



SAARP

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SAVA

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With compliments

GRINDING TO A HALT

**A SUMMARY OF IMPORTANT ISSUES TO ASSIST YOU WHEN
MAKING YOUR RETIREMENT DECISIONS**

Paul S Rosenbrock

Preface

Having been a director of the SA Association of Retired Persons (SAARP) for more than 10 years has brought me into contact with the practicalities and problems many retired people face. These are the things with which I am involved, on a daily basis.

Living in a Retirement Village has brought home a number of positive realities to my wife and me. Any slant there may be in this booklet in this regard has been born out of positive experience and not theory.

Serving as a Trustee on the Board of the Village we live in has also taught me valuable lessons about the needs and expectations of retired people.

Having spent more than 20 years in the life assurance industry, prior to starting my own business and running it successfully for 10 years before selling it and joining SAARP, has also made me appreciate the value of placing special emphasis on doing your homework before getting involved in anything.

Being as blessed as I am, the imperative to share the knowledge I have gained with others without wanting to come across as dictatorial, is what has motivated the writing of this booklet which is a vehicle for sharing this knowledge.

One of the biggest blessings in anyone's life is the ability to harvest and to apply the knowledge gained by others in your own life, and in so doing avoiding the pitfalls with which you might otherwise be plagued.

May this information contribute toward your safe negotiation of the challenges which are part of Retirement.

Some guidelines on what to take account of when choosing your retirement accommodation and preparing for the practicalities of retirement in South Africa.

- 1. What actually constitutes retirement in South Africa today?**
 - a. When should you stop working?**
 - b. At what age should you retire?**
 - c. Some lifestyle issues that can change when you retire**
 - d. Why should you consider retirement accommodation?**
 - e. When should you go into retirement accommodation?**

- 2. Some important Acts regarding retirement, financial planning, accommodation and age.**
 - a. Why is legislation (or the lack thereof) important to you in retirement?**
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- 3. What is the difference between an Old Age Home and a Retirement Village?**
 - a. Practical definitions of the two concepts**

- 4. What types of ownership are there in Retirement Villages?**
 - a. Life Right**
 - b. Share Block and Sectional title**
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 - d. General detail about ownership**

- 5. What facilities should I look for in a Retirement Village / Home / Complex?**
 - a. Security**
 - b. Medical possibilities enabling life to be prolonged and the ability to pay for the privilege have changed the game but are decidedly two different matters.**
 - c. Social**

- 6. Am I relinquishing rights when I go into Retirement accommodation?**
 - a. Independence**
 - b. Dignity**
 - c. Financial control**

- 7. Financial preparation**

- 8. Ensuring administration of your affairs according to your wishes when you cannot do so**

- 9. Organisations and associations you should know about**

Some realities we should take account of.

Every country in the world is unique in terms of culture and the way their senior citizens are treated. Besides differing cultural values and standards, legislation governing the rights and protection afforded to senior citizens is dramatically different. The level of involvement by governments also shows major differences in approach when dealing with this deadly “disease” called age from which affects us all. In New Zealand, for instance, government is involved in **“providing citizens with a super gold card. The SuperGold Card recognises the valued contribution our seniors and veterans have made, and continue to make, to New Zealand society. It gives cardholders access to a wide range of business discounts and facilitates easy access to government entitlements and local council concessions.”** Refer to: www.supergold.govt.nz

Changes in the life of an ageing person are not merely physical, nor are these changes restricted to the person alone. There is a dramatic effect over time on all the relationships that person has - family, friends, finances, future, the ability to maintain their dignity, the level of social interaction, medical issues that may arise, personal and spiritual changes. Looking ahead too narrowly promises possible trauma in those areas which one hopes won't occur in your life, and for which you have not properly prepared.

The main aim all people have in common is to be content. Changes taking place as a result of matters outside of your control make the achievement of this goal much more difficult unless you are able to plan ahead. For this reason we need to keep abreast of the choices and alternatives that might become available to us in later phases of life.

Please note the use of the plural regarding phases of life, because there is not only one phase we face that is commonly dubbed “retirement”. In fact there are a number of phases facing a person who has reached this “ripe old age” which they have been looking forward to. Most however, seem to suffer from the ostrich syndrome about the less pleasant aspects we might have to face in our lives. No-one has a crystal ball and the best way to “ride the rapids” and

the ravage of age is to plan as effectively as possible. For this one needs information which is the main reason for venturing into the unknown and compiling this booklet – I'm actually speaking to myself at the same time as speaking to you.

An often used expression is: "Retirement is not for sissies". As we progress through this brief investigation into some of the problems, alternatives and choices, this point of jest can become very real – especially in terms of the implications of matters like longevity and medical costs in the latter stages of life.

The choices we face and the decisions we make can turn out to be either a pleasure or a total nightmare. In a sense it is almost like going back to school – we need to do a lot of homework in order to be able to understand and take account of all the options in the market.

What actually constitutes retirement?

To a large degree the definition would differ from being a single reality, because it is basically a dream in most people's heads and means different things to different people. The commonality would be that we all think we know what we want and will be able to do exactly what we want.

One of the Australian reference sites says: "**Retirement is different for everyone. The emotional responses depend heavily on the reasons for leaving the workforce and on how you deal with the changes that occur during this transition. Planning your retirement can make for a smooth transition. Make plans for your financial future, but also make plans for your lifestyle, relationship, family, hobbies and part-time or volunteer work.**"

Refer <http://www.betterhealth.vic.gov.au/>

In fact, most people are both delighted and disappointed, because there are pleasant and unpleasant things one has to face, and the ability to deal effectively with any potential adversity lies largely in proper pre-planning. The

main problems which usually arise however remain with their roots firmly anchored in the financial realm.

Retirement today is also a much longer period of time than we used to think of it being. For various reasons, like an improved lifestyle and better medical care, life expectancy is on the increase. We will look at these factors in more depth a further on.

The U.S. Bureau of the Census, International Programs Centre, International Database published back in 1997 already pointed out the trend that “While gerontology is still in its infancy throughout Africa, there is a growing recognition of population aging—especially in South Africa” and shows that South Africa is projected to double the % of people over 70 years old expressed as a percentage of the total population by 2025.

The Daily Bell (An internet based publication) underlined the point on 25th October 2011 with an article that was headed: “The Biggest Fraud ... Retirement Doesn't Exist?” Here it was forcefully pointed out that the reality of the times we live in, in terms of financial survival, demands longer periods of work before you can in fact retire.

The very existence of Equity Release financial products (sometimes called Reverse mortgages) throughout the first world surely endorses the reality of our increasing longevity and the resultant financial inadequacies to a point beyond reasonable argument.

a. At what age should you retire?

The decision regarding when to retire is not linked to your pension fund retirement age, if you are a member of one; although that is commonly the mental default ingrained in many older people. These days, funds are starting to opt for contracts with later retirement ages and in a number of instances there is no fixed retirement date; employees are given an open ended contract.

Very often your retirement age is, and indeed should be, merely a pause before you change careers, start your own business or embark on turning the dream of a family business into reality. The difference this time

around however, is that you are far more financially independent and therefore you are not under the same stress you were used to coping with in the working environment.

The caveat inherent in all these wonderful thoughts however is that you should do extensive homework, because you will be putting your own assets on the line when you make whatever move you decide to make. This opportunity is a one-time launch pad or a one-time disaster, so get some seriously qualified professional help before deciding.

You are busy looking at a second or possibly third career on your own terms, and an opportunity of this nature doesn't come around twice for anyone!

A less pleasant aspect of retirement is of course, when you are forced into retirement. By this I do not mean retrenchment, because finding another job or career opportunity always remains open.

The matter I refer to is forced retirement as a result of disability. Although there is no specific statistic I could find referring specifically to the RSA, it was alarming to be able to take note of the Australian experience as it is reflected in the paper on **“Economic impacts of illness in older workers: quantifying the impact of illness on income, tax revenue and government spending”** as available on the website: <http://www.biomedcentral.com/1471-2458/11/418/> carried out by universities cooperatively.

This issue specifically impacts on part of my approach with this booklet in as far as it defines costs and occurrence frequencies when it says: **“The costs of early retirement have been specifically recognised by the Australian government [11], where it is estimated that 58% of men and 26% of women who retire from full-time work early (before the age of 55 years, the age when Australian citizens can access preserved superannuation) do so because of ill health [12].”**

The implication (even with the absence of South African statistics in this regard) is that this should always be a factor to take into account – even well before retirement. The percentages can only make one uneasy if you haven't taken financial precautions to cover this possibility.

b. When should you stop working?

In short the answer is: When you are no longer able to work. This implies that you will not be working at the same intensity as when you were younger, but that you will retain an interest in exercising your mind (and body) for as long as you can.

The internet tells us *that “She turned 100 years old yesterday, and believe it or not, Helena Maude McAllister remains the active Managing Director of Max Housing and Facilities, which has a few locations across the country.”* in a posting dated 17th April 2014 by kaieteurnewsonline.

In January 2015 CNBC posted the following: *“CEOs aged 80 or higher lead four companies in the Standard & Poor's 1500 index, including O. Bruton Smith of Sonic Automotive (SAH), Warren Buffett of Berkshire Hathaway (BRKA), Rupert Murdoch of Twenty-First Century Fox (FOXA) and Bernard Francis Saul of Saul Centers (BFS), according to a USA TODAY analysis of data from S&P Capital IQ. Bruton is 87, Buffett is 84, Murdoch is 83 and Saul is 81, according to the most recent regulatory filings.”*

A cursory look at the ages of political leaders of countries throughout the world will further reinforce the reality that 65 years of age is merely the start of a new career.

On their website <https://www.gov.uk/retirement-age> the British government says that: **“Default retirement age (formerly 65) has been phased out - most people can now work for as long as they want to.”**

On Wikipedia the following is quoted: **“The average of retirement age in the 34 countries of the Organisation for Economic Co-operation and Development (OECD) is males 65 years and females 63.5 years, but the tendency all over the world is to increase the retirement age.”**

It is important to take cognisance of the tendency described because it is supported by research quoted later under 5 (b) of this booklet.

The longer you remain active and involved, the longer you remain healthy and happy. I am not suggesting that you work for 18 hours a day as long as you can, but positive involvement equals meaning and dignity in a senior's life. It provides purpose, and this time around you get to decide what, when, where and how, and these were certainly choices you could exercise when you entered the employment market on starting your career first time around.

c. **Some lifestyle issues that can change when you retire:**

Sadly there are often a number of issues that tend to change when you reach "retirement age" and these involve your family. You now have a substantial amount of cash available and your issues have more than substantial needs. You also have the heart of a father or mother, and tend to think emotionally rather than rationally about what options are available to you.

When you retire this is just one of the two main reasons you should find professional well-qualified advice on how to handle your money long term. The other one was alluded to under (a) above in regard to investing in an enterprise or second career for the next part of your life.

You should probably also take serious cognisance of the fact that you need to keep alert and up to date in terms of your new activities or enterprises. Your spouse also needs to be part of the process, and for this reason pre-retirement seminars can play a very large role in opening your mind and thinking regarding the new phase you are approaching. This is naturally especially so if you are becoming involved in a totally new enterprise for which you are currently really not qualified in terms of training or experience. (For example: purchasing a franchise opportunity if you were in an administrative position whilst working.)

Your spouse is the first convert you should make, because they have also been dreaming the impossible dream with you. Their support in your first career was mandated by your previous employer and your conditions of

service, and now you have to lay down acceptable standards of support that will be “bought” or rejected by your spouse. The common issues that tend to surface are in fact simple issues that should be talked through so that you can start off on a level playing field. Examples of such issues are:

- Spending enough off-time together (You owe it to yourselves)
- Working through your bucket list (and that of your spouse)
- Understanding that neither of you have guarantees i.r.o. health or longevity.
- Taking account that health issues can erode your capital very quickly.
- Understanding that your world will now slowly, begin to shrink over time, and the environment you find yourself in will play an ever larger role from day to day.

We understand that our children will probably expect more than they are entitled to, and may even think that they are in line for a bit of a bonus, financially. This is the reason you need to have a professional planner as part of the preparations for this second phase of life you are about to embark on. Our children are midway between their kids and ourselves – we cannot write off their needs and wants as easily as we used to when they were kiddies.

Emotional decisions are only good ones if they fall within the ambit of your plan as developed with professional help. All other decisions are a no-no or there will be a price for you to pay in the future.

d. Why should you consider retirement accommodation?

Remember the reality of no guarantees above? Retirement accommodation is geared to fill in some of the logistical gaps and happenings which we may overlook in our planning and to aid with problems that arise and become realities in our lives. In fact, many of these things may never happen at all, or can even, at worst, occur before we can get our plan off the ground.

Most objections when I talk to people about this subject run along the lines of: “What are the chances ...?” This is exactly why talking is so difficult when emotions come to the fore. My answer is normally - Why do you have short term insurance on your household goods and motor car/s? “After all – What are the chances ...?” Why is it so difficult to see that the cost of the potential disaster can be so much more devastating than a burglary for instance? An unexpected medical disaster could quite easily cripple people for the rest of their lives, physically and financially – imagine the effects of a bad stroke on yourself or your spouse. There would, immediately, in effect be two households requiring financial input and in practical terms, your dreams (and most of your bucket list) would have vanished.

Do not delude yourself – hiring a single person to help out will simply not cut it, and there are a number of other issues (like security) to worry about. This doesn't even taking into consideration what effect a disaster of this type can have when you have to re-arrange your social patterns and probably lose a great deal of social support as well? It most certainly wouldn't be funny.

If that sounds a bit far-fetched, just ask yourself if you know anyone who is disabled in this way or in another way, and then ask how much effort you put in trying to reach out to this person? Hard work, isn't it? It is simply much easier to try to look the other way and rather not work at maintaining your friendship which has to change in nature to accommodate the afflicted person.

These types of disasters are at least partly taken care of in a retirement facility with the proper care. You are also not alone, because there are a number of other unfortunate people in the same boat. It is so much easier to share with people who understand.

There are for example a number of other things which can occur and which don't seem so bad at first – even a simple but widespread problem of something like incontinence could make you feel like a leper in your

own home. Without have any supporting facts and/or figures in this regard, and without knowing anyone else in the same situation, you feel insecure, and you don't realize that there are others with similar problems. This, kind of thing is far more widespread than you may realise.

C-health is one of many reference sites and they say: ***"It's a very common problem, especially among older adults. As many as 30% of seniors living in the community and up to 50% of seniors living in nursing homes experience this condition. It generally affects more women than men until the age of 80.***

Many people believe that urinary incontinence is a normal part of aging when in fact it's not. Others may be embarrassed to talk about incontinence with a health care professional. For these reasons, many people don't seek medical help and never get properly diagnosed or treated. In many cases, urinary incontinence can be cured, or at least significantly relieved." Refer to <http://chealth.canoe.ca/>

Outside the security and mutual confidentiality of a large peer group like those found in retirement complexes, many people live a quiet and silent life of shame, hiding that which is often treatable, but the environment they are in is not conducive to sharing information about the problem and possible solutions or to providing mutual support.

The onset of diseases like Parkinson's or Alzheimer's which get progressively worse over time, often lead to people withdrawing into a cocoon. This situation is easier to avoid when living in a retirement complex.

Home based care is available from a number of organisations, and there is a lot to be said for this type of option. However the social interaction of being in a retirement complex cannot be duplicated by making use of home based care on the outside.

We should also bear in mind when comparing costs that Home based care cannot be compared cost-wise if you only obtain the price of services by provided one single person. Effectively you must take into account like for like costing i.e. 24 hour availability such as that provided in a Frail care facility. This means provision must be made for employing the services of more than one person.

Naturally if these carers become temporarily resident (as for instance during the night), this should also be taken account of from a cost and maintenance point of view.

Cheaper and less qualified carers normally come with additional risks to the standards which are maintained. Security issues are of paramount importance and the less expensive service providers come at a greater security risk, and the greater are the chances of experiencing losses, for instance, due to theft. This is usually because of inadequate oversight and control. The less you pay the less you should expect in any area of life.

There is also the potential issue of lack of family support for those without families living in close proximity. If there is no support from family members, then it follows that there is no-one to ensure that adequate standards of care are being maintained when these seniors are no longer capable of doing so themselves.

In a facility for senior persons there are other checks and balances that ensure that reasonable standards are maintained, and for people who fall into the category above this can become vital later on in their lives.

The maintenance of a maximized standard of living in this period of life is extremely important. Without family input it is difficult to ensure that you are getting a fair deal for the kind of service you are receiving.

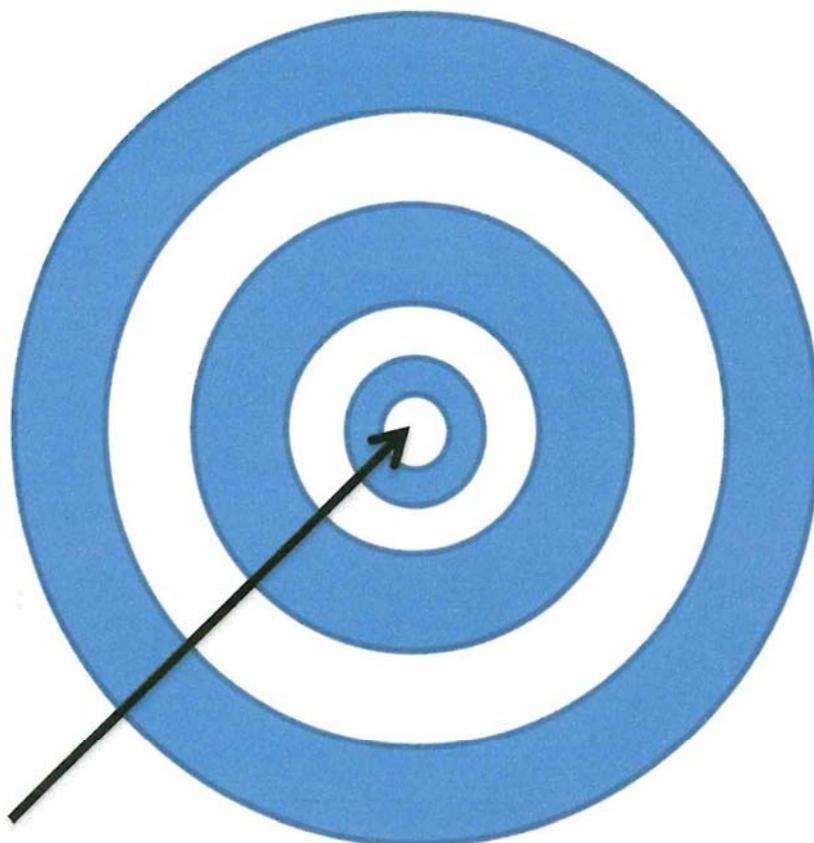
Although there does not appear to be a source reference in South Africa on the issue, the USA government in one of their websites quotes that: **“70% of people turning age 65 can expect to use some form of long-term care during their lives.”** Source: <http://longtermcare.gov/the-basics/who-needs-care/>

These types of facts are scary when we apply them to our own situation. Even more so when you realise that our world as seniors is in fact a shrinking one as illustrated below. If I stand a 70% chance of needing care in my small world, I want to make sure I have taken account of this possibility in my retirement plan.

A specially designed world with specially designed amenities sounds like a bigger and bigger bargain to me in these circumstances. The greater the number of adjustments made to the environment in terms of accommodating my special needs sounds like the logical choice doesn't it?

Make sure the Village you select offers the facilities you require – these range from 1.) Independent living (no care facilities available) and 2.) Assisted living to 3.) Full frail care. Remember – contracting help from outside isn't the same as having it on tap as part of the infrastructure.

The world you live in shrinks as you get to the older phases of life. You don't move about so widely.



The decreasing size of the world you live in as you get older

At first you won't go overseas any more, then you won't travel outside your city, then you only go to the local shops, then you stay in your

Village, and then you just remain in your home. Moving about becomes a hassle to you.

e. When should you go into retirement accommodation?

This question is one of those hardy annuals that can really only be answered by individuals themselves. The underlying principle of the decision however is one that hinges around free or forced choice.

By this I mean that if you are “putting off the evil day” until you are forced by circumstances like your health to move, you are approaching matters with a jaundiced view which will rob you of great deal of pleasure which can be experienced by moving of your own volition.

If you decide to make the move whilst you are in full control of your faculties, finances and your living circumstances and are able to decide independently of family dictates in this regard, you can do so with complete dignity.

A forced move is not only dignity denuding but will almost certainly make the adjustments required by village living a more difficult task. These adjustments are, by the way, no more daunting than the difference between living in your own home on a freestanding plot of ground as opposed to living in a security complex. (Having to take other people into account will always mean that there will be simple rules or requirements you have to live with in return for additional defined benefits to which you become entitled.)

My wife and I decided many years ago that “when we are that old, we will move into a retirement complex and not burden our family with the worry of “what if’s”. We are over “that age” and the move into a retirement village was quite an adventure for us – we visited many, compared facilities, compared costs like levies, compared types of ownership and looked at the costs of changing our minds if we weren’t happy with our decision.

It is no simple task doing comparisons of this nature, but it can be quite a lot of fun. The best part of it all was the fact that there was no-one telling

us we “have to”, and we could take our time and find what was best for us in our particular circumstances. Our family are more than happy with our decision, and even our eldest grandson said, “I am so happy that you are safe”.

In a discussion with my mother many years ago, I tried to make the point that “when your decision to not move into a facility geared to help with the problems of falling and getting injured or other hazards affects me with worry about you and Dad, you start to lose the right to make those kinds of decisions alone”. They thought, moved, and were happy for having done so. My brother and sister helped with the process.

We have experienced so many cases where people waited too long before deciding to move, and in our Village alone we have seen a number of cases where husbands or wives have had to move in alone because they have lost their spouse to the grim reaper.

So much trauma and deep seated sorrow is involved in simple sounding tasks like packing up a large house and having to decide what to keep and what to dispose of without being able to talk to your spouse. After all you built up all you have over many years and now you face the task of disposing of assets in one way or another. These decisions have then to be made when you are deeply in mourning and are really unable to make logical choices. Children do not always appreciate the style and sentimental value of so many items that are dear to you, and will keep what they do not really want just to try and please you.

Retaining your independence for as long as possible, making decisions based on solid planning when looking ahead and using well qualified advisors to help in the process is the correct and proper thing to do.

Don't wait to be told – you decide for yourself in time and choose accordingly. Maintain your dignity and make your own decisions for as long as you are able to. This is probably one of the last major decisions of this nature you will be making.

1. Some important Acts regarding retirement, financial planning, accommodation and age.

In South Africa there are a number of pieces of legislation that are of critical importance to senior citizens, and many people aren't aware of these Acts and the rights and protection provided by them. In summary these are inter alia:

- The older Persons Act (Act 13 of 2006) and its regulations. This is an “umbrella” or principal Act that has been legislated in a manner that forces changes to conflicting legislation that may exist, to be changed in order to conform to the intent of this Act. In a sense therefore this is the same as the Constitution of the RSA which is the main source of measurement applied when legislative conflicts occur. The importance of this Act can scarcely be overemphasised, especially in the very late stages of life when one becomes frail and you are unable to stand up against people as you used to.
 - Abuse of senior citizens takes many forms, and can range from physical to mental and even financial. This Act is your armchair because it allows you to report abuse and be able expect action. It says for example: “The Director-General or the social worker to whom a report has been made must investigate the matter.” Chapter 5 25(3)
 - An official's failure to act on reports is an offense.
 - This Act comes into its own especially when frail seniors are in a care facility.
 - No Retirement Village with a Frail Care facility should be unaware of the Act and its requirements.
 - This Act goes a long way toward ensuring the dignity of senior citizens.
- The Housing Development Schemes for Retired Persons (Act 65 of 1988) as amended with the regulations that form part of the Act. This is the main point of reference anyone will require when investigating a Retirement Village development. It provides default protection to purchasers in Retirement Villages with which

Developers have to comply. Inter alia the following provisions are made:

- It lays down contractual formalities
 - It lays down the content of contracts
 - It defines right of occupation to have the status of a registered lease
 - It requires occupation alienation to be subject to a title deed endorsement
 - It lays out consequences of cancelled contracts
 - It defines relief a court may grant in respect of contracts.
- The Sectional Titles Act as amended (Act 95 of 1986). This act regulates the rights of purchasers and sellers when the format of ownership of property vests via sectional title, which is a common form of Retirement Village ownership. There is currently in progress, the Sectional Title Schemes Management Bill which is not yet promulgated, but which will regulate the functionality of Bodies Corporate and the rules under which they function. The Sectional Titles Schemes Management (STSM) Act 8 of 2011 was gazetted and signed by the President in June 2011 and this Act will come into operation on a date yet to be fixed by the President by publication in the Gazette. It is not a major diversion from the Act 95 of 1986 mentioned above, but rather part of a process of consolidating all housing development legislation under one roof namely at the Dept. of Human Settlements. This Act is vitally important in terms of, for instance:
 - Approval of development schemes
 - Applications to open sectional title registers
 - Registration of ownership
 - Ownership of common property
 - Exclusive uses
 - Sales and letting
 - Rules
 - Bodies corporate, their functions and powers
 - Insurance and damage to buildings
 - Regulations and liabilities or exemptions.

This is merely a short list of some of the important provisions in the Act, but should suffice to ensure you are aware of the importance of the legislation prior to investing.

- The Share Blocks Control Act No 59 of 1980 as amended. This Act controls property purchased by way of shares in a company and you are issued with a share certificate, not a title deed. This act deals amongst other issues with items such as:
 - Restrictions on the operations of a share block scheme by a company
 - Sale of shares in the company
 - Establishment of levies, insurance
 - Contractual requirements and
 - Directorships

a. Why is legislation (or the lack thereof) important to you in retirement

These basic pieces of legislation form the framework upon which development, residence and ownership of property in a Retirement Village is based, and the framework within which the rights of Senior citizens are protected. (A more comprehensive list of some 63 pieces of legislation is available at the site of the Interest Group for Retirement Villages on the website listing: <http://www.aftreeoorde.co.za/> for those people interested in researching the issues in more depth.) This site is a good source of reference for the more technically minded.

One must take note of the fact that rules, regulations and agreements contained in purchase agreements that are in conflict with the applicable legislation is not an enforceable part of a contract. It stands to reason, therefore, that you should try to remain abreast of things so that you are aware of and can avoid these matters in preference to becoming involved in litigation in order to sort matters out after the fact.

Somehow there always seem to be people who view senior citizens as an easy target, trying to intimidate them with threats even though these may be empty. Senior citizens are the group of people who have the fruits of a whole lifetime of work at their disposal, making them an often targeted section of the population which is preyed upon by unscrupulous money hungry and unprincipled people. Creditworthiness is normally not an issue for seniors – they can pay most of their needs in cash, which makes them very vulnerable.

You have the legal backing contained in this legislation – all you have to do is make sure that you are aware of the support so that you can confidently defend yourself on legal as well as moral grounds.

b. Why is financial planning an essential tool

Most people retire at the peak of their careers, and they have accumulated extensive knowledge in their specialised areas of work. This doesn't mean, however, that they are automatically qualified to effectively control more money than they have ever had before in their lives. In fact they are at greater risk than they have ever been before – they are truly out of their depth especially if dealing with finances was not part of their career.

When there are calls for money from other family members in need, when matters aren't viewed against the perspective of the rest of your life's needs as background, when you aren't equipped by reason of education, training or expertise and don't have the skills required to do the arithmetic, the chances of making grave and lasting errors of judgement increase dramatically. This is said with the greatest respect, because nobody will make a dramatic faux pas with intent. Emotions once again play an important part and should not be the basis upon which decisions are made.

Factors taken into account by properly qualified planners are inter alia the following:

- Longevity

- Health and medical risks
- Emergency plans catering for accidents
- Estate duty
- Planning whilst keeping your Will in mind
- Making sure that there are reserves available for emergencies
- Planning for leisure activities in your budget
- Buffering inflation
- Ensuring your income is adjusted upward every year

Of course the stress of having to manage your investments to ensure adequate returns also dissipates with well qualified people dealing with your portfolio.

2. What is the difference between an Old Age Home and a Retirement Village?

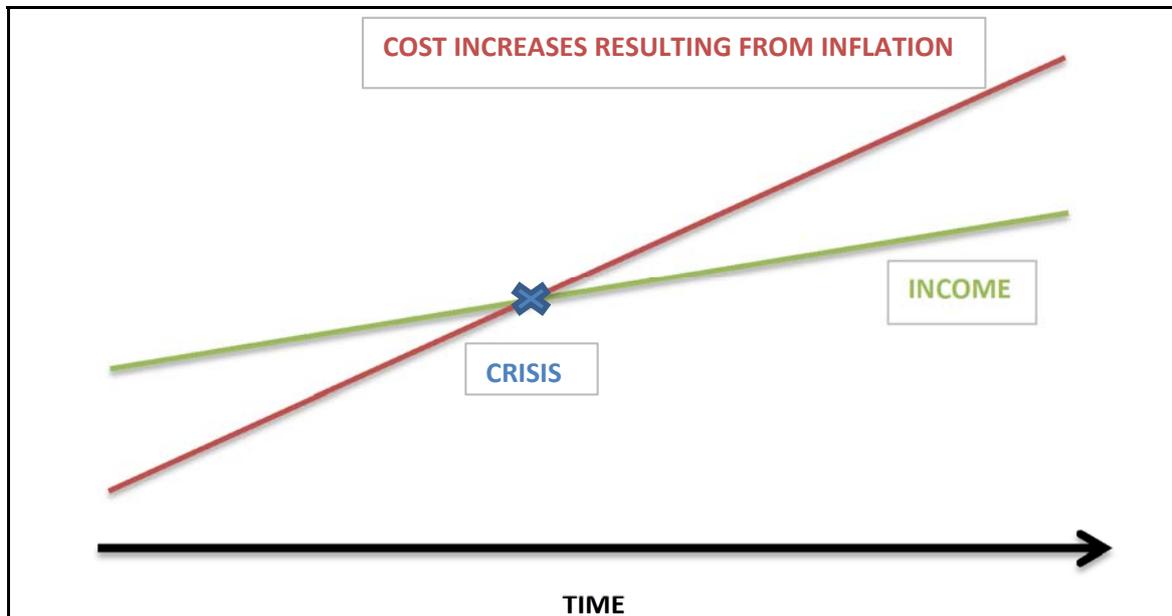
a. Practical definitions of the two concepts

In essence an Old Age Home is a facility which normally belongs to a Church, a Trust or a charitable institution that caters for people who have fallen on hard times economically. It is also more often than not a governmentally backed facility. They have strict norms and rules of acceptance relating to income levels, rules of residence etc. and ownership doesn't even come into the picture for residents.

A Retirement Village is an economically viable development that caters for people who have capital available to invest and want to see their money i) purchasing additional living benefits ii) possibly showing a return on their investment and/or iii) requiring a higher standard of support services like specialised medical facilities and a meal service etc. on site. Ownership is decidedly an issue to these folk and they demand a say in the way matters are run in order to protect their investment. The choice of a Retirement Village is much like the choice you make when buying a house.

A single generic problem facing all Retirement Village developments is that over a protracted period of time, most people are faced with the

problem of increasing expenses versus inadequate increases in income. One can illustrate the situation graphically as follows:



When this situation arises, the crisis is something that is very difficult for both the Trustees and the residents to deal with. It cannot be expected that other residents subsidise one person for instance by using accumulated reserves. Inevitably the resident in this invidious situation will ultimately have to sell and leave the Village for other alternatives that they may have at their disposal. This is where Old Age Homes become a necessity for some people.

This is also the reason that it is very important when deciding upon a purchase, that the exit options are well understood from a financial point of view. It is also the reason that a suitably qualified planner as referred to in 1 above should form part of your provisions in looking toward your future.

3. What types of ownership are there?

These are discussed briefly below, but bear in mind that normally when one purchases directly from the Developer as a first time buyer of a unit or house, there is no transfer cost payable to effect registration, whereas

when you buy from an owner who is selling a unit or home after having occupied it, transfer costs most definitely apply.

Naturally when purchasing directly from a Developer, it would also suggest that the development is not yet complete, and that has certain inconveniences inherent in the initial phase of life in the Village whilst all the construction is being completed.

Ownership is determined by the Developer when tackling the project initially, and I am not aware of any development that would be able to offer a particular unit or property in the ownership format of a buyer's choice. Amongst other reasons it is because the choice of ownership type of option would be impractical and impossibly expensive to try and structure. It nevertheless remains a fact that the different types of ownership also carry very specific and different sets of rights and privileges. This will naturally affect the terms of recourse one may have in the event of a dispute. It also normally provides that there are differing constitutions with these differing ownership structures, and consequently we should make sure that we understand our rights and obligations in terms of these very important documents.

a. Life Right

Expressed in layman's terms, it could be said that you are merely paying a large once-off rental which lasts for the rest of your life. In addition you will be contractually bound to pay a monthly fee (levy) that is approved by the Trustees at an AGM for as long as you are a resident.

You should take very careful note what documents you are signing in this regard, because there are a number of instances I have seen where the agreements are decidedly one-sided, so "caveat emptor" (let the buyer beware). Once again I refer to the legislation mentioned in chapter 1, because restitution is always a very weak and expensive alternative to being able to avoid the problems in the first place.

Also bear in mind that you do not own any bricks or mortar of any description, and that the full value of the physical area you occupy belongs to the Developer or Trust owning the buildings. You have only purchased a right of residency as long as you are alive subject to you complying with the rules (which you have to accept and sign for).

You in fact have purchased what could be described as a type of usufruct. With a true usufruct, the usufruct has to be registered in the deeds office and an administration fee would be payable to the attorney taking care of the registration. In this case however the Life Rights you purchase apply just to you as purchaser (or you and your spouse) and there is no registration in the deeds office. The agreement you sign with the developer / owner is therefore doubly important, because this will be what regulates any claim, dispute, repayment upon selling or any other like issues. Life Right ownership nevertheless has full recognition as a real right in South African law.

The size and age of the development can have a lot to do with the benefits it can offer purchasers. A Retirement complex like Kokanje in Modimole is a good example of a Life Right village that has been developed over a number of years and offers fantastic facilities to its residents. Their 569 two and three bedroomed homes offer purchasers a menu of facilities that have been developed over the years to include some 28 clubs / organisations that provide for most of the cultural or sporting interests of residents.

Although their levies are quite substantially above the average standard, (\pm 2 to 3 times the average amount paid in the Northern suburbs of Cape Town) these also include services like Frail Care and Home Nursing services at no extra cost to the residents. Naturally this doesn't include the cost of the medication or disposables used. The medical services are provided by professional staff and assisted by a nine person committee of residents. It also includes 5 meals per week

per resident which is a very large and positive consideration to be considered.

The purchase price paid by a resident is refunded at death or withdrawal after a discounted 2.5% per annum is deducted up to a maximum of 10 years of residency.

It stands to reason that a fully developed Village like this one, which is a Section 21 Company belonging to the owners, and which has built up enough in financial reserves over the years to be able to offer what it does, is no purchasing risk in the normal sense of the word.

The Hibiscus group of Retirement Villages on the south coast of KZN includes four developments which are also Life Right. Their formula is slightly different to the one above, but the Association also belongs to the members, is a registered non-profit company and offers a large menu of services to residents. These also include comprehensive frail care and Home Nursing. As in the previous example, maintenance and such expenses are included in the levy.

One of the main differences is that upon withdrawal, the full amount of the purchase price is refunded without deduction, provided a new "Life right holder" is obtained. There are no fees or commissions nor is VAT payable.

They are also busy with the development of another frail care facility because the four units are not within the same property or even next door to one another.

Homework remains the password, because there are a large number of developments which cannot even come close to competing with these older established villages, and this fact will increase the risk of purchase in new developments very substantially. Naturally the price issue is another factor which can determine the level of development.

b. Share Block and Sectional title

These seemingly similar types of ownership which are offered in the market are discussed together here briefly, because they are both types of ownership offering substantial improvement on Life Right from a purchaser's rights of participation point of view as "part owners" of the whole complex.

Share Block

The origin of the concept of share block developments lies in the fact that originally there was no Sectional Title Act or legislation that allowed developers to give purchasers rights to parts of a building.

The main difference between the two lies in the fact that with share block, as the name suggests, you never own any property. Your rights of residence are conferred upon a block of shares in the holding company in which you become a shareholder. As such it stands to reason that the financial negotiability of a block of shares is fairly restricted and that there is practically no question of mortgage, because all shareholders would have to concur and financiers wouldn't have the same security as they have with other forms of ownership in the case of default.

In one of many references in the internet, the Durban law firm Garlicke & Bousfield is quoted as follows in this regard: **"The ownership of the shares entitles you to the use and occupation of the unit, which is secured by a "use and occupation agreement" which is concluded between the purchaser, who is now a shareholder, and the company. Whilst you do not obtain ownership of the unit, a shareholder plays a vital role in the management of the scheme through a general meeting of shareholders."**

There is a set of management rules and levies which are raised. Although transfer fees are payable in the normal manner, there is no registration in the deeds office. Your share certificate is your "title

deed” in a manner of speaking. No sectional plan approved by the Local Authority and the Surveyor General is required to approve building plans and no Deeds office registration is required. Take note however, it is possible to lose your right of occupation if the block were to be sold in pursuance of a court order for debt recovery. This is not possible in terms of sectional title ownership.

You should also take note that Share Block schemes can be developed outside of a local authority area, whereas sectional title schemes can only be developed within local authority areas. Take note as well that Share Block Schemes can be sold on plan and receive deposits as soon as the company is registered. There would to my mind appear to be a gap or two that could be abused by unscrupulous businessmen in this area of a new development.

The Share Block Control Act 59 of 1980 also makes provision and methodology for conversion of this type of ownership to Sectional Title.

In the current situation, there is no real reason to look at retirement developments based on the concept of share block ownership. Sectional Title as discussed below has provided the legal vehicle developers require to enable purchasers to acquire rights to properties that are registered and has to be managed in terms of prescribed guidelines.

In fact, purchasing a Retirement unit outside of a local authority area which is only possible in terms of this method, suggests it is an option that would require deeper investigation than generally discussed here as a result of the lack of medical and other facilities in the proximity.

Sectional Title

Most retirement developments today are done by way of Sectional Title or Full title.

Sectional title ownership is fairly well legislated in terms of The Sectional Titles Act as amended (Act 95 of 1986). There are plenty of decided cases providing clarity for most situations and your representation is legislatively well enshrined. In fact there are schools of management that offer comprehensive courses in management to Trustees of Sectional Title developments.

Purchase in this format of ownership allows buyers to apply for mortgage bonds, and the sale and purchase agreements are well regulated in terms of the Act. Because you have a title deed that has been registered in the deeds office, and your representation is ensured in terms of provisions in the Act, people generally regard this form of ownership as more stable than Share Block. The developer of a Sectional Title Development may only accept deposits once the sectional title register has been opened.

The Act requires the establishment of a Body Corporate with elected Trustees, who have to deal with the management issues of the day, and there are a number of prerequisites that must be complied with and this ensures participation and transparency. In fact every owner is automatically a member of the Body Corporate as a condition of purchase.

The Act states in Part VIII - Rules and Bodies Corporate Section 35 (3) Rules: "Any management or conduct rule made by a developer or a body corporate shall be reasonable, and shall apply equally to all owners of units put to substantially the same purpose." This type of legislative backing tends to put one at ease.

Provision is made for levies that cover expenses of both individual properties and communal property. A kitchen and dining facility would be an example of communal property with expenses that must be borne by all beneficiaries. The same would apply to the area occupied by a Frail Care unit - reception areas and gardens for example. Because these expenses are dealt with by the elected

Trustees in terms of an approved budget, many people feel that they aren't being given all the facts about what happens to the money that is collected by way of levy, but those assertions are generally untrue.

The Act also requires an annual audit of the financials (within 3 months of the year end) to be made available at the AGM which contributes to administrative transparency and peace of mind. There are, of course, provisions in the Act that allow (and in fact require) rules regarding the management to be made available to purchasers. These rules are additional to the requirements of the Act and are not the same for every development. The issues, like amounts of money retainable by Trustees (normally put into a "stabilisation" fund) that have to be paid upon resale, are matters that can vary greatly.

Building adequate reserves out of the annual budget (which is the basis of levy calculation) that allows the elected Trustees to manage without being in crisis mode is one of the main problems that face all developments irrespective of the type of ownership that applies.

Selling can also entail a portion of the proceeds be forfeited toward a stabilisation fund which is to the benefit of the remaining residents.

c. Individual title

Moving from a free standing house on an individual title into a home within a security complex is not without its trauma, as many people would know. You tend to feel your style is somewhat cramped for a period of time.

In summary it would be fair to say that anyone living in a normal residential security estate (not a Retirement Village) would find only a few differences between what they have been used to, that which they acquire and rules they must adhere to with the purchase of an individual title unit in a Retirement village.

Probably the most obvious difference that stands out will be the age of the residents and the absence of youngsters running around.

The owners of Retirement properties with individual title do not have to conform to the prescriptive requirements of the Sectional Title Act don't have to necessarily do an audit annually by law (although it is usually done) and they work with a Home Owners Association instead of a Body Corporate.

In some instances, the structure becomes a bit more complex when homes with individual titles are combined with flats that are on sectional title. A number of structural accommodations have to be made in the Constitution and the rules in order to enable efficient management of the complex.

Naturally the houses aren't necessarily only built on individual title plots and a fully operational sectional title setup can also operate in this manner so that what appears to be a free standing home on individual title can in fact be a sectional title property.

Selling a property that is registered on an individual title within a Retirement Village does not mean that there are no possible strings attached. Clearance that all outstanding fees are paid has to be obtained from the governing body and it is possible that the Rules and Constitution require an amount of the proceeds to be forfeited in order to build up their "stabilisation fund". (This fund can be named by another name, but the intent is normally to apply this finance toward providing financial stability for the remaining residents.)

d. General Detail about ownership:

In all forms of ownership discussed above, the retention of a portion of resale or withdrawal value which is payable to the governing body may be incorporated into the documentation you sign when

purchasing. Going through these documents with a fine toothcomb should be regarded as par for the course.

Purchasing a property with the intention of letting it to a tenant, must be approached carefully. Not all complexes have the same rules, but normally it is a requirement that the tenant is fully informed about the Rules and that an acknowledgement to that effect forms part of the rental agreement. Also be aware that a breach of the Rules by a tenant is laid at the door of the owner. Therefore if a fine is levied for a contravention, or there are consequences of another nature you as owner cannot disclaim accountability.

It stands to reason that the minimum age requirement for occupation is also met by any tenant with whom you may conclude an agreement.

Allowing visitors to stay normally has time limits that apply (E.g. a maximum of 3 months at a time) Visitors like family with kiddies staying for short periods of time are normally not regarded as a breach of the Rules. The cardinal rule again – make sure, read the fine print.

5. What facilities should I look for in a Retirement Village / Home / Complex?

a. Security

The term security is widely abused by many people because it provides a connotation of being totally protected, and you are advised to make very sure (preferably getting confirmation in writing) exactly what is meant by the use of this word in the particular Village you are looking at.

The last thing you should be subjected to when you move into a Retirement Village, is being scared and feeling insecure for the rest of your life. (This is the period for which you are purchasing after all?)

When perusing the financials, the reserves and the levies payable, make sure you are aware of the fact that cheap “security” isn’t secure.

The facts are that the older we become the less able we are to protect ourselves (sometimes even from ourselves). That is why we should also place a premium on security and communication within a complex.

Communication is at the core of any security system and you are advised to ask detailed questions in this regard. Understand that communications also play a major role in medical emergencies and therefore you shouldn’t be happy with sub-standard facilities. The point is explained in more detail below.

b. Medical possibilities enabling life to be prolonged and the ability to pay for the privilege have changed the game but are decidedly two different matters.

The following statement is made in the Aging Journal. *“Just three centuries ago, life expectancy was less than 16 years and 75% of people born in London in 1662 died before they reached the age of 26 (Graunt's life table). The progress of civilization eliminated many causes of death that killed young people in the past. This dramatically increased the average lifespan. In addition, modern medicine extended lifespan of old people by treating age-related diseases. But maximal lifespan seemed to be not affected.”* Refer to at <http://www.impactaging.com/papers/v2/n4/full/100139.html>.

All the answers aren’t there yet, but we are most certainly experiencing the effect of living longer in the negative realm of our financial provisions, because the systems of provision aren’t designed for the longer periods of survival we now experience as normal. There are very few people who have the input in terms of trends and facts enabling them to take the required action ensuring that their provisions are adequate.

The frightening thing is that there is a difference between fast and slow ageing, while the pace of deterioration in the last phase of life seems to also be lengthening dramatically.

The author also points out, that Medical intervention as illustrated in another graph prolongs the deterioration phase substantially. This is the phase that is so extremely expensive. Few people want to leave loved ones to die when it is possible to prolong their lives. The process exhausts financial resources faster than almost any other event in life.

It seems logical that waiting too long before entering into a contract with a Retirement Village leaves the facility with the negative part of only dealing with the major expenses involved in the deterioration phase of later life.

This is possibly one of the contributing reasons that more and more Retirement Developments are now placing upper limits on acceptance ages. It means that if I leave moving for too long, I might very well find myself unable to gain access to the Retirement Village of my choice if this trend continues?

It should be noted in this interesting publication (**authored by Mikhail V. Blagosklonny from the Department of Cell Stress Biology, Roswell Park Cancer Institute, BLSC, L3-312, Buffalo, NY 14263, USA**) there is a major indicator suggesting that better living conditions affect cell biology that leads to slower ageing prior to deterioration.

The graph in this article illustrates this point and is seen below.

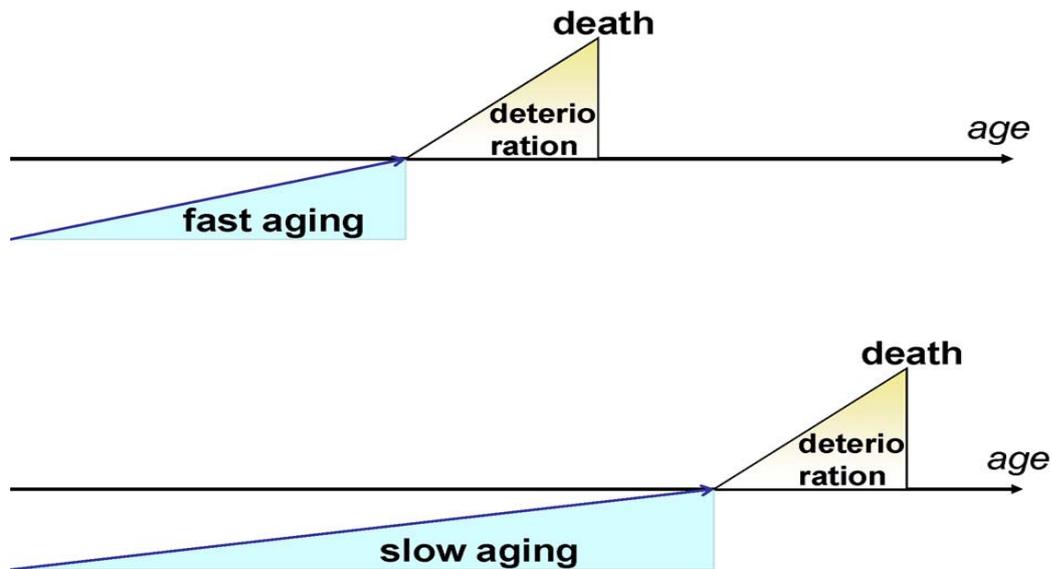


Figure 1. Fast and slow aging. In slow aging, the onset of deterioration is postponed but the rate of deterioration is not changed.

The intent of this reference booklet is not to try and deliver biological theories on ageing, but we need to face the fact that research tends to support extended ageing as a fact though not yet fully understood.

From our point of view, the frightening financial effects of longevity are not to be underestimated, and planning your entrance into a retirement Complex should take account of these facts.

It also points in no uncertain terms to the much earlier statement that retirement is a period in life where the phenomenon of phases comes to the fore, mainly because the statistical period we are talking about can be a substantial number of years. During this time which is a slow moving period in life, changes occur slowly and the status quo of phases can last for fair periods of time running into years.

The inherent dangers of not planning for the possibility can be illustrated by looking at this second graph from the website:

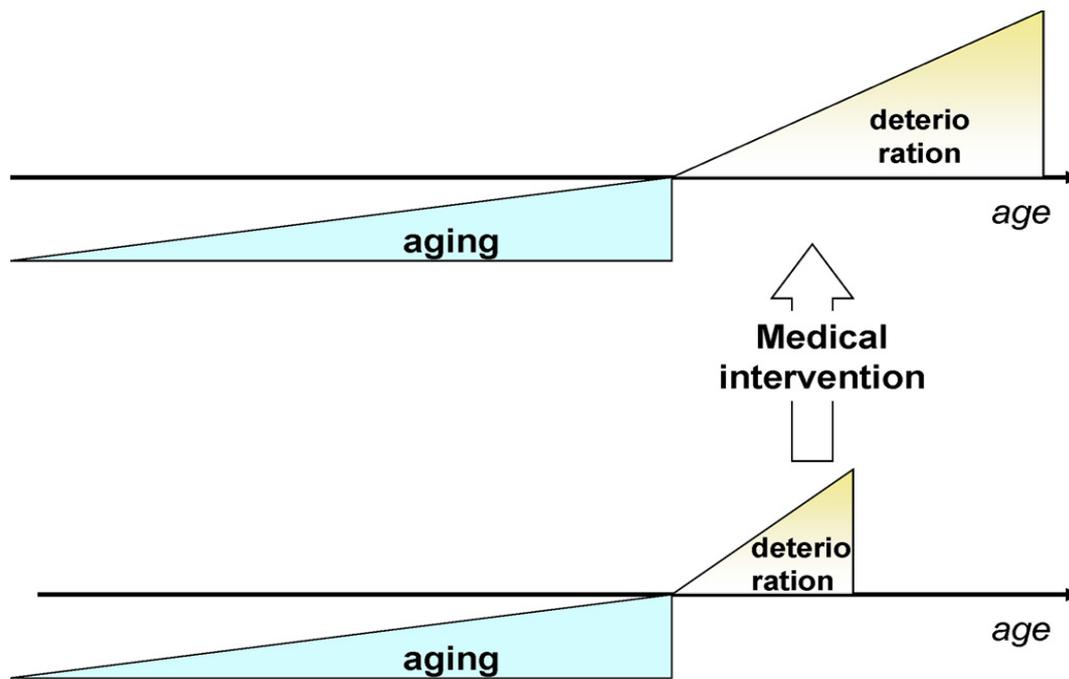


Figure 3. Traditional medicine increases survival (extends deterioration phase) without affecting the onset of deterioration

Refer: <http://www.impactaging.com/papers/v2/n4/full/100139.html>

This once again places the importance of professionally guided financial planning at the forefront of reasonable provisions and preparation.

In fact, it probably strongly advocates that the incorporation and involvement of younger family members should also be considered in order to enable informed decisions to be made later on if needed. (I refer here to necessities that may arise when looking at the possibilities of illnesses that are totally outside of our control - such as: a stroke, Alzheimer's or Parkinson's playing a role)

When looking at the adequate care of a loved one afflicted by a stroke, one of the diseases mentioned above, a serious fall with lasting effects or another type of medical disaster, the quantum of the financial reality is almost impossible to calculate. As a rule of thumb however the assumption that your living cost will double during the lifetime of the afflicted person is not an unreasonable one to make in terms of financial planning.

In the USA their statistics claim that **“69 percent of people age 90 or more have a disability”** and **that “If you live alone, you’re more likely to need paid care than if you’re married, or single, and living with a partner”** Source: **U.S. Department of Health and Human Services.**

From this point of view the choice of a Retirement Village and the facilities it offers naturally play a cardinal role in the decision.

c. Social

Most Retirement Villages offer a menu of social activities to residents, and indeed the residents themselves are usually instrumental in the initiation and development of these clubs and groups.

I do not refer only to sport related activities in this regard, but to the many other social activities like Bridge clubs, Games Clubs, Exercise Groups, general social events like Bingo evenings and the like.

The fact that there are usually a number of residents who suffer from similar incapacities makes interaction so much easier.

Note should be taken of the fact that assisted interaction at social events like the few examples mentioned above, is one of the main advantages of Retirement Village living which cannot be offered by home nursing services should you choose not to go into a Retirement facility.

Participation in activities is of course quite voluntary, but it is much easier to get people out of their shells when they are in an environment where people who have the same types of affliction you might suffer from are all around you, and the various physical limitations are quite normal and within this environment.

Naturally one of the facets usually avoided in these kinds of discussions, is the spiritual. Although there is normally no pressure in this regard even in Retirement Villages which have been established

by specific church groups, few people would refute the massive role that the spiritual dimension plays – especially in the latter part of life. Most Retirement Villages not only have a minister serving this community, but a number of different ministers from various denominations as regular visitors to the Village.

Support for individuals with disabilities is one of the positive characteristics of almost all church communities, and Retirement Villages are most certainly the acreages that generally have more than the average number of disabled persons as a percentage of the populace. Being structured as a “supportive” community in virtually all aspects, the spiritual component plays a very real role in almost Retirement Village, often even providing opportunities for people to become part of supportive ministries if they are so led.

6. What rights will I relinquish in a Retirement complex?

Provided I am in full possession of all my faculties there is no effect whatever on my independence, my dignity or my right to control my own finances, subject to any commitments I have previously made in terms of longer term planning which will not change at all as a result my of moving into a Retirement complex.

In short there is no change whatever, and I can easily continue working or run my own business if I so desire. The only new rules I must comply with are the ones discussed under types of ownership (point 3) and relate to a complex’s rules as they also relate to the rules in any other security complex.

It is probably worth looking at studies that suggest your retirement might all of a sudden become a reality as a result of factors outside of your control, like health issues which could befall your spouse or yourself.

A recent study in Canada says the following: **“According to the 2014 Sun Life Canadian Health Index, conducted by Ipsos Reid, 69 per cent of respondents said they were not able to retire as planned or expected.**

Of those, 29 per cent retired for personal health or medical reasons. Two per cent retired to take care of someone else with a health issue.

“Your retirement date may arrive sooner than you expected,” said Sun Life president Kevin Dougherty in a release.” Reference can be made to: <https://ca.finance.yahoo.com/blogs/pay-day-/health-issues-derailing-retirement-for-canadians-sun-181459265.html>

Dated May 2014 we are told that **“According to the panel of experts at this year’s Stratton Lecture on Aging Successfully, planning is the key to a happy life in old age.”** This reference can be found at on the internet at: <https://medical.mit.edu/news/2014/12/planning-ahead-happy-retirement-years>

This being so, a fair question to pose would be to ask why wait and run an unnecessary risk in this regard if you can select a village that suits you and your lifestyle, can continue working should you want to and simultaneously put the trauma of moving into a village to bed?

7. Financial preparation and administration of your affairs.

This is probably the single most important facet of preparation for retirement and simultaneously the most neglected and worst managed one. This is because most people look at this imperative from two main points of view which are largely erroneous in most instances – these are that my retirement is a) a personal issue which I don’t want to open up about to others, and b) the erroneous perception that I know enough about finances to handle matters on my own.

The ability to analyse assets, calculate expected returns, advise on building an investment portfolio you are comfortable with and the ability to calculate cash flows are some of the areas that a properly qualified financial planner can help you with. There is no such thing as a free lunch, but there are good deals and strategies. Employing the services of a competent financial planner is more than a good deal – it is a bargain seen in the long term.

As mentioned a number of times before, professionally qualified financial planners are not only essential in order to maximise your financial effectivity for retirement, but also have a moral and fiduciary responsibility to make sure that you get the best advice available. They are registered with the FSB after having passed exams, are subject to licensing and accountable to an ombudsman. This leaves you with substantial redress in the unlikely event of you ever needing it.

There are a number of aspects that may fall outside of the CSP's (Certified Financial Planners) skill sets and qualifications however. Any well qualified planner will also take cognisance of the provisions of your Will when doing his analysis, and planning for the possibility of you becoming of unsound mind is also something to be looked at, long term.

In an article published in **Moneyweb Today** on 9th March 2015, Patrick Cairns says: **"If you retire at 65 today, there is a good chance that you will live to 95 and you have to make your money last until then. In other words, your time horizon has just shot out from zero, to 30 years."**

This kind of a transition in thinking is not to be taken lightly, and in all probability most people will find it very difficult to do at all. He goes on to say, **"There is no magical formula that is right for everybody, since circumstances will always differ. That is why getting good financial advice could be the difference between a comfortable retirement and running out of money before you turn 80"**.

Ensuring financial survival for you and your spouse requires planning and continued management of your investments in terms of your plan to ensure you stay on track.

In fact, it should be abundantly clear that professional assistance isn't a "nice to have", but an imperative.

8. Ensuring administration of your affairs according to your wishes when you cannot do so

This aspect of course runs in tandem with the previous subject, which is to ensure administration of your affairs according to your wishes.

Due to the legal technicalities and involved nature of this subject, involving an attorney is almost not an optional choice. Drafting your Will isn't something that should be done without forethought, because a Will can only be executed as per the terms contained in the signed and witnessed document. Some of the greatest and most enduring unhappiness in family circles has been caused by inappropriately or incorrectly drafted Wills.

You should only put off having your Will drafted properly for as long as your guarantee of continued life lasts – which “guarantee” by the way, just expired as you read these words.

A properly drafted Will ensures that many of the issues that would otherwise fill our lives with frustration are taken care of. This positive does however not take care of one of the most frightening possibilities that can befall us in our senior years – becoming unable to retain your mental abilities as long as you live. This could happen as a result of one of many reasons – from Alzheimer's to a stroke. You need structure and forethought in order to plan for these eventualities as well as just planning for your passing on. The importance of this aspect should not be looked at from your point of view only, but also from that of your spouse.

One of the shortcomings in South African legislation is the total absence of an Enduring Power of Attorney, which means that a normal Power of Attorney is very often used incorrectly and technically illegally. (When a person becomes non compos mentis i.e. not in control of his or her mental abilities, a normal General Power of Attorney loses its force and effect. People are usually under the impression that this document covers the right to act and make decisions on behalf of the person who

granted the General Power of Attorney, and this is not technically correct from a legal perspective.)

This fact makes a comprehensive planning exercise of even more cardinal importance than thought of before. The creation of a Trust Inter-Vivos (a Trust that is operational whilst one is alive) an attractive planning vehicle, and one that an attorney and a CFP qualified person may well suggest as one of the arms of a comprehensive solution with which to address potential problems.)

The functions of a Trustee are not dealt with in terms of a specially drafted Act in South Africa, but fall under the directives, guidance and requirements of the Trust Property Control Act 57 of 1988 and its regulations. In a well drafted trust, the Trustees are very often given guidelines laying out the terms and principals within which they are required to act. Because of the legal complexity that can arise with many situations, it is possibly a good idea to have your attorney as one of the Trustees.

Some of the main reasons which may motivate the use of this form of entity as a choice to be used could be:

- Protection of assets
- To separate benefit and control
- Estate Duty and CGT purposes
- Enable trading in a separate entity
- Protection of children's interests in the future.

The greatest number of people in the RSA is not au fait with Trusts and their functioning and would require help and guidance in this regard. For this reason an Attorney should be considered as part of your Retirement Planning exercise. It also goes without saying that the Attorney should play a major role with the technicalities of drafting your Will as well.

You should recall that under Chapter 1 it was said that a first chance to start a new career (or lifestyle) only comes around once. In this instance

we should note that the chances of inadvertently messing things up can only be avoided once – there can be no going back to square one!

9. Organisations and associations you should know about.

There are a great number of organisations which perform specialist functions and which give specialised support in handling the problems and logistics inherent in the various challenges you may come across in life. Without complicating matters by trying to summarise what they do and the services they can offer, the following list of organisations is provided with contact details which you may require if you need to know more about them and their activities. This list does not purport to be comprehensive and is merely published as a guideline and easy point of reference. Details on any of these organisations are normally available on the website: www.seniorservice.co.za

In alphabetical order they are:

Alzheimer's South Africa
Alcoholics Anonymous
Arthritis Foundation
Aryan Benevolent Home Council
Asthma Education Programme
Cancer Association
Caring for the Aged
Catholic Women's League
Concerned Friends of the Abused Frail and Aged
Council for the Aged of SA
Council for the Aged, National
Dementia SA
Department of Health and Welfare
Department of Welfare and Population Development
Depression and Anxiety Disorders Group
Diabetes South Africa
Dystonia Association SA
Executive Welfare Council (AFM)
Family Foundation
Arcadia
Friends of TARA
Gluten Intolerance

Headway Support Group
Heart Foundation of South Africa
Hospice
Human Rights Commission
Johannesburg Association for the Aged (JAFTA)
Meals on Wheels - RSA
Mental Health Info Centre of SA
Motor Neuron Disease Association
Multiple Sclerosis Society
Muscular Dystrophy Association
Natalse Christelike Vrouevereniging
National Jewish Welfare Forum
NG Church Ministry of Caring
NG Welsyn Noord-Kaapland
Ondersteuningsraad
Optometric Association
Oranje Vrouevereniging
Osteoporosis Foundation
Parkinson Association SA
People living with Cancer
SA Association of Retired Persons
SA Blind Workers Association
SA Chiropractic Association
SA Federation for Mental Health
SA Inherited Disorders Association
SA National Epilepsy League
SA Society of Physiotherapy
SAC for the Aged
SANC for the Blind
Sandton Goodwill Association
Slovo Women's Organization for the Aged
South African Mental Health Information Centre (SAMHIC)
South African National Epilepsy League
Speech and Hearing Association
Stroke Aid
Stoma Centre
Stroke Foundation
The Allergy Society of SA
The South African Podiatry Association
Witbank Society for the Aged

- **The Booklet summary in a few words:**

Think about getting older – we all are.

Think about Retirement and its meaning.

When do you intend to retire?

Review legislation that could be important to you.

Where do you intend to live you last phases of life?

How will you provide lasting accommodation?

What facilities do my interests require?

What will I lose or gain in terms of independence, Dignity and Financial Control?

What happens if I decide to follow a different route?

How should I prepare financially and administratively?

Looking at support organisations.

I would like to encourage you not to act like the proverbial ostrich that buries its head in the sand – take note, do your homework with your spouse and enable yourselves to live long and blessed lives as Senior Citizens, even if you disagree with some of the content in this booklet. As long as you have done your homework, no-one should dictate the size of your jersey because that is your decision, not anyone else's.

Always remember – RETIREMENT IS A PROCESS, NOT A HAPPENING.

Be blessed.

Paul Rosenbrock.

Cape Town, March 2015. v3.16