



inseta

INSURANCE SECTOR EDUCATION
AND TRAINING AUTHORITY

Learner Name	
ID Number	
Organisation	

FORMATIVE ASSESSMENT: LEARNER WORK FILE VERSION 1

Unit Standard Title: **Apply knowledge of estate planning to propose a financial solution for a specific client**

Unit Standard No: **242603**

Unit Standard Credits: **8**

NQF Level: **5**

Mark information:

Specific Outcome/Section	1	2	3	4	5	Total	%	C / NYC
Maximum marks	22	38	18	19		97	100	

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Formative Activities:

Section 1: 22 marks

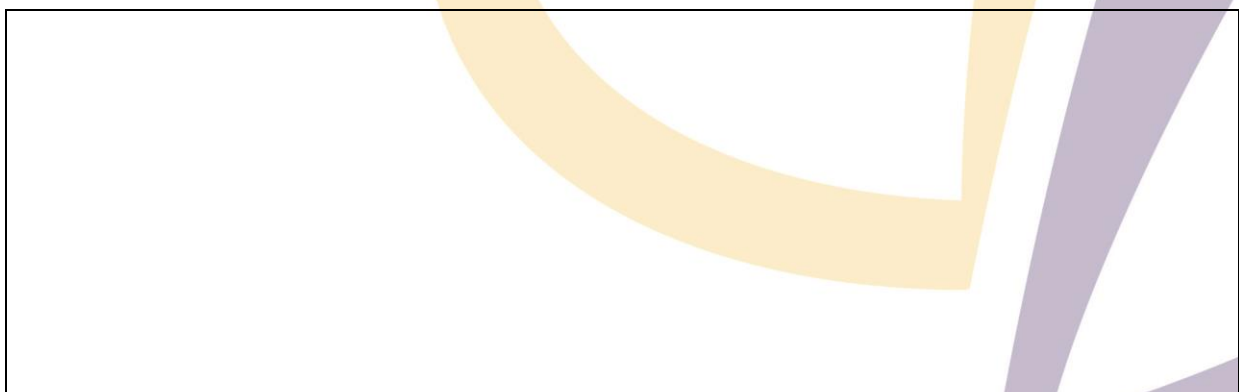
Activity 1

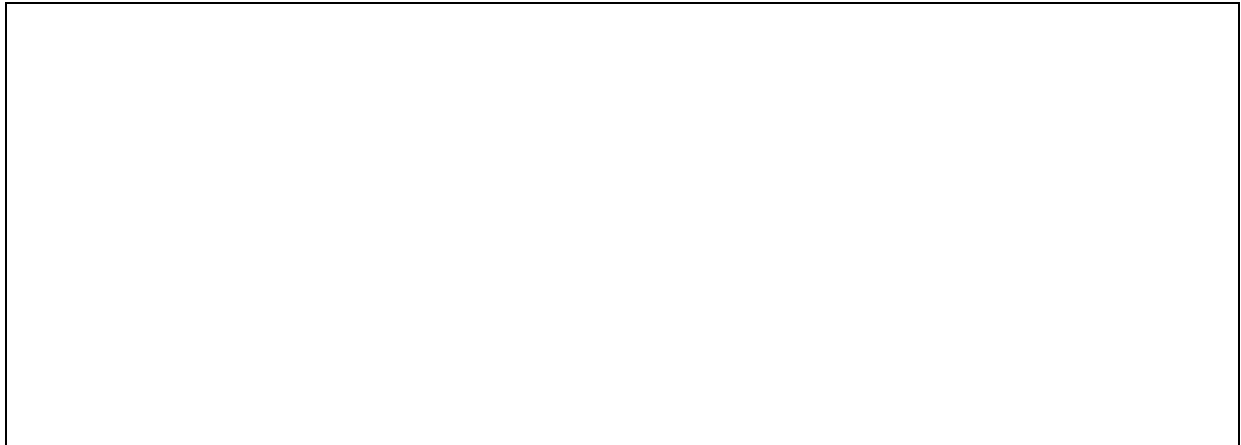
In this activity, you have to interpret the provisions of a will.

1.1 Source/obtain a standard will from one of your clients. Analyse the will and write notes on how the assets of that person are distributed amongst the beneficiaries in the will. (8)



1.2 Discuss the implication for the distribution of assets in a will in terms of the major marital regimes. (6)





1.3 Refer to the sourced Will and Testament of Activity 1.1. Write a letter to the specific client whose will it is and explain in your own way the different standard clauses in the will. Highlight specifically what implications the mentioned clauses can have on the client's beneficiaries.

(8)



Section 2: 38 marks**Activity 2**

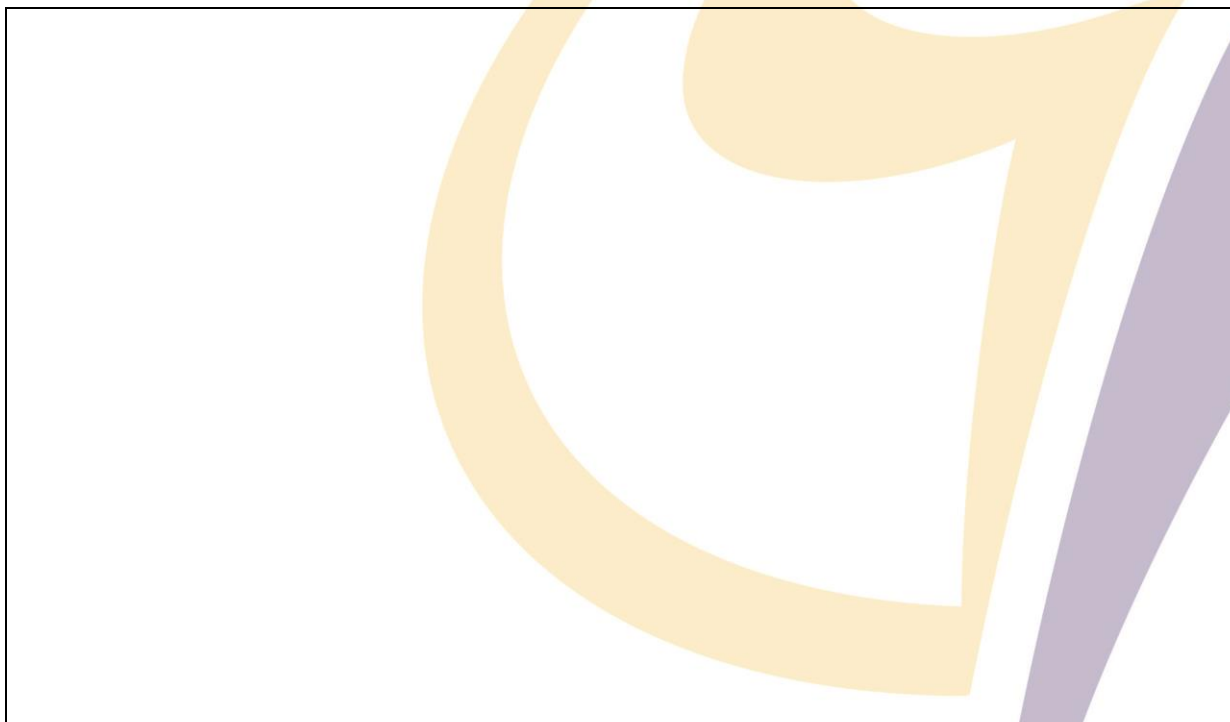
In this activity, you have to apply knowledge of legislation to calculate estate duty.

2.1 Obtain information from a client you want to help with estate planning. Using this information: (25)

- a. Calculate the Capital Gains Tax (CGT) payable by your client's estate.
- b. Clearly indicate how your solution in (a) above affects estate duty and liquidity of the estate.
- c. Calculate the executor's fee.
- d. Indicate how the executor's fee affects estate duty and liquidity.
- e. Calculate estate duty for the client's marital regime.



2.2 Briefly mention the implication of beneficiary nominations, bequests and long term insurance policies with reference to estate duty and liquidity. (2 x 3 = 6)



2.3 Explain how Estate Duty is levied on an estate and list four permissible deductions. (7)

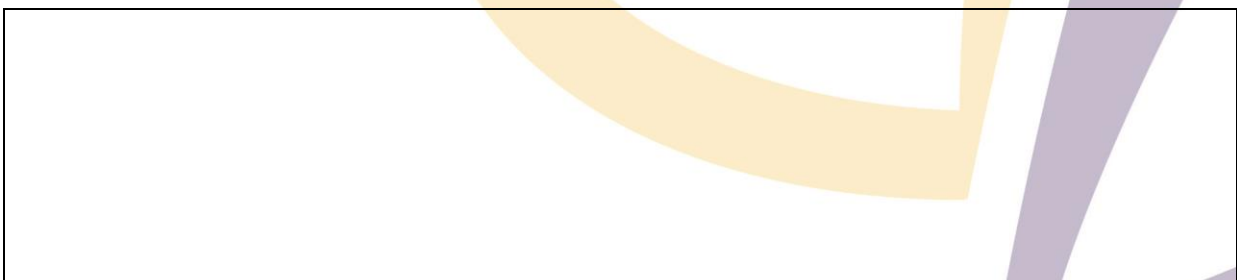


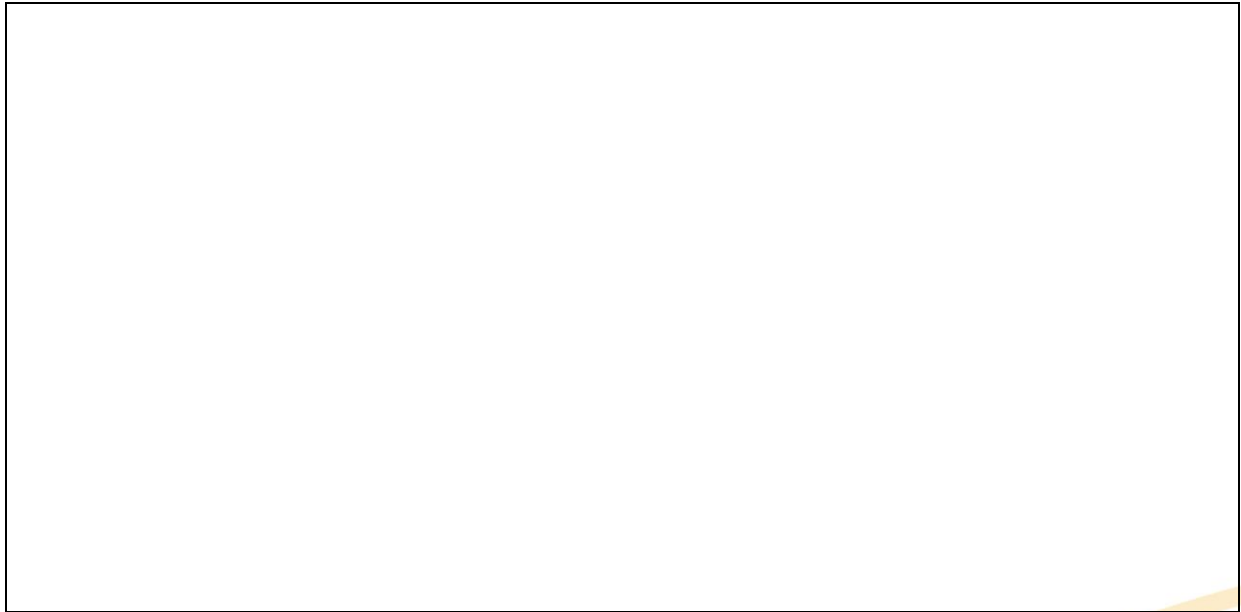
Section 3: 18 marks

Activity 3

In this activity, you have to analyse the liquidity of an estate.

3.1 Use the will that you have used for Activity 1.1. Calculate the liquidity of the client's estate. (6)





3.2 Using results from activity 3.1, write a brief report explaining the implications of the liquidity situation to the client. Attach a copy of the report in your Learner Work File. (6)



3.3 Using results from activity 3.2, write a brief report making recommendations to improve the client's liquidity. Attach a copy of the report in your Learner Work File.

(6)



Section 4: 19 marks

Activity 4

In this activity, you have to propose a financial solution to ensure the orderly and cost effective winding up of the estate. (12)

4.1 Identify three clients who own estates. Using these clients:

- a. Propose options to minimise estate duty for each client
- b. Propose ways of improving the practical application of each client's will taking into account the liquidity of the estate and arrangements for dependants.

Present your answer in report format.



4.2 What options would you give the client in Activity 3 in order to minimise his/her Estate Duty? (3)

4.3 List at least 3 tasks that an executor is responsible for in ensuring a better liquidity status of your estate and arrangements for your dependants. (4)



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SOUTH AFRICAN QUALIFICATIONS AUTHORITY

REGISTERED UNIT STANDARD:

Apply knowledge of estate planning to propose a financial solution for a specific client

SAQA US ID	UNIT STANDARD TITLE					
242603	Apply knowledge of estate planning to propose a financial solution for a specific client					
ORIGINATOR			ORIGINATING PROVIDER			
SGB Insurance and Investment						
QUALITY ASSURING BODY						
-						
FIELD				SUBFIELD		
Field 03 - Business, Commerce and Management Studies				Finance, Economics and Accounting		
ABET BAND	UNIT STANDARD TYPE	OLD LEVEL	NQF	NEW LEVEL	NQF	CREDITS
Undefined	Regular	Level 5		New Level Assignment Pend.		8
REGISTRATION STATUS		REGISTRATION START DATE		REGISTRATION END DATE		SAQA DECISION NUMBER
Reregistered		2009-11-03		2012-06-30		SAQA 0160/05
LAST DATE FOR ENROLMENT		LAST DATE FOR ACHIEVEMENT				
2013-06-30		2016-06-30				

In all of the tables in this document, both the old and the new NQF Levels are shown. In the text (purpose statements, qualification rules, etc), any reference to NQF Levels are to the old levels unless specifically stated otherwise.

This unit standard does not replace any other unit standard and is not replaced by any other unit standard.

PURPOSE OF THE UNIT STANDARD

This Unit Standard is intended for learners who advise individuals at any life stage on estate planning, give financial advice or engage in wealth management or financial planning. It is applicable to Intermediaries, Financial Planners, Broker Consultants, Bankers, Actuaries, Sales Managers, Key Individuals and Managers in life insurance and financial planning organisations.

The qualifying learner is capable of:

- Interpreting the provisions of a will.
- Applying knowledge of legislation to calculate Estate Duty.
- Analysing the liquidity of an estate.
- Proposing a financial solution to ensure orderly and cost effective winding up of an estate.

LEARNING ASSUMED TO BE IN PLACE AND RECOGNITION OF PRIOR LEARNING

It is assumed that learners are competent in Communication and Mathematical Literacy at NQF Level 4.

UNIT STANDARD RANGE

The typical scope of this Unit Standard is:

- A standard Will refers to a Will compiled using standard clauses.
- Marital regimes include in community of property, out of community of property, with accrual and not married but in a long term relationship.

- Bequests include, but are not limited to, limited rights, annuities and royalties.

Specific Outcomes and Assessment Criteria:

SPECIFIC OUTCOME 1

Interpret the provisions of a will.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

A standard will is interpreted to determine the distribution of assets at death.

ASSESSMENT CRITERION 2

The implications of the client's marital regime are explained with reference to the distribution of assets.

ASSESSMENT CRITERION 3

The standard clauses are explained to the client with reference to the implications for the client's beneficiaries.

SPECIFIC OUTCOME 2

Apply knowledge of legislation to calculate Estate Duty.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The Capital Gains Tax (CGT) payable by an estate is calculated and an indication is given of how this affects Estate Duty and liquidity.

ASSESSMENT CRITERION 2

The Executors fee is calculated and an indication is given of how this affects Estate Duty and liquidity.

ASSESSMENT CRITERION 3

The implications of beneficiary nominations, bequests, retirement funds and long-term insurance policies are explained with reference to estate duty and liquidity.

ASSESSMENT CRITERION 4

Estate Duty is calculated for the main marital regimes.

SPECIFIC OUTCOME 3

Analyse the liquidity of an estate.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

The liquidity of an estate is calculated taking into account the provisions of the will and any beneficiary nominations.

ASSESSMENT CRITERION 2

The implications of the liquidity situation are explained to the client.

ASSESSMENT CRITERION 3

Recommendations to improve the liquidity are presented to the client.

SPECIFIC OUTCOME 4

Propose a financial solution to ensure the orderly and cost effective winding up of the estate.

ASSESSMENT CRITERIA

ASSESSMENT CRITERION 1

Options to minimise Estate Duty are proposed for different scenarios.

ASSESSMENT CRITERION 2

Ways of improving the practical application of the will are proposed with due regard for the liquidity of the estate and arrangements for dependants.

UNIT STANDARD ACCREDITATION AND MODERATION OPTIONS

- Anyone assessing a candidate against this Unit Standard must be registered as an assessor with the relevant ETQA or ETQA where a Memorandum of Understanding (MOU) exists with the relevant ETQA.
- Any institution offering learning that will enable achievement of this Unit Standard must be accredited as a provider through the relevant ETQA or ETQA where a Memorandum of Understanding (MOU) exists with the relevant ETQA.
- Moderation of assessment will be overseen by the relevant ETQA according to the moderation guidelines and the agreed ETQA procedures.

UNIT STANDARD ESSENTIAL EMBEDDED KNOWLEDGE

N/A

UNIT STANDARD DEVELOPMENTAL OUTCOME

N/A

UNIT STANDARD LINKAGES

N/A

Critical Cross-field Outcomes (CCFO):

UNIT STANDARD CCFO IDENTIFYING

The learner is able to identify and solve problems in which responses show that responsible decisions using critical and creative thinking have been made in advising a client on estate planning.

UNIT STANDARD CCFO ORGANISING

The learner is able to organise him/herself and his/her own activities by planning for review.

UNIT STANDARD CCFO COLLECTING

The learner is able to collect, organise and critically evaluate information in analysing a client's asset.

UNIT STANDARD CCFO COMMUNICATING

The learner is able to communicate effectively in advising a client on estate planning and developing an estate plan.

UNIT STANDARD CCFO DEMONSTRATING

The learner is able to see the world as a set of related systems in dealing holistically with an estate plan.

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