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Knowing Why, Can Lead To A Wealthy Life

Staying And Growing

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Best Practices For Cyber Security

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Powers of Attorney: Know the facts

Power of Attorney can be a...

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MARKET SMARTS
MARCH 2024

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Giving While Living

Market Update March

FROM THE CHAIRMAN'S DESK

Staying And Growing: Migration, and the Road Ahead

Isn't it amazing how time flies? Here we are in April, and the New Year seems a few weeks gone bye. For DTB Wealth 2024, it has been a positive time of growth, consolidation, and team development. For me personally, the year was launched with the emigration of our son Matthew, his wife, and our grandson. One prepares psychologically and carefully, but when the final farewell came, it was emotion that carried the day.

Why were they leaving?

Interesting enough, migration has been happening for centuries all over the world. It is not just a South African issue. When one looks at the principles and reasoning behind why people migrate, there are quite simply push and pull factors at play.

The main push factors for leaving South Africa are the issues that society and the media focus on:

a) **Crime and personal security**. There are certain areas in which the crime rate is high, and for many, the potential threat of becoming a crime victim is unacceptable.

b) **The high cost of private school education** places undue pressure on young families with years of education to provide for.

c) **Medical expenses are an anomaly.** There is the option of state-funded medical care but the care provided is generally primary and substandard.Private medical fees are expensive.

d) **The history of apartheid has obviously resulted in policies** that want to be seen as addressing the issues. For many, the result is that career opportunities are dwindling.

e) **The cherry on top is our weakening currency.** The value of the rand and its depreciation over time is certainly concerns for all.

Pull factors are the key to making the move attractive. These include a safer environment for families, free or affordable education, substantial medical care, and, above all, career opportunities that open a new world. The conclusion is simple. People all over the world are moving left, right, and centre. The real question is: what about those of us who are staying behind?

A refreshing view on life in South Africa sprung to life for me in the last few weeks. My mother-in-law turned 90, and because she is German and her brother settled in Canada, we were inundated with family visiting for a gathering both in Johannesburg and Cape Town. The family was split into several groups who travelled to different parts of the country, and at times our home was filled with guests. Trips undertaken included Soweto day tours, golf courses, game farms in KZN, and even a show at Montecasino!

At the end of the visit, as many prepared to return home, the feedback on South Africa was overwhelming. Many of the comments came from highly qualified youngsters who held doctoral degrees and were now practicing in Canada and Germany. There was a sincere expression that they had experienced a great country that had so much to offer despite obvious infrastructural issues. They focused on experiencing interaction with people filled with resilience who just seemed to get on with life.

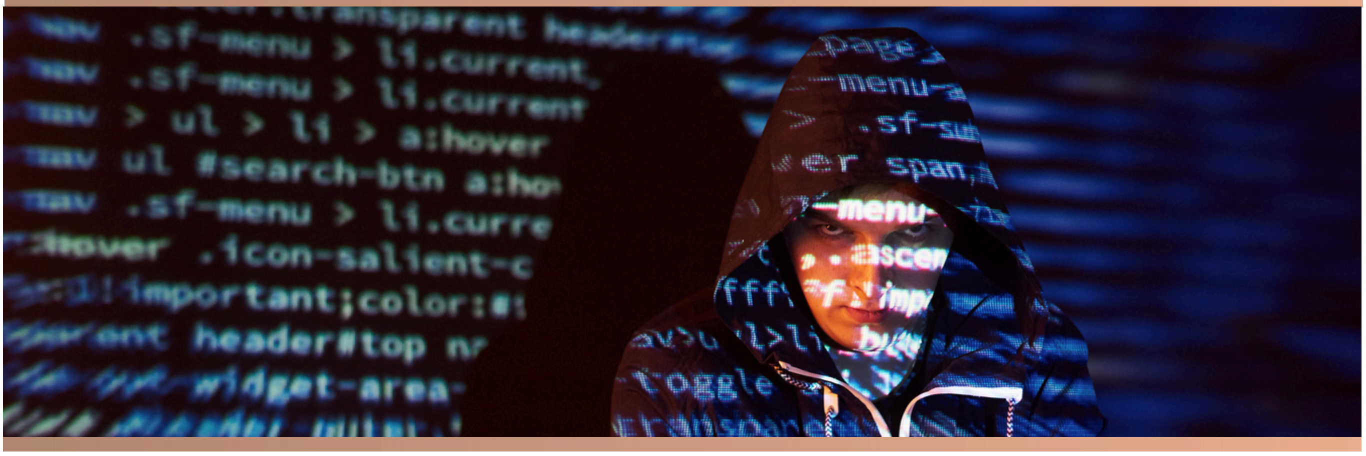
Here we are in South Africa on the verge of an election that will have important consequences for our economy, and international investors will no doubt be evaluating the results to assess the impact on our future growth. There will be a period of uncertainty and concern.

As for your financial objectives, remain confident that your investment plan is soundly based on financial goals, risk tolerance, and time horizon. There is no need to make knee-jerk reactions. We at DTB Wealth employ the best resources to safeguard your financial security, and we appreciate the opportunity to partner with you.

Knowing Why Could Lead To A Wealthy Life.

Image Generated Using Artificial Intelligence.

FROM ERNA'S DESK



Operations Update - Enhancing Your Financial Security

It has been a busy start to the year on the admin side. We have been updating FICA requirements and would like to thank all the clients who sent through the requested documents. There are, however, a few clients who have not yet sent us their FICA documents, and we urge you to please do so urgently.
I want to touch on the topic of cybercrime, especially e-mail phishing. But maybe first let's just highlight what exactly cybercrime entails.

Cybercrime involves the use of a computer as an instrument for illegal activities. These crimes involve the use of technology to commit fraud, identity theft, data breaches, computer viruses, scams, and other malicious activities.

As technology advances, so too do the tactics used by cybercriminals to exploit vulnerabilities in digital systems. Therefore, it's crucial for individuals of all ages to remain vigilant and proactive in defending against these threats.

We at DTB Wealth have followed suit with many companies with regards to sending bank details via e-mail. Most investment companies have removed bank details from their application forms and have found alternative ways to send clients bank details for new investment transfers. DTB Wealth has a WhatsApp number and will be sending bank details for new investment transfers via WhatsApp. If you have not saved our WhatsApp number yet, please do so. The number is 072 758 2914.

If you would like to read more about cybercrime, please click on the following article:

https://bluechipdigital.co.za

We would also like to make our clients aware of bank fraud. Please do not give any personal details, like your bank card pin or password to anyone over the phone, even if they have assured you that they are calling from a reputable organization like your bank.

While technology may seem daunting at times, especially for those less familiar with digital platforms, rest assured that DTB Wealth is here to support you every step of the way. If you have any questions or concerns regarding cybersecurity or online safety, please don't hesitate to reach out to us. We're dedicated to providing you with the guidance and assistance you need to navigate today's digital landscape confidently.

Erna

Here are some other useful tips to help you with your online and cybersecurity:

1 **Ensure good passwords:**
You can ensure that you use a strong password and even multi-factor authentication where possible. Ensure you change your passwords if your device is stolen or any of your accounts have been compromised.

2 **Never share personal information with strangers:** Don't share any personal information with people you don't trust. A type of'scam' is called'recovery' scams, where people will call you and tell you you have been compromised, and in order to help you, you need to provide them with information.

3 **Don't accept friend requests:**
Though not perhaps linked to any of the above, it is a useful tip to ensure you don't accept friend requests from strangers on social media. This too has become an increasing way of stealing people's identities on social media. Typically, scammers will create fake facebook accounts, or even sometimes use dormant accounts. One easy way to potentially identify such a fake account is that the account will be very new, have limited posts and pictures, and have limited friends.

4 **Don't download documents or click on links:** When receiving emails from people, it is crucial to ensure that it truly is from them. Many scammers create an email address impersonating a person or entity, and the email contains links or documents to download. Once a person clicks on this, it often downloads malware to their device. When in doubt, rather contact the person who sent you the email or double-click on the email address to see the full email address of the sender.

5 **Don't connect to open WiFi networks:**
Public WiFi networks are often unsecured and vulnerable to attack. It is best to always connect to secure WiFi networks.

6 **Ensure your privacy settings are set up correctly:** When considering social media, you can ensure that you set up your privacy settings to such an extent that you control what others see and how your data is shared.

UPDATE FROM ADAM

Giving While Living

If charity is part of your legacy plan, the best time to start giving back could be right now. Spending on other people is one of the most rewarding ways we can use our money. And seeing your generosity in action might give you some ideas on how to improve your legacy planning and Return on Life for your beneficiaries. Here are three ways you can kickstart your legacy plan and take a more active role in your long-term charitable goals:

1. Solve a local problem: The issues in the world are so great right now that many smaller concerns can slip through the cracks. Somewhere in your community right now there is a park in disrepair, a vital organization or program that's hurting for funds, or a group of people whose needs aren't being met. You could coordinate with other concerned citizens and local leaders on an action plan or start your own charitable organization that's focused on filling that void. If your initial efforts fall short, or if solving one problem reveals more issues, you can recalibrate your plans -- and your giving strategy -- in the service of more permanent solutions. Being a force for positive change in your community might even inspire similar acts of charity and kindness among your neighbors.

2. Donate your time: Charities depend on passionate people almost as much as they depend on donations. Whatever your professional background may be, it's likely that there's a cause that can benefit from your skills and knowledge during a few weekly volunteer shifts. If you're also donating to a place where you volunteer, you'll gain a "behind-the-scenes" perspective on how your money is being spent, and perhaps on ways that the organization could be using its resources more effectively. And if you're still working full time, volunteering can also be a great glide path during your transition into retirement. As your career begins winding down, you can use your charitable goals to create a new retirement schedule that will keep you active and engaged.

3. Empower your loved ones: Depending on the laws in your place of residence and what your giving goals look like, there are many options for distributing your wealth to your heirs. You might consider outright gifts, such as helping with the downpayment on a house or car. If grandchildren are on the way, you might open savings or investment accounts in their names. If you're considering leaving behind a sizable amount of money to an adult relative, gift them a smaller amount and see how responsibly they manage their “pre-inheritance.” Perhaps your generosity will open up opportunities for you to pass on some of your wisdom around gaining, managing, and growing wealth. Or, you might decide that rather than leaving money to loved ones directly, a family trust might be a more efficient way to preserve your wishes.

You could also establish a family charitable organization and start involving your heirs in its management. Have a family conversation about the causes that are nearest to your hearts and how you can use your family's resources to make a lasting impact. More than just leaving money to your loved ones, you’ll also be leaving them with a real sense of purpose and a deeper understanding of what was really important to you. Charitable giving of any kind will raise some important financial planning issues, starting with the tax ramifications for you, your estate, and your beneficiaries. Establishing trusts or family charities will require even more complex planning. Our interactive Life-Centered Planning tools can help you clarify your charitable goals and so that we can work together on the best strategies for preserving your legacy.

Two-pot retirement reform:
What members need to know

DTB WEALTH

National Treasury has published draft legislation to give effect to these proposals. It is envisaged that once the legislation is promulgated, the effective date for these changes will be **1 September 2024.**

The South African retirement fund industry will shortly be undergoing a significant change with the introduction of the new two-pot retirement reform proposals.

The two-pot reform will change how fund members can access assets in their retirement funds and aims to achieve two objectives:

1. To allow fund members not yet retired access to a portion of their retirement 1 assets in times of acute financial stress.
2. To improve long-term preservation of retirement 2 assets until fund members retire.

1/3 Savings component

- Seed capital from Vested components
- 10% of member's fund valueon 31 Aug 2024
- Withdrawals limited to one tax year
- Taxed member's marginal income tax rate
- Retirement Benefits
- Taxed according to retirement lump sum table*

This will take into account previous retirement fund lump sums received but excluding withdrawals from the savings component. Any remaining balance in the savings component at retirement may be added to the Retirement component and used to purchase an annuity.

2/3 Retirement component

- Cannot be accessed by members as cash withdrawals
- Total benefit value must be used by members as cash withdrawals to provide an annuity at retirement
- Some exceptions If benefit amount is below a certain minimum
- Or if the member becomesnon-SA tax resident

Vested component

- Members' current rightswill remain protected
- and the legislation as it exists currently will continue to apply
- Members who have not accessed their once-off withdrawals, legislation will continue to apply
- Rules that apply to vested provident fundwill continue to apply
- This will take into account previous lump sums received
- Any lump sums received on retirement taxed according to the retirement lump sum table*
- On retirement, the member will be able to take up to 1/3 of the balance in the Vested component and use the balance to purchase a compulsory annuity
- Members who have been non-SA tax resident for a continuous period of 3 years+ can withdraw funds in the Vested component*

Powers of Attorney: Know the facts to avoid these pitfalls


David Terbrugge: DTB Wealth Director

A Power of Attorney serves as a valuable instrument for managing the affairs of a client or a loved one when necessary. However, there exist several misconceptions, particularly concerning mental incapacity.

Part of our role as advisors to our clients and their families is to assist them when life comes at them in unexpected ways. In this instance, I'm referring to death and mental incapacitation. In both cases, there are steps that one can take in advance that can help loved ones seamlessly deal with the consequences of these traumatic events if they are prepared.

The old adage from The Rime of the Ancient Mariner of "water, water everywhere, nor any drop to drink" is an apt description of what can happen when a spouse dies. There may be assets aplenty, but access to those assets can be restricted for various reasons in the aftermath of a spouse passing away. This can obviously place undue stress on the surviving spouse as day-to-day expenses keep piling up.

To prepare for this, there are several steps one can take:

1.Ensure your **spouse has savings available** that are quickly accessible.

2. Housing ones local and offshore investments in **endowment policies or global life wrappers** where your spouse is your nominated beneficiary.

3. **Educate and include your spouse** in the financial planning process.

I recently read a very interesting article on this topic written by Sbongakonke Khumalo from Ninety One asset management. In this article she elaborates on the usefulness of a Power of Attorney:

Powers of Attorney: Know the facts to avoid these pitfalls

> **A Power of Attorney can be a useful tool to attend to a client or a loved one's affairs when needed. But there are some misconceptions, particularly around mental incapacity.**

As a general principle under South African law, a person may not act on behalf of another unless they are authorised to do so. Such authority may be granted by way of a Power of Attorney. A Power of Attorney is a legal document, whereby an individual (the principal) who has full contractual capacity to manage their affairs appoints someone (the agent) to act on their behalf.

The Power of Attorney sets out the nature and scope of the agent's powers, which may include the signing of legal documents, entering into contracts, opening and closing bank accounts, investing money, selling, or purchasing property and instituting legal action. In South Africa, there are different types of Powers of Attorney: 1) a General Power of Attorney which grants broad authority to the agent to act on various matters on behalf of the principal; and 2) a Special Power of Attorney which authorises the agent to act in specific situations.

A Power of Attorney is a useful tool that can be used in instances where a person is temporarily or indefinitely outside of the country and needs a trusted family member to act on their behalf, or when an elderly parent, due to their age, finds it difficult to attend to their affairs and decides to grant a Power of Attorney to their adult child. Depending on one's set of circumstances, it is important to ensure that it covers a wide scope of powers and is detailed enough to cater for all reasonable eventualities or actions that fall within the management of one's affairs. A Power of Attorney will continue to be valid until the death of the principal, unless cancelled by the principal, or the principal ceases to have mental capacity.

What happens once a client no longer has mental capacity?

Under South African common law, for a legal transaction to be valid, the law requires that the parties be able to understand the nature, purpose and consequences of their actions and they must have capacity to act. The capacity to enter into legal transactions is very closely related to a person's mental condition. Mental incapacity is when a person is unable to understand and appreciate the nature and consequences of an act or decision or is incapable of managing their own affairs. Once a principal no longer has capacity as described above, the Power of Attorney falls away and the agent no longer has the legal authority to act on the principal's behalf. In addition, under South African law, there is no concept of an enduring Power of Attorney, which remains valid despite the principal becoming contractually or mentally incapacitated. An agent can only do what the principal can do, and they can never have more powers than the principal. In our experience, financial advisors and clients are often not aware that a Power of Attorney becomes invalid once the principal loses mental capacity to act, and in their opinion, this is in fact when a Power of Attorney is most needed.

Powers of Attorney: Know the facts to avoid these pitfalls

Where there is a risk that the principal may become mentally incapacitated, it may be worth considering establishing a trust while they still have mental capacity, to manage the financial aspects of the principal's estate. This allows for the trustees of the trust to manage the assets. One must, however, be mindful of the cost and tax implications, among other factors.

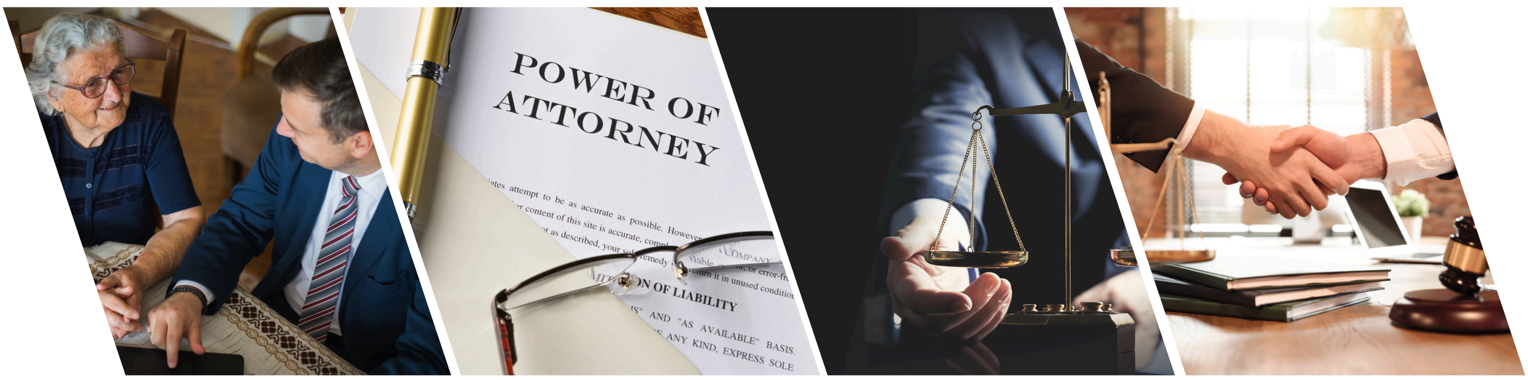
Once the principal no longer has mental capacity, no one is authorised to act on their behalf, unless a curator or administrator is appointed. The process to be followed for each of these appointments is summarised below.

Appointment of a curator: An interested party can approach the High Court for a curator to be appointed. A curator bonis handles financial matters, while a curator ad personam handles personal affairs like medical consent and living arrangements. Curatorship applications are a costly exercise and require medical assessments.

Appointment of an administrator: The Master of the High Court can appoint an administrator under the Mental Health Care Act No. 18 of 2002, which is a simpler and less expensive alternative to the appointment of a curator bonis. This option is only available in the case of a positive diagnosis of mental illness or severe/profound intellectual disability, and only for smaller estates (assets up to R200 000 and annual income up to R24 000).

Notwithstanding Powers of Attorney being a helpful tool that can assist in the management of one's affairs, their non-enduring nature limits their usefulness where the principal is no longer competent to manage their own affairs (e.g. dementia or Alzheimer's disease). The financial planning process must therefore give due consideration to the management of a client's affairs in the event of mental incapacity, to ensure that the appropriate solutions are in place and/or anticipated.

Useful tip: It's important to remind clients to keep their wills and beneficiary nominations on policies updated, particularly as and when certain circumstances change. Once a client becomes mentally incapacitated, they will not be able to update an existing will, sign a new will, or update beneficiary nominations.



Market Update From Amity Investment Solutions

MARKET SMARTS - MONTHLY COMMENTARY

Gen Z women are the most optimistic gender and generational group, in retirement planning. A recent global survey done among high-net-worth earners, those earning more than R3,6mn per annum, showed that women aged early 20's also believe they will make the most money in 2024. Interestingly is that many of these young women own property and many of them have inherited their wealth. CNBC reports that new avenues of financial resources and different means of financial advice, has made them more optimistic about retirement planning.

The interest rate narrative has some what changed. The strength of the US economy continues to heighten investor optimism and recent data shows that the US continues to reward wage earners.

Certain countries in Asia have recently shown some attractive valuations especially in the AI space. When considering European equity markets, it does seem there are some opportunities in the shorter dated credit space. Some commentators have alluded to the fact that Europe should benefit from an upturn in the manufacturing cycle.

South African's seem to be a lot more optimistic that the worst of the energy crisis is behind us due to a combination of increased private sector power generation. After slipping from -16 to -17 index points in the fourth quarter of 2023, the Consumer confidence index improved to -15 in the first quarter of 2024. The uptick in this number was underpinned by the household financial outlook improving

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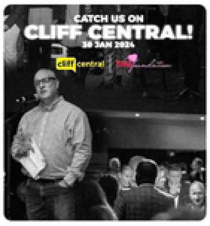
[VIEW THE LATEST TAG FOUNDATION NEWSLETTER HERE]

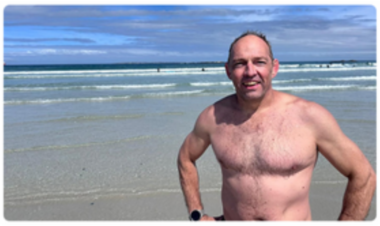
DTB Wealth Partners with TAG Foundation to Nurture Future Leaders in South Africa

The TAG Foundation, established in 2009 by Jonathan and Traci Gerber, is a registered non-profit organization dedicated to advancing South Africa's global standing through high-quality education for its youth. Our mission is to provide talented students from underprivileged backgrounds with comprehensive support—educational, social, financial, and emotional. Thanks to the generosity of our donors and supporters, we currently sponsor 50 young men at King Edward VII School and 12 young ladies at Parktown High School for Girls.

At King Edward VII School, the annual cost per student for education and boarding is approximately R150,000, while at Parktown High School for Girls, it is R60,000. The TAG Foundation relies on the kindness of individuals and organizations to meet the financial needs of the 62 children we support.
We are thrilled to announce that DTB Wealth will be joining us in this noble endeavor, contributing to the development of future leaders who will contribute significantly to our nation's growth and prosperity.

www.tagfoundation.co.za





CALL US

Make a Call

+27 11 759 5100

VISIT US

Our Location

TAG House, 7 Albury Business Park, Cnr Jan Smuts Ave & Albury Rd, Dunkeld

MAIL US

Send A Message

tag@yebo.co.za

Contact Us

To start planning your wealth journey.

Tel: +27 11 033 3400

Website: www.dtbwealth.co.za

Ground Floor, Building 3, Commerce Square,
39 Rivonia Road (entrance on Helling Rd.)
Sandhurst, Johannesburg, 2196