



ecsponent news

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Your retirement savings and your children. Should you share?

"Do not hand out your possessions to your children during your lifetime. If they are extravagant, they will neglect the possessions and if they are greedy, they will neglect you"

Loosely translated from Afrikaans, these were the wise words of philosopher-author CJ Langenhoven more than a century ago, warning parents against the dangers of prematurely distributing their hard-earned assets and retirement savings among their children.

His warning is even more applicable to our generation as we will likely live well beyond the traditional retirement age of 65. Thanks to the continuous development in medical science and technology, we can expect to live for twenty or thirty years after retirement.

Beware of the kids

The current economic downturn and financial crisis are putting tremendous pressure on families, and children should be mindful that they do not erode the value of their parents' retirement nest egg or completely destroy it. The relationship between parents and children vary, but often the apple of a parent's eye today may turn into tomorrow's bitter apple when money is added to the equation.

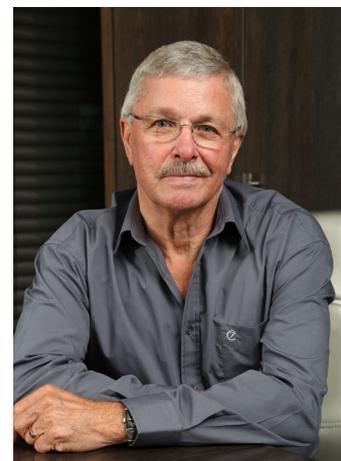
Parents who are inappropriately generous towards their adult children could be left high and dry in their frail years, after exhausting their pension and signing over their assets. There are many sad tales to be told about aged parents who need frail care or home nursing, but who have been abandoned by their children.

Your home is your palace

It happens all too often that after retirement, parents transfer ownership of their home to their children in the belief that they will reciprocate by caring for them in old age. It sounds like the decent thing to do, but there is no guarantee they will indeed take care of you.

Additionally, you should take note that such a transfer will attract donations tax of 20% on the value of the property if it is more than R100 000. Likewise transfer duty between 0 and 13% of the value of the property will be payable if such a transfer takes place.

On the other hand, if this property transfer is managed through a bequest in your will, the transaction will be exempt from transfer duty (only applies to heirs). After death, several expenses like funeral costs, estate debt and administration costs can be deducted before calculating the value of the estate duty due to SARS. Additionally, the first R3.5 million of the value of the estate (including immovable property such as a house) is also exempt from estate duty.



Dr. Anton Hay - Marketing Director
Ecsponent Financial Services

These types of deductions are not possible when property is transferred as a gift. So think twice before you transfer your property to the children. (See Ecsponent's Tax Guide for Individuals and Trusts on www.ecsponent.com/blog)

May I have your pension?

There have been instances when pensioners have asked that their pension payments should be made directly to their children, to help fund expenses such as their car and house instalments.

However, in terms of Section 37A of the Pension Fund Act, such an arrangement is not possible. The Act determines that a pension right or benefit may not be diminished, transferred or seized. The beneficiary may not transfer his or her fund benefit or right to anyone else.

The legislation was specifically put in place to ensure that pension fund benefits are exclusively available to the individuals for whom they were intended.

Sign over the house please Mom

In a recent case, a mother tried to transfer ownership of her house to her son through an affidavit at a local police station, but without documenting it in her will. Sadly in death, the affidavit meant nothing, as one can only inherit according to the terms of a will. In absence of a will, under the Intestate Succession Act, assets are distributed evenly among all the children and this son did not become the owner of the house.

Becoming your child's banker

When children do not qualify for a home loan, they may ask to buy or take over their parents' home. It is often difficult for parents to refuse, as they want to help their children, but the truth is that such a decision could result in a parent's financial suicide.

Instead of offering such a shortcut, rather consider teaching them to fish from a young age. There is a risk that they could lose whatever lands in their lap and then you will be faced with the question of whether you are capable of exercising discipline if they fail to repay you. Are you able to have a business relationship with your child – without emotional interference or vulnerability?

What if your child loses what was once your home to creditors? The risk is that you will forfeit your financial security and independence in the process.

Plan ahead for all scenarios

Families rarely plan ahead and it is only when faced with a crisis, like the death or severe illness of a parent, that they start to think about the potential financial pitfalls. This is usually the worst time to make decisions, when family members are already under pressure or grieving, and these discussions often result in family friction due to the heightened emotional state of everyone involved.

Consider taking out insurance to fund frail care or home nursing, to preserve your capital and help to maintain financial independence.

Take the plunge and cut the financial umbilical through early education

Know when to say "no". Teach your children from an early age to stand on their own financial feet. Unlike retirees, they have time on their side to make mistakes, learn from them and rise again. Put your own wellbeing first to ensure a comfortable retirement – that too is a lasting gift.



The JSE's settlement cycle has changed – dividend payment dates are affected

Please note that as from 11 July 2016, the JSE will be shortening the settlement cycle for equity transactions, affecting the dividend payment dates of investors receiving monthly dividends from Ecsponent. The shorter settlement cycle will also change the existing dividend payment calendars indicating on which dates payments will take place.

The new settlement cycle will move from the current T+5 cycle to a new shorter T+3 cycle, where T+3 refers to the number of business days that elapse from the day on which a transaction takes place, to the day on which the transaction must be settled. Visit www.ecsponent.com/blog to find out more about the benefits of these changes.

2016 Dividend payment calendar

Trades that take place in the week preceding 11 July will be settled under a T+5 framework while trades taking place after this date will be settled on a T+3 time-frame. While the JSE is not anticipating any major problems, it has set aside 18 July as a backup date.

The move stems from an attempt by the Financial Services Board, which regulates certain activities of the JSE, to align South Africa with the global effort to shorten settlement times and to comply with the principles of the International Organisation of Securities Commissions.

The shorter settlement cycle will improve liquidity in the South African market and will bring additional transactions from asset managers which will increase their revenue stream. It will also improve the credibility and operational efficiency of our market and will assist to make South Africa an attractive investment destination.

The new dividend payment calendar is as follows:

2016 Dividend payment calendar			
2016	Cut-off date	Payment date	Days in cycle
May	08-May-16	16-May-16	28
June	05-Jun-16	13-June-16	28
July	03-Jul-16	11-Jul-16	28
August	09-Aug-16	15-Aug-16	37
September	13-Sept-16	19-Sept-16	35
October	11-Oct-16	17-Oct-16	28
November	08-Nov-16	14-Nov-16	28
December	12-Dec-16	19-Dec-16	34

If you have questions about these changes, please contact us via email info@ecspONENT.com, or send the word "JSE" to 45891, and we will contact you.

The new age of regenerative medicine

One of the companies in the EcspONENT group is Salveo Biotechnology South Africa, which it owns jointly with the international biotechnology group, Esperite. Headquartered in Switzerland and with a footprint in over 40 countries across three continents, Esperite is a leader in its field.

Stem cells are special cells with the ability to evolve into any other cell in the body and can replace and repair damaged cells. Cord blood stem cell transplants have already changed—and saved—thousands of lives around the world since they are used to treat more than 75 diseases, including numerous types of malignancies, anaemia's, inherited metabolic disorders and deficiencies of the immune system.

The promise that stem cell treatment holds, resonates with many people. Current clinical trials are researching how stem cells may be used to manage or cure diseases and injuries such as Parkinson's disease, type 1 diabetes, heart disease, spinal cord injury, Duchene's muscular dystrophy, Alzheimer's disease, strokes, burns, osteoarthritis, rheumatoid arthritis, vision, and hearing loss. Recently, bioprinting with stem cells promises a future where tissues and organs can be generated on demand rendering organ transplantation accessible with minimal complications.

Due to its association with Esperite, Salveo is governed by the protocols and procedures of Europe's largest stem cell bank and the renowned Swiss quality ingrained in every aspect of the business to ensure consistent quality. For South African parents, this means a world-class service in stem cell storage that is both affordable and sustainable.

To find out more about stem cells and Salveo cord blood bank, please read the next page, or visit www.salveobiotech.co.za.

The new age of regenerative medicine: are stem cells the future of healing?

If you're a parent, you will undoubtedly agree that there are few things more powerful in the world than the love for your children.

Even before their birth, our genetically rooted instinct to nurture and protect them from harm is ignited and lasts a lifetime. For most parents, there is no mountain too big to move for the sake of their children's health and happiness.

If you are a grandparent this love is multiplied when your grandchildren arrive in this world and knowing more about stem cells could protect both your children and grandchildren in future.

Why more parents are storing cord blood stem cells

75

CORD BLOOD CAN TREAT OVER
75
LIFE-THREATENING BLOOD RELATED DISEASES

ONCE A NEWBORN'S UMBILICAL CORD HAS BEEN CUT, THE REMAINING BLOOD IN THE CORD IS COLLECTED.

The process is
100% RISK FREE
FAST and PAINLESS

COMPATIBILITY

A baby will always be a **100% match** for his or her own stem cells

There is a **HIGHER CHANCE OF SURVIVAL** if cord blood that comes from a sibling is used to treat a disease

25% CHANCE that a sibling will be a perfect HLA match

50% CHANCE that a sibling will be a partial HLA match

Biological parents will always be a **HALF match**



Only takes a few **minutes** to collect

Stem cells are available **immediately**

Low risk for bacterial and viral contamination

A newborn's stem cells are young and flexible which means they have better regenerative abilities

1 MILLION
there have been over 1 million hematopoietic stem cell transplants

30,000
cord blood transplants worldwide

Storing your baby's umbilical cord blood and cord tissue stem cells, is a gift so precious you can only give it once. These stem cells have the potential to save his or her life.

life. hope. future

FOR MORE INFO CONTACT US:
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