

## **ACCESS TO YOUR FUND AFFAIRS – WHENEVER IT SUITS YOU!**

We can deliver your Fund communication, Annual Benefit Statements and regular updates electronically!

You can also access your account and a calculator, to show different benefit scenarios, whenever and wherever it best suits you!

Register by accessing our web-site [www.sentinel.za.com](http://www.sentinel.za.com) , go to “User Login” and click on “Signup”, to find a form that must be completed and submitted with a copy of you ID or Passport to: [info@sentinel.za.com](mailto:info@sentinel.za.com) or fax to 011 481 8111

## **PLEASE REMEMBER :**

- To update your nomination form if your dependants or wishes change.
- To quote your PF number and/or identity number, initials, surname and signature on all written correspondence with the Fund.
- To visit the web-site for updated information.

## **IN THIS EDITION**

Find out more in this edition about:

- The impact of the 2015 National Budget on your pocket.
- The latest announcements on Retirement Reform, as well as...
  - Some useful tips to promote your financial well-being.

# THE IMPACT OF BUDGET 2015 ON YOUR POCKET

Finance Minister, Nhlamhla Nene, delivered his maiden Budget Speech to Parliament on 25 February 2015. This article shows the impact that tax proposals will have on individuals' pockets.

## Increase in individual tax

Marginal tax rates for individual taxpayers have been raised by **1%** for taxpayers who earn more than **R 181,900** a year. Simultaneously, tax brackets have been adjusted and rebates increased which will soften the blow for many taxpayers.

The following new Income Tax Table for 2015/6 applies from **1 March 2015**.

Taxable Income	Rate of Tax
R0 – R181,900	<b>18%</b> of each R1
R181,901 – R284,100	<b>R32,742</b> plus <b>26%</b> of the amount above <b>R181,900</b>
R284,101 – R393,200	<b>R59,314</b> plus <b>31%</b> of the amount above <b>R284,100</b>
R393,201 – R550,100	<b>R93,135</b> plus <b>36%</b> of the amount above <b>R393,200</b>
R550,101 – R701,300	<b>R149,619</b> plus <b>39%</b> of the amount above <b>R550,100</b>
R701,301 and above	<b>R208,587</b> plus <b>41%</b> of the amount above <b>R701,300</b>

The effect of these changes is that only individuals with taxable income of more than **R450 000** per year will pay more tax from March 2015.

Tax thresholds determine the taxable income levels where individuals, in different age groups, start paying tax. These have increased to:

Age category	Annual Tax Threshold
Below 65	R73,650
65 and older	R114,800
75 and older	R128,500

## Other Taxes and Deductions

As a result of the increased marginal tax rates for individuals, the maximum **Capital Gains Tax (CGT)** effective tax rate for individuals has increased from **13.30%** to **13.65%** with effect from 1 March 2015.

The value of the monthly **Medical Tax Credits** on medical aid contributions will increase to **R270** (from R257) for the first two dependants and to **R181** (from R172) for every dependant thereafter.

The **exemption on interest income** earned has not been changed and remains at **R23 800** for those below the age of 65 and **R34 500** for those who are 65 and older.

**Tax-free savings accounts** will be introduced from 1 March 2015 to encourage personal savings. Individuals will be able to contribute a maximum of **R30 000** per year, with a lifetime limit of **R500 000** and returns earned in these accounts will not be subject to tax.

### **Alignment of tax treatment of disability insurance policies**

Income replacement insurance policies, including disability income INSURANCE policies will be subject to a uniform tax treatment with effect from 1 March 2015. Premiums to these insurance policies will no longer be tax deductible and proceeds will be paid free of tax. This only applies to insurance policies owned by individuals or employers and EXCLUDES disability cover provided in a retirement fund. The risk benefit cover provided by Sentinel Retirement Fund does NOT form part of these changes.

### **Transfer duty payable on acquisition of fixed property**

The new rates will increase the threshold, where no transfer duty will be payable, to **R750 000** while the rate on properties above **R2.25 million** will increase.

### **Other Levies**

Increases in other taxes that will impact household budgets include:

- Increased fuel levies, consisting of 30.5c/litre to the general fuel levy and 50c/litre to the Road Accident Fund fuel levy, will add a total of 80.5 c/litre to fuel prices.
- Revised monthly ceilings for Gauteng tolled roads will be proposed.
- A temporary increase of 2c/kWh in the electricity levy will be levied until the electricity shortage is over.
- Duties on alcoholic beverages and tobacco products will increase.

## **RETIREMENT REFORM UPDATE**

Implementation of "T-Day" changes was scheduled for 1 March 2015, but has been postponed for further consultation, until 1 March 2016, unless delayed further.

Most assuring to Sentinel members is the fact that the Fund's products already comply with the proposed model and, as members of a pension fund, "T-Day" changes would not have impacted you.

Members are reminded that "T-Day" mainly focuses on the alignment of tax treatment of contributions to all types of retirement funds and compulsory annuitisation for provident fund members when they retire. Both these elements have been part of pension fund structures for many years.

The Minister reiterated that retirement reforms have one central objective: **to maximise the long-term benefits to retirement fund members, so that they can retire comfortably.** He also announced that draft regulations will be published for public comment shortly.

Sentinel regularly publishes communication to keep members abreast of the reform process and will again do so when information becomes available. PLEASE read this and contact the Fund if you need clarity on specific matters.

## TAKE RESPONSIBILITY FOR YOUR FINANCIAL WELL-BEING!

Taking responsibility for your own financial well-being is perhaps one of the most critical aspects of the modern world we live in.

It so often happens that a lack of personal financial discipline leads to over indebtedness, for which an almost automatic solution seems to be to access retirement savings to solve the short-term problem. Cognisance of the long-term effect is ignored and only at a later stage in life, the real impact of the action is realised, when it is, unfortunately, too late to change it.

To prevent this, a properly compiled financial plan is required. This plan must be based on specific goals and the ultimate goal should be:

1. To live a comfortable but affordable life,
2. To ensure that matters such as the accumulation and maintenance of assets, sufficient retirement provision, etc. is made timeously and not postponed until retirement,
3. Not to confuse 1 and 2 above.

A habit that will assist you in creating real wealth is to compile, manage and live within a personal monthly household budget. By doing this, you will ensure that you address all relevant matters as defined in your financial plan, without falling in the debt-whirlpool!

**DON'T DELAY, START TODAY!**

## Investment Portfolio Returns as at 28 February 2015

### Returns for the Current Financial Year

Period	Return	Wealth Builder Portfolio	Inflation Protector Portfolio	Pension Protector Portfolio	Money Market Portfolio	Shari'ah Portfolio	Capital Protection Portfolio	Pensioner Portfolio
1 Jul 2014 to 28 Feb 2015	<b>Gross</b> <b>Net</b>	8.44 % 8.08 %	8.26 % 7.91 %	7.98 % 7.66 %	4.42 % 4.26 %	4.56 % 4.44 %	5.47 %	7.53 % 7.23 %

### Accumulated Returns (Annualised)

12 Months	<b>Gross</b> <b>Net</b>	16.41 % 15.87 %	16.06 % 15.56 %	15.49 % 15.04 %	6.83 % 6.62 %	9.19 % 9.02 %	8.87 %	14.96 % 14.54 %
36 Months	<b>Gross</b> <b>Net</b>	20.69 % 20.07 %	20.25 % 19.75 %	19.16 % 18.72 %	6.31 % 6.14 %	13.49 % 13.30 %	9.26 %	18.16 % 17.75 %
60 Months	<b>Gross</b> <b>Net</b>	17.38 % 16.76 %	16.93 % 16.45 %	16.29 % 15.83 %	6.53 % 6.38 %			15.65 % 15.26 %

**Note:** Investment returns are communicated reflecting both gross returns (returns before costs) and net returns (returns after deducting costs) with the difference being "Total Cost".

For more information, please refer to the Member Investment Choice Brochure and the Breaking News Bulletin: Latest detailed returns on [www.sentinel.za.com](http://www.sentinel.za.com)