THE BLACK STONE VOICE

Monthly Newsletter for Black Stone Capital Members



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A MESSAGE FROM THE MANAGING DIRECTOR

by Trevor Carty

Wow, how fast this year has passed. October and the last quarter of the year is here with summer rapidly approaching. The Covid numbers are dropping globally and the vaccination roll out is progressing with the resultant opening up of social gatherings and life approaching normalization.
The academic year is also coming to a close with the promise of the December Christmas holidays just down the way. So, a last push and effort will bring just reward.
I find this a great time of year to review my financial planning with the new year approaching and the product enhancements for 2022 being released.
And then there is COIDA… Wow, how can I have known so little about this great benefit from the compensation fund.
Many of us, as employers, have been duplicating employee benefits covered by COIDA. Wait to hear more on this compensation for injury on duty and disease in the next few months.
Our integration shared value model is gaining traction and support and we will see significant new business flows in the coming years.
On the medical malpractice front we have rebranded as Dr Medprotect and we have Dr Human, head of SAMA, now included in our growing list of surgeon specialists.
For the next two quarters commission on this product will increase to 70%….so go get your share of this lucrative market.
As for me, as I write this, we are about to engage in a road trip over the next two weeks to see our beautiful country and when you read this Dinokeng, Camdeboo National, Mountain Zebra, Addo, Karoo National and the Baviaanskloof will all have been visited and we will be en route home to bed down October.

Have a great last quarter friends.

Warm regards
Trevor Carty
Managing Director

DO I HAVE TO RESIGN BEFORE AGE 60 IF I WANT MY FULL PROVIDENT FUND PAYOUT?

Recently, legislation came into effect which will see provident funds administered in the same way as a pension fund.

For more than 15 years, I had my pension and provident funds equally split. With this new law, does it mean I will have to resign before age 60 to get the total provident fund payout, less tax?

John Anderson, Executive: Products, Investments and Enablement at Alexander Forbes responds:

Yes, you are correct that there has been a change in how provident funds are treated. From 1 March 2021, all contributions from that date to a provident fund will be treated the same as pension fund contributions.

However, it is important to note that:
(i) for individuals who are 55 years and older at 1 March 2021, contributions will be unaffected and will continue to be treated in the same way as before.

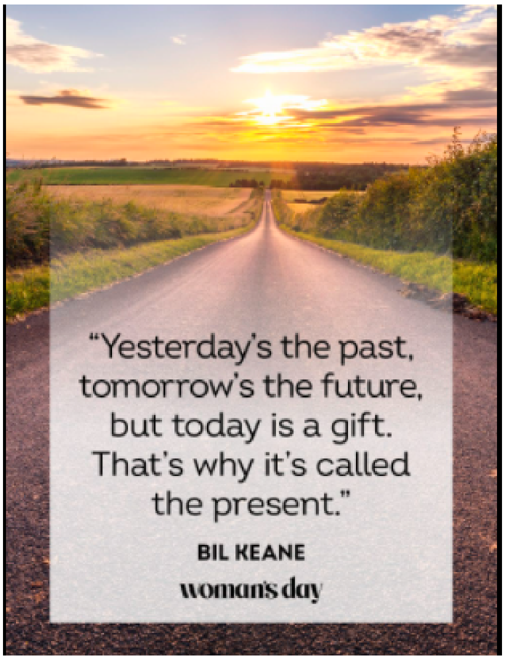
(ii) Any amount in your provident fund accumulated to 1 March 2021 will be ring-fenced, and this amount together with net fund returns thereafter will be treated in the same way as before.

There is also no change in respect of the treatment of pension funds.

Therefore, in terms of your existing retirement savings up to 1 March 2021, there is no change. If you were older than 55 years at 1 March 2021, there will also be no change in respect of all your future provident fund contributions. If you were younger than 55 years on 1 March 2021, it is only your contributions to the provident fund after that date that would be affected, but all amounts before that are treated the same as before.

There is therefore no need to resign as you suggest, and no benefit in doing so. In addition to paying tax on any amounts cashed in now, by resigning, you would also lose what you have accumulated to date and the benefit of compound interest on those savings.

William Aloysius Keane (October 5, 1922 – November 8, 2011), better known as Bil Keane, was an American cartoonist most notable for his work on the newspaper comic The Family Circus. It began in 1960 and continues in syndication, drawn by his son Jeff Keane.



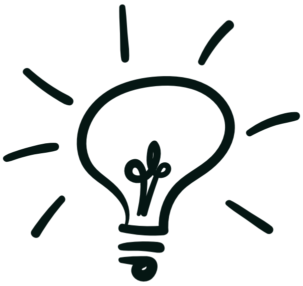
FAIS OMBUD SETTLEMENTS 2019/2020

The complainant had an existing policy which provided cover in respect of disability and income protection and was persuaded to replace the policy with an alternative product that would provide enhanced benefits at a reduced premium. The complainant was subsequently unable to work for a period of 3 months when he lodged a claim for loss of income. He was subsequently informed that the "Lumbar and sacral spinal column" condition for which he was claiming was a pre-existing condition and therefore excluded. The complainant claims that he was never informed of same prior to replacing the policy and would not have cancelled his existing policy had he been aware of the exclusion. In response the respondent indicated that the replacement product provided for a discounted monthly premium of R350 and that the complainant had been made aware of the exclusion prior to accepting the policy. The respondent was of the view that the policy schedule also records that there was an exclusion for any claim which may arise which is linked to the "Lumbar and sacral spinal column". Upon officially accepting the complaint, this Office put it to the respondent that despite the premium saving there had in fact been no justification for the replacement as the new policy offered inferior benefits. Furthermore, having been aware that the replacement product specifically excluded the complainant's Lumbar and Sacral Spinal column condition, the respondent's representative should not have proceeded with the replacement which was to the determent of the complainant. The respondent was also unable to provide this Office with a replacement policy advice record that is required in terms of the Code and which would have required that the respondent provide the complainant with all the consequences and implications involved in the replacement of the existing policy. The respondent made a decision to entertain the income replacement claim and that a total amount of R188 767.16 was paid to the complainant.

SOUTH AFRICA AND MOZAMBIQUE BEGIN DISCUSSIONS WHICH LEAD TO THE CREATION OF A CROSS-BORDER CONSERVATION PARK

21 September 1991

Two Southern African countries, South Africa and Mozambique began discussions which led to the creation of a cross-border conservation park which will include the Kruger National Park. Named after President Paul Kruger, the Kruger National Park became a living memorial to Paul Kruger and those who have upheld his vision of a protected wilderness. It is now one of the largest conservation parks in the world.



REMINDERS

- **Don't forget to send your compliance to service@blackstonecapital.co.za**
- **For service related queries, please email to service@blackstonecapital.co.za**
- **Please send your new business register to service@blackstonecapital.co.za**

THE COST OF MEDICAL AID CAN BECOME LOWER, SAYS OWNER OF MEDSCHEME

The owner of Medscheme believes that the cost of private healthcare in the country can get lower. Afrocentric said smart technologies, improving managed care, and innovative pricing can save some medical aid members hundreds of rands a month. The company recently reviewed medical aid contributions of some schemes it does not already administer. In one example, Afrocentric calculated that through collective bargaining with new hospitals, discounted medication expenditure from its pharmaceutical business and better managed care, it could save medical aid members R300 per month. "If every single medical aid member from that particular scheme bought a basket of services from us, they'd be paying R300 less per member per month," said Afrocentric Group CEO Ahmed Banderker. Because the group has a medical scheme administration business and a pharmaceutical cluster that includes a retailer and a manufacturer, Afrocentric is leveraging the economies of scale that come with playing at different levels of the healthcare value chain. This envisaged reduction in medical aid contribution is separate to Afrocentric's plan to create a cheaper medical aid option, which Banderker said was "still in motion". "This is about conventional medical aid at a lower price point because of how we leverage our infrastructure," said Banderker. He said Afrocentric had not completed its cheaper medical aid option plans because it is dependent on contracting with third parties in areas where it doesn't play. These include primary healthcare facilities, day hospitals and other hospital groups. The group still wants people who buy that lower-cost option to experience private healthcare instead of sending them to public hospitals when they need to be admitted. Banderker said Afrocentric is also still very committed to growing its primary healthcare business, despite the Council for Medical Schemes wanting to close the Low-cost Benefit Options (LCBO).After much pushback from the industry, the regulator allowed these benefit packages, which predominantly cover primary healthcare services and exclude or offer minimal hospitalisation, to continue operating for now. On average, these products cost half the price of the cheapest medical aid options that don't price contributions according to a person's income. Banderker said because of financial pressures that Covid-19 lockdowns have placed on households, Afrocentric saw demand for its EssentialMED primary care product soar, despite the fact that it remains unknown what the future of these packages will be after March 2022. "It continues to grow, month after month. I think because the department of health has its hands full with Covid-19 and the vaccines, some of these workgroups have kicked the cans down the road. We'll have to wait and see how that all plays out. But for now, it's business as usual," said Banderker.