



UNDERSTANDING ESTATE PLANNING

Planning your estate isn't just for the wealthy—it's the key to protecting your assets, reducing disputes, and securing your loved ones' future."



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As Benjamin Franklin wisely said, “In this world, nothing is certain except death and taxes.” Despite this certainty, many people hesitate to discuss estate planning, often seeing it as unnecessary or uncomfortable. However, planning your estate ensures that your assets are protected, your loved ones are taken care of, and legal disputes are minimized. It also ensures that your hard-earned efforts are protected, safeguarding your wealth both during your lifetime and after your passing. It is therefore wise to guard your wealth today, to ensure its legacy tomorrow.

Contrary to the popular misconception, estate planning is not just for the wealthy—it is essential for everyone. It involves deciding how your assets will be managed and distributed whether you are alive, experiencing any incapacity or deceased. A well-structured plan provides financial security for your family, reduces legal battles, minimizes tax exposure, and ensures your wishes are honored.

This is the first part of our estate planning series. We will explore different ways you can plan your estate—either during your lifetime or to take effect after your death—to ensure a smooth transition of your wealth.

What is an Estate?

Your estate includes everything you own, such as land, houses, bank accounts, investments, businesses, vehicles, and personal belongings. Proper estate planning helps:

- Ensure your assets are passed to the right people.
- Minimize legal battles and family disputes.
- Reduce taxes and administrative costs.
- Provide for your dependents, such as children or elderly parents.
- Protect your wealth from unnecessary legal complications.

Ways to Structure Your Estate

Estate planning can be structured to apply while you are alive or after your death. The most common options include:

1. Wills

A will is a legal document that specifies how your assets should be distributed after your death. It allows you to:

- Choose who inherits your property.
- Appoint guardians for minor children.
- Name an executor to manage your estate.

However, wills must go through the probate process, which can be lengthy and open to disputes. Anyone who feels unfairly left out can challenge the will in court. While wills are useful for directing asset distribution, they do not provide immediate access to funds or avoid legal proceedings.



2. TRUSTS

A trust is a legal arrangement where you transfer assets to a trustee to manage on behalf of beneficiaries. Trusts can be created during your lifetime or take effect after your death. They provide:

- Avoidance of probate, ensuring beneficiaries access assets quickly.
- Privacy, as they are not public records.
- Protection of assets for future generations.
- Potential tax benefits by reducing taxable assets.

Types of trusts include:

- **Lifetime Trusts:** Established while the settlor is alive to manage wealth distribution.
- **Will Trusts:** Activated upon the settlor's death to secure beneficiaries' interests.
- **Tax-Efficient Trusts:** Designed to minimize inheritance tax liability and optimize financial planning.

3. Lifetime Gifts

Gifts of assets while alive can reduce inheritance tax and ensure your loved ones benefit sooner. This strategy allows individuals to take advantage of available tax reliefs and decrease the taxable estate, effectively reducing tax exposure.

4. International Assets

If you own property or investments outside your home country, estate planning can help navigate different legal and tax systems to ensure smooth succession and compliance with international laws.

What's Next?

This is the first part of our estate planning series. In the next alert, we will explore wills in greater detail—why they matter, how to create one, and their role in succession planning. Stay tuned for more insights on securing your future and protecting your loved ones!

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