

RANDS & SENSE

Not many people want to think about illness or death, and what that could mean for their dependants, but this is one of the most important aspects of responsible personal financial planning. Put your people first ...

Caring for your dependants, always

If something should happen to you and you are no longer able to provide for your dependants, will they still receive financial support as a result of plans you have put in place?

If you have answered 'yes' to this question, you have your priorities in the right order: people first, then money. Putting the well-being of your dependants as a top priority shows a considerate and responsible attitude towards money.

To ensure the financial well-being of your dependants, you should have the following minimum plans in place:

- A properly drawn-up will
- Adequate life insurance and disability cover
- Nomination of the correct beneficiaries in your various financial policies

This is not a fun subject but it is something you need to address if you have dependants.

A properly drawn-up will

A will is simply a legal document that states to whom you want your assets to go after your death. It is not difficult to prepare. You can get templates from a stationery store, or you can seek help from your bank, financial service provider or legal advisor.

Not having a will when you die can create enormous difficulties for the people you leave behind. Your dependants have enough emotional stress to deal with without being burdened with an out-of-date will or in some cases, no will at all!

If you die *intestate* (without a current, valid will), your assets go to the State, the law takes over and your estate gets fairly distributed among family members. Although the legislation is fair, it may not be what you intended and it is far better to rather specify your intentions in your will.

Draw up a will as soon as possible. Those of you who do have a will should review it once a year to make sure it is still up to date.

- **Useful tip:** Most banks will offer to draw up your will free of charge, as long as they can nominate themselves as executors. You may wish to consider nominating a trusted family member as the executor. The advantage of this is that family members can then choose who they want to appoint as their agent to execute the will and will be in a



position to negotiate the executor's fee.

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Life insurance and disability cover

During your working life, you should continually ask yourself: ‘What will happen if I am no longer able to earn a living?’

It's never easy thinking about this scenario, but if you die before retirement, become disabled or get so sick that you are not able to earn a living, your dependants will need a measure of financial support to enable them to maintain their lifestyle.

The main reason for insurance against life is to make sure that your dependants can maintain their standard of living after you die. If you are single and have no dependants whatsoever, then *you don't need life insurance!* You only need life insurance if you have people who depend on the income you generate.

Somebody once said: “Life insurance is not something that is bought, it is something that is sold”.

So be careful not to be sold more life insurance than you need. You should get proper financial advice regarding the amount of insurance you will need. Your retirement fund may

have life insurance (see page 15) so take this into account before you buy extra life insurance. The main reason to take out life insurance are to:

- ensure that your dependants are not left with debt;
- ensure they can maintain their standard of living; and
- protect your long-term savings plans, such as future education expenses.

You may not die before retirement, but you could become disabled or contract a serious illness. If this happens, you will need money to support both yourself and your dependants!

Finding a balance

While you are working, your biggest asset is often not your house or your retirement savings, but your future earnings. To cater for your inability to generate future earnings, you will need to consider disability or dread disease insurance. Again, your retirement fund may provide cover, so check this before buying any more.

This type of insurance will pay out either a monthly income or a lump sum if you become

disabled. This is a very complicated type of insurance and as with all financial decisions, it is important that you seek advice from a trusted, professional financial advisor.

- **Useful tip:** Make sure that the age up to which you will be paid a benefit is the same as the age at which you expect to have sufficient retirement assets on which to retire.

Nomination of correct beneficiaries

As you go through life, the people who you want to benefit from your estate after you die may change. As your circumstances change, it is very important that you update your nominated beneficiaries in your various financial documents. These documents would include your will, life insurance and your various retirement funds.

If there is a change in your personal circumstances, such as the birth of a child, divorce or death of a beneficiary, you should make sure that you update your beneficiaries accordingly.

- **Useful tip:** If you correctly name the beneficiaries of a life policy, the proceeds will be paid directly to the beneficiary rather to your estate and this may save your dependants a great deal of trouble!

The above recommendations are an overview of steps you should take to make sure you can take care of the ones you love.

The right advice

Please seek advice from a qualified financial planner before making any major decision regarding your finances. Check that your financial planner has the necessary financial qualifications and experience and complies with FAIS (Financial Advisory and Intermediary Services Act).

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The author would like to acknowledge the following resources:

The Money Goddess by Paula Hawkins
Financial Guidebook by Suze Orman
Personal Finance website: www.persfin.co.za

Pay slips available online

Since the introduction of employee self service (ESS) in February 2010, increasing numbers of City staff have been using the electronic system to access their salary advice, apply for jobs and view their personnel information online. They especially enjoy being able to see their pay slips three days before payday.

The benefits of privacy, security and access to current and previous pay slips have been widely welcomed, with most staff agreeing that the new paperless system is a big improvement on the old method of printing and distributing pay slips.

It's all in Outlook

If you are an MS Office Outlook user, you too can use ESS. Log onto the SAP portal on CITYweb using your SAP username (ID) and password. If you do not have these, e-mail your staff number, name and surname to the SAP helpdesk, which will create a profile for you and e-mail these details to you.

From July onwards, paper pay slips will only be given to staff who do not have access to ESS. Take the opportunity to familiarise yourself with ESS and experience its benefits first-hand.

The City's staff housing allocation policy

When allocating staff houses to employees or to prospective employees, the following processes must be followed:

- The relevant line manager must propose, recommend or motivate to the relevant Executive Director (or his/her delegated authority) the allocation of an official staff house to an employee or prospective employee for operational reasons or functional necessity.
- Written approval, if granted, will then serve as the basis for completion of a lease agreement. Directorates or departments should complete their own lease agreements, but are invited to seek help with this from the staff housing coordinator/s.
- The relevant Executive Director or his/her delegated authority must sign the lease agreement on behalf of the City.
- A copy of the written approval and duly completed lease agreement must be forwarded to the office of the Acting Director: Personnel Services (Staff Housing Manager) for verification, to facilitate calculation and activation of the 'perks tax' value and to provide a letter of notification to the employee.
- Employees may only occupy an official staff house or other staff accommodation once the lease has been finalised.
- A copy of the letter of approval, the duly completed and signed lease agreement and notification letter from Corporate Services to



be placed in the employee's personal file. Also note that the lease agreement period must be determined as per Section 7.3 of the Staff Housing Policy.

Any deviation must be dealt with in terms of Section 7.4 of the policy, with the support of the relevant Executive Director and in consultation with the Acting Director: Personnel Services (Staff Housing Manager).

HR 300 forms and job adverts should also clearly specify the operational or functional requirement(s) for the incumbent to be considered eligible to occupy an official staff house.

- *Queries about this process should be directed to Donovan Pretorius, Staff Housing Manager, on 021 400 1215/4898 or 084 300 2203.*