data wat ingesamel is.

Die resultate van die navorsing is in detail bespreek en bevestig die verhouding tussen boedelbeplanningsmeganismes en beplanning asook die verhouding tussen

boedelbeplanning en boedelbelasting. Dit bring ook positiewe en negatiewe faktore wat boedelbeplanning beïnvloed aan die lig. Ten slotte is die studiedoel bevestig asook aanbevelings vir toekomstige navorsing.

Sleutelwoode:

Antecedents

Doodbelasting

Boedelbeplanning

Suid-Afrika

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ABBREVIATIONS

Abbreviation	Meaning
Act	Estate Duty Act, Act 45 of 1955
ANOVA	Analysis of Variance
CGT	Capital Gains Tax
SARS	South African Revenue Service
STT	Security Transfer Tax
VAT	Value-Added Tax

ANTECEDENTS INFLUENCING ESTATE PLANNING

CHAPTER 1

INTRODUCTION

In this introductory chapter the scope of this research study is discussed. The chapter reviews the background of the research problem and outlines the rationale for the study against the background of the goals and objectives that define this study. The research questions pertaining to the problem statement and study area are articulated. Also included is an explanation of the significance of the study. Please note that any reference to “he” or “his” refer to both males and females. The chapter concludes with a brief presentation of the format for the research study.

1.1 BACKGROUND

NOTHING IN LIFE IS MORE CERTAIN THAN DEATH AND TAXES. This proverbial phrase, coined by Benjamin Franklin (Gans & Leigh, 2006:1), is most echoed in what are known as “death taxes.” In this research study, death taxes are simply defined as those taxes levied on the estate of a “natural person” upon death. Upon death, all of a person’s assets and liabilities are taken into consideration to form that person’s estate. In South Africa, in terms of the Estate Duty Act, estate duty is a tax imposed at a rate of 20 per cent on a person’s estate.

Estate planning entails the recording and managing of a person’s assets while alive, and after death it dictates the rules for administering the disposal of those assets to nominated beneficiaries (De Swardt, 2012:1005). The primary aim of estate planning is to guarantee that the long- and short-term financial goals of a natural person are met and after their death maximum financial benefits are maintained for their beneficiaries. Effective estate planning (especially from a South African perspective) can substantially limit death taxes while also ensuring that there are adequate funds to discharge all liabilities (Pillay, 2004).

There is a great misconception that death taxes are only reserved for the very wealthy and therefore it is traditionally thought that estate planning is only applicable to the rich (Howard, 2011:16). According to a discussion with Mrs D. Esterhuizen, a legal specialist at Sanlam Financial Advisors, this may also be the key reason why estate consultants' report concerns about insufficient levels of estate planning in South Africa (Esterhuizen, 2013). The government's initial intention may have been to derive income from the estates of the wealthy, but the fact remains that death taxes are relevant to all of the country's citizens. Any person who owns assets, be they a home, vehicle, investment or insurance policy, however miniscule they may be, will leave behind an estate upon death. With the current turbulent economic markets, recent increases in property values etc., it is not possible to determine if an estate will be subjected to estate duty upon death.

There are a number of estate planning tools, ranging from fairly simple techniques for people with uncomplicated financial affairs to fairly complex techniques for high-net-worth individuals. In South Africa there are no policies governing the estate planning process and therefore it is essential for South African citizens to make use of the various tools or mechanisms available, such as a will, trusts, insurance policies etc., to reduce or minimise estate duties in the form of income tax, Capital Gains Tax (CGT), Security Transfer Tax (SST) and so on (Cornelissen, 2009).

Taking into consideration all of the above, it is evident that estate planning is imperative for every natural person. It is also clear that estate duty and estate planning are inter-related. The outcome of not carrying out proper estate planning before death could seriously jeopardise and burden the financial security of loved ones.

South African financial consultants and estate planning consultants have expressed great concern regarding the lack of estate planning, as well as ineffective estate planning and the number of indebted estates (Esterhuizen, 2013). The variables or factors that influence estate planning in South Africa are simply unknown. An extensive literature search suggests that no previous academic research records the antecedents that influence estate planning. Previous research has, however, addressed several other aspects of estate planning, namely *The survival of estate duty as a wealth transfer tax in South Africa* (Maartens-Dorey, 2011) and *Estate planning: the impact of estate duty and CGT on*

offshore assets (Bornman, 2010). Therefore this study seeks to explore and identify the various antecedents that influence estate planning in an attempt to help financial consultants and estate planners to promote effective estate planning in South Africa. This study further aims to create awareness of, emphasise the significance of and provide relevant knowledge about estate planning in South Africa.

1.2 PROBLEM STATEMENT

The main concern, highlighted by various estate planning consultants, is that a large percentage of South Africans do not consider or take into account the consequences of death taxation. Although there are many tools and mechanisms to curb the effects of these taxes, many South Africans do not carry out estate planning. This study therefore seeks to investigate and determine those antecedents that have an influence on estate planning in South Africa.

1.3 RESEARCH QUESTION

What antecedents influence South African citizens to do estate planning?

1.4 RESEARCH OBJECTIVES

This study will be guided by the following research objectives:

- Identify the various tools and mechanisms used in estate planning.
- Identify those antecedents that influence estate planning in South Africa positively or negatively.
- Establish if there is a relationship between death taxes and estate planning in South Africa.

1.5 IMPORTANCE AND BENEFITS OF THE PROPOSED STUDY

“One takes a lifetime to build an estate but how much time does one take to protect it?” – an important question asked by Advocate Tony Davey (Hirsh, 2011:1) that many people

do not consider. Estate planning is not a highly complicated task and if one understands the available options within this discipline, one can significantly limit one's death taxes and ensure that all liabilities are settled without placing any additional financial burden on beneficiaries (Howard, 2011). This study seeks to provide information pertaining to the variables or antecedents that influence South African citizens to do estate planning. This information can be used, firstly, to determine the possible reasons for insufficient or ineffective estate planning in South Africa. Secondly, the information can be beneficial in assisting estate consultants / estate planners to promote estate planning in South Africa in order to limit death taxes.

Considering that the estate duty taxes imposed in South Africa are as high as 20 per cent, as reflected in the Act, it is evident that the results of this study are of paramount importance. Furthermore, the South African Treasury Department indicated a few years ago that taxes upon death are to be reviewed. Some countries, for example Australia and Hong Kong, do not apply death taxes. The South African Treasury Department has also acknowledged the use of "trusts" to limit estate duty. Therefore the results of this study could benefit SARS and Treasury in the investigation of the future of estate duty taxes for South Africa.

This study can also greatly contribute to the academic body of knowledge. No similar research has been conducted in South Africa and given that the estate consultants / estate planners express concerns about insufficient estate planning, this study can serve as a useful framework for other researchers who are planning complementary investigations.

1.6 DEFINITION OF KEY TERMS

Death Tax: The Oxford Advanced Learner's Dictionary defines death tax as follows:

"Death (noun): the fact of dying or being killed"

"Tax (noun): money that you have to pay to the government so that it can pay for public services" (OALD, 2000).

Therefore, death taxes can be summarised as "the money that is paid to the government upon death".

Estate Consultant: The Oxford Advanced Learner's Dictionary defines estate consultant as follows:

“Estate (law): all the money and property that a person owns, especially everything that is left when they die”

“Consultant (noun): a person who knows a lot about a particular subject and is employed to give expert advice on a particular subject to other companies, people or organisations” (OALD, 2000).

Therefore, an estate consultant is a person who makes plans for the estate of an individual. For the purposes of this study, “estate consultant” is synonymous with the term “financial consultant” and estate planning consultant.

Estate planning tools: In this study, estate planning tools are wills, trusts and life policies used as a means to limit or reduce the amount of death taxes payable at date of death (Moore Stephens, 2012).

Inheritance tax: The Oxford Advanced Learner's Dictionary defines Inheritance tax as a tax that you must pay on the money or property that you receive from a person's estate upon their death.

Financial Consultant: The Oxford Advanced Learner's Dictionary defines financial consultant as follows: *“Financial (adj): connected with money and FINANCE: financial services / institutions, to give financial advice / assistance / support, an independent financial advisor”*

“Consultant (noun): a person who knows a lot about a particular subject and is employed to give expert advice on a particular subject to other companies, people or organisations” (OALD, 2000).

Therefore, a financial consultant is an expert on a particular subject who gives advice connected with money and finance to companies, people or organisations.

Person: Stiglingh (2012:15) defines a person as follows: “A *“person” as defined includes by implication a natural person, a juristic person (for example, a company or close corporation), an insolvent estate, a deceased estate, a trust and any portfolio of a collective investment scheme. A “person” as defined excludes a portfolio of a collective investment scheme in property and foreign partnerships.*”

South African Treasury Department: This department is responsible for managing the South Africa’s national government’s finances.

Trusts: Zerbst (2013:1) defines trusts as follows: “*Trusts are set up for a number of reasons, including preserving family assets over time; protecting assets from any poor business dealings and debt on the part of the founder; taking care of beneficiaries after the founder’s death; maintaining a spouse or child after a divorce; and so on.*”

1.7 LIMITATIONS AND ASSUMPTIONS

Due to practicality and time constraints, the researcher confined the research to the greater Gauteng province. Considering the scope of this research project, the researcher further assumed that the surveyed sample population was similar in representation and characteristics to populations in the other provinces in South Africa.

This research is limited to estate duty taxes and estate planning for natural persons residing in South Africa and excludes companies, small businesses etc.

It should be further noted that the study does not consider foreign-owned assets of South African residents, SST, VAT, business structures and limited rights with respect to estate duty and estate planning.

1.8 CONCLUSION

This chapter provides a background to the research study and outlines the research problem, aim, objectives, significance and structure of the study. The above-mentioned are described in an attempt to present and unfold arguments, as well as to demonstrate the

process used to develop ideas, discussion and conclusions. The core of the research problem relates to identifying those antecedents that influence estate planning in South Africa, in an attempt to promote estate planning, especially with the intention of curbing the effect of death taxes.

This study is organised into the following chapters:

- Chapter 1: Introduction

This introductory chapter outlines the research problem and background to the study. All relevant definitions are presented for purposes of interpretation. It clarifies the significance and objectives, as well as the format of the study.

- Chapter 2: Literature Review

This chapter provides an in-depth and critical review of relevant literature applicable to this study. This chapter forms a conceptual framework for this study.

- Chapter 3: Research Methodology

This chapter explains the research methods used in the investigation. It also provides details on the research design and methodology used and the reasons for such design and methodology.

- Chapter 4: Presentation, Analysis and Discussion of Results

In this chapter a factual report on the data collected and an analysis of findings is presented using tables and graphs. Interpretations of the findings are also discussed, making relevant links to the literature review.

- Chapter 5: Conclusions and Recommendations

In this chapter, highlights of the research findings are presented. Recommendations to facilitate improvements are made and the study is brought to a conclusion.

As explained above chapter, Chapter 2, presents and discusses the literature within the context of this study.

CHAPTER 2

LITERATURE REVIEW

This chapter provides the theoretical perspective of this empirical study. The literature review details the key concepts relevant to the study. Due to the significance of estate planning in South Africa, this chapter begins with an explanation of the concept, followed by a discussion of certain estate planning tools. The literature review then focuses on the core of this study, highlighting and explaining in detail the antecedents that affect estate planning.

2.1. INTRODUCTION

Estate planning can be defined as a process that encompasses the accumulation, conservation and distribution of an estate (American College, 2011:1.1). Meyerowitz (2010) defines estate planning as “the arrangement, management and securement and disposition of a person’s estate so that he, his family and other beneficiaries may enjoy and continue to enjoy maximum benefits from his estate and his assets during his lifetime and after death, no matter when death may occur.” It focuses on the disposition of assets at death and gives the main objective of estate planning as to develop a plan that will ensure that the financial security of the planner and their family are enhanced and maintained by giving what the estate planner owns to whom he wants and when and how the transfer should occur, while minimising administrative costs, transfer costs and taxes. The fulfilment of the estate planner’s wishes is the ultimate goal of estate planning (American College, 2011:1.1).

Moore Stephens (2012:3) states that estate planning should also seek to provide financial security during a person’s retirement years and to facilitate the intended and orderly disposition of property at death. It is emphasised that a person should start estate planning as soon as they have assets or dependants; however this is not always the case (Morrissey, 2011:13). Each plan will be unique and structured according to an estate planner’s own unique set of circumstances, goals and objectives, and reviewed regularly to take account of personal and legislative changes (Moore Stephens, 2012:3).

The objectives of estate planning, as discussed by De Swardt (2012:1006) and further emphasised by King, Victor, Van Vuren, Rossini and Oosthuizen (2013:196–197), are as follows:

- Minimise taxes and duties; for example, assets with the potential for growth are held by a trust.
- Ensure that the estate will be liquid enough to pay the potential liability for CGT and estate duty based on the projected values of the assets and liabilities of the estate.
- Provide adequate income and financial security for the planner and his family during his lifetime and for his family after his death.
- Protect assets, especially if the planner is exposed to unlimited liability because he operates a business as a sole proprietor or because he is a partner in a business.
- Avoid fragmentation of assets, which entails that where a planner does not want valuable assets to be sold after his death or they cannot be divided among his heirs, provision must be made for adequate bequests to those heirs who will not share in these assets.
- Include flexibility, to ensure that amendments can be made if changes in legislation affect the estate plan adversely.
- Provide for the disposition of the planner's assets to his chosen heirs and beneficiaries before and after his death
and
- Provide for the administration of the planner's estate both before and after his death.

Most natural persons do not have the knowledge and experience to do their own estate planning and therefore use the services of an accountant, attorney or financial advisor and in certain circumstance even all three of these specialists. Depending on the circumstances, ultimate goals and wishes of the planner, the most appropriate estate planning tool is selected to execute the plan (Moore Stephens, 2012:4).

2.2. ESTATE PLANNING TOOLS

The type of estate plan chosen is generally dependent on one of the following (De Swardt, 2012:1005):

- Fiscal reasons: The planner may want to minimise the potential liability for estate duty, income tax and CGT after his death.
- Personal and family reasons: The planner may, for example, want to provide for his spouse and children after his death. Alternatively, he may want to provide for the special needs of a handicapped member of his family after his death.
- Commercial reasons: The planner may, for example, be the sole owner of a business and may want to provide for the continued running, or possibly the sale, of the business after his death.

The most commonly used estate planning tools (Moore Stephens, 2012:7) are:

2.2.1. The last will and testament

The last will and testament is one of the most important tools in an estate plan. Each planner should have a will and this should be reviewed and updated on a regular basis. The estate planner who makes a will is referred to as a “testator” (Moore Stephen, 2012:7).

A will is a written statement that sets out how you want your assets to be disposed of upon your death. A will creates an almost unchangeable estate plan, after your death, which can only be varied if everyone with a financial interest in the estate agrees. As a result, it is important that it accurately describes your wishes. After you die, your will provides a framework for the appointment of an executor, who is responsible for the administration of your estate (Hull, Popovic-Montag & McConnell, 2005; Meyerowitz, 2010:4–1).

A joint will, described in Bove (2000:42), is a single document signed by two testators, properly witnessed, and designed to act as a will for both of them.

When it comes to a person who dies without executing a valid last will and testament, the planner's estate will be dealt with as an intestate estate, and the laws relating to intestate succession will apply (Moore Stephens, 2012:8).

If there are beneficiary arrangements stipulated in life policies, retirement annuities, pension or provident funds, the proceeds will be paid outside of the estate. A person cannot change a policy beneficiary nomination in his will (Moore Stephens, 2012:12).

2.2.2. Trusts

The Hague Convention on the Law Applicable to Trusts and their regulation of 10 January 1986 define a "trust" as "the legal relationship created during the lifetime (*inter vivos*) or on death (*mortis causa*) by a person (the founder) who places assets under the control of another (the trustee) for the benefit of a beneficiary or for a specified purpose" (Stark, 2012:817).

As discussed in Stark (2012:818), even though a trust is regarded as a relationship, it was specifically included in the definition of a "person" in section 1 of the Income Tax Act in 1991 (the "Income Tax Act") to put it beyond doubt that a trust could be subject to normal taxation. A "trust" as defined in section 1 of the Income Tax Act may consist of cash or other assets which are administered and controlled by a trustee or trustees.

The use of trusts as an estate planning tool makes numerous benefits available, from reducing or postponing taxes to delivering a more supple method of allocating assets (Hull *et al.*, 2005).

Moore Stephens (2012:14) elaborates on the different types of trust, namely Inter Vivos (Living) Trusts, Testamentary Trusts, Family Trusts and Special Trusts.

2.2.2.1. *Inter Vivos (Living) Trust*

This is a trust created during the founder's lifetime. It is established by a trust deed that sets out who the founder, trustees and beneficiaries are, defines powers and duties of

trustees and stipulates how and when the trust is to be wound up. The founder may also be co-beneficiary and/or trustee. The founder usually donates assets to the trust.

2.2.2.2. Testamentary Trust

This is a trust created in a will and comes into effect only on the death of the testator. Since the testator is also the founder, he cannot also be co-beneficiary and/or trustee. If the will is invalid for any reason, the trust will not come into effect.

2.2.2.3. Family (private) Trusts (can be testamentary or inter vivos)

The main object is the protection and maintenance of trust property, for the benefit of minor children or family relations of the founder.

2.2.2.4. Special Trusts

Section 1 of the Income Tax Act defines two types of special trust, namely a special trust for incapacitated persons and a testamentary trust.

A special trust for incapacitated persons is created for the maintenance and care of a person with a mental illness (as defined in the Mental Health Care Act) or any serious physical disability which precludes him from earning income or managing his own affairs.

A testamentary trust, on the other hand, is a trust created by a testator by or in terms of his will solely for the maintenance and care of his relatives who are alive on the date of death of the testator (including any beneficiary who has been conceived but not yet born on that date), where the youngest of those beneficiaries is under the age of 21 years on the last day of the year of assessment of that trust.

Moore Stephens (2012:17) notes that the effectiveness of the use of trusts in estate planning has been slightly negated with the introduction of CGT, but with careful planning the impact of CGT can be reduced and even completely avoided. Furthermore, as illustrated in Hull *et al.* (2005:6), money management, distribution of gifts, protection from

creditors, protection of other spouses and stepchildren and dispute resolution among beneficiaries are easily administered and managed upon death using trusts.

2.2.3. Assurance policies

The proceeds from life insurance policies can be used to replace income that the estate planner would have generated to maintain his spouse or dependents while he was alive and to pay estate expenses (funeral, income tax, estate administration, estate duty). The estate planner should try to balance affordability with his beneficiaries' anticipated needs (examine debts, income needs and expected future expenses); and on death, the proceeds from an insurance policy go to the designated beneficiary. If there are minor children, the estate planner may want the proceeds to be held in a trust for them (Moore Stephens, 2012:24).

2.2.3.1. South African “domestic” life policies

All proceeds of South African “domestic” policies taken out on the estate planner's life, where there is no beneficiary nominated on the policy, will fall into his estate on his death. Where a beneficiary is nominated in the policy, the proceeds will be deemed “property” for estate duty purposes, even though they are paid directly to the beneficiary (subject to partial exemptions based on policy premiums). Policies that are exempted from exclusion for estate duty purposes are buy and sell, key man policies, and those policies ceded to a spouse or child in terms of an antenuptial contract (Moore Stephens, 2012:24).

Moore Stephens (2012:25) demonstrates that the main aim of this tool is to provide liquidity in the estate. The estate planner may wish to take out life assurance cover, not only to provide his spouse and/or dependants with liquidity on his death, but to provide for estate duty liability or to cover a mortgage bond liability over a fixed property, vehicle finance agreements, taxes and winding-up costs such as executor's fees. To prevent the executor from having to sell an asset out of a deceased estate to cover these liabilities, it may be preferable and cost-efficient to take out life assurance to ensure estate liquidity.

2.2.3.2. *Living annuities*

As indicated in Moore Stephens (2012:25), an annuity is a policy that will provide a pension to the estate planner from the age of 55 years and older. Upon maturity, the insurance company invests the proceeds and the estate planner receives a monthly pension from the proceeds. He may take a lump-sum payment (up to one-third of the value) on maturity. Should he die before the policy matures, or decide not to use it in favour of it being used by his spouse or dependants after his death, the proceeds will attract no estate duty. Although there is no estate duty payable, his heirs may be liable for income tax on the monthly annuity benefits.

This tool can be used effectively to provide an income for spouses or dependants. By making contributions to an annuity fund during his lifetime, the estate planner is effectively taking income out of his estate to create a fund that will have no bearing on his estate, and creating an income-tax saving by deducting monthly premiums from taxable income (Moore Stephens, 2012:25).

2.3. POSSIBLE ANTECEDENTS INFLUENCING ESTATE PLANNING

Based on the available literature surveyed, the following were identified as antecedents that could possibly influence estate planning.

2.3.1. Financial planning

Mrs D. Esterhuizen, a legal specialist at Sanlam Financial Advisors, said in an interview (Esterhuizen, 2013) that the need, significance, and communication regarding estate planning emanates from financial planning processes. Esterhuizen explains that due to a lack of knowledge and information available on estate planning, South Africans are unaware of the ramifications of not doing estate planning. The concept of estate planning only dawns on many people when consulting financial planners for basic financial planning requirements such as retirement annuities, assurance and insurance policies etc.

The University of Arizona (2011) defines financial planning as a tool used to achieve financial success based upon the development and implementation of financial goals. Financial goals are specific objectives to be accomplished through financial planning. It is further mentioned that considerations affecting one's financial plan include age, marital status, number of dependants, income, education, health status and economic outlook.

Cited by the University of Arizona (2011) are three financial life cycle stages, namely:

- Stage 1: Basic Wealth Protection – focus on building financial security
- Stage 2: Wealth Accumulation – head of household has reached peak earning years, is accumulating wealth and approaching retirement
- Stage 3: Wealth Distribution – the consumption of wealth, usually during retirement and upon death

Based on the above, no two people will have the same financial plan because each financial plan must be tailored to specific individual circumstance and objectives.

Taking all of the above into consideration and with special reference to Stage 3 of the financial planning process, it is apparent that estate planning should form part of one's overall financial planning process; however many people probably only realise this when seeking assistance with regard to financial planning tasks.

2.3.2. Communication issues

Jurinski and Zwick (2013:54) state that estate planning failures can result from different types of communication problem. They imply that not all planners reveal basic information to their own families or heirs. Adult children may be completely ignorant of their parents' actual estate plans, meaning that they don't know the details of the plan or the extent of their parents' property with any accuracy. Mr G.P.J. van den Berg, associate director of PricewaterhouseCoopers, revealed in an interview (Van den Berg, 2013) that the above situation is rather common because it is not the intention of a planner to create animosity or family disruption / dispute by discussing and disclosing specific information pertaining to the distribution of equity and cash via estate planning. Van den Berg further implies that this is among the key reasons for the lack of estate planning in South Africa.

2.3.3. Dependants of the deceased

As discussed in American College (2011:1.5-1.8), family relationships have altered significantly in the last five decades. Today, the family unit is more than likely to have two working adults. Non-traditional living arrangements are increasing in number: single parents, blended families, same-sex partners and so on have become increasingly common and present a new set of issues for estate planners. For estate planning purposes, this has at least three implications. Firstly, if clients are part of the tradition of the older generation, which means that only the husband was the breadwinner, there was only one pension and most assets were titled in the husband's name, inadequate planning may threaten the economic security of the dependent spouse. Secondly, for younger couples, it is possible that both spouses will have begun to establish some financial security. However, if one partner dies, there will be a reduction in income for the survivor; therefore there must be adequate planning to compensate for the shortfall. Thirdly, non-traditional couples have a new set of planning concerns and will have a wide variety of planning needs.

In most estate planning, providing for children is the next major concern after providing for the surviving spouse. For small estates, the normal course of action is for all property to pass to the surviving spouse with distribution to children at the death of the surviving spouse. For larger estates, planning for the ultimate distribution to children often begins while both the husband and wife are still living (American College (2011:1.5-1.8)).

It is important to consider who will take care of minor children and how their care and education will be paid for until they become adults. Without an estate plan, a judge will make these important decisions of behalf of the estate planner. Decisions should also be made in an estate plan with regard to a child or beneficiary who has the potential to squander their inheritance or may be unduly influenced by an overbearing spouse or partner after death (Garber, 2013). Some parents worry about their children's ability to handle money. The child may be a drug addict, a spendthrift or an alcoholic, and this is also a reason why a person does not do estate planning (Yeske, 2013:1). Proper estate planning, however, can however address such concerns by using mechanisms such as trusts to manage and parcel out money to the child.

With today's high divorce and remarriage rates it is not uncommon to find children in a family from different marriages; this can also present some sensitive problems when it comes to planning an estate. For couples faced with this kind of decision, specific planning may be needed. A common solution is to use trusts to provide for the surviving spouse while leaving the assets in trust for the named beneficiaries of the deceased (American College, 2011:1.5–1.8). Estate planning will prevent resentment and costly lawsuits later (Garber, 2013).

2.3.4. Relationship dynamics

Jurinski and Zwick (2013:54) highlight that people need to understand the family dynamics involved in estate planning, and that sometimes complex family dynamics make estate planning difficult and therefore a discouraging task. Mistakes about the financial or personal situation of heirs appear to be a leading cause of inappropriate estate planning. These problems can be magnified in blended families, for example where a person has one or more ex-spouses or partners and children from prior relationships. Jurinski and Zwick (2013:54) also explain that the financial status of the various ex-partners may differ markedly, as it may be with the relationship of the client with each of those former partners.

Recently accepted recognised norms and relationships in legislative form further influences estate planning. The Taxation Laws Amendment Act (SARS, 2012) has extended the definition of “spouse” to include “a same-sex or heterosexual union which the Commissioner is satisfied is intended to be permanent”. Many pieces of legislation now define “spouse” to include a partner in a cohabitative relationship, including the Pension Funds Amendment Act and Taxation Laws Amendment Act, which means that cohabitees will benefit from the Section 4(q) estate duty deduction in the Estate Duty Act and the donations tax exemptions of the Income Tax Act. Therefore, it is important to understand the legal implications of the marital property regime, especially when drafting a last will and testament and also when entering into a marriage, as the regime the estate planner chooses will affect his assets (King *et al.*, 2013; Moore Stephens, 2012).

Regardless of a person's marital status, estate planning is very important. However, the type of marriage can have a significant effect on an estate plan. Moore Stephens (2012:22) and King *et al.* (2013:41) discuss the three most important forms of marriage: marriage in community of property, marriage with antenuptial contract and the accrual marriage.

2.3.4.1. *Marriage in community of property*

In this form of marriage, there is no prior contractual arrangement apart from getting married and the spouses have two distinct estates. A joint estate may apply, with each spouse having a 50 per cent share in each and every asset in the estate (no matter in whose name it is registered). All assets acquired before and during the marriage of each person are subject to their estates and any debts incurred will automatically bind their spouse, who becomes liable for the debt. In the case of sequestration the joint estate is sequestrated (Moore Stephens, 2012; King *et al.*, 2013).

2.3.4.2. *Marriage out of community of property (antenuptial contract)*

In this form of marriage an antenuptial contract is drawn up by an attorney (who is registered as a notary) before marriage. If there is no proof of such contract, then the marriage is automatically deemed in "community of property." With this form of marriage the value of each spouse's estate going into the marriage is usually stipulated in the contract. A marriage by antenuptial contract means that all property owned by the spouses before the date of marriage remains the sole property of each spouse. Therefore each spouse controls their own estate exclusively without interference from the other spouse, although each has a duty to contribute to the household expenses according to their means. To allow for assets acquired by spouses during the marriage to remain the sole property of each spouse, the accrual system must be specifically excluded in the antenuptial contract (Moore Stephens, 2012; King *et al.*, 2013).

2.3.4.3. Antenuptial contract with accrual

The accrual system automatically applies unless expressly excluded in the ANC. In this form of marriage the accrual system addresses the question of the growth of each spouse's estate after the date of marriage. The spouse whose estate shows the smallest financial growth will have a claim against the estate of the other spouse at dissolution (death or divorce). Furthermore, the estate with the smallest growth will have a claim of 50 per cent of the difference between the growth in the respective estates, calculated with reference to the consumer price index to take inflation into account. Not all assets are included in the accrual calculation; for example inheritances, donations or legacies received by one spouse during the course of the marriage, donations between spouses, any assets specifically excluded in the contract, and any cash paid to the spouse in regard to a claim for defamation as such would have been of personal nature are excluded (Moore Stephens, 2012; King *et al.*, 2013).

2.3.4.4. Divorce

In the event of divorce, as discussed in Moore Stephens (2012:23), the marriage will be dissolved by court decree, which will address such aspects as child maintenance, access, guardianship and custody, spousal maintenance, the division of assets, division of pension interests and so on. The divorce order will have an effect on the estate plan, which therefore needs to be reviewed and adjusted accordingly.

Therefore, it is important to understand the legal implications of the marital property regime, especially when drafting a last will and testament and also when entering into a marriage, as the regime the estate planner chooses will affect his assets (King *et al.*, 2013; Moore Stephens, 2012).

2.3.5. Emotional issues

Jurinski and Zwick (2013:55) explain that a person's attitude and biases, as well as a reluctance to deal with sensitive family issues, can create barriers to any estate planning process. The planner needs to be honest about intimate family issues such as conflict,

rivalry among dependants, substance abuse and the marital and financial status of heirs. Esterhuizen (2013) concurs with this view and further states that one of the principal reasons for South Africans procrastinating or postponing the estate planning exercise is the emotional concerns linked to distrust, confidentiality and beneficiary loyalty.

2.3.6. Size of estate

De Swart (2012:1009) advises that the value of the assets in an estate will also influence the estate plan. The higher the value of the assets and the likely estate duty liability on the death of a person, the more complex is the estate planning required. Depending on the size of the estate, it is also important for an estate to have liquidity, especially if there is a possible estate duty liability.

Yeske (2013:1), on the other hand, mentions that one does not need to have a large estate facing taxes in order to require an estate plan. Yeske claims that even a small estate should have at least a will, a living will, a health-care proxy and/or a durable power of attorney. This is pertinent because one cannot determine when the estate plan may come into effect, and due to growing retirement accounts, increased home values and life insurance, a person may have a larger estate than they realise and it will be subjected to relevant taxes (King *et al.*, 2013:175).

2.3.7. Legislation and dynamic changes

Although a tax-minimising plan may be well designed, it may produce an unexpected and unwelcome result because tax law, financial conditions or family dynamics have changed by the time the estate plan comes into effect (Jurinski & Zwick, 2013:57). Davis, Beneke and Jooste (2000:1–5) also agree with this notion and say that an estate plan must be flexible and always kept current. They further state that building sufficient flexibility into an estate plan will allow for changes in the legal environment, personal and family circumstances of an estate planner.

Van den Berg (2013) also declares that it is of paramount importance for an estate planner to review his estate plan regularly, especially if there is an unborn child; if the number of

dependants increases; if there is a family member who is financially dependent on the planner; if there are any sudden increases or decreases in assets; if there are changes in tax; or if the relevant laws change.

2.3.8. Estate duty

Van den Berg (2013) and Esterhuizen (2013) concur that the greatest reason for embarking on estate planning exercises is to protect against the effects of estate duty in the most effective way possible.

Estate duty is a tax levied in terms of the Estate Duty Act, Act 45 of 1955 (hereafter referred to as the “Act”) and is collected by the Commissioner of the South African Revenue Service (SARS) in respect of the estate of every person who died on or after 1 April 1955. Estate duty is a capital transfer tax and it replaces the succession duties that were formerly levied in terms of the Death Duties Act 29 of 1922. The tax is levied at a rate of 20 per cent of the dutiable amount of an estate since 1 October 2000 in terms of the Act. In order to take the maximum advantage of the deductions and abatements available, the financial affairs of the planner must be structured in a manner that allows this. Estate duty is payable only if the net value of the estate exceeds the rebate amount, which means that all estates under R3 500 000 are exempt from estate duty.

In order to calculate the estate duty liability of an estate, it is important to ascertain whether the deceased person was ordinarily resident in the Republic or whether he was a non-resident, as this will affect the calculation of the liability. If the individual was ordinarily resident in the Republic at his date of death, all property, including property outside South Africa (unless section 4(e) or a Double Tax Agreement (DTA) applies), will be included in the gross value of his estate. Property also includes “deemed property”, for example certain domestic insurance policies on the life of the deceased. As from 1 January 2009, no retirement benefit lump sums or annuities received as a result of death will be included in the property of the deceased’s estate (section 3(2)(i)). (Oosthuizen, 2012:981).

If the individual was a non-resident at his date of death, estate duty can only arise in respect of certain “property” situated in South Africa (in terms of section 3(2)). The

following property held by a deceased person who was not ordinarily resident in South Africa at the date of his death is excluded (Oosthuizen, 2012:985):

- immovable property situated outside South Africa (section 3(2)(c))
- movable property physically situated outside South Africa (section 3(2)(d))
- any amount owing to the deceased that cannot be recovered in the courts of South Africa (section 3(2)(e))
- any goodwill, licence, patent, design, trademark, copyright or other similar right not registered or enforceable in South Africa or not attached to any trade, business or profession in South Africa (section 3(2)(f))
- any stocks or shares held in a body corporate that is not a company (section 3(2)(g))
- any stocks or shares held in a company where any change of ownership in such stocks or shares is not required to be registered in South Africa (section 3(2)(g))
- any rights to any income produced by or proceeds derived from any property referred to in section 3(2)(e), (f) or (g) (section 3(2)(h))

“Deemed property” refers to certain property items that did not exist at the date of death. As suggested by Oosthuizen (2012:985), section 3(3) provides that property that is deemed to be property of the deceased includes:

- domestic insurance policies on the deceased’s life
- property donated by the deceased in terms of a *donatio mortis causa* (a donation in contemplation of death) and property donated where no benefit is passed until the death of the deceased
- an accrual claim against the deceased’s surviving spouse in terms of section 3 of the Matrimonial Property Act 88 of 1984
- property that the deceased was competent to dispose of for his own benefit or for the benefit of his estate immediately prior to his death

The deciding requirement is that the policy must be on the deceased’s life (section 3(3)(a)), regardless of who the owner or the beneficiary of the policy is.

Table 2-1: Framework for the determination of estate duty

Step 1	Determine a deceased's "property" as provided for in section 3(2) and as valued in the manner provided for in section 5.	Rxxx
Step 2	Determine what amounts must be included as "deemed property" as provided for in sections 3(3), (4) and (5) and value these amounts in the manner provided for in section 5.	Rxxx
Step 1 + Step 2 =	Total gross value of the property	Rxxx
Step 3	Determine what deductions are allowed in terms of the Estate Duty Act (section 4 of the Act).	(Rxxx)
Gross value of estate less deductions =	Net value of the estate	Rxxx
Step 5	Subtract the abatement provided for in section 4A of R3 500 000.	(R3 500 000)
	Dutiable amount (if any) of estate for estate duty purposes	Rxxx
Step 6	Apply the rate of estate duty (20%) to the dutiable amount.	Estate duty payable Rxxx

Source: Botha, Geach, Goodal & Rossini (2004:533).

The Act allows for the R3 500 000 abatement from estate duty to roll over from the deceased to a surviving spouse so that the surviving spouse can use a R7 000 000 abatement amount on death. The portability of the abatement will apply to the extent that the first-dying spouse did not use the entire abatement. It appears that the portability of the abatement will only apply when the entire value of the estate of the first-dying spouse is

left to the surviving spouse. Previously the technique of bequeathing the R3 500 000 away from the surviving spouse (often to a trust) so as to reduce the estate of the surviving spouse, and thus reduce estate duty liability in the second-dying's estate, was not always a viable one as it often meant that access to cash and capital became more difficult for the surviving spouse (Moore Stephens, 2012).

The scrapping of estate duty has been on the cards for a number of years now. It is generally believed that estate duty in South Africa will either be scrapped or scaled down in the future and that CGT will then be the main way to tax a deceased estate. If estate duty is indeed scrapped, it will affect the estate planner's planning requirements (Moore Stephens, 2012).

Donations where the donee will not benefit until the death of the donor and where the donation only materialises if the donor dies are not subject to donations tax. These have to be included as an asset in the deceased estate and are subject to estate duty (Moore Stephens, 2012).

If the planner donates assets during the course of his lifetime to his children, these assets will fall outside his estate at his date of death, resulting in the further reduction in estate duty payable at death. The donations made will, however, attract donations tax. The donations tax provisions are contained in section 54 to section 64 of the Income Tax Act. If the value of the donations is more than the annual exclusion of R100 000 per annum, this amount will attract donations tax at a rate of 20 per cent. This rate applies to property donated on or after 1 October 2001. Non-residents are not liable for donations tax even if they donate South African assets. The donations made by the planner to his children will decrease the estate duty payable by his estate, but will increase or add to his children's estates. The donation of the asset/s will attract CGT and will be treated as a disposal at market value for CGT purposes, resulting in the donor being liable for this tax.

According to Koekemoer (2012:926-929), CGT is activated at death through a deemed disposal whereby the deceased is deemed to have disposed of all his assets to his estate at market value at the time of death. Assets bequeathed to a surviving spouse do not incur CGT as they are subject to roll-over relief. If the estate consists of a primary residence and

personal-use assets, no capital gains will be payable as the primary residence exclusion still applies to the estate and personal-use assets are specifically excluded from CGT. Any taxable gain in an estate is calculated at a rate of 33.3 per cent. Capital gains tax will be a liability in the estate, thus reducing the dutiable estate for estate duty purposes. The following exclusions from CGT will be applicable at death when determining the liability of the deceased:

- disposal to an approved Public Benefit Organisation;
- long-term insurance policies which, if received or accrued to the deceased, would have been disregarded for CGT;
- retirement funds which, if received or accrued to the deceased, would have been disregarded for CGT;
- the first R1.5 million in respect of a primary residence;
- the first R750 000 in respect of small business assets;
- personal-use assets as defined;
- currency, excluding gold and platinum coins; and
- the annual exclusion, which at death is R200 000 (for years of assessment commencing on 1 March 2012. Before that date the exclusion was R120 000).

2.3.8.1. Current amendments to the Estate Duty Act

Prior to the introduction of CGT it was common practice in the estate planning environment to bequeath outstanding debts to the relevant debtors on the death of a planner, or to write off a portion of the debt. According to PricewaterhouseCoopers (2013), effective from 1 March 2013, the end result is that the bequest of an outstanding loan to a particular creditor or the reduction of a loan by way of donation during the lifetime of the debtor is no longer subject to CGT. The Explanatory Memorandum on the Taxation Laws Amendment Bill (2012:45) seems to indicate that the reason for this change is that in the case of a bequest in an estate the debt will be subject to estate duty and in the case of a donation, to donations tax (PricewaterhouseCoopers, 2013).

2.3.9. Cost and time

Yeske (2013:1) declares that many people postpone estate planning due to the cost and time it requires. It costs money to write a will, set up trusts, pay attorney's and financial planning fees, and carry out the other things necessary to prepare a good estate plan. However, without such plans, the costs can be much higher for beneficiaries if the rules of administration and distribution of an estate are not in place.

Yeske (2013:1) acknowledges that estate planning can take a lot of time and that it is an ongoing task because of updates from time to time. Yeske does however declare that far more time is involved for the beneficiaries when there is no estate plan, which also translates into further expense.

2.4. BIOGRAPHICAL VARIABLES INFLUENCING ESTATE PLANNING

Esterhuizen (2013) and Van den Berg (2013) both feel that biographical profiles relating to age, numbers of dependants, education level, marital status and income-earning level may have an influence on persons concluding estate plans. However these estate-planning consultants also state that this theory has not been tested and there are no statistics, studies or factual evidence to confirm such views.

2.5. CONCLUSION

This chapter presented the most relevant literature available on estate planning. First, the concept of estate planning was discussed to provide a basic understanding of this topic. The commonly used estate planning tools were then presented and briefly discussed. The possible factors that influence estate planning were then explored. This gives the framework focus of this study.

Chapter 3 focuses on the research methodology that was utilised for this study.

CHAPTER 3

RESEARCH METHODOLOGY

This chapter focuses on the research methodology used in this study. First, the rationale of the study and hypotheses formulated therefrom are recorded. Then options and techniques available for conducting research and reasons for methods selected for this particular study are given. Discussed in depth are the research design; research philosophy and strategy; sampling design; and strategies for collection, analysis and presentation of data. Details of the preliminary pilot study are also reviewed. Finally concerns regarding reliability, ethical bias and considerations related to this research are presented.

3.1. INTRODUCTION AND RATIONALE FOR THE STUDY

The underlying aim of this study is to determine those antecedents that influence the South African population to do estate planning, with specific relevance to death taxes benefit.

3.2. RESEARCH HYPOTHESES

Hypotheses are conjectural statements of the relationship between two or more variables, which carry clear implications for testing the stated relation. Zikmund (2003:99) defines “hypothesis” as an unproven proposition or possible solution to a problem that explains certain facts or phenomena after applying empirical testing. Hypothetical statements assert probable answers to research questions. After identifying proper variables, the network of association among variables must be elaborated so that relevant hypotheses can be developed and subsequently tested.

Following the framework of the literature review, which was used as a basis for focus and measurement in this study, carefully formulated hypotheses were constructed to test for

relationships and significance among the independent and dependent variables. The following hypotheses were formulated for this study:

3.2.1. Hypothesis 1

H_1 : There is a significant relationship between the antecedents that influence estate planning and perceptions of estate planning in South Africa.

H_0 : There is no significant relationship between the antecedents that influence estate planning and perceptions of estate planning in South Africa.

3.2.2. Hypothesis 2

H_1 : There is a significant relationship between death taxes and estate planning in South Africa.

H_0 : There is no significant relationship between death taxes and estate planning in South Africa.

3.2.3. Hypothesis 3

H_1 : There is a significant difference between the views of South Africans of varying biographical profiles (age, marital status, number of dependents, education level and income group) with regard to estate planning.

H_0 : There is no significant difference between the views of South Africans of varying biographical profiles (age, marital status, number of dependents, education level and income group) with regard to estate planning.

3.3. THE RESEARCH DESIGN

According to Hussey and Hussey (1997:1), there is no common agreement in literature on how research should be defined; however there is widespread agreement that:

- research is a process of enquiry and investigation,

- it is systematic and methodical, and
- it increases knowledge.

Research design, as defined by Zikmund (2003:65), is a master plan specifying the methods and procedures for collecting and analysing the required information.

3.3.1. Types of research design

Research designs are classified in terms of their purpose. Some of the common forms of research design explained by Leedy and Ormrod (2013) and Cooper and Schindler (2001), include descriptive, explanatory, exploratory, causal-comparative and inductive and deductive research. The researcher recognises that good business research requires the selection of a research design that satisfies the needs of a particular study.

Inductive research begins by making observations, collecting data and looking for patterns in the data before arriving at any explanation (Leedy & Ormrod, 2013:18–19). Deductive research begins with a hypothesis and uses data collected subsequently to test the hypothesis (Saunders *et al.*, 2012:145). Both the inductive and deductive research design approaches were used in this study, because the researcher began the study by making certain observations as well as by formulating precise hypotheses. The intention was to look for patterns in the data and test the hypotheses in order to provide insight for recommendations.

3.4. SAMPLING DESIGN

As explained by Tustin, Lightelm, Martins and Van Wyk (2005:336), sampling design involves defining the sample population, selecting the sampling technique, determining the appropriate sample size and finally drawing the sample.

3.4.1. Population and sample

Sekaran (2003:265) defines a population as the entire group of people, events or things of interest that the researcher wishes to investigate. In this study, due to time and practical

constraints, the population of interest was limited to the greater Gauteng area. The assumption made is that the population group selected will show similar results when compared to other provinces in South Africa, as location was not identified as a variable of investigation for the study.

Generally, populations of interest are too large to make it feasible to obtain all the measurements. In such instances a subset of the population is measured. A sample is a subset of items drawn from a population (Wegner, 2008:6). Zikmund (2003:369) describes sampling as a process of using a small number of items or parts of a larger population to draw conclusions or make inferences about the entire population.

3.4.2. Sampling techniques

The sampling technique selected for this research study was guided by the decision tree provided by Saunders *et al.* (2012:261). Simple random sampling, which is a form of probability sampling, was selected as the most appropriate sampling method owing to the scientific nature of this research and the fact that statistical analysis was required to test the hypothesis.

3.4.3. Sample size

Stutely (cited in Saunders *et al.*, 2012:266) advises that if any statistical analysis is to be performed, a minimum sample size of 30 is required. Taking this into consideration and with the time constraints on administration and analysis with respect to this study, the sampling size was limited to 85.

3.5. DATA COLLECTION TECHNIQUES

Questionnaires designed by the researcher were used in this study to collect information. The questionnaire is one of the most widely used survey data collection techniques (Saunders *et al.*, 2012:417). The reasons for using questionnaires instead of interviews are that data can be collected much faster with little effort or expense, and it is much easier to quantify and standardise questionnaire responses. Furthermore, as pointed out

by Cooper and Schindler (2001) and Sekaran (2003), a questionnaire is a highly effective research tool when the researcher knows precisely what is required and how to measure the variables of interest.

3.5.1. Questionnaire construction

Saunders *et al.* (2012:416) describe questionnaires as carefully structured questions, chosen with a view to eliciting reliable responses from a chosen sample. Questions are classified as closed-ended or opened-ended type. Zikmund (2003:331) and Saunders *et al.* (2012:432) explain that with open-ended questions respondents are meant to answer in their own words whereas with closed-ended questions, respondents choose from specific, limited alternate responses the one that is closest to their viewpoint. The questionnaire research instrument used in this study (see **Appendix A**) comprised 33 carefully structured closed-ended questions. Closed-ended questions were used because of the following advantages, presented by Malhotra (1999:178):

- Data obtained is reliable as responses are limited to alternatives stated.
- The variability of results is reduced due to the nature of fixed response questions.
- Coding, analysing and interpreting results is simple.

Tustin *et al.* (2005:39) declares that questionnaires should be designed to collect useful information by incorporating questions and response options based on the research objectives, with the intention of using the collected data to solve the research problem. The questionnaire items formulated were based on the literature review.

The questionnaire was divided into three parts. Respondents were instructed to read through the questions carefully and answer as accurately as possible. Assurances of confidentiality and anonymity were given in the questionnaire.

- a) Part A** of the survey included biographical questions used to obtain demographic information on the respondents, in the form of nominal scaled data (that is, labels for identification (Zikmund, 2003:296)), relating to age, marital status, number of dependants, occupational level and net monthly income.

As per the literature review, Esterhuizen (2013) implies that the biographical profiles relating to age, marital status, number of dependants, occupational level and net monthly income could have an influence on estate planning. Therefore, the main reason the researcher gathered biographical data for this particular study was to determine if biographical variables influence estate planning in South Africa. There is no available literature that measures the association between biographical variables and estate planning; therefore this study also seeks to determine if biographical variables can also be considered as antecedents that influence estate planning.

b) Part B, the body of the survey, was divided into two subsections. The questions included in the first section were based on estate planning (dependent variable) and the questions forming the second subsection were based on antecedents that may influence estate planning in South Africa (independent variables), as identified in the literature review. Considering that the questions were designed to evaluate the respondents' opinions and perceptions relating to these central themes, the Likert scale measuring instrument was used for this part of the questionnaire. Saunders *et al.* (2012:674) define the Likert scale as a scale that allows respondents to indicate how strongly they agree or disagree with a statement. According to Saunders *et al.* (2012) and Fox and Bayat (2007), a Likert scale is often used in survey design to get around the problem of obtaining meaningful quantitative answers to restricted closed-ended questions. The advantages of using the Likert scale include ease of construction, administration and scoring (Saunders *et al.*, 2012:436).

For Part B of this instrument, responses were made on a 5-point Likert scale (1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree; 5 = strongly agree). Measurement was made by obtaining the respondents' extent of agreement according to corresponding indicators with regard to estate planning and influences thereon.

Question 1 of Part B was used to gather data relating to the respondents' perceptions and knowledge of estate planning within a South African context. These five questions relate to the core significance of estate planning, which was identified in the literature review. The following sources were used to formulate the questions for this section: American College,

2011; Bove, 2000; De Swardt, 2012; Hull *et al.*, 2005; King *et al.*, 2013; Meyerowitz, 2010; Moore Stephens, 2012; Stark, 2012.

Question 2 of Part B related to the most prevalent factors that influence estate planning, which were identified in the literature review. Twenty-two questions were used in this section to gather information from respondents, measuring the actual effect that antecedents have on estate planning. These antecedents were categorised into positive and negative influences on estate planning. It was identified in the literature review that the positive antecedents that influence estate planning are: financial planning, dependants of the deceased, relationship dynamics, size of estate and estate duty; while the negative factors that influence estate planning are: communication issues, emotional issues, legislation and dynamic changes and cost and time. The following sources were used to formulate the questions for this section: American College, 2011; Botha *et al.*, 2004; Esterhuizen, 2013; Davis *et al.*, 2000; De Swardt, 2012; Garber, 2013; Jurinski & Zwick, 2013; King *et al.*, 2013; Koekemoer, 2012; Moore Stephens, 2012; Oosthuizen, 2012; PWC, 2013; SARS, 2012; University of Arizona, 2011; Van den Berg, 2013; Yeske, 2013.

3.5.2. Questionnaire administration

The questionnaires were administered via the Qualtrics survey program. The web address of the online questionnaire was e-mailed to various companies and individuals that formed part of the sample population.

The online web self-administration method was selected to administer the questionnaire using personal, facsimile, mail and e-mail or telephonic questionnaire administration methods, due to the following advantages pointed out by Tustin *et al.* (2005:252).

- Online surveys can take advantage of the graphic power available via “html and JavaScript” languages to create attractive, interesting and well-integrated surveys that are appealing to respondents.
- Web-based polls are noted for their ability to generate a higher number of responses than mailed, facsimiled or e-mailed methods.
- A large number of responses can be collected very quickly as opposed to the other methods mentioned.

- Interviewer error and bias are minimised when compared with personal or telephonic administration survey methods.
- Respondents feel assured of confidentiality and anonymity with online surveys as opposed to all of the other administration methods.
- Comparing all of these administration methods, the cost of both data collection and data analysis is reduced with questionnaires administered online.

3.5.3. Pilot study

Pilot testing is intended to reveal errors in the design and improper control of extraneous or environmental conditions (Cooper & Schindler, 2001:399). Pre-testing the instrument permits refinement before the final survey is administered. The objective is for the pilot study to generate all practical problems that may ultimately arise so that the researcher can avert these problems by changing procedures, instructions and questions before administering the survey to the entire sample population.

Fifteen respondents who met the requirements of the research study and agreed to be a part of the pilot study were used to test the questionnaire. The researcher personally administered the questionnaires by being present when the questionnaires were completed by the respondents. The researcher focused on finding evidence of ambiguous questions, misinterpretation and misunderstanding of questions in terms of language, wording, sequence and structure, and the possibility of ethical dilemmas. The results of the pilot study were also subjected to reliability testing using Cronbach's Alpha. After the questionnaire was tested, appropriate modifications were made.

3.6. DATA ANALYSIS

The aim of data analysis is to understand the various constitutive elements of the researcher's data through an inspection of the relationships between concepts, constructs or variables. This involves editing and reducing accumulated data into manageable sizes and then applying statistical techniques to determine any patterns or trends that can be identified or isolated (Cooper & Schindler, 2001; Shajahan, 2004).

The edited raw data was captured and collated using Microsoft Excel version 7. The descriptive and inferential statistical analysis of data was carried out by Rina Owen, statistician of the University of Pretoria, using SAS (version 9.2). The dependent variable in this research study is estate planning in South Africa. The independent variables are the antecedents that influence estate planning either positively or negatively. A discussion on the statistical techniques applied is given below.

3.6.1. Descriptive statistics

Descriptive statistics provide simple summaries of the sample and measures, that is they present quantitative descriptions in a manageable form (Wegner, 2008:34). The descriptive statistics used in this study are frequency distribution, measures of central location and measures of dispersion / variability.

3.6.1.1. *Frequency distributions*

Frequency distributions fall into the category of univariate statistics, that is, one variable is described. Frequency distributions are the easiest way to describe the numerical data of one variable. The number of times various subcategories of a certain phenomenon occur, from which the percentage and cumulative percentage of the occurrence of the subcategories can be easily calculated, are referred to as frequencies (Sekaran, 2003:395).

In this study, frequency distribution graphs were used to reflect the results of each questionnaire item.

3.6.1.2. *Measure of central location*

Researchers sometimes find it necessary to summarise the information about one variable into a single number. According to Veal (2006) and Wegner (2008), a central location statistic represents a typical or middle data point of a set of observations and is useful for comparing data sets. The above authors list three measures of central location, namely

arithmetic mean (also known as arithmetic average), mode and median (also called the second quartile).

The arithmetic mean is the sum of all the observations divided by the number of observations; the median is the central item in a group of observations when they are arrayed in either ascending or descending order; and the mode is the most frequently occurring number (Sekaran, 2003:396). Such measures were used to summarise the results of each question in Part B of the survey, grouped in central themes as identified in the literature review.

3.6.1.3. Dispersion / Variability

Measures of dispersion provide useful information with which the reliability of the central value may be judged. Widely dispersed observations indicate low reliability and are less representative of the central value. Conversely, a high concentration of observations about the central value increases confidence in the reliability and representativeness of the central value (Saunders *et al.*, 2012; Wegner, 2008). Measures used to describe dispersion or variability include range, interquartile range, quartile deviation, variance and standard deviation.

Of these, this study uses range and the standard deviation only. This was motivated by the observation that these are the most useful and reliable measures of dispersion (Sekaran, 2003; Wegner, 2008), the reason being that they take every observation into account and that they are based on the average deviation from a central value. The range of a set of measurements is the numerical difference between the largest and smallest measurements, while standard deviation is a measure of the average of the deviations of each score from the mean, calculated as the (positive) square root of the variance of the set (Sekaran, 2003:399). Such measures were applied to each question in Part B of the survey, grouped in central themes as identified in the literature review.

3.6.2. Inferential statistics

Inferential statistics are used to draw an inference about a population from a sample (Zikmund, 2003:402). Inferential statistics may be classed as parametric or non-parametric. Parametric statistics are based on the assumption that the population from which the sample is drawn is normally distributed; non-parametric statistics make no assumption about the normality of distribution in the population. Parametric statistics can be used only when data is collected on an interval or ratio scale, whereas non-parametric statistics may be applied to a nominal or ordinal scale (Cooper & Schindler, 2001; Zikmund, 2003). The inferential statistics applied to this study include Correlation Analysis and Analysis of Variance.

3.6.2.1. Correlation analysis

Correlation analysis is a statistical tool used to describe the degree to which one variable is linearly related to another. It measures the strength of linear association between two variables (Saunders *et al.*, 2007; Wegner, 2008). The authors specify two common measures used for correlation, namely Pearson's correlation coefficient and Spearman's rank correlation. Pearson's correlation coefficient computes the correlation of variables measured on an interval or ratio scale, while Spearman's rank correlation finds the correlation between ordinal-scaled variables.

For this study variables were measured on interval scales, and therefore Pearson's correlation coefficient was used to determine the significance of the relationship between independent variables and the dependant variable used to test Hypotheses 1 and 2.

3.6.2.2. Analysis of Variance

Analysis of variance (ANOVA) is used when the means of two or more groups or populations are to be compared on an interval or ratio-scaled variable (Sekaran, 2003:404). It is a useful tool that helps to identify sources of variability from within two or more groups. The results of the ANOVA test show whether or not the means of the various groups are significantly different from one another.

For this study ANOVA tests were used to discover whether significant differences existed between the views of respondents of varying biographical profiles (age, marital status, number of dependants, education level and income level) and the perceptions of estate planning used to test Hypothesis 3.

3.7. PRESENTATION OF DATA

There are four basic ways to present data in a research report: in text, semi-tabular form, tables and graphs (Cooper & Schindler, 2001; Zikmund, 2003). Text, tables and graphs were used in this study.

Text presentation is most commonly used when there are only a few statistics. In this type of presentation, the researcher directs the reader's attention to certain comparisons or numbers to highlight a point (Cooper & Schindler, 2001:637). Tables and graphs, on the other hand, are pictorial representations used to simplify research data. The main objective of a table or graph is to facilitate the summarising and communicating of the meaning of data (Zikmund, 2003:483). In this study the data was presented using both tabular and graphic representations. Bar charts were used for frequency representation and tables were used to reflect the results obtained from the descriptive and inferential statistics.

3.8. RELIABILITY

In general reliability tells the researcher about an indicator's degree of dependability and consistency. Zikmund (2003:300) explains reliability as applying to a measure that yields similar results over time and situations, which supports concepts of repeatability and internal consistency. According to Sekaran (2003:307) the reliability of a measure is established by testing for consistency and stability.

The measure of consistency can be determined using Cronbach's Alpha or Split-half Reliability Coefficient, and the stability of a measure can be tested through the Test-retest or Parallel Form methods (Sekaran, 2003:307). For this study Cronbach's Alpha was used

based on advice from Sekaran (2003:308), who states that in almost every case this method of consistency reliability testing is adequate. Cronbach's Alpha test results of the pilot study are illustrated in Table 3-1.

Table 3-1: Cronbach's Alpha: pilot study

Dimensions	Cronbach's Alpha
Estate planning	0.731
Antecedents influencing estate planning	0.803
	0.736*

An alpha value at 73.6% indicates that the data collected for this pilot study is at a level that indicates a strong reliability, thus encouraging further statistical relationships to be tested. The researcher noted that with an above-average measured result of reliability based on the pilot study, the instrument was deemed reliable and fit for administration of the main study.

3.9. ELIMINATION OF BIAS

In research, bias is any influence, condition or set of conditions that slightly or together distort the data (Welman *et al.*, 2005; Saunders *et al.*, 2012). The authors advise that elimination of bias aims to ensure that research studies are free of racial and ethnic stereotypes or other forms of insensitivity that might have interfered with the participants' performance and unintentionally favoured some participants over others. If the researchers' personal bias affects the sample selected, then such sample will not truly represent the entire population. To eliminate bias, the researcher was not directly involved in the selection of the sample. In addition the data collection was carried out in a non-contrived setting, that is, the natural environment of the respondents with no interference from the researcher.

3.10. ETHICAL CONSIDERATIONS

Like other aspects of business, research demands ethical behaviour from participants. Ethics are norms or standards of behaviour that guide moral choices about our behaviour and our relationship with others (Cooper & Schindler, 2001:112). Cooper & Schindler

(2001) and Zikmund (2003) concur in declaring that the goal of ethics in research is to ensure that no-one is harmed or suffers adverse consequences from research activities. There is widespread agreement that the ethical rights of a respondent are rights to privacy, voluntary participation, anonymity and confidentiality (Cooper & Schindler, 2001; Saunders, Lewis & Thornhill, 2012; Zikmund, 2003).

For this study the researcher complied stringently with ethical considerations based on guidelines provided by Saunders *et al.* (2012:208). The approach taken to safeguard respondents included the use of “plain” language statements describing the research objectives and procedure, protecting the identity and privacy of all respondents involved and protecting the information gathered. Furthermore the researcher made respondents aware from the start that they would experience no harm in participating in the survey and that participation was completely voluntary.

The results of the study were presented as collated summaries in the form of tables and graphs, thereby further ensuring respondents’ confidentiality and anonymity. Confidentiality and anonymity were emphasised throughout this study.

3.11. CONCLUSION

This chapter presented the research design and methodology applied to this study. The sampling design and data collection techniques were explained in detail and data analysis and presentation were also discussed. A report on the reliability of this study investigation was given and the chapter closed with a discussion addressing eliminating bias and ethical concerns.

Chapter 4 focuses on the presentation of data and discussion of the results.

CHAPTER 4

PRESENTATION, ANALYSIS AND DISCUSSION OF RESULTS

This chapter outlines the methodology employed in the analysis of the data extracted from the questionnaire designed by the researcher. The raw data was captured using Microsoft Excel and processed using SAS (version 9.2). Descriptive and inferential statistics were adopted. Descriptive analyses performed include frequency distributions and measures of central tendency, dispersion and variability. Inferential statistics include correlation analysis, analysis of variance and regression analysis. Results are displayed in tabular and graphic format as well as summarised text. Thereafter the findings are analysed and discussed.

4.1. DESCRIPTIVE STATISTICS

The results obtained from the study are given below. Respondents were required to indicate the extent to which they agreed or disagreed with each of the statements relating to perceptions or opinions on estate planning and antecedents that influence estate planning, using a 5-point Likert scale – the higher the mean score, the greater the agreement with the item. Descriptive statistics such as frequency distributions and measures of central tendency, dispersion and variability were obtained for the interval-scaled independent and dependent variables. The results are categorised according to the questionnaire subsections, Part A and Part B.

4.1.1. QUESTIONNAIRE RESULTS: PART A (BIOGRAPHICAL DATA)

4.1.1.1. Age

Figure 4-1: Age demographics

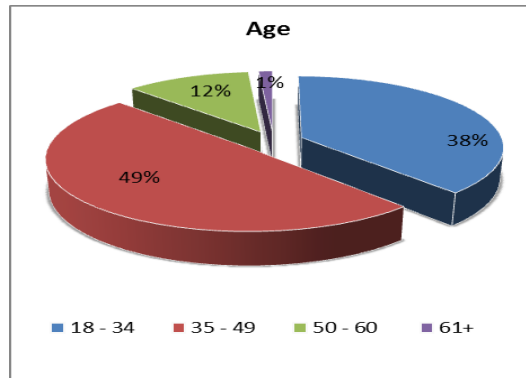


Figure 4-1 depicts respondents by age, with the largest number, 39 (49%), in the 35–49 age group. There were 30 (38%) respondents in the 18–34 age group, 9 (12%) in the 50–60 age group and only one (1%) in the age group of 61+.

4.1.1.2. Marital status

Figure 4-2: Marital status

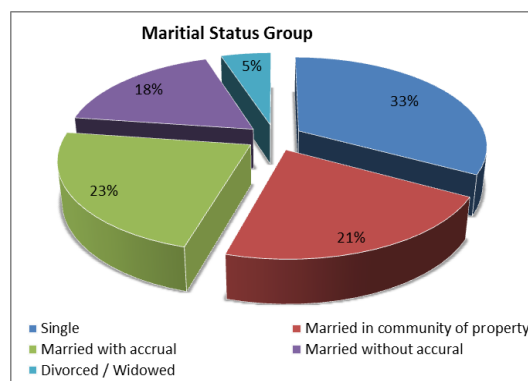


Figure 4-2 depicts respondents by marital status, where the majority were single, constituting 33% (n = 26) of the sample. Of the rest 23% (n = 18) were married with accrual, 21% (n = 17) were married in community of property, 18% (n = 14) were married without accrual and 5% (n = 4) were divorced / widowed.

4.1.1.3. Number of dependants

Figure 4-3: Number of dependants

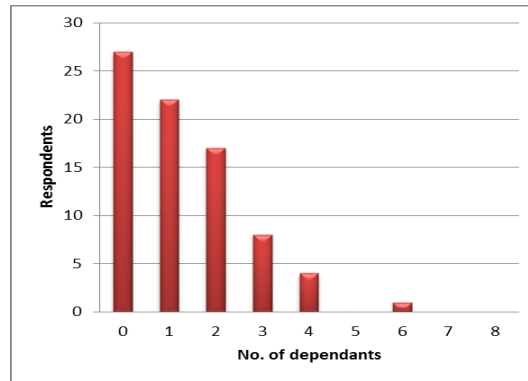


Figure 4-3 depicts respondents by the number of dependants, where 27 respondents had no dependants, constituting 34.2% of the sample, while 22 of respondents only had one dependant (27.8%), 17 of the respondents had two dependants (21.5%), eight of the respondents had three dependants (10.1%), four had three dependants (5.1%) and only one respondent had six dependants (1.3%).

4.1.1.4. Highest level of education

Figure 4-4: Highest level of education

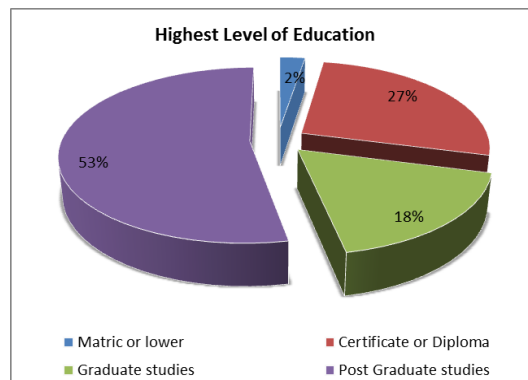


Figure 4-4 depicts respondents by highest level of education. The majority had postgraduate qualifications, constituting 53% (n = 42) of the sample, while 27% (n = 21) had a Certificate or Diploma, 18% (n = 14) had Graduate Studies and 2% (n = 2) had Matric or lower.

4.1.1.5. Net monthly income level

Figure 4-5: Net monthly income level

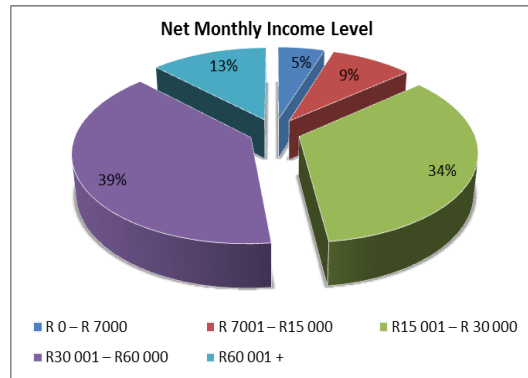


Figure 4-5 depicts respondents by net monthly income level. The majority earned between R30 001–R60 000, constituting 39% (n = 31) of the sample, while 34% (n = 27) earned between R15 001–R30 000, 13% (n = 10) earned more than R60 001, 9% (n = 7) earned between R7 001–R15 000 and 5% (n = 4) earned between R0–R7 000.

4.1.1.6. Do you have an estate plan?

Figure 4-6: Estate plan

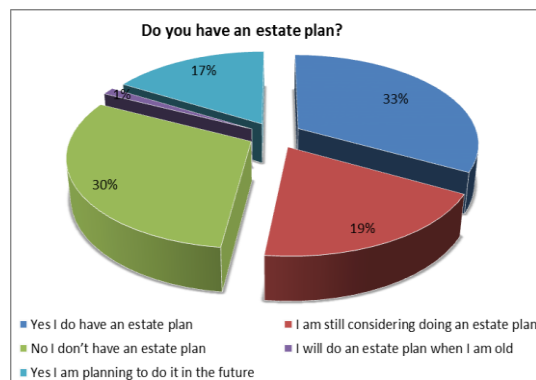


Figure 4-6 illustrates the number of respondents who have considered estate planning; 26 respondents had an estate plan (33%), while 24 of respondents did not have an estate plan (30%), 15 of the respondents were still considering doing an estate plan (19%), 13 of the respondents were planning on doing an estate plan in the future (17%), and only one respondent planned to do an estate plan when they got old (1%).

4.1.2. QUESTIONNAIRE RESULTS: PART B

4.1.2.1. Perceptions of estate planning

a) Illustrated below are frequency distributions of all responses pertaining to perceptions of estate planning.

Q1.1 The primary goal of estate planning is to manage a person's assets while alive, and after death effectively dispose of those assets to nominated beneficiaries.

Figure 4-7: Primary goal of estate planning

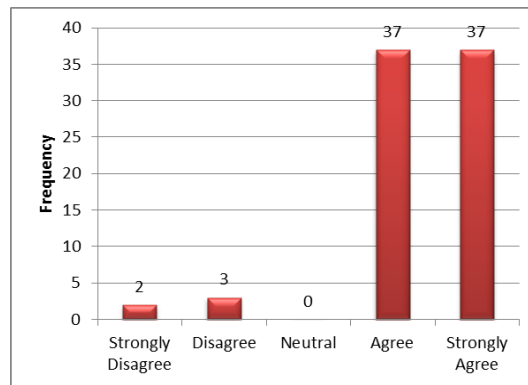


Figure 4-7 indicates that 2.5% (n = 2) of respondents strongly disagreed and 3.8% (n = 3) disagreed. There was an equal number of respondents (n = 37), each making up 46.8% of the sample, who agreed and strongly agreed that the primary goal of estate planning is to manage a person's assets while alive, and after death effectively dispose of those assets to nominated beneficiaries.

Q1.2 Estate planning mainly applies to the very wealthy.

Figure 4-8: Estate planning mainly applies to the wealthy

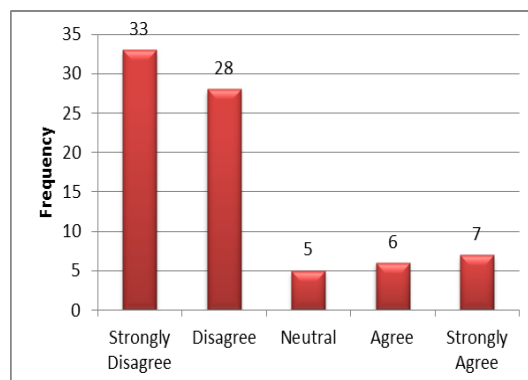


Figure 4-8 indicates that 41.8% (n = 33) of respondents strongly disagreed, 35.4% (n = 28) disagreed, 6.3% (n = 5) were neutral, 7.6% (n = 5) agreed, and 8.9% (n = 7) strongly agreed that estate planning mainly applies to the very wealthy.

Q1.3 A person should start estate planning as soon as they have assets or dependants.

Figure 4-9: Estate planning starts when there are assets and dependants

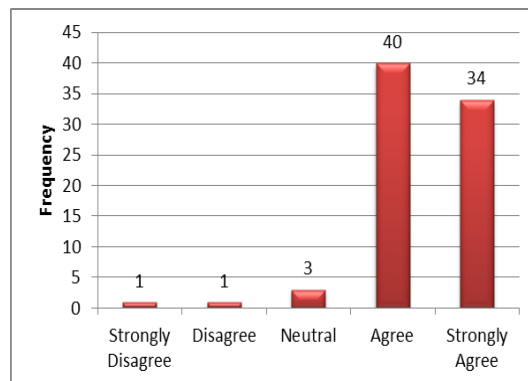


Figure 4-9 indicates that 1.3% (n = 1) of respondents strongly disagreed, 1.3% (n = 1) disagreed, 3.8% (n = 3) were neutral, 50.6% (n = 40) agreed, and 43% (n = 34) strongly agreed that a person should start estate planning as soon as they have assets or dependants.

Q1.4 Each estate plan is unique and structured according to one's own unique set of circumstances.

Figure 4-10: An estate plan is unique and structured

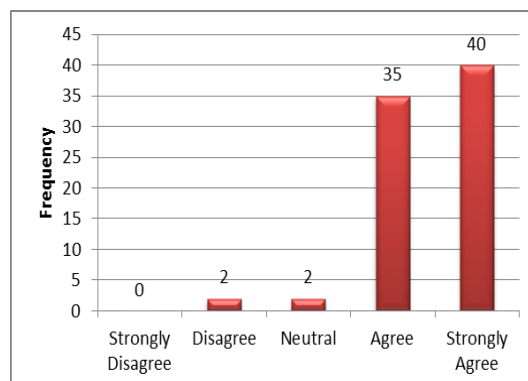


Figure 4-10 indicates that 2.5% (n = 2) of respondents disagreed, 2.5% (n = 2) were neutral, 44.3% (n = 35) agreed, and 50.6% (n = 40) strongly agreed that each estate plan is unique and structured according to one's own unique set of circumstances.

Q1.5 Death taxes are limited through the use of appropriate estate planning tools.

Figure 4-11: Appropriate estate planning tools limit death taxes

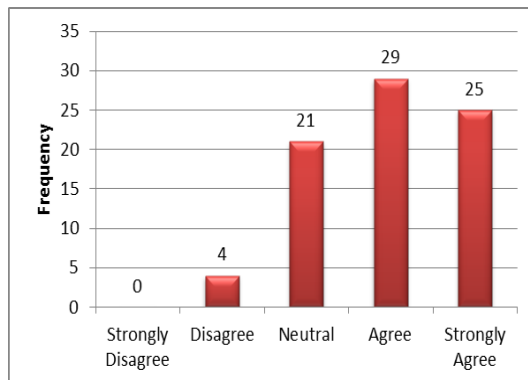


Figure 4-11 indicates that 5.1% (n = 4) of respondents disagreed, 26.6% (n = 21) were neutral, 36.7% (n = 29) agreed, and 31.6% (n = 25) strongly agreed that death taxes are limited through the use of appropriate estate planning tools.

4.1.2.2. Antecedents that influence estate planning

Illustrated below are frequency distributions of all responses pertaining to antecedents that influence estate planning.

Q2.1 Estate planning comes up when doing financial planning.

Figure 4-12: Estate planning comes up when doing financial planning

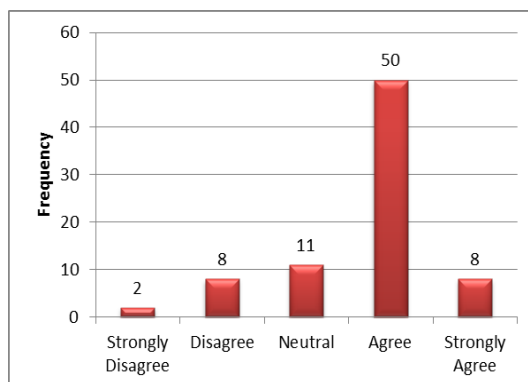


Figure 4-12 indicates that 2.5% (n = 2) of respondents strongly disagreed, 10.1% (n = 8) disagreed, 13.9% (n = 11) were neutral, 63.3% (n = 50) agreed and 10.1% (n = 8) strongly agreed that estate planning comes up when doing financial planning.

Q2.2 *When doing estate planning it is necessary to know the financial circumstances of your beneficiary.*

Figure 4-13: Financial circumstances of beneficiaries should be known

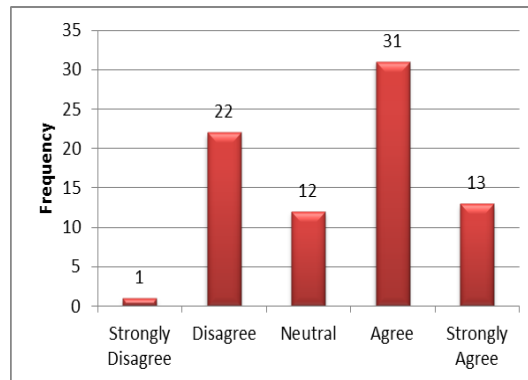


Figure 4-13 indicates that 1.3% (n = 1) of respondents strongly disagreed, 27.8% (n = 22) disagreed, 15.2% (n = 12) were neutral, 39.2% (n = 31) agreed, and 16.5% (n = 13) strongly agreed that when doing estate planning it is necessary to know the financial circumstances of your beneficiary.

Q2.3 *People are reluctant to discuss their possessions with beneficiaries and therefore do not do estate planning.*

Figure 4-14: People are reluctant to discuss possessions with beneficiaries

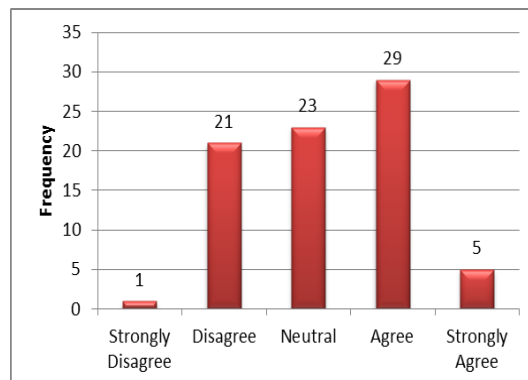


Figure 4-14 indicates that 1.3% (n = 1) of respondents strongly disagreed, 26.6% (n = 21) disagreed, 29.1% (n = 23) were neutral, 36.7% (n = 29) agreed, and 6.3% (n = 5) strongly agreed that people are reluctant to discuss their possessions with beneficiaries and therefore do not do estate planning.

Q2.4 Sensitive family issues should be considered during estate planning.

Figure 4-15: Sensitive family issues must be considered

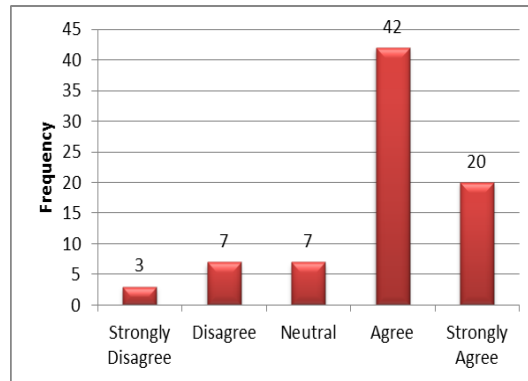


Figure 4-15 indicates that 3.8% (n = 3) of respondents strongly disagreed, 8.9% (n = 7) disagreed, 8.9% (n = 7) were neutral, 53.2% (n = 42) agreed, and 25.3% (n = 20) strongly agreed that sensitive family issues should be considered during estate planning.

Q2.5 Estate planning is frequently postponed because one is reluctant to discuss issues that may create unnecessary family conflict.

Figure 4-16: Reluctance to discuss issues that may create unnecessary family conflict

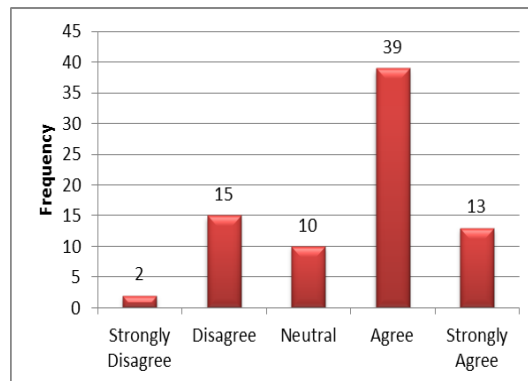


Figure 4-16 indicates that 2.5% (n = 2) of respondents strongly disagreed, 19% (n = 15) disagreed, 12.7% (n = 10) were neutral, 49.4% (n = 39) agreed, and 16.5% (n = 13) strongly agreed that estate planning is frequently postponed because one is reluctant to discuss issues that may create unnecessary family conflict.

Q2.6 A primary reason for one to conclude estate planning is to ensure financial security for their dependants.

Figure 4-17: Financial security for dependants must be ensured

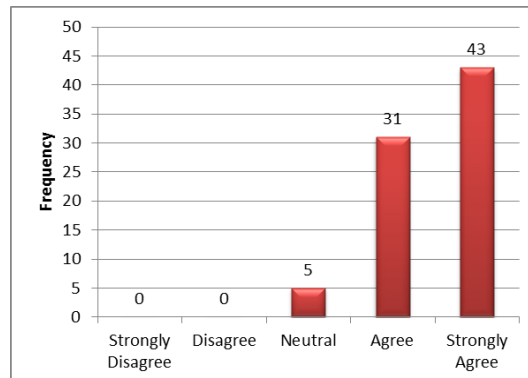


Figure 4-17 indicates that 6.3% (n = 5) of respondents were neutral, 39.2% (n = 31) agreed, and 54.4% (n = 43) strongly agreed that a primary reason for one to conclude estate planning is to ensure financial security for their dependants.

Q2.7 The number of dependants a person has must be taken into account in estate planning.

Figure 4-18: Number of dependants must be taken into account

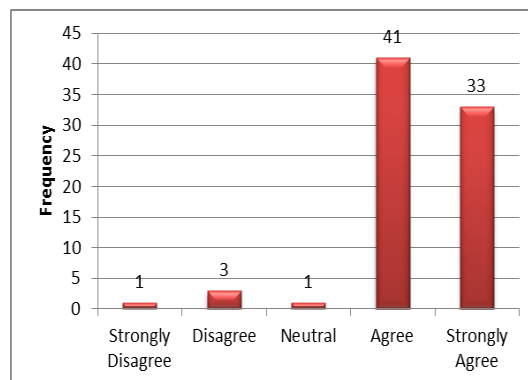


Figure 4-18 indicates that 1.3% (n = 1) of respondents strongly disagreed, 3.8% (n = 3) disagreed, 1.3% (n = 1) were neutral, 51.9% (n = 41) agreed, and 41.8% (n = 33) strongly agreed that the number of dependants a person has must be taken into account in estate planning.

Q2.8 *Estate planning is necessary when one has disabled dependants.*

Figure 4-19: Estate planning is necessary when one has disabled dependants

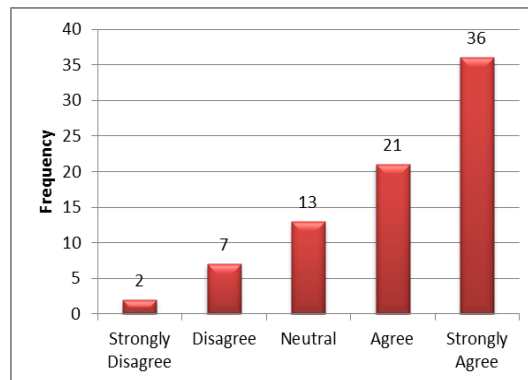


Figure 4-19 indicates that 2.5% (n = 2) of respondents strongly disagreed, 8.9% (n = 7) disagreed, 16.5% (n = 13) were neutral, 26.6% (n = 21) agreed, and 45.6% (n = 36) strongly agreed that estate planning is necessary when one has disabled dependants.

Q2.9 *Care-giving and education requirements for minor children are necessary when doing estate planning.*

Figure 4-20: Care-giving and education requirements for minor children are necessary

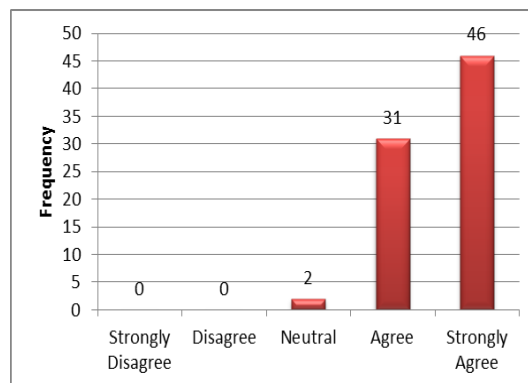


Figure 4-20 indicates that 2.5% (n = 2) of respondents were neutral, 39.3% (n = 31) agreed, and 58.2% (n = 46) strongly agreed that care-giving and education requirements for minor children are necessary when doing estate planning.

Q2.10 A blended family (e.g. stepchildren, second wife) makes it necessary to have estate planning.

Figure 4-21: A blended family makes it necessary to have estate planning

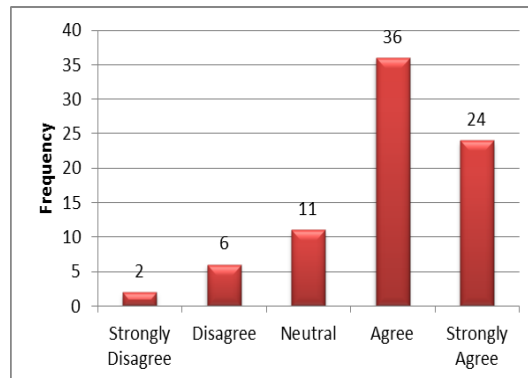


Figure 4-21 indicates that 2.5% (n = 2) of respondents strongly disagreed, 7.6% (n = 6) disagreed, 13.9% (n = 11) were neutral, 45.6% (n = 36) agreed, and 30.4% (n = 24) strongly agreed that a blended family (e.g. stepchildren, second wife) makes it necessary to have estate planning.

Q2.11 The fact that same-sex and life partners can benefit from death tax calculations should be taken into account for estate planning.

Figure 4-22: Same-sex and life partners should be taken into account

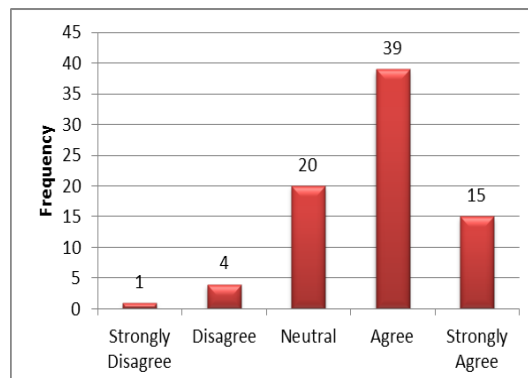


Figure 4-22 indicates that 1.3% (n = 1) of respondents strongly disagreed, 5.1% (n = 4) disagreed, 25.3% (n = 20) were neutral, 49.4% (n = 39) agreed, and 19% (n = 15) strongly agreed that the fact that same-sex and life partners can benefit from death tax calculations should be taken into account for estate planning.

Q2.12 *Types of marriage (i.e. community of property, marriage with accrual and marriage without accrual or live-in partner) must be taken into account for estate planning.*

Figure 4-23: Types of marriage must be taken into account

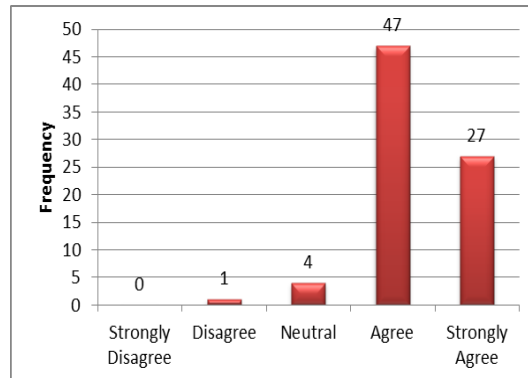


Figure 4-23 indicates that 1.3% (n = 1) of respondents disagreed, 5.1% (n = 4) were neutral, 59.5% (n = 47) agreed, and 34.2% (n = 27) strongly agreed that types of marriage (i.e. community of property, marriage with accrual, and marriage without accrual or live-in partner) must be taken into account for estate planning.

Q2.13 *Estate planning must be reviewed after divorce proceedings to limit unwanted claims from ex-spouses.*

Figure 4-24: Estate planning must be reviewed after divorce proceedings

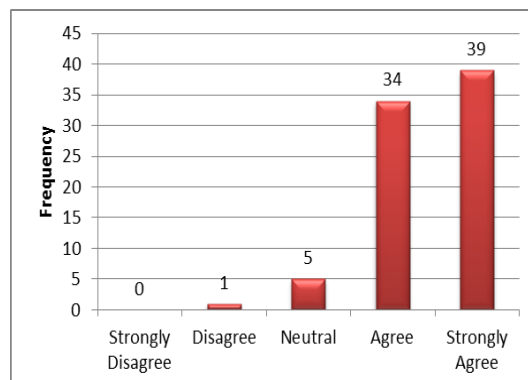


Figure 4-24 indicates that 1.3% (n = 1) of respondents disagreed, 6.3% (n = 5) were neutral, 43% (n = 34) agreed, and 49.4% (n = 39) strongly agreed that estate planning must be reviewed after divorce proceedings to limit unwanted claims from ex-spouses.

Q2.14 *The reason many people procrastinate when it comes to estate planning is due to concerns surrounding confidentiality.*

Figure 4-25: People procrastinate when doing estate planning due to concerns about confidentiality

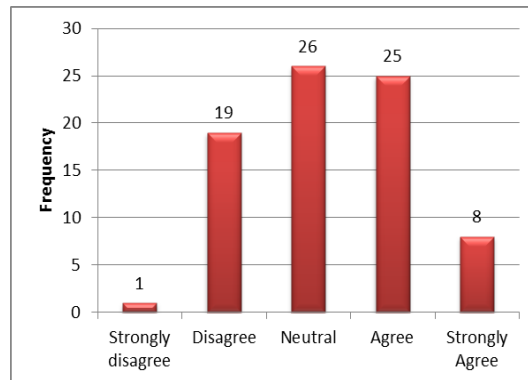


Figure 4-25 indicates that 1.3% (n = 1) of respondents strongly disagreed, 24.1% (n = 19) disagreed, 32.9% (n = 26) were neutral, 31.6% (n = 25) agreed, and 10.1% (n = 8) strongly agreed that the reason many people procrastinate when it comes to estate planning is due to concerns surrounding confidentiality.

Q2.15 *Concerns about the loyalty of the heirs can influence estate planning.*

Figure 4-26: Concerns about the loyalty of the heirs influence estate planning

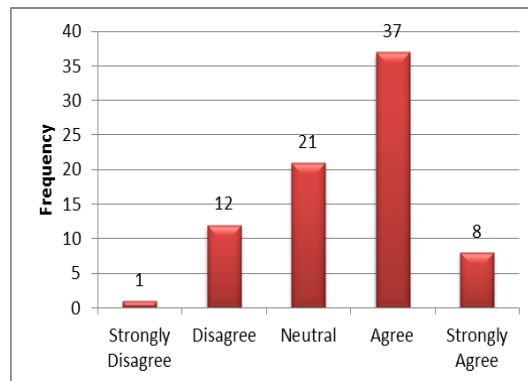


Figure 4-26 indicates that 1.3% (n = 1) of respondents strongly disagreed, 15.2% (n = 12) disagreed, 26.6% (n = 21) were neutral, 46.8% (n = 37) agreed, and 10.1% (n = 8) strongly agreed that concerns about the loyalty of the heir can influence estate planning.

Q2.16 Estate planning is delayed because many people do not trust their beneficiaries.

Figure 4-27: Distrust of beneficiaries delays estate planning

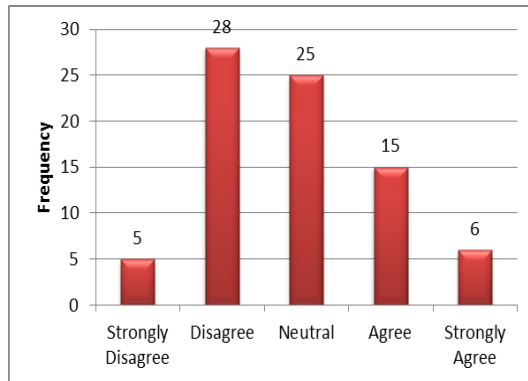


Figure 4-27 indicates that 6.3% (n = 5) of respondents strongly disagreed, 35.4% (n = 28) disagreed, 31.6% (n = 25) were neutral, 19% (n = 15) agreed, and 7.6% (n = 6) strongly agreed that estate planning is delayed because many people do not trust their beneficiaries.

Q2.17 Estate planning is largely influenced by the value of an estate, i.e. assets, liquidity and debt.

Figure 4-28: Estate planning is largely influenced by the value of an estate

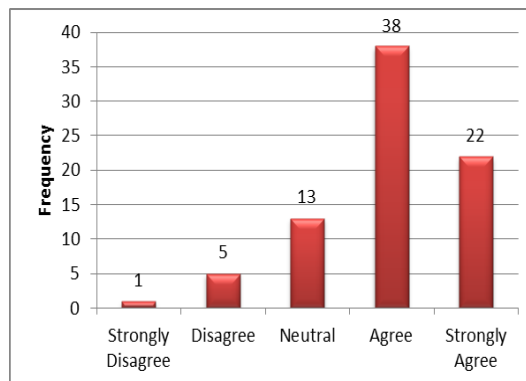


Figure 4-28 indicates that 1.3% (n = 1) of respondents strongly disagreed, 6.3% (n = 5) disagreed, 16.5% (n = 13) were neutral, 48.1% (n = 38) agreed, and 27.8 (n = 22) strongly agreed that estate planning is largely influenced by the value of an estate, i.e. assets, liquidity and debt.

Q2.18 *Uncertainty about legislation changes in the future might influence when estate planning is undertaken.*

Figure 4-29: Uncertainty about legislation changes influences estate planning

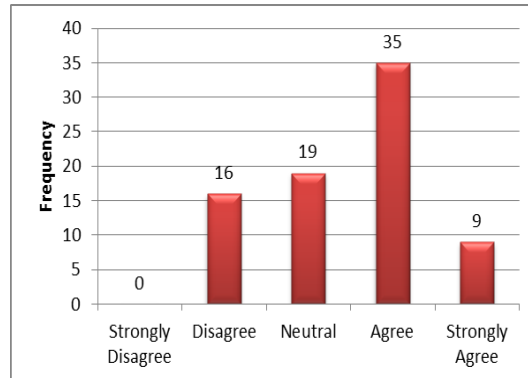


Figure 4-29 indicates that 20.3% (n = 16) of respondents disagreed, 24.1% (n = 19) were neutral, 44.3% (n = 35) agreed, and 11.4% (n = 9) strongly agreed that uncertainty about legislation changes in the future might influence when estate planning is undertaken.

Q2.19 *Estate planning is done to get benefits from death taxes.*

Figure 4-30: Estate planning is done to get benefits from death taxes

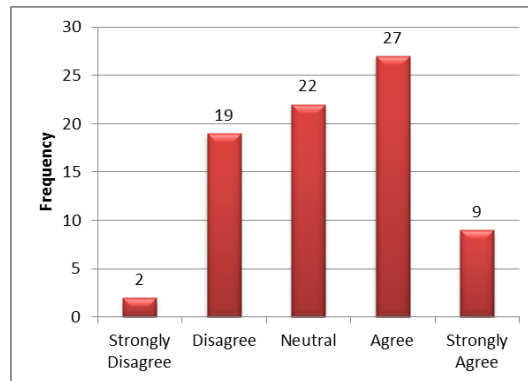


Figure 4-30 indicates that 2.5% (n = 2) of respondents strongly disagreed, 24.1% (n = 19) disagreed, 27.8% (n = 22) were neutral, 34.2% (n = 27) agreed, and 11.4% (n = 9) strongly agreed that estate planning is done to get benefits from death taxes.

Q2.20 A huge obstacle for estate planning is the associated costs.

Figure 4-31: Associated costs of estate planning are a huge obstacle

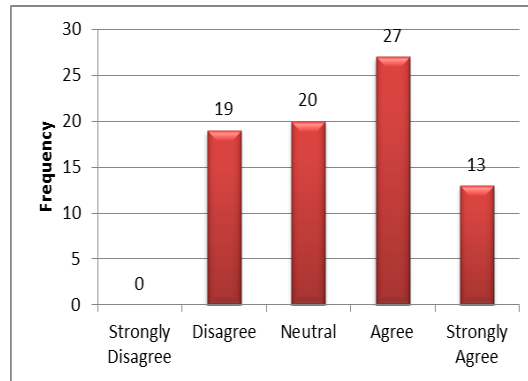


Figure 4-31 indicates that 24.1% (n = 19) of respondents disagreed, 25.3% (n = 20) were neutral, 34.2% (n = 27) agreed, and 16.5% (n = 13) strongly agreed that a huge obstacle for estate planning is the associated costs.

Q2.21 An estate plan must be regularly updated.

Figure 4-32: An estate plan must be regularly updated

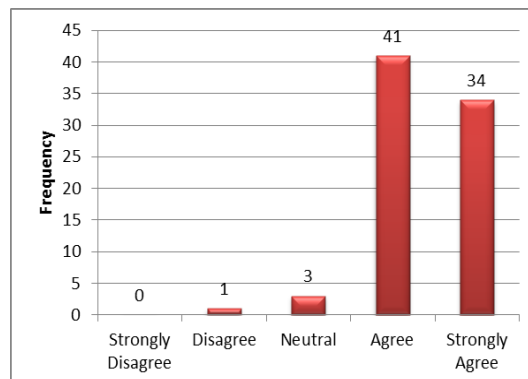


Figure 4-32 indicates that 1.3% (n = 1) of respondents disagreed, 3.8% (n = 3) were neutral, 51.9% (n = 41) agreed, and 43% (n = 34) strongly agreed that an estate plan must be regularly updated.

Q2.22 Estate planning is time-consuming.

Figure 4-33: Estate planning is time-consuming

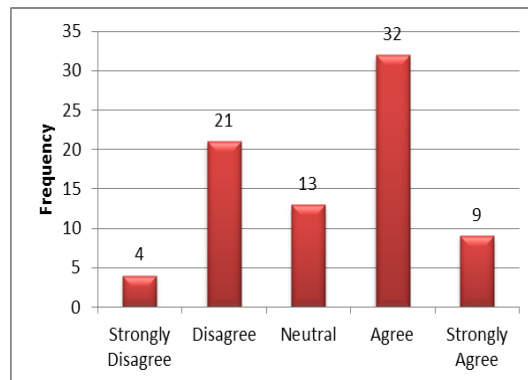


Figure 4-33 indicates that 5.1% (n = 4) of respondents strongly disagreed, 26.6% (n = 21) disagreed, 16.5% (n = 13) were neutral, 40.5% (n = 32) agreed, and 11.4% (n = 9) strongly agreed that estate planning is time-consuming.

(b) Tabulated below are measures of central location and variability of the responses pertaining to the antecedents that influence estate planning.

4.2. INFERENCE STATISTICS

The hypotheses formulated for this study were tested using inferential statistics, which include correlation analysis and analysis of variance. The results are presented below.

4.2.1. Hypothesis 1

H_1 : *There is a significant relationship between the antecedents that influence estate planning and perceptions of estate planning in South Africa.*

The literature review indicates that the antecedents that influence estate planning are related to perceptions of estate planning, and this hypothesis was used to determine if the same tested true for this study. The test used for this measure was the Pearson Product-Moment Correlation, where a null hypothesis is accepted at the 1% level of significance ($p \leq 0.01$). Table 4-1 presents the results of this test.

Table 4-1: Pearson Product-Moment Correlation: Hypothesis 1

Dimension		Estate planning	Antecedents influencing estate planning
Estate planning	r	1.000	
Antecedents influencing estate planning	r	0.34538	1.000
	p	0.0018*	

The results in Table 4-1 illustrate that there is a significant relationship between the antecedents that influence estate planning and the perceptions of estate planning in South Africa at the 1% level of significance. This means that any changes relating to the antecedents identified in the literature review will have a proportional effect on perceptions of estate planning in South Africa. Hence, Hypothesis 1 is accepted at the 1% level of significance ($p = 0.0018$).

4.2.2. Hypothesis 2

H_1 : *There is a significant relationship between death taxes and estate planning in South Africa.*

The literature review indicates that there is a significant relationship between death taxes and estate planning in South Africa, and this hypothesis was used to determine if the same tested true for this study. The Pearson Product-Moment Correlation was also used for this measure, employing the 1% level of significance ($p \leq 0.01$) methodology. Table 4-2 presents the results of this test.

Table 4-2: Pearson Product-Moment Correlation: Hypothesis 2

Dimension		Estate planning	Death taxes (Q2.19)
Estate planning	r	1.000	
Death taxes (Q2.19)	r	0.32156	1.000
	p	0.0039*	

The results presented in Table 4-2 illustrate that there is a significant relationship between death taxes and estate planning in South Africa at the 1% level of significance. This indicates that any change in benefits relating to death tax has a proportional effect on the influence on estate planning done in South Africa. Hence, Hypothesis 2 is accepted at the 1% level of significance ($p = 0.0039$).

4.2.3. Hypothesis 3

H_1 : There is a significant difference between the views of South Africans of various biographical profiles (age, marital status, number of dependents, education level and income group) with regard to estate planning.

In the literature review consultants implied that perceptions or attitudes towards estate planning in general may be influenced by demographic variables – those cited include age, marital status, number of dependants, education level and income-group level. Therefore Hypothesis 4 was used to correlate any differences or trends in opinions of estate planning to biographical data collected. The ANOVA test was used for this measure. Table 4-3 presents the results of this test.

Table 4-3: ANOVA: Perceptions of estate planning and biographical profiles

Dimensions	DF	Type III SS	Mean Square	F Value	Pr > F
Age	3	2.6114082	0.8704694	2.87	0.0043*
Marital status	3	0.5775483	0.1925161	0.64	0.595
Number of dependants	3	0.4290838	0.1430279	0.47	0.7029
Education level	2	0.9097488	0.4548744	1.5	0.2306
Income-group level	2	3.1556984	1.5778492	5.21	0.008*

The results in Table 4-3 reveal that there are no significant differences in the views of respondents of varying marital status, number of dependants and/or education level regarding estate planning at the 1% or 5% level of significance ($p \leq 0.01$ or $p \leq 0.05$) and therefore Hypothesis 3, pertaining to marital status, number of dependants and/or education level, is rejected.

However the results in Table 4-3 also reveal that there are significant differences in the views of respondents varying in age and income-group level regarding estate planning at the 1% level of significance ($p \leq 0.0043$ or $p \leq 0.008$ respectively) and therefore Hypothesis 3, pertaining to age and income-group level, is accepted.

4.3. DISCUSSION OF RESULTS

A total of 85 questionnaires were completed; one respondent did not wish to be part of the survey and five questionnaires were deemed to be invalid, as the question which directly addressed one of the objectives of the study had not been completed. Therefore, a total of 79 questionnaires were deemed valid for purposes of analysis. The results of this study are discussed according to the central themes identified (objectives of this research study) in the literature review.

4.3.1. Estate planning in South Africa

In summary, estate planning involves managing one's assets during one's lifetime and effectively disposing of those assets to intended beneficiaries after death, without placing any financial or operational burden on them. The literature review implied the significance of estate planning in general and explained the necessity for South Africans to conclude estate plans. South African estate planning consultants (Esterhuizen, 2013; Van den Berg, 2013) are in harmony with the views of King *et al.* (2013:195) that a person's feelings about estate planning stem from their knowledge and perception of this subject. Therefore Part B, question 1 of this study survey was used to measure if estate planning is perceived positively in South Africa.

The results for this part of the study survey indicate that the majority of the respondents perceive the importance of estate planning within the South African context. A positive indication for this study is that most of the respondents understand when to embark on estate planning and that appropriate estate planning can reduce death taxes. Also, the bulk of the respondents recognise that estate planning must be tailored to an individual's specific circumstances.

In Chapter 1 it was implied that globally there is often a misconception that death taxes are reserved for the rich and therefore estate planning applies only to the wealthy. Surprisingly, the results of the survey show that the respondents do not have this misconception, which further demonstrates the mature interpretation of estate planning in South Africa.

The results for this part of the survey suggest that South Africans comprehend estate planning and therefore, if the negative influences of estate planning are overcome, promoting estate planning should be less complicated.

4.3.2. Antecedents that influence estate planning in South Africa

The most commonly reported antecedents that may have an influence on estate planning globally were identified in the literature review. These include financial planning, communication issues, dependants of the deceased, relationship dynamics, emotional issues, size of estate, legislation and dynamic changes, estate duty, cost and time.

One of the core objectives of this research study (listed in Chapter 1) was to identify those antecedents which influence estate planning specifically in South Africa. As explained in Chapter 3, Part B, question 2 of this survey study was intended to determine from the respondents each actual antecedent's effect on estate planning in South Africa. In addition Hypothesis 1 (listed in Chapter 3) was formulated to test the relationship between these identified antecedents and the respondents' perceptions of estate planning measured in part B, question 1 of the survey. This was done primarily to indicate if changes in the antecedents would definitely produce changes in estate planning in South Africa. The intention of measure was to scientifically confirm if estate planning can increase by overcoming the negative antecedents, which is also of significant interest for this study in order to promote estate planning in South Africa.

The test accepted Hypothesis 1 at the 1% confidence level (Table 4-3), verifying that changes relating to any antecedent will produce a proportional change for estate planning in South Africa. If, however, the test rejected Hypothesis 1, it would mean estate planning would not necessarily increase if the negative effects of estate planning were overcome. This is another encouraging indicator from this study, in that this test scientifically demonstrates that estate planning in South Africa can be easily promoted by disabling the negative antecedents.

The results relating to the effect that antecedents have on estate planning within the South African context is divided into two subsections: the positive and the negative influences on estate planning, in accordance with the research objectives listed in Chapter 1.

The researcher notes that although the results confirmed that identified antecedents from the literature review have similar influences on estate planning in South Africa, a number of respondents answered “neutral” to some of the single-variable questions relating to the antecedent groups, that is Q2.3; Q2.14; Q2.15; Q2.16; Q2.19; and Q2.20. This indicates that for these particular questions, respondents could not express their opinions because they probably did not have sufficient knowledge to do so, and therefore the majority answered “neutral”. Therefore, the different dimension variables making up each antecedent were grouped and the aggregate of the results is reported in percentage format below.

Below is a discussion of results pertaining to the positive and negative antecedents influencing estate planning.

4.3.2.1. Positive influences on estate planning

Based on the literature review, the following antecedents were identified as positive influences for estate planning: financial planning, dependants of the deceased, relationship dynamics, size of estate and estate duty. The following questions in Part B, question 2 of this study survey were used to measure the positive effects: Q2.1; Q2.2; Q2.6–Q2.13; Q2.17; and Q2.19.

The majority of respondents either agreed or strongly agreed with the questions listed above. The results of the survey for this dimension measure revealed that 90% of the respondents regarded dependants of the deceased as the most important antecedent influencing estate planning in South Africa, followed by 83% for relationship dynamics, 76% for size of estate, 65% for financial planning and 56% for estate duty.

Furthermore it is recognised that the goal and objectives of this research study emanated from the strongly perceived relationship between death taxes and estate planning, as

articulated in Chapter 1. It is also recorded in the literature review that death taxes and estate planning are related globally, in that proper estate planning can significantly reduce death tax. This is the fundamental reason for estate consultants to promote estate planning and is therefore considered a great incentive for people to draw up estate plans. Hypothesis 2 (listed in Chapter 3) was primarily formulated to scientifically report on this research aim by testing for a significant relationship between death taxes and estate planning within the South African context.

The test accepted Hypothesis 2 at the 1% confidence level (Table 4-4), verifying that estate planning and death taxes in South Africa share a significant relationship. The results of this test indicate that changes made in terms of death tax calculations or legislation will proportionally influence estate planning in South Africa. In the view of the researcher, this is another encouraging indicator in this study, because this test proves that estate planning in South Africa can be motivated when people consider the effect of death taxes.

Based on these results, it can be concluded that, within the South African context, respondents distinctly agreed that all of the above-mentioned antecedents have a positive influence on estate planning.

4.3.2.2. *Negative influences on estate planning*

Based on the literature review, the following antecedents were identified as negative influences on estate planning: communication issues, emotional issues, legislation and dynamic changes, cost and time. The following questions in Part B, question 2 of this study survey were used to measure the negative effects respectively: Q2.3–Q2.5; Q2.14–Q2.16; Q2.18; and Q2.20–Q2.22.

The results of the survey illustrate that not all of the above-mentioned antecedents, as identified in the literature review, have a negative influence on estate planning in South Africa. The results of the survey for this dimension measure revealed that 74% of the respondents agreed that time is the most important negative influence, followed by 62%

for communication issues, 59% for legislation and dynamic changes, 51% for cost of estate planning and 44% for emotional issues.

The results also showed that only 27% of the respondents agreed that beneficiary trust is a negative influence for estate planning in South Africa. This means that within the South African context, beneficiary trust does not have a negative influence on estate planning. Furthermore the survey illustrates that the majority of the respondents were neutral with regard to confidentiality negatively influencing estate planning. Therefore this measurement cannot accurately prove that confidentiality has a negative influence on estate planning within the South African context.

Based on the results for this dimension, it can be concluded that respondents agreed that some of the barriers proposed in the literature review actually do have a negative influence on estate planning within a South African context.

4.3.3. The influence of biographical variables on estate planning

South African estate planning consultants implied, in the literature review, that biographical profiles can have an influence on estate planning and therefore certain biographical profiles can be considered as antecedents that influence estate planning within the South African context. The consultants did mention, though, that this theory remains untested and therefore the study used Hypothesis 3 (listed in Chapter 3) to administer such a test.

The results of this hypothesis test indicate that marital status, number of dependants and education level bear no relationship to estate planning in South Africa. The test did however illustrate a relationship between income level and estate planning at the 1% confidence level, and a slight relationship between age and estate planning at the 5% confidence level.

With the above-recorded degrees of confidence it can be concluded that income level and age can be considered as antecedents that influence estate planning within the South African context. However in recording this finding, it is the opinion of the researcher that the sample size was too small and concentrated in a specific area in South Africa to

provide a high level of accuracy with regard to the relationship between the other biographical profiles (number of dependants, marital status and education level) and estate planning in South Africa.

4.4. CONCLUSION

This chapter presented and discussed the findings of this empirical study. For each questionnaire dimension, items were analysed and hypotheses were tested. The linkages between the primary data collected and the literature review were clearly demonstrated and referred to in the interpretation of the results. The results of the study were discussed under the central themes identified in the literature review.

Chapter 5 presents conclusions and recommendations in view of the research findings and objectives of this study.

CHAPTER 5

CONCLUSION

This chapter focuses on the conclusions and recommendations drawn from the study. These are in line with the set objectives listed in Chapter 1. The achievements of each objective are presented, which ultimately answers the research question. This consolidated information was concluded against the theoretical framework constructed from the literature review and findings drawn from the primary research. Proposals for further research are tendered and the study is brought to a close.

5.1. ACHIEVEMENT OF OBJECTIVES

The achievements of this study are set out in terms of the objectives given in Chapter 1.

5.1.1. Identify the various tools and mechanisms used in estate planning.

This research objective was answered in the literature review conducted. Subject-matter specialists gave their views on estate planning, and depending on the circumstances, ultimate goals and wishes of an individual, the most appropriate estate planning tool was selected to execute an estate plan.

King *et al.* (2013:195) say that estate planning, which embraces succession planning, is directed at planning around the death of a person and seeks to ensure that succession takes place in a way that minimises taxes and costs; adequately protects the inherited assets; and takes care of any dependants in an appropriate manner. There are a number of tools available for estate planning but this study identified, in Chapter 2, the most widely used and effective tools available to South Africans, namely the last will and testament, trusts and assurance policies.

5.1.2. Identify those antecedents that influence estate planning in South Africa positively or negatively.

The various antecedents that may have an effect on estate planning globally are highlighted in the literature review. Primary data was collected via a survey and Hypothesis 1 administered to determine if the same tested true within the South African context. As discussed in Chapter 4, the antecedents that have an influence on estate planning were classified into two subsections, the positive and the negative antecedents influencing estate planning.

The results of the survey recognise that the following antecedents have a positive influence on estate planning: financial planning; dependants of the deceased; relationship dynamics; size of estate; and estate duty, and that the following antecedents have a negative influence on estate planning: communication issues; emotional issues; legislation and dynamic changes; cost and time.

The result from the Hypothesis 1 test undoubtedly confirms a significant relationship between the antecedents identified in the literature review and estate planning within the South African context. This test therefore scientifically postulates that if the negative antecedents are overcome, estate planning in South Africa will increase. Unfortunately the converse is also true, meaning if the positive antecedents weaken or fade, so will the level of estate planning in South Africa.

Antecedents relating to biographical profiles

As implied in the literature review, biographic profiles (age, number of dependants, marital status, net monthly income level and highest education level) can also be regarded as antecedents that influence estate planning. Hypothesis 3 was used to test this theory and it was found that only age and income level had an influence on estate planning; therefore within the parameters of this study, only those biographical profiles can be regarded as antecedents influencing estate planning in South Africa.

However, the researcher acknowledges that the sample size compared to the greater population was too small to accurately administer this test. The significant outcome confirmed in this study is that biographical profiles do influence estate planning and there is a possibility that all of the biographical profiles listed above can have an influence on estate planning if the test is administered to a larger, demographically and geographically represented sample.

5.1.3. Establish if there is a relationship between death taxes and perception of estate planning.

As per the objectives of this study and the literature review, death taxes and estate planning are related worldwide. Estate planning consultants cite the reduction of death taxes as the essential reason for a person drawing up an estate plan. Hypothesis 2 was used to test this theory and the results of this test confirmed that there is a relationship between death taxes and estate planning. This means that any changes in the death tax calculation and death tax legislation will produce a proportional influence on estate planning.

Also stated In Chapter 1, certain countries have abolished death taxes and according to the February 2011 Budget Speech the same is being investigated for South Africa (SARS, 2011). It must be noted that this will, however, have a negative impact on the drawing up of estate plans because if death taxes are abolished, the proportional effect as stated in by Hypothesis 2 will decrease the amount of estate planning in South Africa.

5.2. CONCLUSION

This chapter brings the study to an end, highlighting the achievement of the objectives initially set out. The research question emanated from concerns raised by estate consultants regarding the lack of estate planning being carried out in South Africa. This led to the research question: “what antecedents influence South African citizens to do estate planning?” Therefore, the ultimate goal of this study was to investigate what antecedents influence South African citizens to do estate planning. The research process was guided by the theoretical framework of the literature review conducted. Precisely formulated

hypotheses and questionnaire constructs were tested, using primary data collected, in order to provide insight into a South African citizen's perception of estate planning; which antecedents positively or negatively influence estate planning; and to establish if a relationship exists between death taxes and estate planning in South Africa.

The research objectives, as stated in Chapter 1, were used to answer the research question. The various tools and mechanisms used for estate planning were recorded in the literature review. The results from the research survey showed the antecedents that have an influence on estate planning in South Africa. These antecedents were grouped into positive and negative influences on estate planning within the South African context, and are discussed in detail in Chapter 4. The results of Hypothesis 1 confirmed the relationship between the antecedents and estate planning in South Africa – which means changes in the antecedents will produce a proportionate change in estate planning in South Africa. It was further confirmed by the results of Hypothesis 3 that there is a relationship between death taxes and estate planning in South Africa.

The data gathered in this research study can be used by estate consultants to motivate and promote estate planning in South Africa.

5.3. RECOMMENDATIONS FOR FURTHER RESEARCH

The key concepts and objectives of this study (relating to tools used in estate planning; antecedents influencing estate planning; and relationship between death taxes and estate planning) were well founded and clearly satisfied. However, a lot more information is required to ensure that effective estate planning is carried out in South Africa.

Further research should be conducted to determine if appropriate and effective estate planning is applied in South Africa. The drive towards increasing basic forms of estate planning is certainly the first step, but achievements in this regard will not entirely guard against or prevent indebted estates resulting from death taxes and other liabilities. Appropriate versus inappropriate estate planning in South Africa must be investigated. This must include investigations into the advantages of certain estate planning tools and techniques over others. The limitations of the various estate planning mediums must be

explored and disclosed. Possible solutions to indebted estates within South Africa parameters must be tendered.

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LEGISLATION

Estate Duty Act, Act No. 45 OF 1955

Income Tax Act, Act No. 58 of 1962

Taxation Law Administration Act, Act No. 28 of 2011

Taxation Law Administration Act, Act No. 22 of 2012

APPENDIX A

- Informed consent form and final questionnaire administered to respondents -



Informed consent for participation in an academic research study

Department of Taxation

ANTECEDENTS INFLUENCING ESTATE PLANNING

Research conducted by:

Ms C. Chanderman (29567132)

Cell: 082 851 9020

Dear Respondent

You are invited to participate in an academic research study conducted by Cheryl Chanderman, a Masters student from the Department of Taxation at the University of Pretoria.

The purpose of the study is designed to help understand those factors that either positively or negatively influence estate planning in an attempt to promote estate planning in South Africa.

Please note the following:

- This study involves an anonymous survey. Your name will not appear on the questionnaire and the answers you give will be treated as strictly confidential. You cannot be identified in person based on the answers you give.
- Your participation in this study is very important to us. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.
- Please answer the questions in the attached questionnaire as completely and honestly as possible. This should not take more than 15 minutes of your time.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- Please contact my supervisor, Mrs. S. Pienaar at Sare.Pienaar@up.ac.za if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.

Respondent's signature

Date

QUESTIONNAIRE

PART A:

Please complete your Biographical Information by marking the appropriate box with an “X” (unless otherwise indicated)

1. How old are you in years? _____

2. Select your Marital Status Group

Single []	Married in Community of Property []	Married with Accrual []	Married without Accrual []	Divorced / Widowed []
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3. How many dependants do you have? _____

4. Select your Level of Education

Matric or lower []	Certificate or Diploma []	Graduate Studies []	Post Graduate Studies []
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5. Select your Net Monthly Income Group

R 0 – R 7000 []	R 7001 – R15 000 []	R15 001 – R 30 000 []	R30 001 – R60 000 []	R60 001 + []
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6. Do you have an estate plan?

Yes I do []	I am still considering during an estate plan []	No I don't []	I will do an estate plan when I am old []	Yes I am planning to do it in the future []
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PART B: QUESTION 1:

ESTATE PLANNING					
To what extent do you agree or disagree with each of the following statements.	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. The primary goal of estate planning is to manage a person's assets while alive, and after death effectively dispose of those assets to nominated beneficiaries.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Estate planning mainly applies to the very wealthy.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. A person should start estate planning as soon as they have assets or dependants.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Each estate plan is unique and structured according to one's own unique set of circumstances.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Death taxes are limited through the use of appropriate estate planning tools.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PART B: QUESTION 2:

ANTECEDENTS INFLUENCING ESTATE PLANNING					
To what extent do you agree or disagree with each of the following statements.	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. Estate planning comes up when doing financial planning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. When doing estate planning it is necessary to know the financial circumstances of your beneficiary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. People are reluctant to discuss their possessions with beneficiaries and therefore do not do estate planning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Sensitive family issues should be considered during estate planning.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Estate planning is frequently postponed because one is reluctant to discuss issues that may create unnecessary family conflict.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

To what extent do you agree or disagree with each of the following statements.	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
6. A primary reason for one to conclude estate planning is to ensure financial security for their dependants.	[]	[]	[]	[]	[]
7. The number of dependants a person has must be taken into account in estate planning.	[]	[]	[]	[]	[]
8. Estate planning is necessary when one has disabled dependants.	[]	[]	[]	[]	[]
9. Care giving and education requirements for minor children are necessary when doing estate planning.	[]	[]	[]	[]	[]
10. A blended family (e.g. step children, second wife) makes it necessary to have estate planning.	[]	[]	[]	[]	[]
11. The fact that same sex and life partners can benefit from death tax calculations should be taken into account for estate planning.	[]	[]	[]	[]	[]
12. Types of marriages (i.e. community of property, marriage with accrual, and marriage without accrual or live-in partner) must be taken into account for estate planning.	[]	[]	[]	[]	[]
13. Estate planning must be reviewed after divorce proceedings to limit unwanted claims from ex-spouses.	[]	[]	[]	[]	[]
14. The reason many people procrastinate when it comes to estate planning is due to concerns surrounding confidentiality.	[]	[]	[]	[]	[]
15. Concerns about the loyalty of the heir can influence estate planning.	[]	[]	[]	[]	[]
16. Estate planning is delayed because many people do not trust their beneficiaries.	[]	[]	[]	[]	[]
17. Estate planning is largely influenced by the value of an estate i.e. assets, liquidity and debt.	[]	[]	[]	[]	[]
18. Uncertainty about legislation changes in future might influence when estate planning is undertaken.	[]	[]	[]	[]	[]
19. Estate planning is done to get benefits from death taxes.	[]	[]	[]	[]	[]
20. A huge obstacle for estate planning is the associated costs.	[]	[]	[]	[]	[]

To what extent do you agree or disagree with each of the following statements.	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
21. An estate plan must be regularly updated.	[]	[]	[]	[]	[]
22. Estate planning is time consuming.	[]	[]	[]	[]	[]

I thank you for your time and co-operation.