

# Protecting & Preserving Wealth – A Solution for South African Residents

Issues facing South African residents and their ability to protect their wealth and their family's financial futures from the many risks unique to South Africa are numerous. The use of international structures have therefore become paramount in creating safe havens for South African resident's wealth.

For use by financial advisers only

## Overview

OPES offers a robust, legitimate and highly efficient safe haven in which to accumulate, protect and pass on private family wealth. In other words OPES offers you the opportunity to secure the financial wellbeing of your family today and safeguard the futures of your spouse and children.

The advantages and applications of OPES are numerous and can be tailored to your personal circumstance.

This aid aims to assist you in better understanding the advantages and application of OPES and your ability to secure your family's financial future. It also demonstrates how OPES can help mitigate the many financial, legal, economic and political risks faced by South African residents, each of which could have a significant negative bearing on your wealth and family's financial wellbeing. This guide should only be used in conjunction with the services of a regulated financial adviser qualified to advise on international retirement structures and South African issues.

### Asset Protection

A contribution to OPES results in the change of legal ownership from you, a South African resident, to the plan and appointed trustees who are Guernsey resident. This change of ownership and legal jurisdiction together with the structure of OPES provides a significant and robust safe haven for your wealth and can offer a range of protections including the following:-

- Protection from political risk and changes to local government policy including nationalisation or more socialist policies
- Protection from claims against your personal wealth e.g. due to an unforeseen liability
- Protection from future creditors
- Protection from changing tax or social policy

### Probate, Estate & Succession

Holding foreign assets in your own name can be complex on death. It is generally not tax efficient, requires foreign probate and can take considerable time, not to mention cost. OPES can help you mitigate the following issues as your plan is not subject to probate in South Africa or elsewhere:-

- South African or foreign estate procedures and probate
- Avoids unnecessary executor fees or the need for a foreign will
- Quick and seamless distribution of funds to beneficiary/s on your passing without the drawn out process of winding up an estate
- No need to bring funds back to South Africa

### Building Wealth

OPES provides an unconstrained environment to build your international wealth without any specific funding obligation. The only restriction for South African residents is exchange control limits for contributions made from South Africa:-

- No limit to the value you can accumulate
- No limits to the level or frequency of contributions made
- For contributions coming from South African exchange control applies
- The plan can be funded by cash, transfer or reassignment of foreign shares, bonds and life insurance products

### Investment & Currency

OPES gives you the freedom to invest globally without restricting the type of investments or currency. Investments can include unit trusts, listed shares, private equity, alternative investments, life products and more traditional investments such as bonds and cash deposits. This structure gives the following benefits:-

- Reduced investment risk as your assets are diversified away from the single South African market
- Opportunity to access a wide range of international investment opportunities
- Access to a hard currency e.g. US Dollars or Sterling to hedge against Rand currency risk
- Not subject to South African asset swap rules which limit the type or nature of investment
- Option to tailor an investment portfolio to your exact requirements

### Access & Benefit Payments

OPES offers you significant flexibility as benefit payments can be tailored to meet your personal needs without any limits or restrictions. Accessing funding from the plan is also possible prior to benefit date which gives further peace of mind should capital be needed unexpectedly:-

- Up to 100% withdrawal from 50 years of age with no penalty
- Tailor the retirement benefit (pension payments) without restriction on amount or frequency
- Access up to 40% of the plans assets, by way of a loan, prior to age 50 or before taking a retirement benefit

### Taxation

The financial planning motivations for OPES are very compelling given the protection it provides for your assets, the number of risks it helps to mitigate including geopolitical risks and the certainty it gives you and your family in terms of their financial future and security. However, the tax consequences should be considered and are listed below:-

- No donations tax – savings of 20% on contribution
- No income tax or capital gains tax on investments in the portfolio
- No tax on return of contribution
- Capital gains tax only on distribution of gains after the return of contribution
- No estate duty – saving of 18% on estate duty after allowances and a further savings of circa 4% on executor fees

