Online succession planning gets better

(Gajanan Nirphale)

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Growth in entrepreneurship and the need to protect personal assets, nuclear families, increasing divorce rates are some of the reasons driving demand for professional will creators.

According to the Reserve Bank of India projections, gross financial savings have swelled to Rs 12,792.54 billion from Rs 9,335.43 billion in 2011-12 and physical assets have grown by a percentage point when pegged against the GDP of the country.

The increase in assets and geographically-dispersed family members are reasons why Indians are being lured into taking services of professional will creators. MyWill by SBICAP Trustee, Warmond Trustees and Executors' EzeeWill, CC Choksi's

WillEffect, WillJini and eWill offered in collaboration with HDFC Securities have been offering a DIY solution to create an online will for years.

But the latent need for tailored wills is driving Indians to ask for more than just online will creation. Allied services and offerings from will creators are expanding to dial-a-will, get your will at home, will through email, consult an expert before making your will, create a trust, executing a will and even probate services.

Companies offering these services say that cases where senior executives of companies and their spouse have left for the heavenly abode, and the children are left to battle it out, have been building the heat for estate planning.

"There are several factors leading to a spurt in trust creation. Succession, FDI, growing security for the girl child, nuclear families, increasing divorce rates, next generation settling abroad are some of them," points out Karishma Choksi, founder of CCC WillEffect Pvt Ltd.

The growth in entrepreneurship, wherein founders need to protect personal assets, minors who need to be handed over inherited assets, and the brain drain out of India, wherein parents and children reside in different countries has led to Indians adopting the trust structure for inheritance purpose.

Alternate structures are gaining importance not to save taxes, but for other reasons.

"Although in India we don't have inheritance tax/estate duty presently and don't need trust structures primarily as a tax-saving mechanism like abroad, there is an increasing need to protect assets," explains Choksi.

The demand forced Warmond Trustees and Executors to expanded their offering via NSDL to cover personalised wills, executorship, trust services and estate planning, which offer expert help for those willing to pay more and seek advice.

"Having a will in place is cardinal. Though wills and trust can be created online, we received constant feedback that there are unique situations and individuals would like to seek expertise and even pay a little more to create the right structure in place to ensure their family isn't entangled in endless battles to realise the assets," said Anuradha Shah, MD and CEO, Warmond Trustees and Executors.

Asked about the situations that the company came through which demanded a personalised will offering, Shah elucidated, "A senior citizen, who had a divorce, another individual who had an estranged spouse and a special child and there are a lot many cases where a face-to-face meeting to plan the estate was quintessential."

She says that the executorship service too has picked up as people have realised it isn't easy to be one as an executor would take care of applying for and obtaining probate certificate, distributing assets to the beneficiaries in accordance with the will, providing legal assistance in case of any dispute, payment of debt, etc. Though it is not mandatory to appoint an executor, the court appoints one if you haven't appointed anyone in your will.

Additional services such as custodianship and probate, too, have seen increased interest. CCC WillEffect and WillJini also offer custodian services to preserve your will in a safe environment at Rs 1,500 and Rs 2,000 per annum respectively. However, before you select a custodian, you must ensure that the executor of the will is aware of the whereabouts to retrieve it, suggests WillEffect.

Probate - a copy of a will certified under the seal of a competent court after 7-days of the death of testator - and execution of wills service offering too has expanded for will-offering companies.

Even though an alternate structure such as trust may be the best solution in complicated cases, Choksi warns, "One must not be conned into creating a trust. You need to understand the implications well."

There could be serious implications of creating a trust for tax-planning and losing out on benefits such as forgetting to claim your own right to stay in the house until you die while passing it to your children under the trust.

Though one should avoid creating a trust for a small corpus, especially below a crore as the execution costs would turn out to be costlier, there are situations such as minor children who aren't ready to handle assets, which would require a trust creation even though the fee would be high as compared to the net-worth, warn experts.

Also, before you opt for these services, ensure that you provide the requisite information within the stipulated time period after registering. For instance, SBI MyWills prescribes a time of 30 days, or else additional cost would have to be borne for a fresh registration. Similarly, eWills offered by HDFC Securities offers a time period of 60 days for property details.

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