Personal Trust – our ongoing relevance

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South Africa’s growth potential

Retirement reform changes

When to consult your Trust Officer
Personal Trust International

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, Somerset West, Knysna, Port Elizabeth and the UK.

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

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We wish all our clients a somewhat belated HAPPY NEW YEAR. 2016 promises to be interesting and evenful on a number of fronts.

The end of January saw the Reserve Bank’s Monetary Policy Committee raise interest rates by 50 basis points. This resulted in a temporary reprieve for the beleaguered rand but was not good news for those with mortgage bonds. The man in the street will also be affected by increases in groceries and household items. Mark Huxter’s article, “Market Views for 2016”, outlines South Africa’s present economic situation and the prospects for the remainder of the year. Glenn Moore remains positive about our country’s growth potential – perhaps he should send a copy of his article to the appropriate Government ministers!

The President’s axing of Nhanhla Nene did South Africa no favours. Pravin Gordhan, back in his old job as Finance Minister, has been faced with major challenges in compiling his 2016-2017 budget. Please find the insert containing Ronald Smith’s ‘Budget Highlights’ and his accompanying commentary.

With tax matters in mind, Bronwyn Booyzen’s article on ‘Claiming out-of-pocket medical expenses’ should interest all our clients. Too often, I think, many of us fail to claim expenses as a tax credit. Ahead of us, at mid-year, Municipal elections are due to be held. Already politicking is becoming personal and rancorous – we can only hope that racism does not become a major campaigning tool.

The drought that is crippling so many provinces will have severe consequences for the economy. Pictures of skeletal animals at dried-up dams and water-holes are heart-breaking in their graphineness. Here, in the Western Cape, the bush fires that have claimed people’s homes and destroyed hectares of orchards and vineyards seem relentless. Our thoughts go out to those who have lost property and possessions. To the fire-fighters – those on the ground and the pilots in helicopters – our sincere gratitude for their selfless dedication.

In our homes and gardens we must make every effort to be water-wise. And, once the dams are full once more, we must continue to observe water-conscious and water-conservation practices.

On the sports front Angelique Kerber stunned the Tennis world in upsetting tournament favourite, Serena Williams – however, Serena’s graciousness in defeat and her obvious delight in her opponent’s victory will have made her many friends worldwide. Meanwhile, the Novak Djokovic juggernaut continues unabated. Though we lost the cricket test series to England, several promising players emerged and the future looks encouraging. For Athletics enthusiasts, the 31st modern Olympic Games commence in Rio in early August – hopefully we can have drug-free winners on the rostrum. And if you are a Manchester United supporter … well, yes, hum!

Many of the worries of the world thankfully do not affect us – the refugee crisis, FIFA, the European Union, ISIS, to Trump or not to Trump. We live in a wonderful part of our land – the Western Cape does seem to be God’s own country. May you enjoy good health and happiness for the rest of 2016.

Ed.
Our business provides our clients with the full range of financial and fiduciary services under one roof. These services include Investment Management, Income Tax, Retirement Planning, Wills and Estate Planning and Offshore investments.

Last year, as we approached the 35 year mark since we first opened our doors for business, we affirmed our commitment to our Trust Company identity and heritage. This was part of a strategy planning session at our mid-year Board meeting. This affirmation led us to decide to embark on a “We are a Trust Company” campaign in 2016. This initiative is designed to spark internal dialogue in order to serve as a reminder of our identity and what we expect of our staff in handling our clients’ affairs.

This may seem like a curious and unnecessary exercise. After all, in present times, one does not need to be a Trust Company to offer the services listed above.

To understand the motive, we need to go right back to the beginning – that is, to go back to the era that followed the launch of the first Trust Company in Cape Town (and the world) in 1834. This was a time when Trust Companies stood for something. This is the era our founding Directors sought to re-kindle when they decided to start a small Trust Company with the mission of seeking a return to personal and professional trust services.

One of the founding Directors of Personal Trust, Jimmy Baigrie, includes the following when explaining what Trust Companies stood for back then:

- **Trust.** These companies were genuinely trusted by their clients, who included widows and orphans who were entirely dependent on the investments under management.

- **Personal.** Services were provided with personal knowledge, care and attention.

- **Professional.** Staff needed not only to be technically and administratively competent but also client-centred – the client came first and not the fee.

As has been well-documented over the years, Trust Companies (and indeed other financial services firms) have lost their focus on personal service – this being replaced by other company imperatives in search of increased profitability. As a result we have witnessed the following:

- Increased mergers and acquisitions
- Increased use of call centres to service clients
- Use of online tools to furnish advice
- Online self-service platforms for investment administration
- Firms focusing on highly profitable services, and discontinuing other essential services.

While endorsing and utilising modern technology in its various forms, we will not deviate from our well-tried formula of person-to-person communication.

The Jimmy Baigrie Room

In recognition of the significant contribution made by Jimmy Baigrie to Personal Trust, the Board made the decision to name one of our meeting rooms after him. The room will serve as a reminder of Jimmy and the wider Baigrie family. Jimmy’s brother, Diarmuid Baigrie, was also a non-executive Director of Personal Trust in the tough early days and contributed significantly to what the company is today.

Our Chairman, John le Roux, describes Jimmy as the mother of Personal Trust. John says, “Without Jimmy, there would be no Personal Trust. Jimmy had the vision and confidence and the rest of us were foolish enough to follow!”

Conclusion

The 2016 “We are a Trust Company” initiative reaffirms our commitment to client service. It serves as a constant reminder to all of us at Personal Trust of our raison d’être.
Positive global investor sentiment towards South Africa has evaporated over the last quarter. The poor condition of the local economy was reflected by year-on-year declines in both manufacturing and mining, and subdued vehicle sales. Credit rating agencies reflected domestic economic concerns with downgrades. Fitch downgraded South Africa one notch to the lowest investment grade rating while S&P and Moody’s changed their outlook to negative from stable.

Markets were substantially unsettled by the sudden and unexpected removal of the Finance Minister, unfortunately highlighting the inept leadership of the ANC; the whole ill-advised episode has damaged investor sentiment towards South Africa as a whole. Municipal elections in May 2016 imply risk of further political instability. With ANC majorities potentially under threat in Tshwane, Nelson Mandela Bay and Johannesburg, we can anticipate heightened political tensions which will divert government focus away from day-to-day economic policy decision making. If the cabinet and Pravin Gordhan do not effectively address the underlying realities prior to Nene’s firing – which haven’t gone away – then we must prepare for unrestrained tax increases and aggressively higher interest rates. Also indicative of investor concerns was the marked depreciation of the rand and substantially higher bond yields over the period. Capitulation of the carry trade in high yielding currencies will see ongoing ZAR volatility and bring forward interest rate hikes.

Where does this leave investors looking forward in 2016?

Other than the positive impact of a lower dollar oil price on the South African economy, the economy remains riddled by low levels of confidence, significantly depressed levels of private and government fixed investment expenditure and decimated commodity prices. This is further compounded by concerns about South Africa’s political leadership (Zuma), while renewed Chinese growth concerns are also likely to weigh on sentiment, given that 60% of our mining exports go to Asia. The current account deficit therefore is likely to remain substantial, which, together with a subpar economic outlook, suggests the rand will remain relatively fragile and volatile in spite of being oversold on most measures. Offshore investments and rand hedges therefore retain a strong investment logic.

Notwithstanding a substantially weaker South African equity market over the last quarter and early January, equity market valuations still appear demanding relative to risk-free yields based on historical averages. Domestically sensitive corporates will experience earnings headwinds, given the level of consumer indebtedness and minimal private sector and government investment. This together with a sub-par economic environment could prove a headwind for near term equity performance. It may well also be too soon for foreign investors to move back into Emerging Market equities, given deteriorating economic growth and earnings, poor valuations and weak commodity prices. [See chart above].

Mark Huxter, equity specialist and manager of the Personal Trust Equity Fund, shares some thoughts on the year ahead.
However, for those with a long-term investment horizon, this correction – coupled with the OECD forecasts that three billion more middle-class consumers (the research defines middle class as having daily per capita spending of $10 to $100 in PPP terms) will emerge in the next 20 years compared with 1.8 billion today – will drive up demand for a range of different resources. This soaring demand will occur at a time when finding new sources of commodity supply and extracting them will become increasingly challenging and expensive, notwithstanding technological improvement in the main resource sectors. The commodity sector is ripe for counter-cyclical investing, whether in mergers and acquisitions or organic growth.

South African Bond yields suffered from the explosive sell-off as a result of political ineptitude; the extreme recent weakness appears to be discounting a significant amount of bad news and could be representing fair value, given the uncertainty facing the FED rate trajectory and continued Quantitative Easing in Japan and the European Union. Relatively low yields of projected forward yield of 7.5% on REITS, compared to bond yield of 9.19%, could well see constrained near-term REIT (listed property) returns.

Probably the best returns in this environment will be had in the Preference Shares, with the current gross yield of 10.25%. The forward gross yield is expected to yield 10.50%; this average yield should be achieved over the next 12 months given the expected MPC rate cycle. This yield compares favourably with one year money market yield NCDs of 8.375%.

Inflation-linked bonds are currently implying an inflation rate of 7.6%. South African CPI is forecast to average 6.3% for 2016; it has been anchored at the top end of the inflation target band, with maize prices expected to remain elevated due to continued drought conditions. The yield benefit therefore of Preference Shares, relative to other income returns, makes it an attractive long-term income generator.

Globally, central banks are still committed to close to zero interest rate policies. Economic fundamentals do count and therefore, on the relative valuation matrix, equities yielding 9.9% on a total return basis remain the preferred asset class, together with Preference Shares. However, one needs to be careful not to get overly bearish on the recent developments in China and the FED’s pending interest rate hikes (See chart above right).

This is particularly relevant when analysing China’s slowing economic growth and the need for “rebalancing” its economies’ mix, and the potential impact on the South African economy. It is important that structural changes are carefully handled to shift economies from relying mostly on exports, in the Chinese case, or consumption to a new growth model in which exports, investment, and consumption are more balanced. There are no quick fixes – sound fiscal and monetary policy and structural reforms to unleash private-sector business growth are vital and remind us how easily growth can be derailed in highly indebted economies if these basics are ignored.

Revising GDP growth globally is absolutely essential for starting the second phase of deleveraging, in which public-sector deleveraging begins. But growth in times of deleveraging requires more than a cyclical upturn in demand; the State has an important role in facilitating financial stability through sound fiscal policies! Therefore a greater effort is required by the South African cabinet to contain current public expenditure and to direct spending to government fixed investment expenditure. Without substantial belt tightening in the public sector, in particular with reference to the public sector wage bill, government ‘dissaving’ will continue to drive an elevated current account deficit – a further red light to Rating Agencies and foreign investors.

However, as highlighted, urbanisation is an important driver of economic growth, and for it to be occurring on such an unprecedented scale in the Emerging Market space is one of the decisive reasons in particular for China’s rapid economic transition. In spite of policy decisions still driving markets and triggering continued investor uncertainty, the long-term reality is that Chinese consumers are going to continue to increase in wealth and will diversify their assets and, as such, Chinese growth will not collapse and neither will global growth.
The South African economy is really battling with growth closer to the 1% level than the 6% required to make a dent in the unemployment rate. If you were asked for advice on how to kick-start the economy what would you recommend?

A  It’s the same advice I’d give to a struggling business: “Focus on your competitive advantage”. If you look at the South African economy, the obvious areas of competitive advantage are all God-given, the abundance of wonderful natural resources. So the initial focus must be on mining, agriculture and tourism. These are already significant contributors to the economy, but the growth rate can be significantly increased with pro-active state intervention. Take tourism as an example; it’s been an engine of growth for the last 25 years, but we have so much more capacity for growth. State intervention can take the form of joint marketing initiatives with the private sector to advertise South Africa as a destination; allocation of capital from the development agencies (IDC etc) to invest in resorts and facilities; opening up the infrastructure links between the tourism industry and the airports/airlines to make sure South Africa is a competitive long haul destination. Finally, broker regional agreements with neighbouring states to expand the Southern African tourism potential for the benefit of all. Tourism has wonderful linkages to small entrepreneurial businesses that employ many people. There are reasonably low barriers to entry, particularly in food, accommodation and entertainment areas of the industry. Tourism has proved to be a remarkably resilient grower in spite of the African fear factor and global recessions. By breaking down some impediments and encouraging entrepreneurial growth, this sector has the capacity to continue to grow exponentially. Although I do not want to go into detail on mining and agriculture, it is clear that South Africa has great assets and obvious competitive advantages. What is required to re-ignite the growth rate in these sectors is a more co-operative attitude between the state/ the ministers and the industry. Security of tenure together with a co-operative and certain regulatory environment would result in significant new investment and growth.

Surely we cannot continue to rely on these primary sectors to drive growth. What about manufacturing?

A  It is also important to explore new growth initiatives in the economy. For example, for years there has been talk of creating export processing zones. These need to be close to global transport links and will involve tax incentives to encourage global business to set up manufacturing facilities. The motor industry has shown that we have the ability to manufacture for the export market. It’s high time that the fiscus and the economic development agencies tackle this initiative to further encourage economic development. Our economic development agencies must also focus on creating an environment in which the technology sector and green energy initiatives can flourish. It seems we already have had some very successful tech entrepreneurs and it would be helpful to consult with them to understand whether a South African ‘silicone valley’ could be established to exploit the very high growth potential of these industries.

The SOEs are a drag on the economy at present but surely they could be the facilitators for renewed growth?

A  A great example of the way forward is the private/public partnership (PPP) between Transnet and the V & A Waterfront. Just imagine how much growth and employment opportunity this has added to the Western Cape economy over the last 25 years. If Transnet were smart they would look to partner with “MyCiTi” on the local passenger train service. This is an example of a regional initiative, but the real opportunity lies at the national level. Unbundle, break up and sell Eskom to the private sector and encourage competition between suppliers where possible. Do it soon before Eskom becomes virtually irrelevant, and follows in the footsteps of Telkom. By doing this you turn a state liability into an asset; a drain on the exchequer to a potential source of revenue. The South African economy still has enormous growth potential. It has been mismanaged and as a result we face the real possibility of a downgrade from the rating agencies. Hopefully this focuses the minds of our leadership to take simple but bold decisions.
Personal Trust opens its doors in Noordhoek

Conrad Hendrick, Personal Trust’s newest Trust Officer, is enthusiastic about opening an office in the Fish Hoek/Noordhoek Valley area.

Discussions between Philip Kilroe, John le Roux and me began last year in July; the purpose – to procure a suitable office space to service our many clients presiding in the Southern Peninsula, and to establish the company’s presence in the Fish Hoek/Noordhoek Valley area.

Unbeknown to me at the time was the quality of the brand that I would soon be representing. Subsequently, I have come to see and believe that the Personal Trust value offering is unparalleled by any of our many competitors in the market. With this in mind, it is no surprise that I am extremely excited about taking the Personal Trust proposition to my home town, which I believe is full of people who, like you and me, still appreciate good old-fashioned service with a personal touch.

After a rigorous process, we decided on a space that forms part of a commercial development on the border of Sunnydale and Noordhoek which houses, amongst others, attorneys; tax consultants; a chiropractic, medical and wellness centre; an aerobic studio and a hairdresser.

Accessibility was a major consideration, and the location of the new office will allow our clients to pop in for a quick cuppa and catch-up chat with their Trust Officer, whilst visiting some of the surrounding shops and facilities within Long Beach Mall and the new Sun Valley Mall. The new office will provide a hub for Trust Officers travelling to ‘this side of the world’ to take care of admin, meet clients, or catch up on work in between meetings. Needless to say, everyone is most welcome.

Our doors opened on 1 March for what promises to be a very exciting first year of business and, with the weather as good as it has been, I’m expecting many opportunities to enjoy our little back garden – hosting client teas and the odd Friday afternoon staff function. I look forward to welcoming you all soon at Unit 1 – No 3 Carlton Close, Sunnydale, Noordhoek.

Retirement Reform changes

The Taxation Laws Amendment Bill 2015 was passed towards the end of last year which makes the retirement reform provisions effective from 1 March 2016. The basic retirement reforms are the harmonisation of retirement fund contributions as well as the annuitisation changes to provident funds.

Please note: The effective date (1 March) may be postponed as a result of union representations to the Presidency.

Harmonisation of retirement fund contributions

- Any contributions to the various retirement funds (Provident Fund, Pension Fund and Retirement Annuity Funds) are lumped together as a single tax deduction for the member.
- Employer contributions to all retirement funds are now taxed as a fringe benefit in the hands of a member. This allows members to treat the employer contributions as their own and claim the deduction.
- Members are allowed to deduct 27.5% of the greater of remuneration or taxable income. This is capped at R350,000.
- Contributions exceeding the cap are carried over to the following year and are allowed as a deduction subject to the same limits above.
- At retirement, any contributions carried forward and not deducted can be used against the lump sum taken and/or offset against the income received from the annuity that is chosen.

Annuitisation of Provident Funds

From 1 March 2016 Provident Fund members are only allowed to take 1/3 as a lump sum upon retirement. This is now being aligned with the restrictions applicable to Pension Funds and Retirement Annuities. The balance of 2/3 must be used to purchase a compulsory annuity.

However, members will receive the following allowances:

- Members are not forced to annuitise contributions to their Provident Funds prior to 1 March 2016 and the growth thereof
- If a member is 55 years or older on 1 March 2016, then the above limitations do not affect him/her
- If their fund value is R247,500 or less at retirement, members are able to withdraw their entire amount and are not forced to annuitise 2/3.

Changes to amounts included in the dutiable value of an estate

Contributions that were not considered for a tax deduction must now be included in the estate of individuals passing away on or after 1 January 2016. This excludes the carried forward deductions that are offset against a lump sum withdrawal at retirement or the income from an annuity. This is only on contributions made from 1 March 2015 onwards.

Please contact your Trust Officer if you would like to discuss the above changes in more detail.
When you think of financial planning, the analogy of a freshly landscaped garden can be used. While getting initial advice to put the right plants in the right places and choosing plants that suit your environment makes sense, if you neglect them once everything is planted, don’t water them or keep them fertilised regularly, having an expectation that they will thrive is probably unrealistic.

The same generally goes for a financial planner.

I’m not saying that a financial planner is needed in every financial decision you make (however that could be beneficial), but there are certain crucial moments that require an expert view. A view that is both neutral and objective. Often people are emotionally involved in financial decisions (especially big financial decisions) but would those outcomes be the same if you took emotion out of it?

Below are five particularly crucial times to check in with your Trust Officer:

1. **Your first job** – The earlier you start saving the better; whether you earn R100,000 per annum or R1 million per annum, saving is crucial. A guideline is that roughly 10% of your monthly earnings should go towards savings, in order to provide adequate capital at retirement.

   Example: A starts saving R10,000 per annum starting at age 20. After 10 years the savings are worth R175,000 (assuming 10% p.a. growth rate). If A makes no further contributions from 30 to age 60, the value at age 60 will be R3 million.

   B starts saving R10,000 per annum starting at age 30. Unlike A who stopped contributing at age 30, B continues to contribute every year until age 60 (assuming 10% p.a. growth rate). B’s savings at age 60 will be R1.8 million.

   B saved three times longer than A; however, he could only manage to accumulate 60% of A’s value.

2. **Getting married or divorced** – When one is entering or leaving a marriage, an unbiased third party could help mediate the discussion around assets and income with engaged couples or minimise financial losses in a divorce. Specialist advice is particularly relevant when couples plan to get married, as most couples are not familiar with the marriage regimes of In-Community of Property, Out of Community of Property and Ante-Nuptial Contracts with and without Accrual. Each regime has its own pros and cons and a Trust Officer will be able to ascertain the appropriate regime taking into account the couple’s financial status.

3. **Purchasing a property** – Probably the most significant financial decision we will experience in our lifetimes. The majority of South Africans will need to acquire a bond on the property, which is a 20 year commitment and one that puts excessive amounts of strain not only on one’s financial but social and emotional obligation as well.

   Think back eight years to one of the most severe economic crashes of all time; that all started due to banking institutions encouraging subprime lending which peaked in 2004, causing the values of securities tied to U.S. real estate pricing to plummet, and damaging financial institutions globally. The financial crisis was triggered by a complex mixture of home ownership; providing easier access to loans; overvaluation of bundled subprime mortgages based on the theory that housing prices would continue to escalate; questionable trading practices on behalf of both buyers and sellers; suspect compensation structures and a lack of adequate capital holdings from banks and insurance companies to back the financial commitments they were making.

   Property is an asset; however, important questions need to be answered in order to ascertain if the time is right market-wise and if it’s the right time for you. What is your budget? Is property over or undervalued? Is it currently a buyers’ or sellers’ market? These are important questions to be answered and a Trust Officer will be able to take your entire financial position into account and give an independent, un-biased third party view.

4. **Saving for your future children’s education** – Tying in with saving early and personal savings, saving for your children’s education remains a primary focus when thinking finances.

   Currently fees at a recognised tertiary establishment are approximately R65,000 p.a. (tuition only) and R120,000 p.a. for full board. This means that if your child is born in 2016, by the time he/she is 18, you as the parent would need to have saved approximately R2,000,000 for tertiary education. This could be achieved with a detailed and well calculated savings plan or alternatively an education plan. Both options are suitable and would depend on your financial situation and should be drawn up in consultation with a Trust Officer.

5. **Retirement, Estate and Succession planning** – Probably the most convenient time to consult a financial planner. Each retirement, estate and succession plan is unique to each individual. Some require Trusts to be created in order to reduce estate duty while others could benefit from the deductions that are associated with retirement products.

   A well-constructed plan could help in drastically reducing income tax and estate duty for an individual as well as providing sufficient capital and income for those left behind in the event of death.

   The first step in asking for help always seems the hardest, especially in times of market and economic volatility. The assistance and feedback may surprise you when you open up to the idea that you need not handle all the financial questions on your own.

   Please contact your Trust Officer should you wish to discuss impending changes in your particular circumstances.
China has abolished the one child policy which it introduced in 1979 as a measure to slow down population growth. The decision to allow two children is designed to improve balanced development of the population and offset the problem of an ageing populace.

The long-awaited “D-Day” (the day the retirement reforms first discussed in 2013 were to become law) comes into effect on 1 March 2016. The Taxation Laws Amendment Act of 2015 was signed in January 2016. See David Edgar’s article on page 8 for details.

In line with The Taxation Laws Amendment Act of 2015, the Estate Duty Act, as modified in 2008, has also been amended. For all deaths occurring on or after 1 January 2016, all non-deductible contributions to retirement funds made on or after 1 March 2015 will potentially be dutiable, depending on the size of the estate. Prior to this amendment, all benefits from retirement funds payable upon death were free from estate duty.

Electricity Compliance when buying a property:

In South Africa, by law, all properties have to comply with the SANS 10142-2003 code of practice as outlined in the Wiring Code and Occupational Health & Safety Act 85 of 1993. When selling a property, the seller needs to be in possession of a valid Certificate of Compliance (COC) issued by a council/municipality-approved electrician following an electrical inspection. The Department of Labour is the only party who may action legal procedures against an electrician for issuing invalid COCs. The inspection is mandatory, along with a beetle (pest) and plumbing inspection. The cost of these inspections, and any repair work done (if necessary) are for the seller’s account. Transfer of property cannot occur without the municipality’s receipt of a Certificate of Compliance. The problem is that nobody checks the validity of a COC, and discovering electrical faults (and potential fire hazards) in your new property may lead to huge repair costs if discovered too late.

We provide the following tips to buyers:

- Advise the seller that you want to appoint your own electrician to perform the COC, but at his cost.
- Check whether the appointed electrician is registered with the Department of Labour. You have the right to ask the electrician for his registration numbers.
- Any electrical work performed after the new owner has moved in will automatically result in no recourse, even if some electrical faults were obvious! Do not proceed with any electrical maintenance or changes of an electrical nature if you suspect anything is wrong.
- For a fee, the Electrical Approved Inspection Authority of Southern Africa (EAIASA), will inspect your property in order to establish whether your issued COC is valid or not.
- The electrician will receive the report from the EAIASA and will have seven days to respond. Non-compliance or failure to act from the electrician could lead to serious charges.
There are two types of medical expenses that qualify for a medical tax credit, namely the medical aid contribution and qualifying out-of-pocket medical expenses. This article details how to claim out-of-pocket medical expenses as a tax credit.

A portion of this credit is calculated by extracting information from the medical expense invoices that are un-submitted to the Medical Aid, including proof of payment. These medical expenses are considered on a ‘Payment basis’, i.e. the payment date determines which tax year the expense may be claimed in. The South African Revenue Service (SARS) assumes that any medical expense invoice reflecting the medical aid details has been submitted to the medical aid and therefore such invoices will not be taken into account.

Qualifying out-of-pocket medical expenses can be defined as follows:

- Services rendered and medicines supplied by a registered medical practitioner, dentist, optometrist, homeopath, naturopath, osteopath, herbalist, physiotherapist, chiropractor or orthopaedist
- Hospitalisation in a registered hospital or nursing home
- Home nursing by a registered nurse, midwife or nursing assistant (including when supplied by any nursing agency)
- Medicines prescribed by a registered physician or acquired from a pharmacist;
- Medical expenses incurred and paid outside South Africa and of a similar nature to the above expenses
- Any expenses as prescribed by the Commissioner which result from any physical impairment or disability.

To ensure that the applicable benefits are claimed successfully, clients are advised to submit their 2016 medical expense documents as follows:

- The 2016 Medical Aid tax certificate
- The un-submitted medical expense invoices* as well as the proof of payment for each invoice.

*Note: These invoices have to be addressed to the person who made the payment. If the main member is paying on behalf of the dependant, the main member’s details and not the dependant’s should reflect on the invoice and receipt.

Please contact your Trust Officer or one of our Tax Compliance Officers should you have any queries regarding your tax.

Bronwyn Booysen, Tax Compliance Officer, provides information on claiming medical expenses as a tax credit.
How long have you been with Personal Trust and what made you apply to join the company?

10 February will mark my second year here at Personal Trust! I originally came to Cape Town to complete my Honours degree at UCT, but stayed (despite my family’s best efforts to lure me back up North) because of Personal Trust. So even though I only joined the company as an interim solution to gain experience, it definitely became a long-term objective once the culture set in and rooted me firmly here in Cape Town.

What was your first impression of the company?

Unpretentious. Doing my rounds of interviews I became accustomed to a certain “unspoken ethos” surrounding financial companies. Bigger, better, bolder and certainly more expensive seemed to be the norm when it came to investments. So being received and interviewed by friendly, passionate and compassionate people was definitely a refreshing change of pace that made me feel right at home.

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

I am currently privileged to work as a Junior Trust Officer in Andy Calmeyer’s department, under the supervision of both Jeni Williams and Loren Le Roux, but my origins are from within the core of Personal Trust – the administration department where I began my journey as an Investment Controller for our in-house funds.

Tell us about yourself

I come from a small town in Limpopo, where I grew up on a farm within a very strong Afrikaans influenced community, so Cape Town was more of a culture shock than anticipated – but I have loved every moment of it and my English has improved tenfold. I am, and always will be, a Pukke supporter when it comes to Varsity Cup, but I do have a soft spot for the Ikey Tigers even though I won’t admit it openly!

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

Since I moved to Cape Town I have tried not to limit myself to only one particular genre, activity or cultural influence. Without compromising on my values I try to explore and grow as much as I can and discover all outlooks and flavours of life! Bearing that in mind, I enjoy reading George RR Martin, listening to music that sweeps my soul, eating food that doesn’t burn my mouth, watching films that include some intrigue, failing miserably at trying to surf, and drinking a perfect glass of wine while watching the sun set over Table Mountain.

In one sentence how would you describe yourself?

An ambitious, passionate and energetic work in progress.
Gabriela Sissons, an inter-generational client, is an extremely talented individual. Beneath the quiet veneer, Gaby is a bundle of energy who has pursued her dreams and achieved incredible results. We are very proud of you Gaby; the world is your oyster.

“… And the winner of the 2016 Aerial Silks category is … Gabriela Sissons from South Africa!”

I could hardly believe what I was hearing when the announcer spoke those words out loud … This all took place in November in the vibrant city of Hong Kong at the largest Annual International Aerial Performance tournament in the world. There were phenomenally talented Aerial athletes from all over the world competing in four different categories of Aerial sports, including the Pole, the Lyra (or more commonly known as the Hoop), static or dance Trapeze and Silks. There was an amateur section as well as a professional category in each division, and I am proud to say that, after only starting this sport just over a year ago, I won the amateur category of Aerial Silks.

For those of you who do not know what Aerial Silks are: It is a type of performance in which one performs aerial acrobatics while hanging from a special fabric. Performers climb the suspended fabric without the use of safety lines, and rely only on their training and skill to ensure safety. They use the fabric to wrap, suspend, fall, swing, and spiral their bodies into and out of various positions. I have been a dancer most of my life and, as this was a performance tournament, I was able to use my dance and performance skills to present to the judges and the audience and I feel that this definitely helped me with my victory.

Winning the Champs in Hong Kong has opened so many doors for me. I received automatic entry in the finals of the 2016 International Airdance Championships to be held in China. I was also invited by the Russian head coach to compete in the 2016 Asia-Pacific Pole and Aerial Acrobatic Championships to be held in Russia in June.

I am a Photographer and a wife and a mother of two very gorgeous boys and, after having them, I would never have dreamed of doing something like this, never mind winning the International Championships. However, I firmly believe that if you are passionate enough about something and you set your mind to it and put your heart and soul (and of course hard work) into it, you can achieve whatever your heart desires. I have an incredibly supportive husband, who is very much a ‘hands on’ dad. He helps me out and supports me all the way. I could not have done this without him.

I was taught by Nikki and Roxanne from The Silk Workshop. Classes are held at the South African National Circus Tent in Observatory. The first time I walked into class, I was in awe and utterly ‘gobsmacked’ watching the advanced pupils in class twist, spin, contort themselves and drop from such an incredible height. I was immediately hooked and decided right there and then that I was going to master this incredible sport. I train and perform whenever I get the chance and am working towards improving my skills and winning the Professional category in the next year or so – but in the meantime, you’ll find me dancing in the sky.

For once you have tasted flight you will walk the earth with your eyes turned skywards, for there you have been and there you will long to return.’

Leonardo da Vinci.
The inaugural Personal Trust Ladies Bowls Day was held at Western Province Cricket Club (WPCC) on 12 January 2016 with over 120 ladies participating. The WPCC organising committee went out of their way to make sure that the day was a success with many positive comments from visiting teams received.

One such comment: “An outstanding day in which I think many things were accomplished and it set the bar very high for those that will do a ‘Ladies Day’ in and around our District”.

Personal Trust entered a team of their own; made up of staff members Anne MacDonald, Michelle McKay and Loren le Roux and they were skipped by Personal Trust client Jenny Phillips.

Personal Trust looks forward to being associated with next year’s Ladies Day.

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The annual Ayala Bowls Tournament was held at the Hermanus Bowling Club on 14 and 15 January 2016, and was once again sponsored by Personal Trust.

Some interesting facts about the tournament:

- Edmond de Ayala, the founder member of the Ayala Champagne Company in Château d’Aӱ in France, stayed at the Riviera Hotel in Hermanus in the late 1920s as a guest of the Luyt family. During his visit, he decided to sponsor a bowls tournament.

- In 1927 the very first Ayala Tournament was played at the Riviera club and became an annual event thereafter.

- In 1936 there was a name change and the Riviera club became the Hermanus Bowling Club, and in 1938 the current greens became the home of the game of bowls in Hermanus.

- Personal Trust started sponsoring the Tournament in 2003.
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