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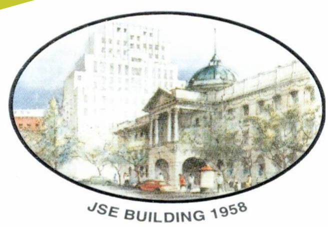

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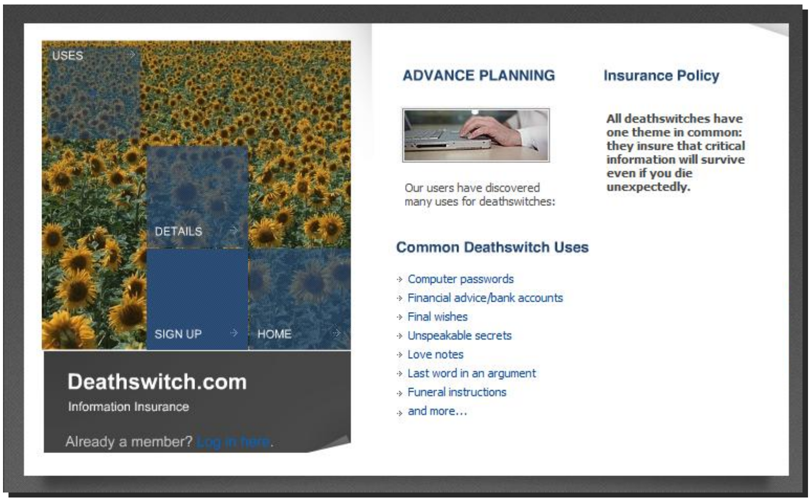
Final destination

We all have to "go" sometime. Elisabeth Kubler-Ross said that, "it's only when we truly know and understand that we have a limited time on earth, and that we have no way of knowing when our time is up, that we will begin to live each day to the fullest, as if it was the only one we had". Yet for most of us it is the one subject we prefer to avoid.

No one really wants to consider the ramifications of one's own death and as a result loved ones are often left with a confusing mess to figure out. In some respects leaving a well organised estate is your final gift to the ones you love.

Life cover, estate planning and organising are often subjects that pose some difficulty for the financial planner because they are subjects most clients would prefer not to deal with. However, as miserable as it may be, it is nevertheless a subject of great importance to those who have dependants. In many ways (and this often sounds corny but true) a well organised estate is your final gift to your loved ones. Obviously you require sufficient life cover and, if your estate calls for it, estate duty tax planning. But what about all the other nitty gritty details such as banking and internet passwords, final letters, the location of safety deposit boxes? The list goes on... Would your family know the personal details of your life if something happened to you? How would they access your email and online accounts? Who would know how to take care of all the things for which you were responsible? Taxes? Insurance? Where is the will or trust deed? What is the combination to your gym locker?



The internet has the answer! There are two sites that deal exclusively with solving this problem. They help you to organise your life so that should you die unexpectedly, become disabled or become ill, the important details of your life can be made available to those who really need it. It's about having the ability to update your information in a timely manner as opposed to keeping everything in a safe deposit box or hidden away in a desk drawer somewhere. The two sites in question are www.assetlock.net and (the more ominously named) www.deathswitch.com.

Some like to think about the meaning of life, but it's the meaning of death that occupies Collin Harris' thoughts. The 52-year-old computer programmer from Lake Tahoe is not a philosophical man; he's practical. That's why Harris launched AssetLock.net - a Web site that serves as "an electronic safe deposit box," where registered users can store private documents such as wills and business contracts as well as romantic e-mails to long-lost lovers, gym locker combinations, and banking passwords. Upon the user's death, designated survivors are notified how to access the information, which can include the deceased's final wishes and a farewell e-mail.

"The idea first came to me around 2005, when I heard a story of a guy dying in a crash near Lake Tahoe," said Harris. "He was around 63, and - boom - a truck ran him over. In the blink of an eye, he was gone." Remembering the sudden death of his father in 2000, which sent his family scrambling in confusion, Harris knew he was onto something. "I thought, 'Anybody can be hit by a truck or be diagnosed with a fatal disease. Boy, what if I die tomorrow? Who's going to turn off the water in the winter? Who'll know the combination for safe?'

Harris started the site in July 2006 and expected to reach a million customers within a year. He hasn't quite hit that level but says he has seen a steady growth, now into the tens of thousands of customers, the majority of whom are from foreign countries, particularly Latin America.

"I hadn't even thought of the possibility of foreign interest," said Harris. "I understand expatriates living abroad signing up, but I never expected to get so many people from, say, Brazil. I think it's because, in Latin culture, people aren't as squeamish about death. They don't have the same reaction as most Americans, who just don't want to think about it."

More digital documentation

Web sites like AssetLock.net and Deathswitch.com indicate that death planning - like every other form of documentation - is going digital with a permanent home on the Internet. At MyLastEmail.com and LetterFromBeyond.com, users can posthu-

When do you *need* life cover?

Even if you think you've got enough life insurance now, you'll probably need more later on. Remember if you don't update your policy as key events happen in your life, you risk being seriously under-insured.

Here are 10 key times in your life when you need to think about buying life cover:

You buy your first home with a partner

If you're buying a home with someone else you need enough protection in place to make sure he or she won't be saddled with the entire mortgage debt if the worst happens to you.

You get married or enter into a civil partnership

Not only are you sharing each other lives, but you're probably sharing your finances now too. You and your partner are bound to rely on some of each other's salary to pay your living expenses. That means you'll each need enough life insurance to cover the cost of your contributions to the home.

You start a family

Bringing up a child can cost a small fortune and it can be a pretty big drain on both parents' income. If one income is lost, you'll need enough protection in place so the surviving partner can continue to support the family financially.

You become a stay-at-home parent

You might think there's no need to buy life insurance for a parent who has given up work to bring up a child. But you would be wrong. When you set up a policy, think about covering the costs of childcare and running the home in the absence of the stay-at-home parent. These expenses can run far higher than you might expect, so having extra protection to cover them can be really valuable.

You have more children

Quite simply remember to keep stepping up the amount of protection you have as your family grows.

You move to a bigger house

Bigger homes normally mean bigger mortgages, so make a point of increasing your life cover when you move to a larger property.

Your salary increases

An increase often means a larger home in a more affluent area or private education for your children. In other words, if you're starting to enjoy a more affluent lifestyle, think about upgrading your life insurance policy to help your family support it if you're no longer around.

You change your job

If you're lucky your employer may offer employee benefits. This could provide a valuable cash lump sum of say, three or four times your salary. Although that sounds pretty generous, employee benefits may not be enough to cover all your protection needs on its own.

Most importantly, you'll lose the cover when you leave your job, unless it's available in your new position.

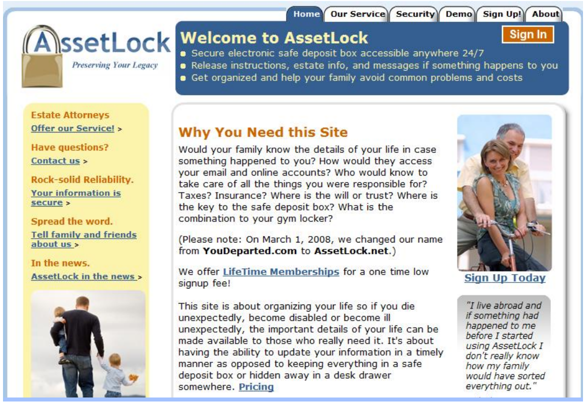
You reach retirement

Once you stop working the time has come to start thinking about your estate duty liability. If the value of your estate is likely to exceed R3.5 million (based on current rates) your family will face an estate duty bill. But you can buy a life insurance policy specifically to cover these costs. Estate duty planning can be very complex so make sure you seek my advice on how to structure an appropriate plan.

You rely on someone else to support you

If someone else supports you financially or provides care for you, think about taking out a life policy to insure their life. Suppose one of your children looks after you when you become older. If the worst was to happen to them, where would this leave you?

You can, in theory, insure anyone else – as long as there is an 'insurable interest'. In other words, you must have a genuine reason for insuring their life, and there's evidence their death would have a negative impact on you financially.



"It's nice to know there's no more worrying about whether the passwords are written down on a notepad in the lower left desk drawer or in the top right."

mously e-mail friends and family with a subject line that includes the ultimate RSVP: "I'm dead." That can be followed by a message the sender might not have wanted to deliver while alive.

Privacy was the fundamental issue for Steve Holetz, a 45-year-old Tiburon resident who works in business development for a large accounting firm and was interested in AssetLock.net for both practical and philosophical reasons. Holetz's first question before signing up was what would happen if he lost his account's secret key. "The answer was, 'You have to start over because we don't have it.' That was a good answer. I don't want anybody I don't know tapping into my life," said Holetz. Since registering with AssetLock.net about nine months ago, Holetz has uploaded digital copies of his and his wife's living wills and trust, bank account and credit card numbers, combinations to all his locks and passwords for his online shopping accounts, personal and work e-mail accounts, and his company health care and benefits information.

"It's mostly just one Word document that I'm constantly adding to, but it also gives huge peace of mind," said Holetz, who signed up for the service after his ailing father designated him as an executor. "It's the sort of thing you don't want to think about. And once you put it all together in a single safe place, you don't have to think about it." AssetLock.net uses the same encryption method the National Security Agency uses for protecting classified information, according to Harris, who worked on the security aspects of his service for about a year before launching.

Keyword is crucial

In addition to individual user names and passwords for AssetLock.net clients and beneficiaries, a secret keyword is chosen that is used to encrypt the account. "Having the user name and password is like getting inside the bank's door and into the vault. But without the secret key, you'll never get into the safe. And there is no locksmith to call because you're the only one who has the key," Harris said. Passwords can be recovered, but if the key is lost, with it goes the secured information, according to Harris, who insists even he can't break into them. Customers pay $9.95 a year for a starter plan that includes 20 megabytes, usually plenty of room for a document of all password information and instructions for survivors. The average signup is $29.95 for 1 gigabyte of space, enough room for several text documents, photographs and video and audio clips, according to Harris.

Access after death

After a user name and password are established, clients can choose information recipients - typically family members and an attorney. When a user dies, the designated information recipients use their individual user names and passwords to access information left for them by the deceased. In case someone gets a little nosy and decides to take an early look, an e-mail automatically goes out to all involved to make sure that the user is truly dead. Among potential customers, the two most frequent questions Harris fields are, "Who are you guys?" and "How long will you be in business?" "Of course, I know I'm trustworthy. But I underestimated that skepticism," said Harris, who funds the website independently and says he is making a profit. Most people who sign up for Yahoo and Google e-mail accounts probably don't realize that part of the agreement contained a "No Right of Survivorship and Non-Transferability," which terminates account ID and contents upon death. That means if survivors need access to a deceased relative's Yahoo e-mail account, they won't be able to access it without the password. "While we deeply sympathize with any grieving family, protecting the privacy of our users is a top priority," Yahoo spokeswoman Karen Mahon wrote in an e-mail. Mahon cited federal laws restricting the disclosure of electronic communications of subscribers but added that receipt of a copy of a death certificate would enable Yahoo to terminate an account.

Peace of mind is key

It's the details that AssetLock customer Holetz says he is happy to put out of his mind. "It's nice to know there's no more worrying about whether the passwords are written down on a notepad in the lower left desk drawer or in the top right," said Holetz, who is trying to convince his 80-year-old aunt from England to sign up for an account. "I've also got a little special message for my two sons. I've got a few phrases I've coined about my outlook on life that I'd like to share with them. But, hopefully, they won't be reading that for a very, very long time."

Taxing times

On one day of each year our nation's collective attention falls on one person: the Minister of Finance. Each year, usually in February, our country's Finance Minister presents his "annual budget" to Parliament, outlining the government's proposed spending for the coming financial year, and the ways which that spending will be financed.

During his budget speech the Finance Minister announces any proposed changes to the tax system and the new tax rates to apply over the coming year. This year was no different and on 23 February 2011, Finance Minister Pravin Gordhan, delivered his second budget speech since taking office. As in most years there were a few surprises announced on the tax front. Some of the announcements (both surprising and less so) included:
(continued on page 3)

Some of the 2011 Budget announcements

- Personal income tax relief of R8.1 billion
- A third income tax rebate for individuals 75 years and older
- Conversion of medical tax deductions to tax credits
- Additional transfer duty relief for purchasers of immovable property
- Higher taxes on fuel
- Higher taxes on alcohol and tobacco
- Taxation on gambling winnings (previously tax free except in the hands of professional gamblers)

Out to pasture

Retirement planning is a key component of any financial plan. As spouses are taxed separately from one another, a husband and wife saving independently towards retirement will be able to take maximum advantage of the tax concessions available to retirement funding in South Africa.

An example of this would be for each spouse to claim the maximum deduction for contributions made to Retirement Annuities and other retirement funds. This improves the tax effectiveness of the couple's savings.

Furthermore, each spouse qualifies for tax relief on their income, and it is therefore far more tax effective for a couple to each accumulate retirement funds separately, rather than having only the major breadwinner take on this responsibility. This principle is illustrated on the chalkboard below….

Other points to consider:

- After age 65 both spouses qualifie for increased rebates on their income tax. For the current tax year (2011/12) EACH spouse can earn up to R93,150 tax-free (this is the "tax threshold" for taxpayers between 65 and 75 years in South Africa)
- After age 65, both spouses can claim a tax exemption of the first R33,000 of any interest earned, IN ADDITION to the "threshold" amount above. Spouses married in community of property are liable to each declare one-half of their combined interest earnings
- After age 65, taxpayers may claim their qualifying medical expenses in full as a tax deduction. If only one spouse is 65 years or over, it could be prudent for that spouse to pay for all medical expenses incurred by both spouses, as the payer spouse may then claim the combined qualifying expenses as a tax deduction without limitation
- Warning: Remember that the anti-avoidance provisions of the Income Tax Act may be used where spouses transfer assets to each other purely to avoid or reduce tax. Retirement assets should be legitimately built up over time in each spouse's estate.

Retirement savings accumulated in one spouse's estate only:

Assume R2 million in a retirement fund at age 65 invested to provide a taxable income of R15,000 p/month

Calculation of monthly after-tax income:

Monthly taxable income	R15,000
Less tax as per 2011/12 tables	1,477
Monthly after tax income	R13,523

Retirement savings accumulated in both spouse's estates:

Assume R1 million in a retirement fund for each spouse at age 65 invested to provide a taxable income of R7,500 p/month

Calculation of monthly after-tax income:

Monthly taxable income (each)	R7,500
Less tax as per 2011/12 tables	nil
Monthly after tax income (each)	R7,500
Combined monthly after tax income	R15,000

The lighter side of retirement

Retirement life: seen it all, done it all
Can't remember most of it!

Unknown

A retired husband is often a wife's full time job.

Ella Harris

Before deciding to retire early...Stay home a week and practice watching daytime television.

Unknown

Retirement means no pressure, no stress, no heartache...**Unless** you play golf!

Gene Perret

I enjoy waking up and not having to go to work - so I do it three or four times a day!

Gene Perret

The best time to start thinking about your retirement - is before your boss does!

Unknown

The money is no better in retirement...But the hours are!

Unknown

When you stop lying about your age and start lying around the house...You know you're retired!

Unknown

People ask me what I'd most appreciate getting for my eighty seventh birthday?

I tell them...a paternity suit!

George Burns

The down side of retirement...is having to drink coffee on your **own time**.

Unknown

You know you're getting old when you stoop to tie your shoelaces and wonder what else you could do while you're down there!

George Burns

Retirement must be wonderful. I mean, you can suck in your stomach for only so long.

Burt Reynolds

In retirement only **money** and **symptoms** are consequential.

Mason Cooley

Taxing logic

Rulers and governments have levied various types of taxes throughout the centuries. Income tax (i.e. a tax specifically levied on the earnings of individuals and corporations) is a relatively modern form of taxation. This is because the levying of income tax requires a fairly orderly society with a money-based economy and reliable records.

Until a few centuries ago, these requirements did not exist and until then the most common forms of taxes were those based on ownership of assets, such as land or slaves.

Before income tax was possible, rulers had to be far more creative to extract their dues from the citizens. Here are some examples of strange taxes levied through the centuries.

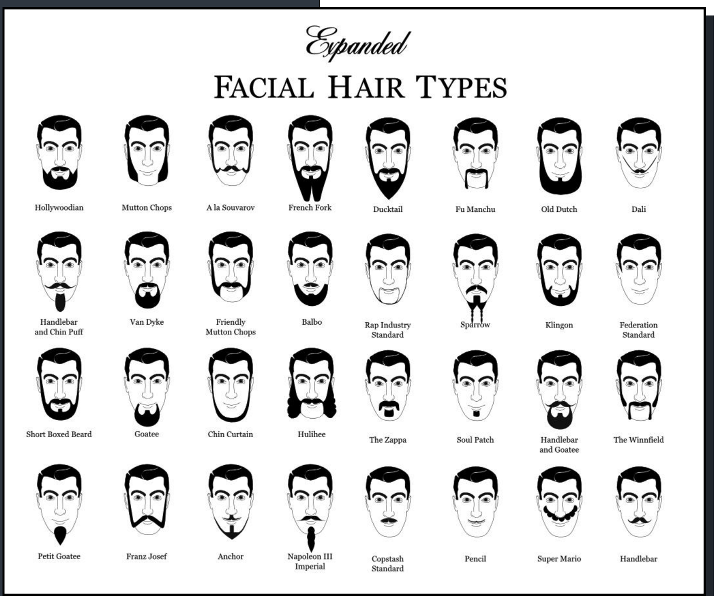
Cooking Oil Tax

In order to fund the construction of the pyramids, the Pharaohs of Egypt levied many taxes, mostly on food produce. One of their oddest laws concerned the taxation of cooking oil.

Citizens were obliged to obtain their cooking oil from the Pharaoh's officials and recycling was prohibited. Egyptian tax collectors would audit every household to ensure that they were using the appropriate amount, confiscate their old supplies and force them to buy fresh, taxed cooking oil.

Urine Tax

Though introduced by his predecessors, it was Emperor Vespasian (AD 69-79) who rolled out this tax to cover all of Rome's many public toilets. The tax was actually levied on the collection of urine by the toilet operators who sold it on, at great profit, to tanners and cleaners who used the liquid's high ammonia content.



Beard Tax

Peter the Great, Tsar of Russia from 1682-1725, was surely one of history's greatest advocates of odd taxes. Taking taxation to new levels of absurdity he levied taxes on drinking water, beehives and souls (actually this was just a poll tax - not quite as interesting as it sounds). He even created a committee whose sole purpose was to think up new taxes.

One of his most ludicrous taxes, introduced in 1705, was levied on men who grew beards. The tax was part of Peter's modernising reforms and was used to coerce his countrymen into dropping archaic hirsutist customs and bring them into line with the clean-shaven citizens of modernised Western Europe.

Window Tax

Window tax, or glass tax, was introduced in England (and subsequently the whole of Britain) in 1696 during the reign of King William III. Eventually repealed in 1851, it was initially brought in as a way to tax people relative to their wealth while circumventing the vehemently opposed income tax.

Interestingly, the consequences of the window tax can still be seen in Britain today. Many of the period's surviving buildings feature bricked-up window spaces, a common practise used to alleviate the tax burden by the middle-classes, who were greatly affected by the law.

Hat Tax

Hat Tax, much like window tax, was levied by the British Government in 1784 as a way of taxing citizens according to their wealth without resorting to income tax. First introduced by Prime Minister Pitt the Younger, hat tax laws forced hat sellers to acquire licences and employed a tiered tax system dependent upon the cost of the hat with mandatory tax-revenue stamps pasted in its lining.

Apparently, many tried to dodge the tax by claiming that their headwear wasn't actually a hat. This form of evasion became so widespread that it led to government amendments to the legal definition of a hat in 1804.

Salt Tax

The crucial role of sodium chloride in the diet of humans, animals and plants and countless applications within science, religion and other areas have seen it shape cultures, define economies, cause wars and become one of history's most taxed commodities.

Of the countless salt taxes throughout history, perhaps the most well-known example is that imposed by the British in colonial India. Salt taxation had existed in India for millennia, but in 1835 the British East India Company increased the rate significantly, and the British Empire continued the harsh taxes when it took over in 1858.

The British salt tax in India received worldwide attention during March 1930, when Mahatma Ghandi led the Salt March to Dandi. It was to be the first act of the Salt Satyagraha, a campaign of non-violent protest against the British salt tax, and moreover, the first act of organised civil disobedience. The campaign did not have much effect on the salt tax, but it increased global awareness and support for India's plight against British rule.

Narcotics Tax

Strange taxes are not confined to the distant past. Since North Carolina pioneered the scheme in 2005, many US states have been imposing taxes on illegal drugs. Often referred to as "Crack Tax", this odd scheme obliges honest dealers and drug users to anonymously buy tax stamps for all manner of illegal substances, from cocaine and heroin to marijuana and even moonshine. The stamps only satisfy state tax laws, so possession of illicit drugs remains illegal. However, possession without appropriate tax stamps incurs substantial financial penalties.

Predictably, few dealers and users buy tax stamps. Therefore, the huge revenues generated by these taxes are mostly acquired from tax evasion fines following arrests, which often result in seizure of property.

Critics have denounced this sneaky system for violating drug dealers' rights to due process and protection against self-incrimination as well as condemning the double punishment it imposes. Consequently, in some states the tax has been repealed after being ruled by courts as being unconstitutional.