

Pros and cons of inheriting a legacy property

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The celebration of Heritage Month each September creates a conducive environment for all South Africans to embrace and celebrate what has been inherited or bequeathed to us. One such inheritance is the gifting of property to family or a charity.



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Leaving a legacy is gifting an asset, and its related future wealth, to someone of your choice; and property is oftentimes the asset being bestowed. It is important to remember that bequeathing a fixed property in a will can be a lengthy and complicated process and legal advice should be sought in this regard. However, being the beneficiary of fixed property brings with it several pros and cons to consider.

Financial considerations

When inheriting a property there are financial considerations to take into account. There might be outstanding debts on the property and beneficiaries need to consider the estate taxes and other financial implications associated with the inheritance. Once the property is officially transferred to the beneficiary, other expenses related to maintenance, possible renovations and monthly rates and taxes need to be taken into account.

However, on the positive side, being bequeathed a property is a huge boost to an individual or family's private wealth. In terms of wealth creation, it is an opportunity to establish a financial future that has long-term benefits and offers a degree of security and financial protection.

Wealth creator

Property in South Africa has a long history of appreciating in value, so keeping the asset for the medium to long-term will act as a wealth creator. In addition, renting out the inherited house or apartment will provide more passive income and the increase in the value of the property adds monetary value to grow the owner's asset portfolio. Additional tax deductions can also be applied if the property is used for the generation of income.

The intricacies of bequeathing or inheriting fixed property are complicated and there are many factors to take into account. I would always suggest discussing the matter of bequeathing a property with the potential beneficiary prior to them finding out about it at the will reading so that the various expenses and legalities can be carefully considered. Nonetheless, inheriting a legacy property is an opportunity for wealth creation and a way in which to solidify wealth across generations, whilst retaining and celebrating history, culture and family ties.

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