



# KNOW YOUR MONEY



6TH EDITION MARCH 2015

Your guide to good finances

**M**UCH has been written in the media lately about the resignation of government employees in order for them to access their pensions.

According to the Government Pensions Administration Agency (GPAA) this is especially prevalent among teachers and employees of the South African Police Services. Many of these resignations are as a result of members of the Government Employee Pension Fund (GEPF) being incorrectly informed regarding proposed changes in legislation, whereby they wrongly believe that they won't be allowed to withdraw their cash lump sum when they retire.

Jay Morar of the GPAA has urged members of the GEPF to stop resigning due to fears that they will lose their money, especially members' lump-sum benefits. Morar said: "Nothing is further from the truth. All members of the GEPF will still be entitled to a lump sum, no matter when they retire, no matter the date."

Yet these rumours continue unabated and it has come to the Financial Services Board's (FSB) attention that some of the blame for these misconceptions rests with unscrupulous financial advisors.

#### SCARE TACTICS

Kagisho Mahura, a Certified Financial Planner (CFP) professional and a member of the Financial Planning Institute (FPI), said: "These advisors use scare tactics to entice scores of investors to resign and exit from their current pension or provident funds because 'government is going to take their money'. This could not be any further from the truth. The advisors' motive is often to encourage investors to exit so that they (advisors) can invest the withdrawn amounts and earn fees thereon."

So how can consumers guard against getting incorrect financial advice, feeling pressured into taking out financial products and where can they go to if they feel that a financial advisor has acted inappropriately?

Firstly, anyone who gives financial advice (for example, advising you to withdraw your pension and invest it with them) must own or work for a financial service provider that is authorised by the Financial Services Board. Being authorised provides the public with assurance



Unscrupulous financial advisors are urging government employees to cash in their pensions.

## DANGERS of early pension cash-in

The Financial Services Board reassures GEPF members that they will not lose lump-sum benefits.

that the advice they receive is proper. This includes the consumer being provided with sufficient information to make informed investment decisions.

Advisors are required to adhere to a Code of Conduct with

fore, is in breach of the Code of Conduct and has contravened the Financial Advisory and Intermediary Services Act (FAIS).

Any government employee who has been a victim of this type of behaviour is strongly

a CFP professional, who is in a position to offer sound financial advice, as they or the company they represent are authorised by the FSB and must adhere to its code of conduct.

Lyndwill Clarke, Head of Department: Consumer Education, says to government employees who are considering resigning in order to access their pension: "Resignation to access your pension is short-sighted as, in these economic times, getting re-employed is not easy."

"Rather, first take time to assess your current retirement benefits, research what are the facts surrounding the tabled changes in legislation, and thereafter make an informed decision regarding your retirement. This assessment could

include consultation with reputable advisors?"

Clarke encourages members of the GEPF not to be pressurised into "cashing out your pension".

- View the FSB Consumer Education website ([www.mylifemoney.co.za](http://www.mylifemoney.co.za)) or the GEPF website ([www.gepf.gov.za](http://www.gepf.gov.za)).

#### CONTACTS

- Government Employee Pension Fund: 080 0117 669 ([enquiries@gepf.co.za](mailto:enquiries@gepf.co.za)).

- Financial Services Board: 080 011 0443 ([www.fsb.co.za](http://www.fsb.co.za) or [infor@fsb.co.za](mailto:infor@fsb.co.za)).

- FAIS Ombud: 0860 324 766 ([info@faisombud.co.za](mailto:info@faisombud.co.za)).

- Financial Planning Institute: 0861 000 374 ([www.fpi.co.za](http://www.fpi.co.za) or [fpi@fpimail.co.za](mailto:fpi@fpimail.co.za)).

- Article by Tammy Peyper, Manager Consumer Education Department, Financial Services Board.

**Resignation to access your pension is short-sighted ... getting re-employed is not easy.**

one of the requirements being that the advisor will always act in the best interests of the client. Anyone telling a consumer to quit their job to access their pension is not acting in a consumer's best interest and, there-

encouraged to report the matter to the Financial Services Board and the FAIS Ombud (see contact details).

One option for seeking financial advice is utilising the services of

**TEENS!**  
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TEACHING CHILDREN ABOUT MONEY  
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READ YOUR STATEMENTS & PAYSLEIPS  
PAGE 11

**EDITOR'S NOTES**

**New Year a time for financial resolutions**

WELCOME to the first edition of 2015. Since no rule is cast in stone about when to stop saying happy New Year, may I use this opportunity to wish you a fruitful 2015. I hope you have recovered from any excesses and are immersed in your occupations.

It is fascinating to note that when people make New Year resolutions, financial management is either non-existent or barely makes the radar. I searched the Internet for 2015's top resolutions and was amazed to find they concerned only lifestyle.

Trending resolutions included: losing weight, quitting smoking and alcohol, and being happy. Interestingly these are lifestyle changes related to stress. I was surprised to see that improving the status of one's finances seemed insignificant.

Lack of money management acumen can cause headaches, stress, absenteeism from work and have a ripple effect on relationships at work and at home.

**Improving one's finances seemed insignificant.**

The good news is that we bring you articles to read that will help you tackle financial stress. It's never too late to take stock of money matters. Financial terminology can be complicated. For your own benefit, find a letter from your bank, insurance company or pension fund administrator and identify unknown words. Take action and discuss them with the institution concerned.

In our next issue, our Muslim readers can find out about how Shariah Investments in South Africa may cater for their needs.

Lastly, be a responsible citizen and submit your tax return when the 2015 season opens on July 1.

**ORAH NDUMELA**

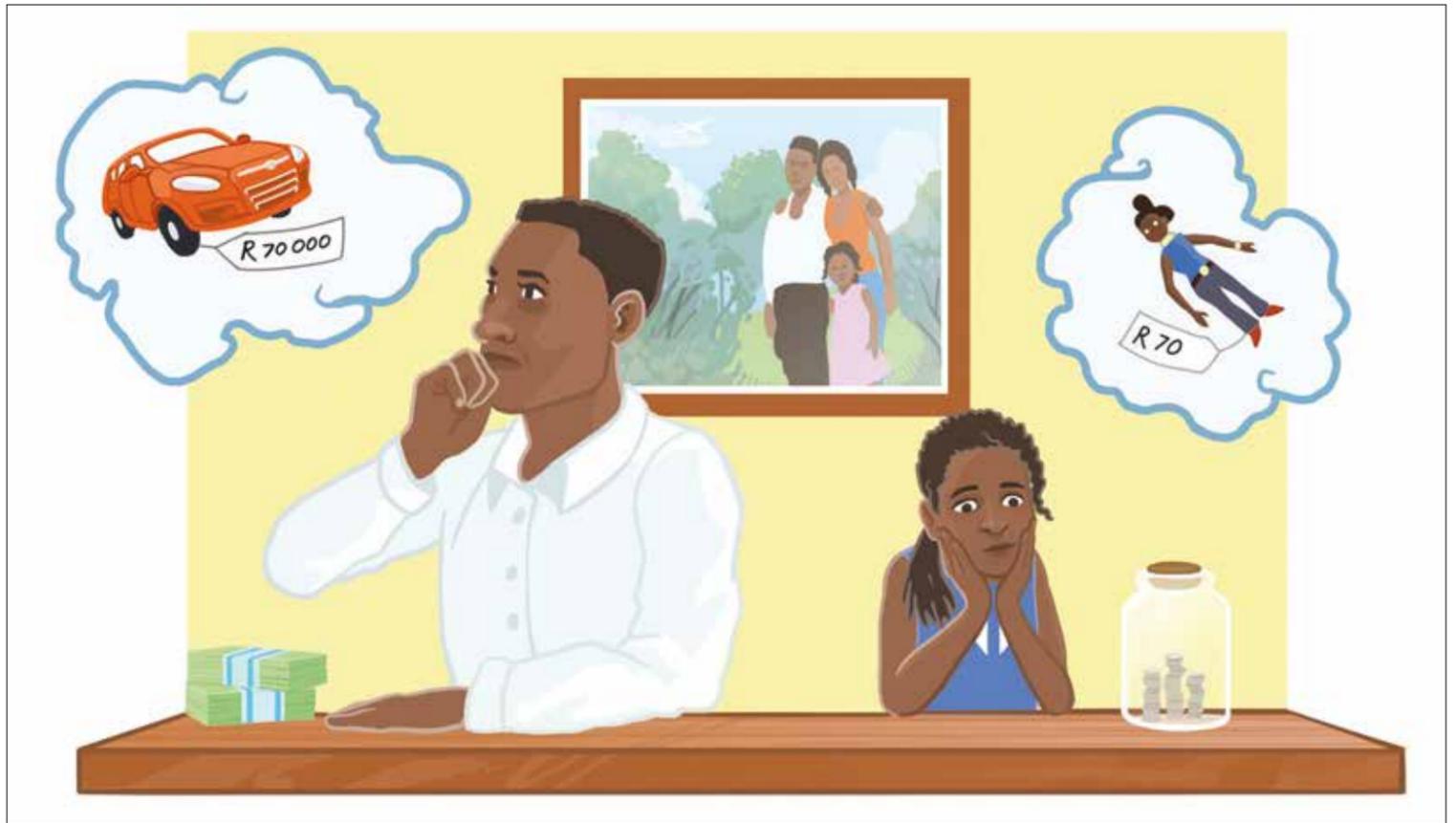
• *Editor's Notes was sponsored by Hollard Affinities & Direct.*

**SHARE THIS VALUED NEWSPAPER**

DEAR Reader, WITH this being the 6<sup>th</sup> Edition, I am humbled by the ongoing support this newspaper has enjoyed since its inception in 2011.

Undoubtedly, this would not have been possible without all the hard work by the members of the Financial Literacy Association, the generosity of our sponsors and avid readers such as you. I trust that you will take immense learning out of this edition and share it with your family and friends in order to uplift wider social circles. You have my continued commitment to assist you to be financially fit.

**SHEKHAR MAHABEER**  
Focus Group Leader:  
Government Employees



*'What we observed while growing up has profoundly affected the way we manage money.'*

# Money management is learned in childhood

JUST like "monkey see, monkey do", does your child copy your spending habits?"

Have you ever stopped to consider where or how you have learnt to manage your money?

A few years ago, I attended a training programme run by a facilitator whose first question for the class was to think about their earliest memories of how money was managed.

For most people in the group, memories of money or lack of it went back to early childhood, where parents or significant others used money in different ways. In some cases, the parent always struggled to make ends meet or was always buying things and bringing them home. A few people remembered their parents budgeting and saving to buy what was needed in the home.

It was an eye-opener when the facilitator asked us to reflect on our current money management practices, as most of us realised that what we saw and observed while growing up had profoundly affected the way we manage money.

This stimulated many lively conversations with colleagues and friends over the years, with regard to how we unconsciously learn

about money management from our families. Since families play such an important role in teaching children about finances, you should examine what it is that you are teaching your children.

Here are some ways to help them

**We unconsciously learn about money management from our families.**

learn about money:

- Talk to children about money and concepts around money. In a 2013 article on "the five most important money lessons to teach your kids", Forbes suggested that parents try to teach three- to five-year-olds to be patient and save towards buying something they really wanted. Children could also learn this by having a goal set, for example, the purchase of a toy, and then saving their allowance to this end.
- Collect coins with different values and use them to play shop with the child. Items will be marked at different prices and children must use the coins to purchase what they want. They will learn the different values

placed on the items, how to prioritise what is important and how to budget. This is a fun, interactive way to teach children the value of money.

- If you give a child an allowance, he or she can learn to budget and

what to spend it on. Talk to the child about what he or she wants or needs and introduce to them the power of saving by opening a bank account in his or her name. This is also an ideal opportunity to teach them about charity and donations, where a portion of their allowance can be put aside for a charity of their choice.

- Instead of giving the child a birthday present, buy them shares and on a monthly or quarterly basis, discuss the shares and how much interest they are making.
- Pay him or her a nominal amount for doing chores or, if the child is old enough, allow him or her to work part-time. The child will thus learn that hard work

pays off.

- It can be fun to shop with children in order to teach them about spending wisely. Here you can discuss which products are good value-for-money. You could also set a task for older children by, for example, allowing them to plan a meal for four with a budget of R75. Set them the challenge of working out a menu and shopping for the food, without overstepping the budget.

- The simple things in life can be priceless. People sometimes forget that some of the best things in life are free. It is also important to teach children that there are things they can do or use that do not cost money. For example, giving the gift of time to an elderly relative, rather than buying them something from a shop. Homemade cards with handwritten messages are meaningful, while vouchers to assist with chores, instead of buying them a present, will be appreciated.

Teaching children about money can be fun and exciting. It is an opportunity to pass on valuable life-skills that will see them empowered for life.

- *This article was written by Genevieve Poodhun, Regional Manager: EAP, Department of Correctional Services.*

**SELF-HELP CONTACT DETAILS**

South African Insurance Association .....	011 726 5381
Association for Saving & Investment SA .....	021 673 1620
FAIS Ombudsman .....	0860 324 766
Short Term Insurance Ombudsman .....	011 726 8900
Life Assurance Ombudsman .....	021 657 5000
The Financial Service Board .....	0800 110 443
National Credit Regulator .....	0860 627 627
Credit Information Ombudsman .....	0861 482 482
Banking Ombudsman .....	0860 800 900
Dental Ombudsman .....	021 671 2793
Medical Schemes Ombudsman .....	0861 123 267

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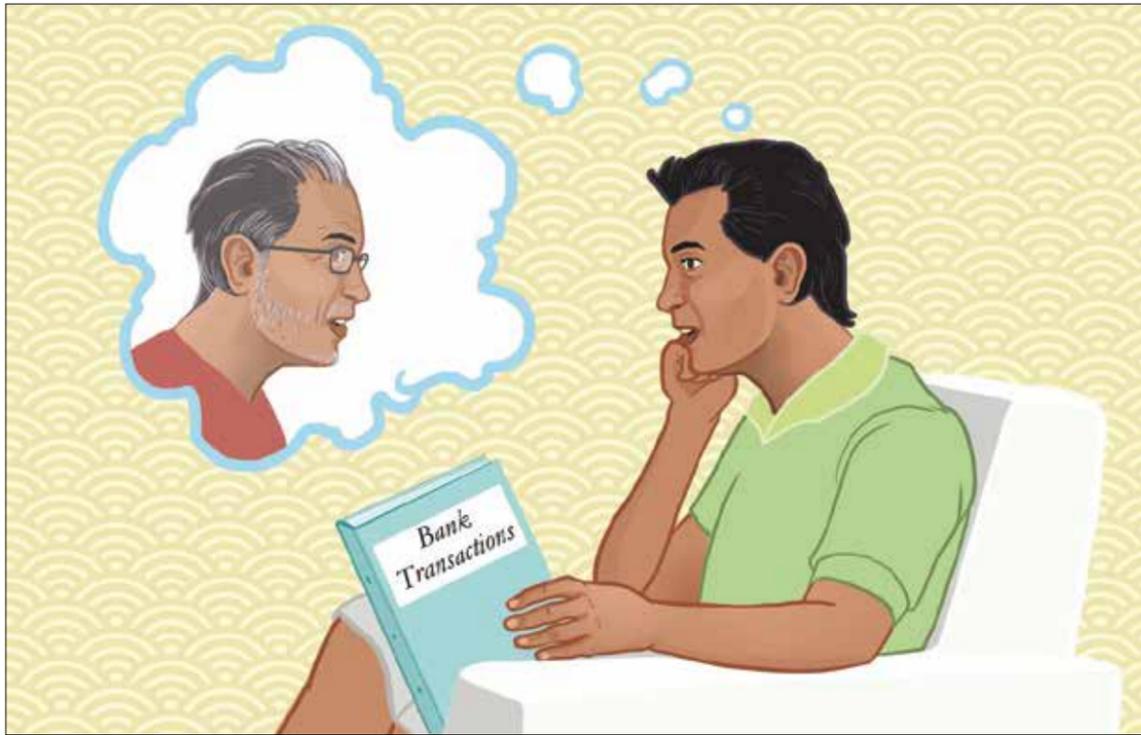
# SAVING for retirement

Only six percent of South Africans can retire comfortably.

CAN you afford not to save for retirement? An alarming number of South Africans are not preparing adequately for the day when they will need to start living off their retirement savings. Many will retire poor unless they start making aggressive plans to save for their retirement.

It is estimated that only six percent of South Africans can retire comfortably. The majority of those who are currently contributing towards their pension will most likely outlive their pension funds. To maintain your standard of living during retirement, your monthly pension or provident fund payout should not fall below 75% of your current disposable income. According to the findings of the 2014 Old Mutual Savings and Investment Monitor, only 26% of youth aged 18 to 30 are saving for retirement. In contrast, 34% are saving for a car and 26% are saving to pay off debt, up from 16% in 2013. Furthermore, statistics show that 45% of youth have neither a retirement annuity, nor are members of a pension or provident fund.

“These numbers are very troubling because the burden for retirement savings is increasing on us as individuals with each passing day,” says a financial education expert. “Regardless of your age, there is no better time than the present to start saving for your retirement. So the question really isn’t, ‘Can you afford to save for



Once you have retired, you will want to enjoy a life that's free of debt.

retirement?’ but rather ‘Can you afford not to?’ ”

Results from the survey indicate that many South Africans feel so hamstrung by short-term debt that they can’t even think about their retirement. Some common reasons for lack of retirement savings are:

- Short-term debt such as credit cards, unsecured loans and store cards, which carry high interest

rates;

- Poor savings habits; and
- A short-term and materialistic attitude which results in people sacrificing long-term security for living for the now, status and instant gratification.

The long-term consequences can be serious: it means that some of us may outlive our money and face hardship or even poverty in our old age.

The expert adds that the longer consumers remain shackled to short-term debt and its high interest rates, the longer it will be before they can allocate money to long-term savings that build wealth.

“It is vital that consumers take deliberate steps to equip themselves with financial knowledge and sound financial advice to take control of their futures. The

younger you are, the more of an ally time becomes,” he says.

South Africans’ three most common excuses for not saving for retirement:

- “I’m too young to save for retirement, I still have time”;
- “I’m too old to save for retirement, it’s too late”;
- “I’ve got too much debt and my employer doesn’t pay me enough.”

“The key to a successful retirement is to save early and aggressively. The power of compounding kicks in over long periods of time. Having a longer period of time for your retirement savings to grow and compound makes today’s contributions much more impactful.”

A worrying trend is that working South Africans in lower-income groups are reluctant to get financial advice because they don’t believe they earn enough to warrant it. This means that the same breadwinners who lack confidence in their financial decision-making and who are most in need of guidance are the least likely to have a relationship with a financial adviser.

The expert concludes: “As always, it is crucial to get sensible financial advice on saving. Attend a sound financial education programme to give you guidance on how to budget, free yourself from debt and start building wealth.”

• Article provided by John Manziye, Old Mutual Financial Education Head.



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# Buying a home means you are making an exciting investment

**B**UYING your own home is one of the most exciting acquisitions and biggest financial commitments you are likely to make. So it deserves some planning, making sure you are aware of all processes, requirements and potential pitfalls. With a little planning, the home buying and financing experience can be very rewarding.

**DECIDE WHAT YOU'RE LOOKING FOR**

- Think about:
- Your price range – your monthly budget and what you can afford.
  - Your ideal neighbourhood. What other areas would you be happy to live in?
  - Would you prefer a free-standing house or the gated security of a complex?
  - Size of house, flat and/or land.
  - Number of bedrooms or bathrooms.
  - Do you need an outdoor area?
  - Parking requirements.

- What facilities do you need to be close to (schools, shops, parks, hospitals etc)?
- Are you prepared to renovate?

**GUIDELINES TO PURCHASING PROPERTY**

Take a good look at what you can afford. The purchase of a new home comes with a string of new bills.

Not only will you have a monthly bond instalment to pay, but there are a number of additional costs which you may not have had to pay as a tenant. These include:

- Rates payable to the municipality.
- Levies (if you're in a complex or flat).
- Electricity, water and transport costs.
- Household (contents of home) and homeowner's insurance (building).
- Repairs and maintenance (garden, painting the house, plumbing problems).

**GET YOUR AFFAIRS IN ORDER**

Pay your bills on time, every month, in

order to ensure that you have a good credit rating.

It's also a good idea to try to clear as many debts as possible before applying for a home loan, since lending institutions will look at existing debt obligations when assessing whether or not to approve a loan application.

**WHAT CAN I AFFORD?**

Our website has calculators that will assist you in working out instalments – or you can refer to the table for an illustration of maximum loan amounts and instalments for income levels. (The table is based on an interest rate of 11% p.a. A lower interest rate means you will be able to afford higher instalments and be able to borrow a larger sum.

• This article was brought to you by SA Home Loans.



Decide what home you would like to buy before you go looking for it.

What can I afford? Work it out ...		
GROSS MONTHLY INCOME	MAXIMUM INSTALMENT	MAXIMUM LOAN
R12 000 .....	R3 600 .....	R349 000
R18 000 .....	R5 400 .....	R523 000
R26 000 .....	R7 800 .....	R756 000
R40 000 .....	R12 000 .....	R1 163 000
R60 000 .....	R18 000 .....	R1 744 000



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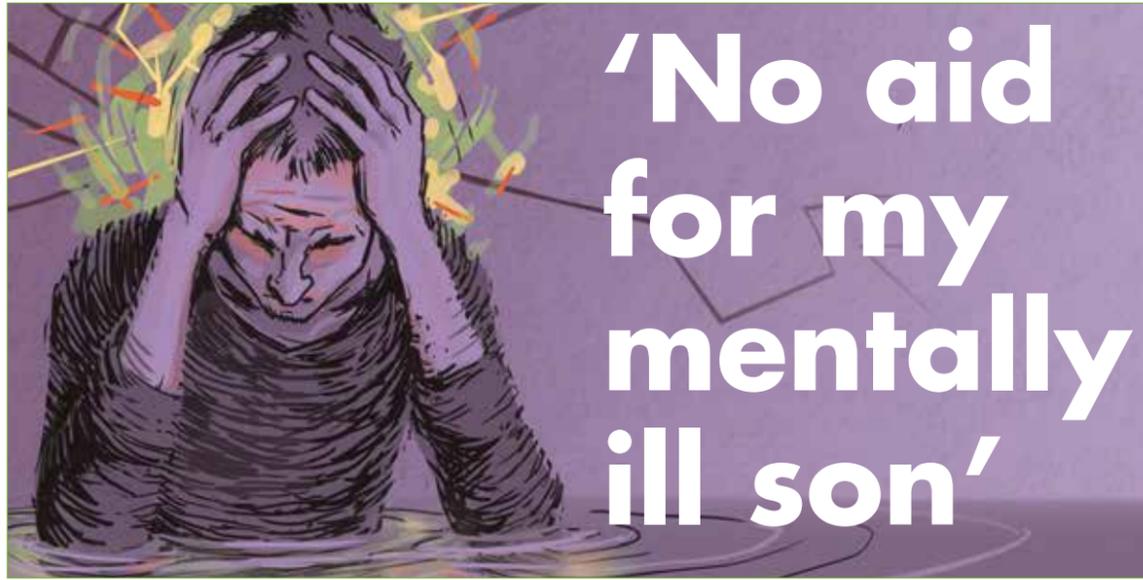
A FRESH APPROACH TO HOME FINANCE **SA Home Loans**

Terms and Conditions apply. Please refer to our website for further details. SA Home Loans is a Registered Credit Provider. Registration Number NCRCP1735.

**M**ENTAL illness is more common than we think. The South African Federation of Mental Health estimates that one in five South Africans suffers from mental illness and 75% of them never get the care they need, either due to its high cost or inadequate education and community resources.

So as to ensure that appropriate care, treatment and support is given in order to ensure full recovery, it is necessary to be aware of the following:

- Nature of the mental illness: You need to be able to understand it and know what treatments are available. This will help your family to understand what support they need to provide and how to manage their medical aid fund. Sources of information include the health care provider, community mental health organisations, self-help books and the Internet.
- Benefits and restrictions of



your medical aid. In a case where funds are available, remember the following when it comes to long-term treatment:

- Apply for medication to be classified as chronic medication. This will free up the “acute” portion for other much needed services;

- Consult with your doctor about changing to a generic version of the medication, as it is more affordable; and
- Ask for a discounted fee or pay cash and claim back from medical aid, as cash fees are generally lower than medical aid fees.

If the funds become exhausted, try the following:

- GEMS, together with most medical aids, have an ex gratia fund that members can apply for. This fund can only be accessed when one’s medical aid has become exhausted. Obtain an application form from your medical aid and ask the doctor to fill it in. He or she will have to motivate for additional funds, however, this does not guarantee that you will get it. The application will be reviewed by the ex gratia department of the medical aid and they will decide whether they will fund the additional expense and to what extent they will fund it. It is an option that is worth exploring.

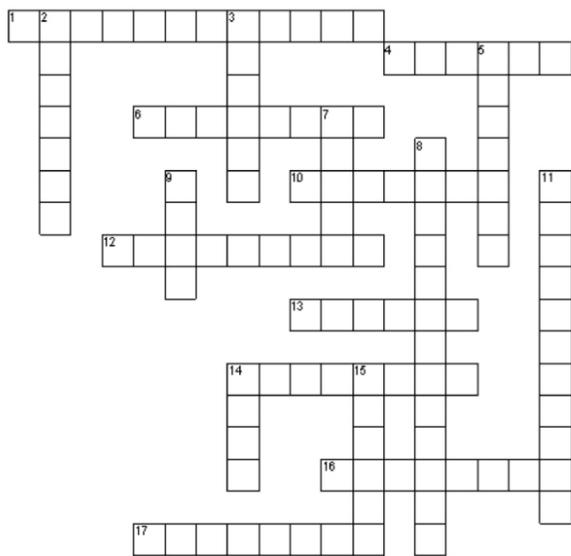
Additional options include:

- Most government departments have an Employee Assistance Programme (EAP) that offers free, confidential counselling service. Utilise your in-house EAP and request that, if possible, she or he refer you to a service provider who offers the services that you need at a minimal cost or for free.
- The Department of Health provides a wide range of services (psychiatrists, social workers and psychologists) at minimal cost to those who are cash strapped.
- The South African Depression

and Anxiety Group has support groups for various mental illnesses throughout KZN which are generally run free of charge. Phone 0800 20 5026 to be referred to a group that is closest to you. Support groups are essential for the management of mental illness.

- The Child and Family Centre is the training and community outreach clinic of the School of Psychology, Pietermaritzburg. They provide assessments and psychotherapeutic services to adults and children. Services are provided by Masters students and clinical, educational and counselling psychologist interns, under the supervision of qualified psychologists.
  - Durban and Coastal Region Mental Health: (031) 207 2717.
  - Pietermaritzburg Mental Health: (033) 392 7230/1.
  - Zululand Mental Health: (035) 787 0146.
  - Lifeline offers free counselling: 0861 322 322.
  - Social Development and local Child and Family Welfare Organisations will be able to inform you of their programmes.
  - SANCA offers services at a minimal cost. They have branches in KZN: Durban (031) 202 2274; Newcastle (034) 312 3641; Pietermaritzburg (033) 345 4537; Nongoma (035) 831 0677; Zululand (035) 772 3290.
- It is important to realise that mentally ill individuals need more than medication to manage their illness. They need the support and understanding of family, friends and psychotherapists, and the life skills to enable them to cope and, where possible, recover from the illness. Ongoing treatment is essential and it is up to you to try to access the services you will need in order to enable a recovery.
- This article was written by Genevieve Poodhun, Regional Manager: EAP, Department of Correctional Services.*

### BUSINESS & FINANCE CROSSWORD



**Across**

- rate and efficiency of work
- ask the bank to advance money
- money paid for a loan
- wealth of person or business
- promise to repair or replace
- amalgamation of two companies
- legal agreement
- total sales of a company
- share of profits paid to shareholders

**Down**

- proof of payment
- put money into a company or business
- money paid to owner of copyright or patent
- part of the capital of a company
- where shares are bought and sold
- money lent
- amount of money spent
- neither cheque nor credit card
- money returned

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N.B. There are no spaces between words.

**SEE PAGE 9 FOR ANSWERS!**



treasury

Department:  
Treasury

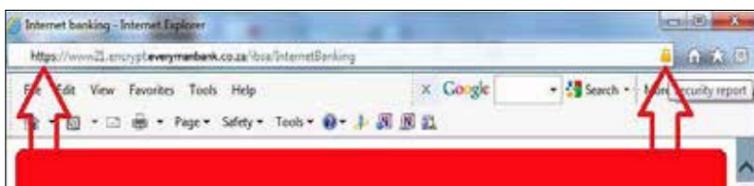
PROVINCE OF KWAZULU-NATAL



**KwaZulu-Natal Provincial Treasury is committed to the following priorities:**

- Clean Audit Reports for government departments and municipalities;
  - Elimination of fraud and corruption in government;
  - Clean Supply Chain Management practices; and
  - On-Budget expenditure by government.

# Be aware of scams and fraud



**This is a website with security features.**

R400k, would use a Gmail address or private cellphone number? It simply makes no sense!

#### Phishing (identity theft)

Phishing (pronounced "fishing") is another way of trying to steal important information from you, through the use of a website or email message, both of which are fake. The culprits will often make a perfect copy of a trusted website, such as your Internet banking site. Once you go into it and enter your information, it is stored by the fraudsters for later use. To get you to their fake site, they will often use warning emails or SMSs from your bank to indicate that there has

been some kind of problem and you should click on the link and update your information. As a precaution, never click on a link and rather use your saved bookmarks or favourites to get to your banking site. In addition, real banking websites are security protected and you should see a lock near the top of the screen like the one above. The website will also start with "https". A normal website without security features always starts with just "http".

#### Fake charity

Probably one of the most insensitive scams is the fake charity scam. Here the fraudsters indicate that they work for a charity and

they are raising money for a good cause. This is a common scam and some fraudsters even perpetrate it in broad daylight in shopping malls. Fortunately, legal charities have valid registration numbers that they show when collecting donations. Don't be shy to ask to see a registration number if your suspicions are aroused (usually it is a Non-Profit Organisation Number or a Public Benefit Organisation Number).

#### Phone call about security software upgrade

This scam started in Europe but is quickly spreading to South Africa. The fraudsters are based overseas, but usually in India. They will phone a person at home and ask to speak to the "owner of the computer" and tell him or her that they have picked up a number of security threats from your PC. Of course, this is all nonsense but people fall for it nonetheless. They then ask for your credit card details for the software they will "upload" to your PC. If you get calls like this,

hang up immediately.

#### Bank transaction scam

This scam is similar to the others but involves fake correspondence from the bank informing you that a transaction pertaining to your bank account has occurred. After clicking on the link, you are taken to a site that will try to get you to enter your bank account details.

#### Work-at-home scams

There are many adverts on posters and in newspapers that promise a high income to those who want to work from home. These are often too good to be true. What happens is that when you call the advertisers, they indicate that you have to invest a certain amount to buy the sales documentation or start-up stock. Once you have paid this money, you never hear from them again.

• See our next issue for more tips and warnings or visit: <http://scambuster.co.za> or <http://cybercrime.org.za>

• This article was sponsored by Initiative Training and Consulting.

TODAY we live in what is termed the "Information Age". Computerisation and the advent of the Internet have reshaped the world, and fraudsters who want to perpetuate scams can now gain direct access to the public in order to steal their hard-earned money.

It is therefore vitally important to safeguard your personal information. Never share passwords, pin numbers or other personal information with anyone. Beware if someone asks you for this information, especially through electronic communications. There is no end to the number of ways fraudsters will try to steal from you. The following are some of the more common scams and schemes to watch out for:

#### SMS competition wins

A very common way of committing fraud is through the use of SMSs that inform you that you have won something. Use your common sense here – often the contact details provided are those of private Gmail accounts or private cellphone numbers. Ask yourself why a large company, wanting to give away

## Fifth issue competition ANSWERS!

**Q1: What is a "Tax Year"?**

A: It is a 12-month period, from March 1 to the end of February the following year.

**Q2: Give one benefit of paying your accounts on time.**

A: Your record at the credit bureau will reflect a positive payment behaviour and this information helps creditors to determine your credit-worthiness.

**Q3: Give one example of good debt and bad debt.**

A: Good debt is applying for a business loan and borrowing for business. Bad debt is borrowing money to go on holiday.

**Q4: You are a seeker of security if you ...? Give two answers.**

A: You pay your bills on time and you have an outstanding credit record. You rarely take risks with money.

**Q5: What are some of the things you need to consider when getting a divorce?**

A: You must consider your finances, your career and your legal options.

# TEENS' SPEECH CONTEST

## WIN A BURSARY!



**Lerato Cele of Durban Girls High gears up to 'Talk Money' in the 20th Annual Speech Contest on Finance.**

Photo: SOPHIE THOMPSON

**W**IN a bursary to study finance! Does your child love Mathematics, Money and People? Let him or her enter!

The Financial Practitioners Development Trust, in partnership with the KZN Financial Literacy Association and the KZN Department of Education, have once again joined forces in helping to promote financial literacy to our next generation of decision-makers by running the 20<sup>th</sup> annual Speech Contest on Finance, 2015.

The contest is open to all Grade 11 KZN learners who are taking mathematics and a minimum of two business commerce and management (BCM) subjects, which include accounting, business studies and economics. Entrants, and their schools, stand a chance to win fantastic prizes including laptops, tablets, data projectors and stationery. The grand prize includes a bursary to study towards a Bachelor of Commerce Finance Degree, which covers

tuition fees for the duration of the degree, is sponsored by the Financial Planning Institute. The runner-up wins a three-year Bachelor of Commerce

(general), compliments of PC Training and Business College. A similar initiative will be run for the first time in Gauteng this year. A learner can win similar bursaries and further details will be announced later.

This project aims to improve financial literacy in schools and create awareness around consumer rights and available support systems. Introducing financial planning as a career option, as well as encouraging entrepreneurship is an important objective of the campaign. The process of researching, writing and delivering these speeches will be an efficient way to integrate the theory and

practice of financial literacy and better equip the youth in shaping a secure financial future. It is a belief of KZN Financial Literacy Association that it

is better to teach people financial literacy while still young; in this way the youth can share their knowledge with parents and friends alike and develop good financial habits. The competition hopes to promote and attract learners to careers in the financial services industry, while also encouraging the prospect of entrepreneurship. Learners can choose from a list of topics which include, "Planning my financial future, who can help me?"; "I wanna make my own money, my own way"; and "So, you want to sell me a financial product?"

This year marks the 20<sup>th</sup> annual Speech Contest in Finance

and will see learners compete at different levels including school, ward, circuit and district levels. The competition will take place for school learners in KZN and Gauteng. These winners will go through further rounds of adjudication until they reach the provincial finals in October 2015. Then the top three learners from KZN and Gauteng will battle it out at the Bi-Provincial Finals to be held on 06 November 2015.

Accommodation and transport for all KZN provincial finalists and bi-provincial finalists (Gauteng and KZN) will be funded by the KZNFLA and its partners. The Financial Services Board and the Curriculum Grades 10-12 Directorate at Head Office will ensure a fair process for all candidates.

• Email Sithembiso Tshabalala (KZN) at [sithembisotshabalala@yahoo.com](mailto:sithembisotshabalala@yahoo.com) or Natalie Winter (Gauteng) at [natalie.winter@gauteng.gov.za](mailto:natalie.winter@gauteng.gov.za) or call KZNFLA on 033 846 6979.

## LUCKY FIFTH ISSUE WINNERS!

**AFIKILE NOGWANYA (KZN Department of Transport) and MARCIA XABA (KZN Department of Health) both won a R500 cash prize!**

**ENTER OUR NEW COMPETITION ON PAGE 12 FOR A CHANCE TO WIN BIG!**

**R**AISING children is expensive but we can cut the costs and find more time to enjoy our children's company.

Here are some ideas about how to keep the costs manageable:

- Clothes and shoes: Avoid paying the full price. Discounts usually start shortly after a new season's clothing ranges come out.

Look out for high-quality items at good prices and steer clear of things that are too expensive (it's still easy to stain new garments) or too cheap (if it's not well-made, it won't last).

# A budget for the whole family

- Activities: To keep sane and costs down by limiting activities to one type per child per holiday.

Not only does it teach a child perseverance but it also gives him or her the chance to become accomplished at an activity.

- Family fun: Even little outings such as going to the movies can cost a lot of money.

Some family outings don't cost anything. Hiking and experiencing nature is free. So are camping in the back yard, movie nights at

home and putting up a tent in the living room.

These all afford great opportunities to spend fun, quality time with your children.

- Family finance meetings: Let the children participate in financial

planning activities. They don't always need to know every detail, but they must grow up to understand that money is not a magic thing that comes from an ATM machine.

You can then plan and save together as a family for any needs and wants.

The children will also begin to understand that you are not being nasty if you say no to their requests to buy something but that you care enough to raise them in a financially sound way.

– Supplied.



Some innovative tips for when you are left in the dark.

## Save electricity and reduce LOAD SHEDDING

IT is load shedding time again...but it can be reduced if consumers become more energy efficient.

Load shedding only happens when there is insufficient power station capacity to supply consumer demand. One way to prevent this from happening is to decrease the demand for electricity.

One of the tactics Eskom will use to decrease electricity usage is by establishing a load shedding schedule. Eskom encourages the public to save on electricity where they can.

Here are some tips on how to do it:

- Don't overload your fridge.
- Use pots and pans that fit the plates on the stove.
- Use the exact amount of water you need when you boil the kettle.
- Turn lights off when you don't need to illuminate that specific area.
- Use low-energy lamps for exterior lighting.
- Use cold water when doing the laundry.
- Rather let the sun dry your clothes than a tumble dryer.
- When an electric blanket is used, ensure it is switched off before you get into bed.
- Gas heaters provide the most efficient heat.
- Install a geyser blanket.
- Switch the geyser off during the day while you are at work.

When consumers use electricity wisely, it can help to keep all costs low and this includes your electricity bill. It is important to realise that every household in South Africa can save on electricity when they use electricity wisely.

# DELICIOUS

# HOLIDAY TREATS

*The school holidays are upon us again! As a working mother, I can expect daily complaints from my sons at there being 'nothing to eat in the house'. Of course this is untrue as there's always plenty of bread, milk, eggs and even apples to keep the doctor away. What my children are trying to say is that there are not enough crisps, cold drinks and sweets for them to swallow (boys seems to swallow, they don't eat). So, for all those exasperated parents, here are some easy-to-prepare recipes for inexpensive, healthy treats that will keep your children feeling full and happy.*



## MICROWAVE POTATO CHIPS

**YOU don't need a deep fryer to make crispy potato chips. We toss thinly sliced potatoes with just a touch of olive oil, pop them in the microwave and get crispy, crunchy homemade potato chips with eight grams less fat per serving than regular crisps. This recipe serves four.**

### Ingredients

600 g Yukon Gold or red potatoes, unpeeled, scrubbed  
2 teaspoons olive oil  
1/2 teaspoon salt

### Preparation

1. Slice potatoes into thin rounds. Toss the slices in a medium bowl with oil and salt to coat evenly.
2. Coat a large microwave-proof plate with cooking spray. Arrange some potato slices in a single layer on the plate. Microwave, uncovered, on high until some slices start to brown. This should take two to three minutes (depending on potato thickness and microwave power). Turn the slices over and continue microwaving until they start to crisp and brown around the edges, two to four minutes more. Check frequently and rearrange slices as needed to prevent scorching. Transfer the crisps to another plate and allow to cool completely. (They will crisp more as they cool.) Repeat with the remaining potato slices.

You can store these in an airtight container for up to three days.

• This recipe was obtained from Eating Well at [www.eatingwell.com/recipes/microwave\\_potato\\_chips.html](http://www.eatingwell.com/recipes/microwave_potato_chips.html).



## APPLE & SULTANA MUFFINS

**THESE muffins are easy to make so why not ask your bored children to help you make them?**

### Ingredients

200g self-raising flour  
1 tsp baking powder  
1 tsp cinnamon  
50g wholemeal flour  
100g golden caster sugar  
2 eggs  
125ml semi-skimmed milk  
4 tbsp sunflower oil  
2 apples, grated  
100g sultanas

### Preparation

1. Heat oven to 180°C. In a large bowl mix the self-raising flour, baking powder, cinnamon, wholemeal flour and golden caster sugar.
2. In another bowl, mix the eggs, semi-skimmed milk and sunflower oil. Pour the wet ingredients into the dry and mix well, then stir in the grated apples and sultanas.
3. Divide the mix between 12 muffin cases and bake for 25 minutes. Cool on a wire rack, then pack in a container for lunch.

• This recipe was obtained from [bbcgoodfoodshow.com](http://bbcgoodfoodshow.com)

# A SURPRISE windfall

*Rather invest in your future than spend all the money in a reckless manner.*

UPON hearing of a financial windfall that you think will make your dreams come true, you might feel like a star in the movie, *The Gods Must Be Crazy*. Yet being a star may make you feel alone and having all that manna from heaven may lead to you behaving in a reckless way.

Try to avoid being someone who wears a sign around their neck that reads: "I am so broke right now if a thief robbed me he'd just be practising," and make sound decisions and wise plans.

This unexpected lump-sum may come in the form of a bonus, lottery win, inheritance, divorce settlement or insurance pay-out. If the sum comes from a divorce settlement and minors are involved, part of the amount should be set aside to look after your children's interests. You could consider taking out an education policy for them, depending upon their age. Consult a financial institution or financial adviser that you trust and are comfortable with. South Africa has an array of institutions to choose from and you can investigate the status of your financial adviser with FSB.

It is your money and you have the right to conduct due diligence. Avoid schemes that promise quick and unrealistic returns. Avoid instant gratification and defer your spending until after you have drawn up a categorised budget to get clarity on what you want to spend your pay-out on. Think of items that are currently giving you sleepless nights and any negative cash flow.

**Consider the following:**

- Pay off unsecured debts; these usually attract high interest, so the sooner they are settled, the more money you will save. These debts include overdrafts, personal loans and retail accounts.



**If the sum comes from a divorce settlement and minors are involved, part of the amount should be set aside to look after your children's interests.**

- Pay off school fees and consider making advance payments.
- Depending on the amount you receive, settle your bond or pay extra on it; this will lead to long-term savings and reduce your repayment term tremendously.
- Make an additional voluntary contribution towards your pension or provident fund but first investigate if the rules of your fund cater for this transaction.
- Pay off any outstanding tax liability.
- Settle your municipal account.
- Save for any costs that are not covered by your medical aid.
- Invest in your future by obtaining a qualification that you have always dreamed of.
- Make tangible financial changes and you will thank yourself later.

Lastly, invest responsibly and be as

informed as you can about your investment. Don't lose sight of setting up an emergency fund that is easy to access in the event of an unplanned event. Always make sure you understand the terms and conditions linked to your investment by reading the fine print of an agreement.

- *This article was sponsored by Holland Affinities & Direct – Consumer Education.*

## SENATOR'S BIG HAIR BUDGET



**John Edwards spent \$400 on a trim.**

IT was the highlight of the 2008 presidential race. Most men probably spend \$20 or less on a haircut but in 2008, Democratic presidential hopeful John Edwards submitted receipts totalling about \$400 per trim. Was Edwards and his perfectly manicured head too groomed to be true? "Mr Edwards most likely wanted the best haircut he could get in the area and you pay the price for that," said Michael Dueñas, CEO and founder of hairstyling service HairRoomService.com. Throughout his subsequent ordeals in the presidential race, the former North Carolina senator was never seen with a hair out of place.

### ANSWERS TO CROSSWORD

PRODUCTIVITY										
E	C	E	I	P	T	N	B	O	R	R
I	N	T	E	R	E	S	H	S	A	O
L	O	T	C	A	P	I	T	A	L	E
G	U	A	R	A	N	T	E	E	C	Y
M	E	R	G	E	R	X	K	C	Y	E
C	O	N	T	R	A	C	T	A	I	T
A	S	H	T	U	R	N	O	V	E	R
D	I	V	I	D	E	N	D	E	N	D

THE INDEPENDENT on Saturday **PERSONAL FINANCE**

Publishing weekly in  
The Independent on  
Saturday.

**GOOD ADVICE FOR  
EVERYDAY PEOPLE.**



**W**ORLD Consumer Rights Day (WCRD) has been celebrated internationally each year, on March 15, since 1983.

Consumer rights were first recognised in 1962 by the then President of the United States of America, John F. Kennedy. These rights have since evolved and, with time, adopted as part of the United Nations Guidelines for consumer protection. In line with the Constitution and UN Guidelines, South Africa promulgated the Consumer Protection Act 68 of 2008 and the National Credit Act 34 of 2005, in order to effect consumer protection and grant consumer rights respectively. Consumers of credit are also protected from any form of abuse by unscrupulous credit providers.

The Consumer Protection Act recognises eight fundamental consumer rights that must be observed by those in business. They are: the right to equality in the consumer market; privacy; choice; disclosure and information; fair and responsible marketing; fair and honest dealings; just and reasonable terms and conditions; and the right to fair value, good quality and safety.

For consumers who enter into a credit agreement with credit providers, the National Credit Act provides the following rights which must be observed by businesses at all times: the right to apply for credit, protection against discrimination in respect of credit, the right to reasons for credit being refused by a credit provider, the right to information in official language, the right to information in plain and understandable language, the right to receive documents under a credit agreement, the right to confidential treatment, the right to access and challenge credit records and information held by the credit bureau, and the right to assistance for over-indebted consumers.

According to the Chief Executive Officer of the National Credit Regulator, Nomsa Motshegare, every person has the right to be advised by a credit provider within a specified time, before any prescribed adverse information is reported to a credit

bureau and to receive a copy of that information upon request. Consumers should not hesitate to contact any credit bureau for a free copy of their credit profile, as they are entitled to one copy each year.

“A consumer has the right to challenge the accuracy of any information held by the credit bureau. If a consumer has challenged the accuracy of information proposed to be reported to a credit bureau, a credit provider must provide a copy of any such evidence to the consumer who filed the challenge, or remove the information,” Motshegare added.

For the purpose of mobilising vulnerable consumers, the National Consumer Commission, in partnership with the National Credit Regulator, embarked on a consumer awareness drive from March

# CONSUMER RIGHTS DAY

## celebrated around the world

Be aware of your rights as a consumer, as you play a critical part in the growth of the economy.



14 to 20. The theme, “Consumer Rights are Human Rights”, informed consumers of their rights as key role players of the economy. Some of the activities included an imbizo in KwaThema Township, campaigns run at Ekurhuleni, in malls and train stations, and a symposium for stakeholders.

“At the heart of any economy lies the virtuous participation of consumers. Consumers play a critical part in its growth. It is imperative

that we create an enabling environment for them to participate easily, without discrimination, especially with the sluggish economic growth that we are currently experiencing as a country,” said NCC Commissioner Ebrahim Mohamed.

“In my view, Consumer Rights Day should be held every day,” he added.

The Department of Trade and Industry (DTI), custodian of consumer protection policies, established the National Consumer Commission (NCC) and the National Credit Regulator (NCR) to implement policies to protect and enable economically active citizens.

• This article was issued jointly by the National Consumer Commission and National Credit Regulator. For queries, contact Trevor Hattingh at the National Consumer Commission at 072 616 0076 or [t.hattingh@thencc.org.za](mailto:t.hattingh@thencc.org.za) ([www.nccsa.org.za](http://www.nccsa.org.za)), or Didi Sebothoma at the National Credit Regulator at (011) 544 2727 or [dsebothoma@ncr.org.za](mailto:dsebothoma@ncr.org.za) (website [www.ncr.org.za](http://www.ncr.org.za)).

Consumer rights were first recognised in 1962 in America.



treasury

Department:  
Treasury

PROVINCE OF KWAZULU-NATAL



### OPERATION SIKHOKHA NGESIKHATHI (WE PAY ON TIME)

Through this campaign, the Provincial Treasury is helping to facilitate resolutions of disputes in respect of invoices from suppliers that have not been paid and encourage payment of suppliers within 30 days. If the suppliers cannot resolve their payment-related queries with the departments that requested services, they can call our Toll Free Number: 080 020 1049 or e-mail: [PAYMENTQUERIES@kzntreasury.gov.za](mailto:PAYMENTQUERIES@kzntreasury.gov.za) or fax to (033) 897 4495.

# It's **WISE** to peek at your payslip

*Your payslip represents all the reasons why you have been working so hard and contains important basic information.*

ARE you guilty of never opening your payslip and leaving it in a pile of things to do later? Perhaps you do not like looking at it, as it reminds you of the deductions taken from your salary and all the expenses that you have.

Yet it is vital that you keep an eye on your payslip. In fact, it represents more than just your bills; it stands for all the reasons why you have been working so hard. The payslip issued to you before payday is an original document and you cannot replace it.

A handy tip is to keep together all your original payslips for the tax year. This will come in handy when you have to complete your tax returns. Keep the originals for as long as possible as it contains valuable information, such as proof of your monthly contributions towards Pension Fund, Medical Aid, and Emolument Attachment Orders. If you need to verify or correct any problems regarding your deductions, you will have the evidence of your payslip on hand.

Do you know that you need your original payslip to secure a loan from the bank, buy a property and pay school fees? It is a valuable source document for accessing credit and the danger of leaving it lying around is that someone could use it to fraudulently access credit in your name. Proving and clearing this is a difficult and expensive task. If you do take note of your

payslip, you will be in a position to report any discrepancies that might lead to further investigation, improvement of systems, and reporting of crime.

Why is it important to investigate your payslip?

Payslip must at least contain basic information such as: the date you joined your employer, Persal number, occupation, Gross Monthly Income or Total Cost to Company, leave days, medical aid deductions or contributions, pension fund employer and member deductions, garnishee order, discretionary deductions and any other transaction within the ambit of Treasury.

**Keep an eye on all deductions.**

For example:

Should your payslip denote a deduction for disability benefits, do you know what is covered under this benefit? When do you qualify for cover? Are there waiting periods and free cover limits? How long does the benefit pay for? Are you covering for occupational disability only, or any other kind of disability that prevents you from performing your normal duties?

Death benefits: Is your cover split between approved and un-

approved and how is the benefit disposed? When does cover cease? Do you have an option to convert death cover to individual life cover when you exit your place of work.

Pension fund: check that contributions are reconciled and allocated within specified periods. Verify that the contributions reflect both your contribution and your employer's contribution.

Garnishee order: Were you informed by the creditor that that legal action would be taken against you for defaulting on your credit payments? Has a paid-up garnishee reappeared on your payslip after you have settled the balance owing?

Medical aid: Consult your medical aid to confirm annual increases. Be aware of when the increases are scheduled in order to prepare for additional expenses.

Insurance deductions: If these are consolidated on your payslip, keep a separate sheet and list all individual policies, the insurer and the premium. Be responsible for your own investigations. Ensure that your reference number corresponds with what appears on your payslip. Remember to verify any annual increases.

The above are some examples of what to watch out for when it comes to payslips. The onus is on you to scrutinise your slip and keep it safe. Salary details

are confidential, so please don't leave your payslip lying around.

Contact your Human Resource Directorate or your Employee Health and Wellness Practitioner for additional advice and support should you pick up any discrepancies on your payslip.

*'The onus is on you to scrutinise your payslip and keep it safe. Salary details are confidential, so please don't leave your payslip lying around.'*

## WHY IT'S BEST TO READ YOUR BANK STATEMENTS

MOST of us file away our bank statements without having opened them. However, ignoring your bank statements could cost you money and give you a false impression about your financial position.

"Instant notifications from your bank as you transact have become an efficient tool in monitoring daily spending, however, in order to remain on top of your finances, you need to take a step back each month for a holistic view of how you have transacted," says Denzil, the Financial Education Expert.

It is important that you not only to assess your cheque account statements but also pay attention to credit card and savings account statements in order to both compare spending across your accounts and quantify your savings. Different aspects of the statement will be important, depending on which statement you are analysing. For your everyday transacting account, your cheque account, the opening and closing balance is the most important aspect. This is the account from which debit orders are paid and

**Make sure that you are aware of all deductions.**

you need to pay attention and make sure there is a positive balance, in order that debit orders don't bounce. However, when you are looking at your credit card or savings accounts statements, you need to pay attention to the interest received or paid. The general basics that all statements will indicate include: the main account holder details, type of account held, a summary of your actions on the account, namely the opening and closing balance, any monthly deposits (credits) and withdrawals (debits), any interest (charged or received) and fees.

"As with all information, the true value lies in the interpretation," adds Denzil.

Statements prove valuable in these ways:  
**SPENDING HABITS**

Determine your spending patterns by ana-



lysing bank statements. Create categories such as food and beverages, and entertainment. Then, based on a two- or three-month overview, calculate your average spend. A good exercise is also to determine how many times a year you had unforeseen expenses, then decide

how much to keep in your savings.

"Analysing your spending habits will highlight in which areas you are living above your means and where you can cut down. It is also the ideal foundation for drawing up a realistic budget," advises Denzil.

**DON'T INCUR UNNECESSARY COSTS**

The analysis of a bank statement is an easy way to determine whether you are accruing unnecessary costs or whether you could potentially save on banking fees if you changed your banking behaviour. Make sure

you are up to date with your bank's pricing, as there are areas where one can cut back on costs. These include having your statements e-mailed instead of having printed copies delivered and using digital channels instead of drawing or depositing money inside a branch.

**TRACKING DEBIT ORDERS**

It is easy to forget to which subscriptions we have signed up or which of our accounts is paid via debit order. Make sure the correct debit orders and amounts are being debited every month. You can only rectify this if you check your statements.

**IMPORTANT NOTICES**

"By just opening up your bank statements every month, you could be gathering helpful tips such as interest rate changes, pricing changes and the card scams," says Denzil.

Your bank will assume that all transactions on the statement are in order, if they don't hear from you."

• For more information, contact your bank.  
This article was sponsored by FNB.

# Chance for six readers to win **R1000** each!



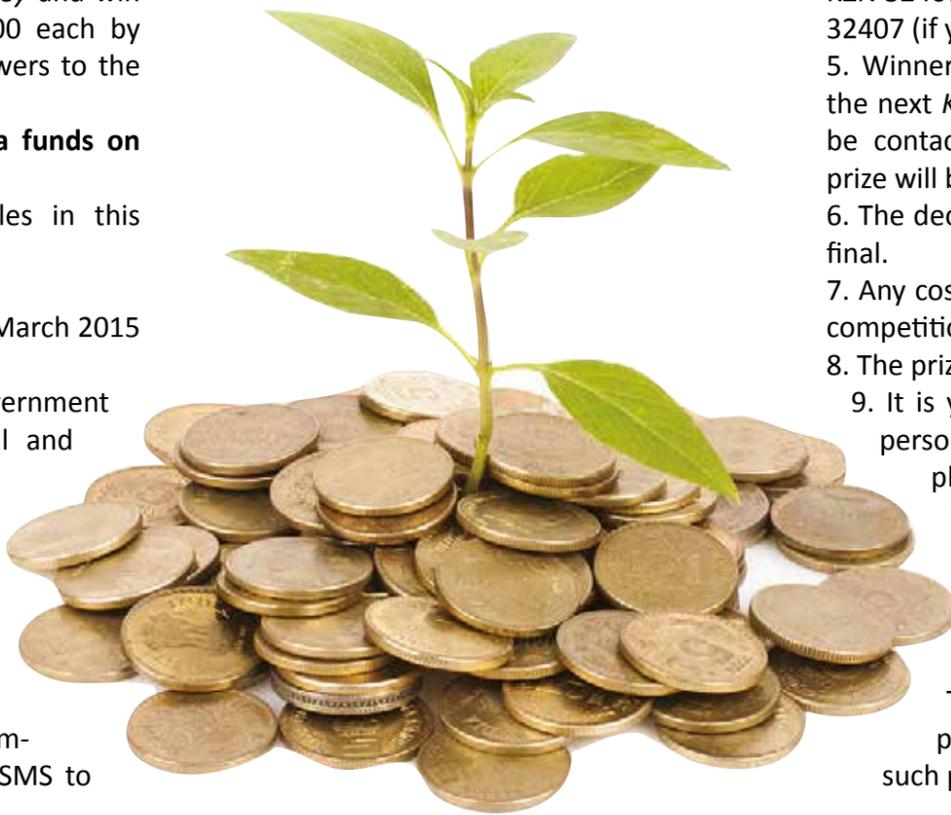
**R**EAD your copy of *Know Your Money* and win R1000! Six readers can win R1000 each by sending an sms with the correct answers to the following question:

**1. When can one apply for ex-gratia funds on medical aid?**

The answer can be found in articles in this publication.

**Terms and conditions:**

1. This competition will start from 27 March 2015 and end on Friday, 26 June 2015.
2. The competition is open to all government employees residing in KwaZulu-Natal and Gauteng.
3. All participants will be required to exhibit valid persal identity documents as proof thereof.
4. To enter and stand a chance to win R1000 cash, SMS your name (starting with name of your province, i.e KZN/ Gauteng), contact details, persal number and answer at a cost of R1 per SMS to



KZN 32407 (if you reside in KwaZulu-Natal) or GP 32407 (if you reside in Gauteng).

5. Winners will be contacted and announced in the next *Know Your Money*. If the winner cannot be contacted after two attempts, the relevant prize will be forfeited for a redraw.
  6. The decision of the competition promoter(s) is final.
  7. Any costs or expenses incurred in entering the competition are for the winner's own account.
  8. The prize is not transferrable.
  9. It is your responsibility to ensure that your personal contact details provided are complete, accurate and up to date.
  10. The winner may be required to take part in publicity and participation in the prize draw is conditional upon agreement to take part in such publicity.
- The winner will not be entitled to any payment or other remuneration for any such publicity or otherwise.

**A SPECIAL THANKS TO HOLLARD FOR SPONSORING THE PRIZES, COMPETITION AND THE DESIGN OF THE PUBLICATION.**

## Benefit from tax-free savings accounts

I HAVE received a few requests to expand on the tax-free savings accounts (TSA) that were launched on March 1 this year.

Many people would like to know where they should invest their money to benefit from the TSA and are wondering if they should sell existing investments so that they can transfer their money into the TSA.

As a reminder, tax-free savings accounts are savings products on which no income tax, capital gains tax or dividend withholdings tax will be charged. Most unit trusts, exchange traded funds (ETF), savings accounts, fixed deposits and RSA Retail Savings Bonds meet requirements to be classified as a TSA. In other words these are not new investment products, but the South African Revenue Service (SARS) will treat them as being new and so product providers need to keep a record of these to ensure that they remain separate from your other investments.

You are allowed to invest R30 000 per year into a TSA, subject to a maximum lifetime limit of R500 000. SARS will charge a 40% tax on contributions above these thresholds so please don't add more. If you withdraw money from the TSA, you will lose the value of that withdrawal from your lifetime limit; that means you should only use the TSA for long-term investments i.e. 20 years and longer. You are not forced to keep your money in a TSA, you can withdraw at any time with no penalties or tax.

**When should you use a TSA?**

If you were to prioritise your long-term savings, I would suggest the following:

1. Pay off your short-term debts (credit cards, personal loans, expensive vehicle debt, etc).
2. Build up an emergency fund (not in a TSA) equal to three months' worth of your expenses.
3. Make full use of your retirement fund contribution allowance (15% of taxable income).

4. Put R30 000 per year into the TSA.

5. Normal discretionary saving, that is, shares, unit trusts and ETFs.

**The benefits of allowing the capital to grow without tax are significant.**

I believe that every young person should take advantage of the TSA as it will take more than 16 years to reach your lifetime allowance. The benefits of allowing the capital to grow without tax over the long term are very significant and should not be ignored. I cannot understand why some advisors would discourage young people from using TSA.

If you are an older investor or you will only be investing your

money for a short period of time, the benefits of the TSA are less obvious. However investors who are in higher income tax brackets should make use of a TSA because they will save on tax.

Any parents who want to start investments for their children should definitely use a TSA – to me this is the easiest investment decision to make.

**My preferred TSA investments**

We have not seen all the new TSA investment products yet, as some of the product providers are still in discussion with Treasury about issues such as performance fees. In the interim, I recommend the following categories of products:

- Listed property unit trusts or property index trackers.
- Equity index trackers, equity ETFs or equity unit trusts.
- Balanced funds or balanced index trackers.

Listed property is at the top of

my rankings for TSAs, because the income is normally taxable and this can make them less attractive than normal equities.

However, investing in listed property via a TSA means the income is tax-free and this is very attractive. Most balanced funds and retirement funds are under-invested in listed property so this is a great way to gain some more property exposure. I realise that listed property is currently very expensive, so you might consider investing via a monthly debit order.

I would not normally use a TSA to hold cash or fixed deposits as I would not invest in cash for 10 years or longer. You will be able to transfer your TSA investments from one product provider to another so, if new and better products come to market, you will be able to take advantage of them.

• *This article, written by Warren Ingram and published by Moneyweb, has been revised.*