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Majestic Financial Services Quarterly Newsletter

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MAJESTIC FINANCIAL SERVICES

2nd Quarter Newsletter 2016

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Services Provider

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Providing Peace of Mind

Meet the team

Malcolm Taylor (AIISA, AFP) - Managing Member
and Short Term Broker

Belinda Smith (LIISA) - Short Term Broker

William Mufeba - Short Term Claims Administrator

Tephany Exton - Short Term Administrator

Dave Brewer (BCompt, SAIPA, CFP®) - Financial
Planning, Corporate Benefits and Investments

Vanessa Kruger - Long Term, Investments Manager
and Paraplanner

Jessica van Tonder - Long Term and Investments
Admin Assistant

Samantha McKay (BComm Hons (Tax)) - Tax
Consulting and Accounting

Jenna Rowlands - Medical Aid and Corporate
Benefits Administrator

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Majestorial - Letter from the Editor

Sam's Tax Talk - "Highlights of important changes that affect your 2016 Tax Submission".

Long Term News - "Retrenchment survival tactics".

*Short Term News - "Debunking the Myths of Home Content Insurance".
-Source Article: Risk Africa Magazine.*

Majestic Services

Majestorial:

Welcome to the second edition of 2016.

In this edition Sam discusses some changing factors to consider for your 2016 tax submission.

On the long term side - we look at a few retrenchment survival tactics which includes practical steps of coping with unemployment.

Nazeer Hoosen, chief executive officer of PPS Short- Term Insurance, debunks common myths associated with home contents insurance.

"We would like to thank you for your continued support, and "assure you of our best attentions at all times!"

Take a look at the Majestic Services section and let us know if there is an area where you would like to consolidate your portfolio.

We are here to provide you with peace of mind.

*Tephany Exton - **Editor***



Sam's Tax Talk

*The 2016 tax season opened on 01 July 2016 and filing of tax returns has commenced. The deadline for **non-provisional tax payers** is **25 November 2016** and the deadline for **provisional tax payers** is **31 January 2017**. Once you have all your documents ready, please send them to your tax practitioner for submission.*

This edition of Tax Talk is aimed at highlighting the most important changes that affect your 2016 Tax Submission.

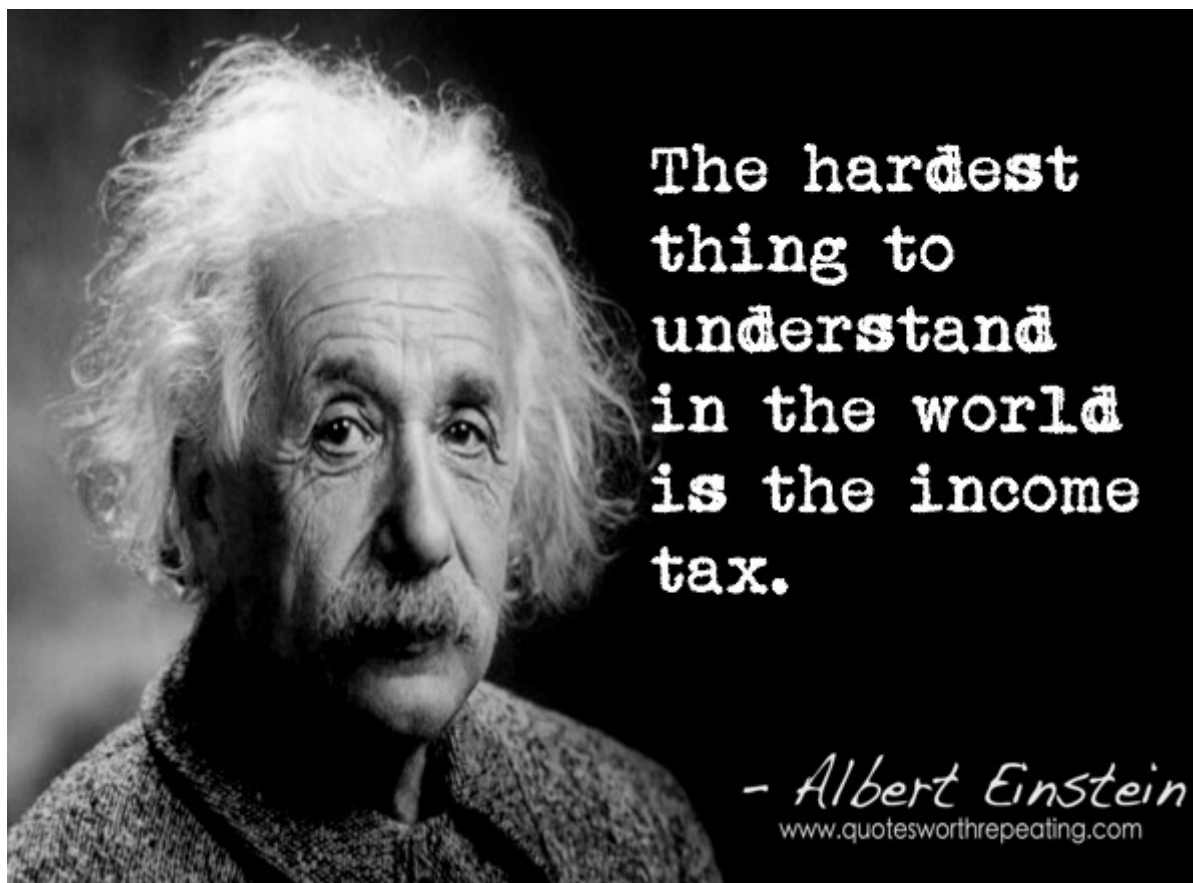
Please review the points below and make sure that you are aware of these changes:

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recurs.

- SARS no longer allows changes to be made to IRP5's that are reflected on your tax return. If your IRP5 is incorrect you will need to request that your employer correct it and resubmit it to SARS. You will then need to wait for the corrected IRP5 to reflect on the e-filing system before you can submit your tax return.
- If you receive income from the letting of fixed property, you should be declaring this in your income tax return. SARS now specifically asks if you receive such income and if you haven't been declaring it up to now, we suggest you consider declaring it now. If you declare that you have no income from the letting of fixed property and SARS finds out that you do, they could charge penalties as well as interest for not declaring that income.
- If you make donations of any sort, please make sure you receive a donation certificate that states that you have made a Section 18A donation and that reflects the organization's PBO number. SARS now specifically asks for the PBO number of the organization to be declared so that they can verify the validity of the donations.
- If you were unemployed for any part of the tax year (March 2015 to February 2016) you now need to declare these periods on your tax return.

If you have any questions regarding or require assistance with your tax return, please call Samantha McKay on 011 504 1200 or email her at samantham@majestic.co.za.



Short Term News:

Many consumers, especially those who are renting property, do not fully understand the absolute necessity of home contents insurance.

Regardless of whether someone owns or rents a property, it is a good idea to take out home contents insurance as this type of cover will pay to replace or repair items inside the home that may be stolen or damaged due to unforeseen events.

Home contents insurance can help people save money in the long run. "It is devastating to have one's personal belongings damaged or stolen and this situation is made even worse when they have to spend money to repair or replace items because they were not insured," says Nazeer Hoosen, chief executive officer of PPS Short-Term Insurance.

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People who rent do not need home contents insurance

While individuals who rent a house or apartment do not have to worry about insuring the structures and actual building, home contents insurance must be considered to cover their personal possessions inside the dwelling. It is essential that expensive items such as couches, dining sets, electronics and kitchen appliances are sufficiently insured in order to replace these items should they break, get damaged or are stolen.

Home-owners insurance includes contents insurance

Unless specified, home-owners insurance usually only covers against accidental or unforeseen damage to the physical structure of the property. Some renters mistakenly assume that their belongings are covered by their landlord's insurance policy. However, home-owners insurance does not cover the items located inside the property and therefore a separate home contents policy has to be in place.

Home contents insurance covers all types of damages

Home contents insurance typically covers against damage to the moveable contents in the home caused by events such as fire, flooding, storms, lightning, theft or malice. Damage caused by accidental events, such as dropping or stepping on an item, are usually not included in the policy but often offered as an optional extra cover which can be taken out.

Items that are taken outside of the home, such as a mobile device, laptop or tablet, are usually covered under All Risk cover which can also be taken out separately in order to cover accidental loss or damage to these type of belongings. It is vital that people are fully aware of exactly what their policy covers and what it does not to ensure that they have cover in place for every eventuality.

A home contents evaluation is only done once

Many people think that they only need to conduct a home contents valuation prior to taking out their home contents insurance policy to ascertain the collective value of the possessions in their home. In reality, it is essential to review the value of the contents on a regular basis to ensure that the policy reflects the true replacement value of all items to avoid being under-insured.

It is advisable to re-evaluate on an annual basis to take price inflation and currency fluctuation into consideration. For example, a piece of art purchased overseas which cost R 5 000 five years ago could now cost double that amount to replace. It is also important to conduct a valuation when additional home contents are purchased which can drastically bump up the value of the home contents, such as a new entertainment system. The last thing people want is to find out that they will not be receiving the full replacement amount to replace an expensive item as a result of failing to update the replacement values in their insurance policy.

The consequence of not conducting regular evaluations means that the insurer will apply the principle of under insurance to a claim, which in essence is the insurer at the time of a claim assessing the current value of your contents against what you were insured for and applying this proportion to your claim value.

"The best way for consumers to ensure that they are sufficiently covered for all their home contents is to seek the advice of a reputable broker. People who do not consider home contents insurance as a necessity are urged to consider the financial devastation should a disaster destroy all or most of their belongings and they have to replace it themselves," concludes Hoosen.

Source Article: *Debunking the myths of home content insurance*
<http://www.riskafrica.com/debunking-myths-home-content-insurance/>
RISK AFRICA MAGAZINE

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Long Term News:

Retrenchment survival tactics

Losing a job is a traumatic experience. But it is not always complete doom and gloom, and can even be a blessing in disguise. The outcome of a job loss depends on three things: your preparedness, your attitude and your action.

How to cope

Preparedness

- *Look at your finances when times are good and do some scenario planning. Work out how long you could survive without a salary, and then see what you could cut out of your budget to save money. Start putting money away each month to build up a cushion.*
- *Evaluate your position, the company you work for and the industry you are in. By doing a little Internet research you can gauge how the economic situation is affecting your industry. If you suspect your company will be retrenching, don't wait: speak to your boss and get his or her opinion. If there was nothing to worry about, they would emphatically state your job was safe (as long as they are not putting up a smokescreen). If you suspect this, then proceed as if your job was indeed on the line...*
- *Start putting out feelers. Gather all necessary information that will catapult you into the front line in terms of finding another position:*
- *file all letters of thanks or commendation;*
- *ask everyone who is satisfied with your service to commit it to writing. (Never distribute information that could damage the company you are working for – it may backfire.)*
- *If you want to hold on to your current job then set out becoming indispensable. Take as many job-related courses as possible, offer to take on additional projects, look for ways to cut costs, work overtime...*

Attitude

- *Research how to excel in an interview. If you start blaming and criticising your old company, say goodbye to that potential new job - it shows that you do not take responsibility.*
- *Keep negative feelings at bay and believe your new job will be much better for you. Retrenchment is not always a reflection on you.*
- *If you were fired, this is where self-evaluation is critical and you need to learn from it. If possible, ask your boss for a truthful assessment of the situation, and try to change the behaviours that led to your job loss.*

Action

- *If you have been retrenched, the organisation may well offer you a variety of services to help you get back on your feet. Use them.*
- *The Internet has loads of tips on how to compile a punchy CV and ace an interview.*

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- *Immediately apply for Unemployment Insurance benefits (www.labour.gov.za).*
- *Don't isolate yourself from those who care about you.*

Practical steps

- *Check you have received your full entitlements, such as unused leave and allowances. Try to negotiate financial advice and career planning as part of your redundancy package.*
- *Review your budget. Start negotiating new terms with your creditors before you fall behind.*
- *Do not rush into any major financial decisions or cancel valuable risk products.*
- *Put any big spending plans on hold.*
- *Any decision regarding paying off your debts with retrenchment cash should be balanced against your future prospects and the amount received.*
- *A financial adviser will help you to minimise tax issues. They will also help you reduce savings commitments while you are not earning - a much better option than cancelling an investment. Rowan Burger, Head of Investment Strategy at Liberty Life, advises: "If you get a pension payout it may be very tempting to spend it on settling debts, even to 'live a little' after retrenchment. Firstly, you will be taxed on the pension money and secondly, it will set you back for your retirement. You should reinvest the money in a preservation plan. A financial adviser will be able to assist with this."*
- *Rowan adds, "The reality is that many people do not have other savings and so need access to money when they lose their jobs. You should consider that dipping into your retirement savings is like borrowing from your future comfortable retirement. You will need to pay yourself back by saving an additional amount over and above your ongoing savings to be back in the equivalent position."*
- *Consider updating your existing skills or adding new ones by doing further courses. Search newspapers and the Internet for suitable jobs, send out your CV and spread the word you are job-hunting.*
- *Look for other ways of earning money. Look around your home for things to sell that you no longer use – you could be sitting a gold mine!*
- *Watch your 'self-speak': keep reminding yourself you have skills and talent to offer and a better job is just around the corner*

Preserve your retirement savings	Build up an emergency fund	Did you know?
<p><i>Research shows that 95% of those who are retrenched or leave a job opt to take the cash from their pension funds instead of reinvesting it into a preservation plan. The impact of this is severe. If you spend the money instead of saving it, you have effectively reduced your retirement fund in direct proportion to the number of years you have been working in your previous job, leaving you underfunded for retirement. Always consult a financial adviser when you switch jobs.</i></p>	<p><i>One of the best ways to prepare yourself against the ill effects of retrenchment is to build up an emergency fund. You should have at least three, and preferably six months' salary saved up. That way, if you are retrenched, you can rest assured that your expenses are covered and you can take your time to find a new job that is right for you. It may take a while to build up this cushion, but it is well worth the effort.</i></p>	<p><i>Under South African law, there must be a valid economic, technical or structural reason to initiate retrenchments. Companies have to inform employees that they are considering retrenchments and then give them a chance to motivate reasons why they believe they should not be retrenched. Possible alternatives to dismissal should also be investigated and considered. If a retrenchment is unavoidable, then the company has to pay the employee a severance package of at least one week's salary for every year they were employed by the company.</i></p>



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- *Contractors All Risks and*
- *Plant All Risks, Group Personal Accident,*
- *Liability Insurances, including Professional Indemnity, Directors and Officers Liability, Medical Malpractice, Employment Practice, Commercial Crime, Cyber Risk and General Liability insurance.*

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- *Death, Disability, Income Protection and Dread Disease Benefits*
- *Retirement Planning and Estate Planning*
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- *Contingent Liability*
- *Financial Needs Analysis*

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- *Individual Tax Returns*
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- *Bookkeeping Services*

The solutions offered at Majestic falls in line with our philosophy to serve you and your company's needs as a turnkey brokerage with an emphasis on customer service and trusted product suppliers.

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