

IN TOUCH

Q1 2024



Dear Client

We are well into 2024, a year in which regulatory reform will reshape retirement savings and potentially the healthcare sector.

In this newsletter, we look at how clients who purchase life, disability, or severe illness cover can choose whether to do so through a financial advisor or directly from an insurance company or bank. We highlight which option is better and the value financial advisors bring to their clients.

With the introduction of the new two-pot retirement system scheduled for 1 September 2024, we focus on the implications for members of retirement schemes.

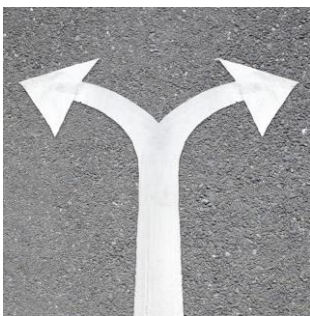
For those who need money to realise a goal, we also provide savings tips to help you achieve your goals. Additionally, we clarify the essential types of insurance for landlords who let out residential properties and tenants who occupy rental spaces, emphasising the importance of comprehensive cover.

The National Health Insurance Bill will introduce changes when it is implemented, we examine the role of medical aid schemes and gap cover in the future landscape of healthcare. Finally, we share planning hacks to enhance how you manage your personal finances.

Wishing you continued success in working towards your financial goals.

Regards

Frik Grobler



Buying cover: getting advice vs going direct

One can buy life, disability and severe illness cover through a financial advisor or directly from a life insurer or its associated banks.

Advisors will assess your needs and identify the most suitable policies based on factors such as cover, premiums, premium increases, claims processes, and more. For underwritten policies, advisors can facilitate the medical tests and assist in securing your acceptance for cover.

If your insurance needs are simple and your life circumstances are uncomplicated, you can opt to buy a policy without advice. Keep in mind that purchasing directly through a website or telemarketer does not guarantee cheaper cover.

See [how else financial advisors add value](#).

Please contact me to discuss life, disability and severe illness cover.



New retirement system delayed to September

The new two-pot retirement savings system is scheduled to come into effect on 1 September 2024. A third of your retirement fund contributions will then go into a 'savings component' pot, while two-thirds go into a 'retirement component' pot.

The system aims to preserve a greater portion of members' retirement savings, as the retirement component of the savings can only be accessed at retirement.

However, members can withdraw funds from their savings component before retirement if they need finances in an emergency.

To achieve optimal savings at retirement, aim to preserve your savings as long as possible, as the funds grow at compound rates and can attract lower tax rates. Amounts withdrawn from the savings component at retirement are taxed according to the retirement lump sum table, which includes a tax-free lump sum of R550 000.

Find out more about the [two-pot retirement system](#).

Please ask me if you have questions about your retirement savings.



How to achieve your savings goals

If you need money to realise a goal, such as save for a deposit on a home or car, or pay for your kids' tertiary education, here are some steps to follow to achieve it.

Start by writing down your goal and the amount of money you will need to fund it. Think about when you would want to achieve it. Your savings term and risk profile can guide your expectations on the return you could earn on your savings.

You can now calculate how much money you would need to save over that period to reach your target.

To find the money to save, review your budget and see where you can cut back on expenses. You could launch a side hustle to earn extra income or start saving a small amount and increase it each year as your salary increases.

Here are some [tips to achieve your savings goals](#).

Please contact me if you would like to discuss investing.



Insurance for landlords and tenants

Landlords and tenants have different insurance needs. Having the right insurance can provide compensation if an unforeseen incident occurs.

Landlords who rent out houses or stand-alone structures should have comprehensive cover for multiple risks. Those who own sectional title buildings and let to residential tenants should have cover for the residential sections and common property.

Public liability cover is also needed, as landlords may be held legally liable for persons who get injured or die on the premises.

A tenant's main responsibility is to protect their own belongings and the contents of the property. Tenants can do this by taking out cover for household contents.

Read more about [cover for landlords and tenants](#).

To check if your risks are covered, please contact me.



Will the NHI Bill end medical aid and gap cover?

Medical aid and gap cover may continue to fulfil a key role after the National Health Insurance (NHI) Bill becomes effective. However, regulation will dictate what healthcare the private sector can offer after the bill is implemented.

Currently, the NHI Bill needs to resolve conflicting points of information, and its benefits are yet to be determined. The Bill could also face legal challenges and lengthy court battles before it is passed.

While the Bill is uncertain, medical aid and gap cover are still needed so you can access quality private healthcare. By understanding the benefits of your medical aid and gap cover, you can make an informed decision that will meet your needs when the NHI Bill is finally passed.

See how [private healthcare could still add value post NHI](#).

Would you like to discuss your healthcare cover? Please contact me.



Planning hacks for financial freedom

To gain financial freedom, here are some planning hacks for your personal finances.

Start by updating your budget and plan to save for the big expenses you will need to pay during the year, such as school tours, major car services or holidays. Review your insurance contracts annually and shop around to see that you are still getting a good deal.

If you experienced any life events during the year, be sure to update your will. Pay your bills directly for your annual healthcare check-ups, then claim back from your medical scheme to stretch your savings. Also set time aside to think about your long-term goals and how to achieve them. Ask for financial advice so you can formalise a practical plan.

See more hacks to [stay on top of your personal finances](#).

Get in touch with me if you need financial advice.

Take caution when investing your money

The Financial Sector Conduct Authority (FSCA) continuously urges consumers to check the credentials of a financial services provider (FSP) before buying products or services from them.

To do this, go to the [FSCA's website](#) and search the list of authorised financial services providers.

Another useful check is to search through the FSCA's [media releases](#) to see if they have issued any public warnings about the FSP or purported FSP.

I hope you find this newsletter useful, and please feel free to contact me if you have any questions. I especially want to encourage you to contact me if your situation has changed in any way so I can review your risk and investment needs.

Please contact me if you wish to review your financial situation or update your financial plan.

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Looking forward to hearing from you!