Personal Trust

is a client-focused Trust and Investment Management company that is dedicated to servicing the individual requirements of its clients – a professional investment service with a personal touch.

We offer a full range of financial services, providing our clients with the convenience and comfort of having their business affairs conducted under one roof.

Our services include:

- Investment & Portfolio Management
- Retirement Planning
- Offshore Financial Services
- Tax Services
- Money Market
- Wills
- Estate Planning

Personal Trust has been in successful operation for more than 35 years, and has offices in Cape Town (Rondebosch and Noordhoek), Somerset West, Knysna, Port Elizabeth and the UK.

For more information, please contact Belinda Danks on 021 689 8975
3 Editorial

4 Ratings Agencies
Jacqui Meyer explains the ratings systems and how the PT funds have fared

5 Offshore Exposure – Personal Trust local Multi-Asset Funds
Khaya Sontshile shows us the offshore exposure element within our local funds

6 Estate Duty and taxation of Trusts
Lorraine White provides an update on the current tax position with regard to Trusts

7 TFSA v RA
Kris van den Berg compares Tax Free Savings Accounts with Retirement Annuities

8 Zuma versus the Constitution
Dr Alex Boraine provides a succinct analysis of the President’s conflict with the Constitution

9 CGT calculations
Conrad Hendrick details Capital Gains Tax calculations

10 Snippets
Malibuye Tom provides information on the upcoming Tax Amnesty

11 30 seconds with...
Malibuye Tom

12 Harmony House closes its doors
Nicole McIntyre writes of the closure of Harmony House and the end of Personal Trust’s long-standing relationship with its residents

13 Personal Trust on top of the World!
Johann van der Westhuizen shares a client’s story

14 Personal Trust team completes Platteklip Challenge
All Cape Bowls
One of the problems that faces contributors to our quarterly Personal Opinions is that articles have to be written, and the final copy sent to print, some three weeks before the magazine is issued to clients. This is particularly applicable to economic and political happenings, and also can make the editorial appear out of date.

In the eight weeks since our March edition was distributed, much has happened. "ISIS" attacks and the refugee crises continue; the publication of the Panama Papers disclosed financial and political skeletons in cupboards worldwide; U.S. electioneering appears to be messy, murky and muddled — however, Janet Yellen's decision to delay the next FED rate hike has been good news for South Africa. This is offset, on the other hand, by the likelihood of two 25 basis point increases in our repo rate before year end.

On the home front the ConCourt Ruling on Nkandla stirred up a hornets’ nest; Judge Mogoeng Mogoeng has proved to be an able and fearless Chief Justice; only time will tell whether 'state capture' by the Gupta family is over or will continue through clandestine and covert channels; while the result of the Arms Deal Enquiry was as unsatisfactory as it was expected.

On 29 April, sandwiched between Freedom Day and Workers' Day, two events took place which could positively affect the South African political scene. Firstly, the North Gauteng High Court set aside the 2009 decision to drop corruption charges against President Zuma. Secondly — and this is particularly good news for local and foreign investors — Treasury Director-General Lungisa Fuzile's contract has been extended for two years while Kenneth Brown, at one stage rumoured to be retiring in June, is to continue as Head of the Office of the Chief Procurement Officer (OCPO).

Dr Alex Boraine's article on South Africa's political landscape is a 'must read'. Also of relevance in the present economic climate are Jacqui Meyer's report on Ratings Agencies with particular mention of the PT Managed Fund and PT Conservative Managed Fund; Lorraine White's exposition of Estate Duty and taxation of Trusts; Khaya Sontsele's listing of certain PT local funds and their offshore exposure; plus Conrad Hendrick's article on CGT calculations and Kris van den Berg's comparison between TFSAs and Retirement Annuitities.

The drought continues to ravage pasture and arable land, with the result that the price of food escalates seemingly weekly. Meat, vegetable and fruit prices increase steadily. However, of major concern is the expected hike in the cost of bread and milk. Over the next two months the price of a standard loaf of bread could rise to over a rand, while the price of milk and dairy products could increase by 60c/litre. Factor in the expected 7.6% electricity increase, effective 1 July, plus the inevitability of increases in petrol costs, and the picture becomes depressing. How does an old age pensioner, on a state grant of R1500 per month, cope?

Load shedding this winter is unlikely — not because of decreased private consumption but due to the downturn in the business cycle. Factories and construction companies are using less electricity. Ongoing strikes at mines result in work stoppages which also lead to reduced electricity usage.

On 23 June Britain holds the referendum at which a decision will be made either to remain in the European Union or to leave. President Obama raised the ire of the 'Brexit' supporters by his public backing of David Cameron and the 'in' camp. Investors will be watching the campaign with interest, as trade concerns will be a major factor in the final decision.

Here, at home, the municipal government elections will be held on 3 August. At the time of writing it would appear that the ANC, despite negative decisions against their leader in the ConCourt and the North Gauteng High Court, wants Zuma still at the helm for the elections, fearing that axing the President prior to 3 August would result in uncertainty and loss of support amongst its electorate. What happens thereafter we will be able to comment on in our September issue.

It's always nice to end with a 'feel good' story. The April 9 Aintree Grand National was won by a horse that on two occasions had suffered a fractured pelvis. He had never won a race over jumps and his jockey, 19 year old David Mullins, had never ridden the Grand National course. The Horse's name: "Rule the World!"

Enjoy your Personal Opinions. Ed.
There is a lot of news regarding the potential downgrading of South Africa’s credit rating to junk status. If this happens, South Africa will end up paying more to borrow money on both the international and local markets. Such is the power of the ratings agencies.

In the fund management industry there are also independent “rating agencies”. The Personal Trust Managed Fund was nominated for an award in 2014 and won the award in 2015 in the “Best Aggressive Allocation Fund” category (the award was bestowed in early 2016) by rating agency, Morningstar. “The objective of the quantitatively driven Morningstar International Fund Awards programme is to recognise those funds that have added the most value for investors over the past year and over the longer term”, according to Tal Nieburg, C.E. of Morningstar SA. “Although the award methodology emphasises the one-year period the fund must also have delivered strong three and five year returns after adjusting for risk. Further, they must have been at least in the top half of their respective peer groups in at least three of the past five calendar years.”

Morningstar has a five star rating system for unit trust funds globally, with five stars being the highest accolade. The Personal Trust Managed Fund has a four star rating, while the Personal Trust Conservative Managed Fund has a five star rating.

Another independent rating system is the PlexCrown Fund Ratings published in Personal Finance. “The PlexCrown Fund Rating system encompasses different quantitative measures used in calculating investment performance in one number and makes it easy for investors to evaluate fund managers on the basis of their long term risk adjusted returns.”

“The PlexCrown Fund Ratings are unbiased and objective, because they are based on quantitative measures and up to five different risk measures are used – Sharpe Ratio, Sortino Ratio, Omega risk/reward measure as well as Jensen’s Alpha and Treynor which assess Managers’ skill.” The PlexCrown rating system is a measure of consistency because ratings are done over three and five years and are time-weighted with the emphasis on the longer measurement period. Each fund is awarded a certain number of PlexCrows ranging from one to five, with the top performing funds allocated the highest rating of five.”

Both the Personal Trust Managed Fund and the Personal Trust Conservative Managed Fund have been allocated five PlexCrows. The Personal Trust Managed Fund is one of only five funds out of 99 rated that has a rating of five; while the Personal Trust Conservative Managed Fund is one of six funds out of 91 rated that has five PlexCrows.

We believe at Personal Trust that we have a competitive advantage in the management of retirement capital. We are proud that the independent ratings agencies have acknowledged this and thrilled that our recent Morningstar award has affirmed this publicity.

We understand that our funds may not always be so highly rated and thus remain humble in receiving this award. We do not manage money for awards but rather to safeguard and grow our clients’ retirement capital in accordance with our conservative investment philosophy.
Offshore Exposure –
Personal Trust local Multi-Asset Funds

Khaya Sontsele, Trust Officer, shows us the offshore exposure element within our local funds.

Recent events in the local economic and political landscape have again highlighted the need for investors to review their exposure to offshore assets to protect their wealth against a depreciating rand. Due to weak local economic growth, high unemployment, poor fiscal discipline, and the fallout from the unfortunate scandal involving the Finance Minister, Nhlanhla Nene, the rand has depreciated 23% against the US dollar over the past year to the end of March 2016.

Investors have traditionally turned to direct offshore investments to hedge their local wealth against a weakening rand.

Please note, however, that offshore exposure can be achieved without expatriating your capital. Our local asset allocation funds, the Personal Trust Conservative Managed Fund, the Personal Trust Managed Fund and the Personal Trust Prudent Fund of Funds, have excellent exposure to offshore assets, while enabling investors to enjoy the benefits of a local investment – including a good quarterly income distribution, ease of access to capital (liquidity), lower costs, and no exchange control and tax clearance constraints.

The above-mentioned funds are allowed maximum direct offshore exposure of only 25%. It is pleasing to note, however, that through various indirect offshore asset allocations, the total offshore exposure of the funds is significantly increased – helping the funds to achieve better returns over the past year.

The offshore position of our three asset allocation funds is summarised in the table below:

It is worth noting the significant value dual-listed companies and property holdings add to the above-mentioned funds. Examples of these companies include (one year performance shown in brackets):

- SAB Miller Plc (40%)
- British American Tobacco Plc (36%)
- New European Property Investments (35%)
- Reinet Investments (29%)
- Mondi Plc (23%)

The performance of the above-mentioned shares compares very well against the depreciation of the rand over the same period (23%). Each investor may be affected differently and will have unique requirements. Please speak to your Trust Officer for additional information about your overall offshore exposure.

<table>
<thead>
<tr>
<th>FUND EXPOSURE</th>
<th>PT CONSERVATIVE MANAGED FUND</th>
<th>PT MANAGED FUND</th>
<th>PT PRUDENT FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign Cash and Deposits</td>
<td>6.91%</td>
<td>3.58%</td>
<td>3.47%</td>
</tr>
<tr>
<td>Foreign Bonds and Debentures</td>
<td>9.82%</td>
<td>8.28%</td>
<td>0.58%</td>
</tr>
<tr>
<td>Foreign Equities and EFT's</td>
<td>7.31%</td>
<td>11.35%</td>
<td>17.62%</td>
</tr>
<tr>
<td><strong>Total Direct Offshore Exposure</strong></td>
<td><strong>24.04%</strong></td>
<td><strong>23.21%</strong></td>
<td><strong>21.67%</strong></td>
</tr>
<tr>
<td>Offshore Reit – Listed Property</td>
<td>4.93%</td>
<td>5.06%</td>
<td>0.62%</td>
</tr>
<tr>
<td>Equities with Secondary Listing on JSE</td>
<td>11.84%</td>
<td>18.04%</td>
<td>12.14%</td>
</tr>
<tr>
<td><strong>Total Indirect Offshore Exposure</strong></td>
<td><strong>16.77%</strong></td>
<td><strong>23.10%</strong></td>
<td><strong>12.76%</strong></td>
</tr>
<tr>
<td><strong>Total Effective Offshore Exposure</strong></td>
<td><strong>40.81%</strong></td>
<td><strong>46.31%</strong></td>
<td><strong>34.43%</strong></td>
</tr>
</tbody>
</table>
Estate Duty and the Taxation of Trusts

Lorraine White, Director and Trust Officer, provides an update on the current tax position with regard to Trusts.

We thought it would be worthwhile to send an update about this topic, given recent developments which are likely to have confused many. A recap of where we find ourselves today is probably a good starting point. If we ignore the rather distant past of the Margo and Katz Commissions, the current position starts back in 2013 and travels through the Davis Tax Committee into the recent Budget Speech of 2016.

In the Budget Speech of 2013 the then Minister of Finance (who is again the current Minister after the shenanigans of December 2015) announced that government would look into measures to curtail the use of trusts. No legislative changes arose from this initial comment and the matter was then transferred to form part of the wider brief of the Davis Tax Committee (DTC) looking at the overall tax structure in South Africa. In the middle of July 2015 the first interim Report on Estate Duty from the DTC was released (interestingly enough dated January 2015) in which rather severe proposals were made. No additional formal recommendations or comments arose after the initial public participation at the end of last year, other than some informal comments from Judge Davis in which a possible softening seemed to surface.

We now find ourselves in a position of further uncertainty with the statement by the reinstated Minister, in the recent Budget Speech, in which he indicated that proposals will be tabbed “…to ensure that assets transferred through a loan to a trust are included in the estate of the founder at death, and to categorise interest-free loans to trusts as donations. Further measures to limit the use of discretionary trusts for income-splitting and other tax benefits will also be considered.”

The original comments in 2013 and the DTC report in 2015 mostly focused on measures to have the trust taxed on income and capital gains, limiting the “flow through” to beneficiaries or those that funded the assets of the trust. The main aim being to use the higher rates of tax applicable to trusts as a deterrent in using them as a vehicle in estate planning. The 2016 Budget comments have confused matters, as attacking the use of interest free loans was not something that arose out of the DTC report or in earlier statements. One is left wondering whether this is an additional measure or an entirely different agenda, and where it leaves the initial recommendations arising from the DTC.

If there is one thing that we can stress it is that one should not take any drastic action based on speculation. The reality is that there is as yet no change in legislation and what we do have are proposals. There is no certainty about what the changes will ultimately be after the public participation process or the timelines involved. Unless there are other circumstances that warrant a change, we would suggest that it would be better to hold fire for the moment. In other words do not terminate existing trust arrangements.

It must be emphasised that, at the time of writing (end of April), we have not had the expected follow-up report from the DTC nor have we received details on a Revenue Amendment Bill. So, as advised above, please do not make any hasty moves.
Tax Free Savings Account vs Retirement Annuity

Kristin van den Berg, Trust Officer, makes a comparison between the two investment options.

Much hype surrounded Tax Free Savings Accounts (TFSA) when they were launched just over a year ago and we have seen a consistent flow of clients taking advantage of this offering.

The question that is often asked, however, is which savings vehicle is more beneficial: a TFSA or Retirement Annuity (RA)?

There is unfortunately no clear-cut answer to this as the decision depends largely on the circumstances of the individual. A common misconception is that TFSA should replace retirement funds such as retirement annuities (or pension and provident funds) but this is not necessarily the case. Let’s look at the two savings vehicles head to head:

**Tax Saving**

The attraction of both TFSA and RAs is largely tax related.

The tax saving on RAs is twofold. Firstly, tax relief is offered on annual contributions to the RA; this can be significant especially for those in higher tax brackets. Followed contributions have increased from 15% to 27.5% of taxable income as of 1 March 2016, limited to R350,000 p.a. Secondly, on an ongoing basis, there is no tax within the RA structure, i.e. no tax on interest/dividends earned nor any Capital Gains Tax.

On retirement, however, any withdrawals from the RA are subject to tax — either lump sum tax for a lump sum withdrawal or normal income tax on the annuity income drawn from the selected retirement product.

TFSA offer no tax relief on annual contributions but there is no tax on interest or dividends earned from the investment as well as Capital Gains Tax when the investment is sold. 100% of the investment can be withdrawn with zero tax implications.

**Flexibility**

The TFSA allows you to withdraw any amount up to 100% at any time and is therefore more flexible than the RA, where you can only access up to 1/3 in cash at age 55 and the remaining 2/3 must be used to purchase an annuity of sorts.

There is, however, some benefit to the inflexibility of RAs in that it creates a type of discipline. Too often investors save for retirement through discretionary investments but withdraw them when the need arises for additional funds — to upgrade their property, pay off debt or the like. Although this is sometimes necessary, it adversely affects the compounded growth potential which can have a material impact on one’s retirement nest egg.

**Investment**

Both vehicles are investment-linked and can be invested in a wide range of unit trusts.

Currently retirement vehicles, including retirement annuities, are subject to regulation 28 of the Pension Fund Act; this sets limits on how much of a portfolio may be held in different kinds of assets and asset classes. Two of the limits include maximum exposure to equities (shares) of 75% and offshore exposure limited to 25%.

TFSA, on the other hand, have full discretion on how funds can be invested, so in comparison you could have 100% exposure to equities or 100% in a global fund.

This can impact potential long-term returns and younger clients who want greater exposure to ‘risky’ assets may find the open architecture of TFSA more appealing.

Let’s also not forget the maximum allowed contribution to the TFSA is R30,000 per year; this is not very much and therefore those wanting to save more will in all likelihood need to save into a combination of the two.

**Conclusion**

The benefits of both can be clearly seen and how both can add value to your holistic retirement planning.

The ideal situation, if your cash flow position allows, is to save initially into your RA up to the point where you maximise your tax relief, and then place the next R30,000 of saving into an appropriate TFSA.

If you pay little or no tax, the TFSA should be the preferred savings vehicle.

Note: the biggest benefit from both these products comes from investments of a long-term nature, i.e. starting early, selecting the appropriate underlying assets and then giving yourself time while the powers of compounding work their magic. The additional returns through tax saving are the cherry on top!
In ‘Speaker of the National Assembly versus De Lille’ it was held that the Constitution is the ultimate source of all lawful authority in the country. No parliament, however bona fide or eminent in its membership; no president, however formidable be his reputation or scholarship; and no official, however efficient or well-meaning, can make any law or perform any act which is not sanctioned by the Constitution.

This finding highlights the fundamental difference in our Constitution ever since 1996. Parliament is no longer sovereign and the President’s solemn duty is to uphold, protect and defend the Constitution. President Zuma has had many shadows hanging over his Presidency, allegations of corruption, his relationship with the Gupta brothers, his sacking of Nene as Minister of Finance and his general ineptitude and lack of leadership. But the recent decision by the Constitutional Court that he had violated the Constitution and that he had betrayed his oath of office was a body blow to his integrity and reputation.

It all started when Zuma decided he needed a private home once his term of office expired. Nkandla became a household name and a festering sore of controversy. The amount spent on his township exceeded R248 million, all at the expense of the tax payer! The Public Protector decided to investigate all matters pertaining to the costs of Nkandla. This infuriated the ANC who claimed she had no right to query the President’s proposed private residence. The ANC was even more incensed when she published her Report. In essence she listed a number of buildings which has nothing to do with the security of the President. These included a chicken run, a cattle kraal, a swimming pool (the so-called Fire Pool), relocation of residents, a Visitors’ Centre and extensive paving. She concluded that the President and his family have unlawfully benefited from these items and that he should pay the costs involved.

From the very outset Zuma disputed the Public Protector’s Report and insisted that he was not responsible for any costs. In this he was supported by his party inside and outside of Parliament. The Democratic Alliance and the Economic Freedom party took the matter to the Constitutional Court. In its findings the Court found that the Public Protector’s Report was binding on the President and that he was liable to pay an amount to be determined by the Treasury. Much more serious was the finding that the President had violated the Constitution in his rejection of the Public Protector’s Report.

This was a very serious indictment and the President’s response should have been his immediate resignation. Instead of which he went on public television and addressed the nation. He told South Africa that he accepted the findings of the Constitutional Court and agreed to pay whatever costs were determined by the Treasury. He also offered a halfhearted apology and stated that he never intended to violate the Constitution and that he was badly advised. The ANC in large measure supported his address to the nation but the public outcry on social media was devastating in its criticism. Opposition parties refused to accept his apology and demanded his resignation.

The Democratic Alliance called for Zuma’s impeachment but after a very heated debate the ANC used its majority and the motion for impeachment was lost.

There can be no doubt that the President has been deeply wounded by the Court’s findings and the ANC is more deeply divided than ever. A number of former stalwarts of the ANC joined in the call for him to resign.

One would think it will be only a matter of time before Zuma is forced out or resigns of his own accord. However, Zuma is a consummate survivor and still has considerable support and the leadership would be reluctant to act against him in case he takes half of the ANC with him, if he should go.

It would of course be very good news for South Africa politically and economically if he should go but the jury is still out.

The one bright light in the murkiness of recent events is that our Constitution remains firmly in place and the Constitutional Court was not intimidated by the President or the governing party. The Rule of Law has won a very significant victory.
What is Capital Gains Tax?

Capital Gains Tax (CGT) was first introduced on 01 October 2001 as a means of taxing the gain (profit) made on the disposal or deemed disposal of a capital asset. CGT does not become payable simply because an asset is sold; rather, the gain or loss made on the sale of an asset (subject to certain exclusions) is included in the owner’s calculation of taxable income at the end of the tax year. Let’s take a closer look at the components of a CGT calculation.

Assets, disposals and capital gains

Assets are broadly defined as property of whatever nature (movable or immovable) and include a right or interest in property. Examples include: shares; unit trusts; land; property; large boats (>10m); aircraft (>450kg); plant and machinery; mineral rights; gold or platinum coins; etc. Note that cash is not seen as an asset for CGT purposes.

A disposal is any event, act, forbearance or operation of law which results in the creation, variation, transfer or extinction of ownership of an asset. CGT becomes payable only when a disposal is seen to have occurred. Disposals and deemed disposals include the following: a sale, donation, grant, or cession of an asset; the scrapping or loss of an asset; vesting of interest in a trust beneficiary; distribution of assets to a shareholder by a company; granting, renewal, extension or exercising an option; a person ceasing to become a resident; a foreign person becoming a South African resident; an asset becoming a personal use asset; and death.

A capital gain is the difference between the proceeds (or deemed proceeds) from the disposal (or deemed disposal) of an asset and the base cost of that asset.

What is the base cost of an asset?

The base cost of an asset is the expenditure incurred to acquire and dispose of that asset. Certain other costs are included in the base cost, such as: VAT; improvement costs; certain legal costs; for businesses, expenses relating to the asset; for shares and unit trusts, up to 1/3 of interest paid on a loan taken to buy these.

Various methods are used to determine an asset’s base cost, but the general rule is to seek the market value of the asset on date of purchase plus costs incurred to acquire the asset and costs to dispose of it. It is also worth noting that for assets acquired pre 01 October 2001, the market value of the asset on 01 October 2001 is to be used. Higher base costs generally translate into lower CGT liability.

How is CGT calculated?

When calculating the taxable amount of capital gain for any given year, the disposal of each and every capital asset during that year must be taken into account. There are, however, certain exclusions which apply, such as: an annual exclusion of R40,000 per individual; a R300,000 exclusion on a deceased estate; exclusion of personal use assets; a primary residence exclusion of R2 million; and the small business exclusion of R1.8 million.

The relevant exclusions are subtracted from the total gain/loss for the year to find aggregate capital gain. If there is a loss carried over from the previous year, it is subtracted from aggregate capital gain to determine net capital gain, which is then multiplied by the relevant inclusion rate (40% for natural persons and special trusts, 80% for normal trusts and companies) to determine the taxable portion of capital gain.

Step 1: Identify if a disposal triggers CGT
Step 2: Calculate capital gain/loss for each disposal
Step 3: Calculate total capital gain or loss for all disposed assets
Step 4: Deduct exclusions
Step 5: Multiply net capital gain by the inclusion rate

Example – Sale of shares

<table>
<thead>
<tr>
<th>Mr Blogs CGT Implications - 14 July 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disposal Value</strong></td>
</tr>
<tr>
<td>ABSA</td>
</tr>
<tr>
<td>Old Mutual</td>
</tr>
<tr>
<td>Standard Bank</td>
</tr>
<tr>
<td><strong>Base Cost</strong></td>
</tr>
<tr>
<td>ABSA</td>
</tr>
<tr>
<td>Old Mutual</td>
</tr>
<tr>
<td>Standard Bank</td>
</tr>
<tr>
<td><strong>Capital Gain</strong></td>
</tr>
<tr>
<td><strong>Annual Exclusion</strong></td>
</tr>
<tr>
<td><strong>Net Capital Gain</strong></td>
</tr>
<tr>
<td><strong>Inclusion rate (40%)</strong></td>
</tr>
<tr>
<td><strong>Tax payable (Assuming 40% Tax Rate)</strong></td>
</tr>
<tr>
<td><strong>Total Tax Due</strong></td>
</tr>
<tr>
<td><strong>R 87,368.16</strong></td>
</tr>
<tr>
<td><strong>R 26,756.40</strong></td>
</tr>
<tr>
<td><strong>R 60,611.76</strong></td>
</tr>
<tr>
<td><strong>R 40,000.00</strong></td>
</tr>
<tr>
<td><strong>R 20,611.76</strong></td>
</tr>
<tr>
<td><strong>R 8,244.70</strong></td>
</tr>
<tr>
<td><strong>R 3,297.88</strong></td>
</tr>
<tr>
<td><strong>R 3,297.88</strong></td>
</tr>
</tbody>
</table>
Who is liable for CGT?

CGT is payable by the taxpayer resident in South Africa when a capital asset is sold and he/she is subject to the capital gains tax rules, regardless of where the asset is situated in the world. Non-residents are also liable for CGT on immovable property and any asset attributable to a permanent establishment of that person through which a trade is carried on in South Africa.

Though seemingly straightforward, CGT calculations are highly detailed and can be tricky and time-consuming. If improperly managed, the CGT liability can be costly, significantly increasing your annual income tax liability, or reducing the value of your estate at death. It is therefore essential that you seek the advice of your Trust Officer who will assist you in the process to reduce your liability and ensure maximum tax efficiency.

Snippets

Malibuye Tom, Trust Officer, provides information on the upcoming tax amnesty, employers’ bursaries and other interesting facts.

- The Special Voluntary Disclosure Programme, a joint venture between the South African Revenue Services and the South African Reserve Bank, is scheduled to begin on 1 October 2016 and last until 31 March 2017. This will be similar to the ‘grey-money amnesty’ of 2003. The programme aims to give both individuals and companies a chance to regularise tax and exchange control problems, relating to undisclosed offshore assets, and income in a single amnesty application.

- The threshold for employees to qualify for bursaries from their employers (those employers that do offer this benefit) has been increased from R250,000 to R400,000 per annum. In other words, employees who earn up to R400,000 per annum can qualify for a bursary to cover any studies a relative may want to do. The benefit to the employer is a deduction against taxable income and a saving at the company tax rate of 28%.

- It is recommended that, in order to stay ahead of rising interest rates and inflation, one will need to overpay one’s bond by 15%.

- It is estimated that R31.8 billion in revenue is generated by ‘Spaza’ shops in the informal sector – and further to this, this sector employs 2.6 million South Africans. This is a total of 12.7% of the total labour force.

“Failure is not a single, cataclysmic event. You don’t fail overnight. Instead, failure is a few errors in judgement, repeated every day.” - Jim Rohn, 17/09/1930 – 05/12/2009; entrepreneur, author and motivational speaker.
How long have you been with Personal Trust and what made you apply to join the company?

I joined Personal Trust in September 2006, so this year marks my 10th anniversary. After I graduated, Khaya – with whom I’d been friends since varsity, and who was already with Personal Trust at the time – introduced me to Sue Kilroe who ran a recruitment agency. After having been to a few interviews with other companies, a position opened up at Personal Trust and when she offered me an interview with Nicole, I was only too happy to apply.

What was your first impression of the company?

During my varsity days I ran a rugby development programme which was sponsored by Personal Trust (this was in bold in my CV) and every Tuesday I would come to the office to collect a cheque for petrol and refreshments for the boys we coached. Rose McCrorie was not shy to engage me in conversation; Mame’ Vivienne would offer me an apple; and staff members actually greeted me. The friendliness of the people fooled me to think that working here was a breeze. I loved it! Given the stressful nature of our jobs, it does make it a lot easier to work with people who can easily pass as family.

What department do you work in and what is your role in Personal Trust?

I work in the X Department as a Trust Officer, under the supervision of Gavin Ashwell. I look after my own book of clients, most of whom I inherited from Gavin when he took me under his wing. My role is to look after my clients’ investments and build on the current book. As the most junior member in my team, I also assist the other Trust Officers with investment research, financial reviews, and proposals. As things go at Personal Trust, one’s job description is not all one has on one’s plate – so I have a few corporate responsibilities as well.

Tell us about yourself

I live with my two best friends, my wife Khuselwa and our five-year-old son, Liwa. We’re just short of a dog, but we need a bigger yard first. I hail from the busy town of King William’s Town in the Eastern Cape; though I was born in Pietermaritzburg, and did a bit of growing up there and in Johannesburg before my parents decided they had had enough and moved to the Eastern Cape when I was 10 years old. A family man first, I would like to believe that I am a servant to the community second, and a good friend. I don’t seem to leave much time to myself, do I?

What are your interests – music, art, books, films, garden, sport?

I try to watch as much sport as I can, and I try to keep as fit as I can. I play touch and tag rugby – I am no longer fit enough for the contact version – five-a-side soccer, and squash. Road running is a relatively new thing I’ve taken up. I completed the Two Oceans Half Marathon this year. The only leisure reading I do nowadays is reading to my son. I have been part of a Maths tutoring organisation called Fun Learning for Youth for the last five years, where we tutor maths to kids in Gugulethu every Saturday morning. It involves a group of us who have been friends since varsity. We felt the need to play our part in addressing the education ‘crisis’ in our country, whilst also providing an alternative to the type of ‘role models’ that kids in the townships have become accustomed to.

In one sentence how would you describe yourself?

In one word – loyal. Maybe too much for my own good.
Harmony House has been a long-standing home for the aged, situated in Rondabosch East. The home is one of many that form part of the Neighbourhood Old Age Home (NOAH) infrastructure. Personal Trust has had an active interest in this particular home, and has supported Harmony House for in excess of 18 years; with care, support, lifts to clinic and to shopping, as well as some financial assistance. The home has offered shared accommodation to eight residents who would otherwise have been unable to afford care of this nature, as they are solely dependent on their old age grant for financial aid.

Sadly, in December 2015, Harmony House was closed and all residents moved to other homes within the NOAH organisation. What this means for Personal Trust is that our long association with Harmony House has now come to an end. Our sincere thanks to all Personal Trust staff and directors, both current and past, who have so thoughtfully volunteered their time in supporting the home and its residents. It is a testimony to the community spirit so generously given by so many, and for so long. Our thanks to Heather Patterson, in particular, who has held this cause close to her heart for her entire career at Personal Trust, and has supported the residents in a most sincere and caring way. Thank you Heather.

On receiving the news that the home would be closed and that Personal Trust’s relationship with the residents was nearing its end, one of the residents, Mr Andy Carelse, penned a lovely poem of thanks. The poem is intended to be a gift to everyone who assisted the residents, in any small way over the many years that Personal Trust supported the home with financial support and care, in providing lifts to and from Pick ‘n Pay and to the NOAH Clinic when any of the residents were ill. As is his way, Andy’s thoughtful words struck a chord with each of us, and we know that none of us has been untouched by the experience of this long association with these special residents.

Nicole McIntyre, HR Director, writes about the closure of Harmony House and the end of our long-standing relationship with the centre’s residents.

Dear Personal Trust Staff

Kindly accept this poem from us, your old friends at Harmony House; the identity of which is undergoing change now.

Harmony dear home,
We can never forget.
Friends dear friends,
We often there have met.
Pressed by care,
Or pierced by grief.
Harmony has afforded us sweet relief.

On the gilded page of earthly fame
Some may strive to register their name,
Round our names no wreath may be
But you may read them on the old home tree.

Of memories we cherish, are birth and season cards
Sent annually to each with gifts from open hearts
Regular rides etc., to go on shopping spree
From those to Dr Rides to keep us illness free.

Tender memories round you twine
Like the icy green round the pine
Over land and sea we may roam
Still will we cherish you our old dear home.
Now having spoken thus what say we more to thee?
But P-T friends you see.
Kind hearts are the gardens
Kind thoughts are the roots
Kind swords are the blossoms
Kind deeds are the fruits.
Thank you all again. God bless. Bye bye.

From Andy and Winnie Carelse and all Ex-Harmony Aged.
Introduction: Mike and Pam Stark are Personal Trust clients living on the canals in St Francis Bay. They were both treated for cancer at the same time and are both in remission today. This is Mike’s story...

At the age of 65 I was diagnosed with metastatic rectal cancer with liver met-stage 4, and after I went into remission I decided to eliminate a few bucket list items. The first one was to go paddling amongst icebergs, which has been a schoolboy ambition since I read the exploits of Scott and Shackleton in Antarctica. In August 2015 I set off to Greenland with my daughter Michelle, my son-in-law Francois and two friends from St Francis Bay, Neville Hullett and Penny Frost — for a 15-day excursion around the southern tip of Greenland on paddle skis.

Greenland is the largest non-continental island in the world with an area of some 2.18 million km². Despite such a large landmass, the current population is only 57,600, with about 15,500 living in the capital Nuuk, located on the west coast. Greenland is a protectorate of Denmark and is self-governing, albeit relying heavily on Denmark for economic growth.

We flew from the UK to Reykjavik in Iceland and the next day flew for three hours to Narsarsuaq in Greenland, to land at an airport that is rated as one of the most dangerous in the world. We then travelled by boat for an hour up the fjord to Narsaq, which was our base in Greenland. The trip was arranged by Tassermuit South Greenland Expeditions and I would recommend them any time as everything went almost as planned.

The next day we got into our dry suits, loaded our paddle skis with our clothes, tents, sleeping bags (rated to -30 degrees) and food and set off on our 200 km adventure on the sea, the fjords and the glacier. Our group consisted of five South Africans, one Dutch lady, six French folk and two guides from Spain and Chile. The launching point was spectacular as it was a bay littered with a mass of icebergs on a crystal clear sea, which is cold at about 4 degrees.

Every day we ate breakfast at 07.00h and then packed up all our gear and set off paddling for up to 25 km per day. The longest day was day seven when we set off at 10.00h to paddle in front of the glacier, then had lunch followed by a three-hour hike up to the top of the glacier, approximately 900 m above sea level. This was the bottom end of the icecap and the ice was 400 to 600 metres thick — and the views amazing. When we were in front of the glacier the ice cracked and it sounded like thunderstorms in the Drakensberg, and the noise goes on all the time. We then climbed down, got in our paddle skis and arrived back to camp at 21.00h to make supper and then watch the Northern Lights, finally going to bed at about midnight.

The weather on average was good with the days at 9 to 12 degrees and nights were very, very cold with the wind coming off the glacier. Only on two days were we caught paddling in the open sea when the wind picked up to 40/50 kph with one metre swells, which made paddling difficult due to our load on top of the skis, and on both occasions it was a crosswind.

Two things of interest about Greenland is that no two towns are joined by a road and you get around by plane, boat or sledge — and Ramon, who owns Tassermuit, advised that I was only the second South African he had met in Greenland in the 20 years he has been arranging these expeditions.

I would recommend Greenland to anyone as it is so different to South Africa and I hope to go again.
Personal Trust team completes Platteklip Challenge

On 23 April a team of runners from Personal Trust took a day out of their lives to help others. The formidable Platteklip Challenge, a charitable event now in its 8th year, involves summiting Table Mountain via Platteklip Gorge over and over again from sunrise to sunset. Each lap is 5.5km in distance, involves 760m of climbing and takes on average two hours to complete. The Personal Trust team completed a total of 19 laps.

The purpose was to raise money for SAEP (South African Education Project), an organisation which prepares children and youth at key stages of their development through education, life skills and psychosocial support. The event raised in excess of R1,000,000 with all proceeds going to SAEP.

2016 Personal Trust All Cape Bowls Tournament

This tournament for men and women was organised by Western Province Bowls and was held in the greater Cape Town region from 24-30 April 2016. 21 bowling clubs hosted the event with Western Province Cricket club being the headquarters.

The All Cape Committee was headed by Doreen de Power (previous president of WP bowls) and she and her committee did an outstanding job in organising a very successful tournament. Approximately 1 000 bowlers took part in the tournament from the Border, Eastern Cape, Eden, Boland, Northern Cape and of course Western Province Districts.

Each year, the tournament attracts top quality bowlers. It is an extremely popular and competitive competition at which old friends meet year after year.

Clubs from the Port Elizabeth region did particularly well with The Woods and Port Elizabeth bowling clubs featuring in the semifinals and finals of both the men’s and ladies’ championship and plate events.

On the finals day at WPCC, one had the situation of a father and son playing in the championship final together and the wife playing in the ladies’ championship final (see photo on the right)

The Woods ladies’ team of Bev Treadway, Jen Cherry, Pat Thorp and El-Marie Le Gras won the ladies’ championship final and the men’s final was won by a Durbanville team comprised of Roly Moggott, Douglas Wyatt, Danie Tredoux and Dudley Mare.

Personal Trust has been afforded the opportunity to be the All Cape tournament sponsors for an initial period of four years. Next year’s event will be held in the Eden (Garden Route) district.