



CMEFS WEEKLY NEWSLETTER

FRIDAY 20-11-2020

Hello. I do hope that this week's edition of our newsletter finds you and your family as well as can be.

MAKE A DIFFERENCE. Download the COVID Alert SA App onto your cell-phone and actively seek out SA-made alternatives to what you are currently buying.

There has been some concern shown by some clients in the recent past about a bill that is under discussion in parliament right now around emigration and retirement funds.

As always, there is a lot of misinformation and disinformation around this subject being disseminated so it is worth covering this topic in this edition of our weekly newsletter.

Firstly, one has to look at the background as to why this new bill is being discussed in parliament.

Up until now, if you wanted to take your retirement savings with you when you emigrated from South Africa, what you would need to do is "Financially Emigrate" from SA.

This involved getting permission from the South African Reserve Bank to take your assets with you.

However, the reality on the ground is that tens if not hundreds of thousands of (now) ex-pat South Africans travelled abroad, got a job, and then decided to stay in their new country of residence.

In so doing they did not follow the process necessary to financially emigrate from SA.

Another complicating factor in terms of more recent tax legislation is that because they did not financially emigrate, from a technical point of view they remained "tax resident" in SA, meaning that in term of this recent ammenment to the income tax act regarding income earned from abroad by ex-pats working abroad, they technically fall inside this net – even if they might have been out of the country for 20 years or more already, with no intention of returning.

Further to this, many of these same ex-pats who have been abroad for very many years have existing RA's and Pension/Provident Preservation funds locked away in SA which they cannot access given that they did not formally financially emigrate from SA.

All very messy and complicated as can be seen from the above – and that is looking at it very simply.

This is what this new bill seeks to tidy up.

What is proposed in very simple terms is that the necessary laws be amended to do away with the concept of financial emigration entirely, as well as to address the issue of continuing tax residency when there is no intention on the part of the ex-pat concerned to return to the country.

One of the changes proposed is that it be recognised that anyone who has been out of the country for a continuous period of three years or more be allowed to cash in their SA retirement savings and repatriate these funds to their banking accounts abroad, after paying the necessary tax, that is.

This is what is causing all of the furore at the moment as if one financially emigrates from SA (which you can still do as the bill has not yet been passed into law) you can take these savings with you NOW, rather than having to wait for three years.

So people are being pushed into hastening their emigration from SA so as not to have their retirement funds tied up in SA for three years before they can gain access to them.

This is true, but if one looks at the reason for imposing the three-year waiting period, it is perfectly reasonable for the government to impose such a period.

We human beings, being who we are, are pretty good at gaming systems, and without this three year period being imposed, how many would go abroad for three months (or so) with the sole intention of cashing in their retirement savings that are currently “locked-up” for whatever other reason, only to return to our shores once the money is in their pockets.

So far as I am concerned, this banishing of the need to financially emigrate from SA to be able to access your retirement savings (notwithstanding the three-year waiting period) has way more advantages than disadvantages, and as with all things, there are always some disadvantages.

Finally, it also needs to be borne in mind that this proposed change applies only to pre-retirement funds and NOT to pensions already being paid – a major source of confusion currently as some think their pension payments are going to stop for three years.

Not so, so please put your mind at rest on this issue.

I trust you enjoyed the read.

Nine sends love and thoughts to all, as always.

Until next time then, from all of us at CMEFS, do take good care of yourselves. Kind regards.
Charles.

Name	Division	Cell Number	Detail
Alicia	Wealth	063 434 8074	Learner. Servicing attaching to the following classes of business. Investment Accounts, Tax Free Savings Accounts, Retirement Annuities, Living Annuities, Pension and Provident Preservation Funds, Endowments.
Andrew	Wealth	063 321 7399	Intern. New business and servicing. Medical Aids & GAP Cover. In the process of migrating across to the Wealth Division.
Andrisha	Wealth	063 378 1473	Representative. New business. Investment Accounts, Tax Free Savings Accounts, Retirement Annuities, Living Annuities, Pension and Provident Preservation Funds, Endowments.
Bernelee	Tax	078 708 4536	Administrator providing admin support to Geraldine and understudy to Geraldine.
Brady	Wealth	071 843 3933	Representative. New business. Investment Accounts, Tax Free Savings Accounts, Retirement Annuities, Living Annuities, Pension and Provident Preservation Funds, Endowments.
Felicia	Risk	071 880 9576	Learner. Servicing attaching to Short-Term insurance, assisting Stella. Starting to obtain some exposure to Medical Aids, GAP Cover and Life Insurance.
Geraldine	Tax	083 754 1699	Head of tax division.
Luh	Bookkeeping	063 102 3313	Head of Bookkeeping Division. Professional Accountant (SA) SAIPA 30345
Nadean	Tax	063 026 1351	Intern. Administrator providing admin support to Bernelee and understudy to Bernelee.
Siso	Risk	060 376 6605	Learner. Starting to obtain some exposure to Short-Term insurance Medical Aids, GAP Cover and Life Insurance.
Stella	Risk	078 784 6462	Head of Short-Term Insurance Division.
Terisha	Books	071 858 3373	Intern. Bookkeeping Division. Data Capture and other functions relating to the bookkeeping Division.
Thabo	Risk	078 004 3864	Learner. Starting to obtain some exposure to Short-Term insurance Medical Aids, GAP Cover and Life Insurance.