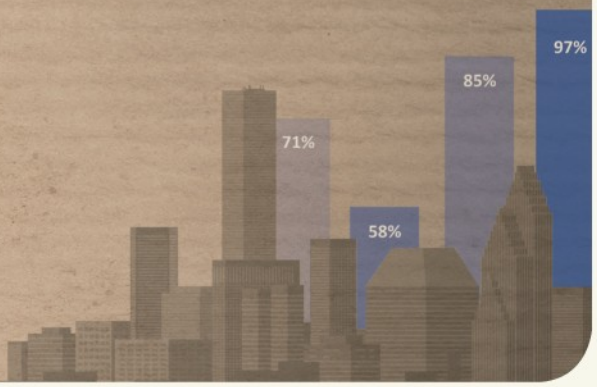
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Avoiding Medical Mayhem

Medical cover is much like any other form of insurance in that it is unappreciated (if not resented) when unneeded but greatly appreciated when something is amiss. Just like anything else in life, you get what you pay for. Unfortunately this poses an age old problem because when unneeded most people pay very little attention to what cover they have bought and then discover too late that they do not have what they need.

Regrettably there isn't an exact science for establishing exactly what you need for something as unforeseen as your future health. However, there are several things that may help you make the right decision in the first place.

You may not be worried about your medical costs because you pay your scheme contribution every month. Case closed right? Unfortunately not. While medical schemes honour their commitments when you need them most, many medical scheme members can get a grim surprise when they least need it due to the scheme they themselves have chosen.

This is why is it absolutely essential to read the terms on the benefits for the particular option you have chosen. There are huge differences in benefits offered from scheme to scheme and from option to option within those schemes. You could find yourself having to make a co-payment of thousands when you least expected it.

You get what you pay for: never is that more true than when it comes to medical schemes. It's a bit like any other insurance – you don't want to find out you're not covered for an event when it has already happened. If you haven't done so yet, make it a priority today to go and read the terms describing your benefits.

While some of these limits may seem unfair, it must be remembered that if a scheme were to pay all costs for all of its members, it would go under very quickly. It has to limit its healthcare expenditure for the benefit of all its members. It's just not very pleasant when you are the one having to fork out unexpectedly. Here are a few things that medical scheme members should consider and evaluate about their current cover:

Cancer treatment

Many schemes have a rand limit on approved oncology treatment within a 12-month period. It could be anything, but the ceiling is usually between R250 000 and R400 000. After this, you could be required to make a 20% co-payment, or pay for it yourself, which could amount to a substantial amount of money. You can be required to go to a network specialist specified by the scheme. Find out if you need to be hospitalised before your scheme will pay for this treatment.

In-house agreed tariff

Every scheme has tariffs, according to which they pay doctors and specialists. In other words, if you choose to go to a doctor that charges three times what the scheme's tariffs are, you will be footing two-thirds of the bill. Don't be fooled by the words '100%' in the benefit tables – it is followed by the very im-

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portant phrase 'of the agreed tariffs'. The same goes for in-hospital specialists and hospitals not part of a specific network.

Medical savings account

The medical savings account (MSA) is usually 15% to 20% of your total contributions. It is put into a savings account, from which items such as GP visits and acute medication will be paid. Check to see what benefits are paid from the savings account. It is all added together to reach the total. So a visit to the dentist and a bout of bronchitis could actually wipe out your MSA for the year. Then you go into a self-payment gap (which is self-explanatory), after which above threshold benefits can kick in. Check what, if any, limits there are on these. This is only for people on full medical schemes with day-to-day cover. Hospital plans do not have MSAs. Remember, this money is yours. What you don't use gets carried over to the next year, and if you leave the scheme, unused funds from the MSA will be paid out to you.

Dentistry

In many countries medical schemes do not cover dentistry at all. People have to take out a separate plan to cover dental work. If your dentistry benefits are paid from your MSA, they don't go very far. Also remember that schemes will not pay for anything they see as purely cosmetic – and they are conservative in this regard. If you need several teeth crowned, best you start saving.

MRI and CT scans

MRI's and CT scans can cost thousands. Check to see whether your plan will only pay if you are hospitalised, or whether they will only pay for a certain number of scans per calendar year. Some options cap this benefit on a rand value, such as R2 750. This might not cover the cost.

Chronic medicines

Schemes and hospital plans have to pay for the medication for 27 chronic conditions. Some schemes have medicine formularies, according to which they either cap a rand value on what they will pay for a certain condition, or prescribe which drugs (often generics) they will fund. If you want to take specific brand medicines not listed, you will have to pay the difference yourself.



Network hospitals and specialists

Generally, if you use hospitals and specialists on the network of your scheme, you should have no co-payments. But not every scheme has a network. Contact your scheme before you go for treatment or before you are hospitalised, to make sure that you are not landed with a huge unexpected bill. Use the network hospitals and specialists wherever you can.

Home nursing and frail care

Few options on medical schemes have benefits for this. If they do, it is usually limited for a specified time, or a specified amount. Don't assume these services will be paid for. Most schemes would go under if they had to fund unlimited frail care, so it is understandable.

Elected Caesareans

More and more women are choosing to have Caesarean sections rather than natural births. But it costs more, and schemes are within their rights not to pay for elective Caesareans. It's a different matter if it is a medical emergency, or there is no choice in the matter, but don't assume your scheme will foot the bill if it is your personal choice.

Generally, if you use hospitals and specialists on the network of your scheme, you should have no co-payments.

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Napoleon

Last Wish:

That his head be shaved and the hair divided up amongst his friends.

In a strange twist to the tale, a recent analysis of some of the hair that was kept by his friends, it was discovered that it contained large amounts of arsenic. His symptoms prior to death (vomiting dried blood) is consistent with arsenic poisoning. There is some speculation that the walls of his room contained arsenic (not uncommon at the time) and that it was his environment that killed him, but others believe that he was being slowly poisoned by the English. In fact, due to his stomach cancer, his doctor was also prescribing him another type of poison which contributed to his final demise.

The Will to Live

Most of us spend the greater part of our lives working, and then retire at a pre-determined date or age. During this phase of our lives, we have enough time to plan for, and make adjustments to, our finances, housing, and so on. But, when it comes to that most important planning instrument, the Will, we have very little idea when we are going to need it most.

For this reason it is important that throughout our adult lives, our Wills remain up to date and attuned to our changing circumstances. It is one thing to simply have a *valid* Will; what's really important is an *effective* Will. This article is intended to provide you with tips to ensure you put in place a practical and effective Will.

What is a Will?

A Will is a set of unilateral, written instructions, which dictates precisely what should be done with your assets after your death. It is one of the most important documents you can ever sign. It determines the fate of all your possessions. If you are married and have a family, it is not an exaggeration to say that their futures can be enhanced or impaired by your will.

What is an effective Will?

Practically speaking, your Will should meet not only your wishes but also your heirs' needs. As far as possible, it should:

- be legally binding, valid and practical
- provide your surviving spouse with sufficient income for the rest of his/her life, making due provision for the effect of inflation on the purchasing power of money
- distribute your assets fairly - this does not necessarily mean an exactly equal distribution; on the other hand, a grossly unequal division of your assets could cause ill-feeling amongst your heirs after you are gone
- be planned in such a way as to avoid tax traps, and reduce your heirs' exposure to estate duty and capital gains tax
- enable you to retain control over your own assets until your death, and not put your security at risk, if your spouse should die before you.
- maintain the continuity or success of an existing business or professional practice for as long as is necessary
- not cause delays, nor result in high costs, when the administration of your estate commences
- be simple and easy to understand, and not contain intricacies or ambiguities which could lead to litigation
- above all, always remain up to date.

Plan for the present

When planning your Will, it is essential that you take your present situation into account. What should happen if you die immediately, after signing the document? Don't try to make provision for the distribution of your assets in five or ten years' time. Think in terms of the here and now, of what you know about present circumstances and legislation.

Test the numbers

How can you ensure that your Will does not create problems for your heirs and that it meets all the above requirements? The answer lies in a

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proper, arithmetical analysis of the terms. In this way, you and your spouse can determine the exact net value of each heir's inheritance, the estate expenses involved, how the residue is calculated, what assets it consists of, and how it is to be distributed amongst your heirs. It is imperative that you seek advice from a financial planner to test your Will against an analysis.

Provision for your surviving spouse

If you are married, your first priority is probably to provide adequately for your surviving spouse. Assume that you will die first, and, if you can, set aside sufficient means to maintain your spouse's independence. You may not yet possess sufficient means to make independent provision for your surviving spouse. If not, you should ensure you have sufficient life cover on your life to provide the capital needed. You can nominate your spouse as the beneficiary of your life cover in which case, on your death, the proceeds are paid directly to your spouse and are therefore not frozen with your other assets until the administration of your estate has been completed. This has the added effect of reducing the overall costs of the process of administration.

Bequests

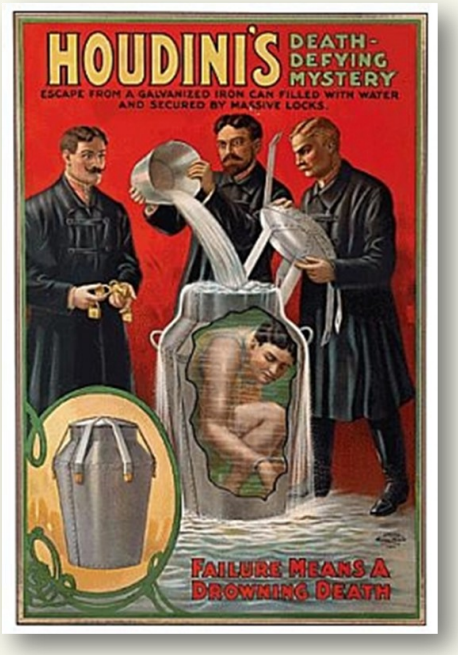
A bequest (or legacy) is an instruction in your Will to award a named person a specific item, asset or sum of money. Bequests rank ahead of the award of the leftover bulk of an estate, called "the residue". The persons left the residue of an estate are called the "heirs". It may be prudent to make regular adjustments to the size of cash bequests because their "real" value is constantly being eroded inflation. Alternatively, you can add an escalation clause, which provides that the bequest will automatically increase by a named percentage per year as from the date of execution of the Will.

Minors, trusts, and guardians

If you have minor children, to whom the bulk of your estate is likely to pass (either because you have made sufficient provision for your spouse, or for some other reason, such as the simultaneous death of you and your spouse), it is advisable to create a will, or "testamentary" trust for the children. The main purpose of this type of trust is to ensure that responsible people (your spouse, trusted family members or friends, and/or professionals such as your attorney or accountant) invest and administer the trust assets until the children are old and mature enough to take care of their own finances (twenty-five is a commonly stipulated age). Where your children are still minors (under 18 years) you should appoint a guardian to look after their personal needs in case you and your spouse die simultaneously, or shortly after one another. Choose as guardian someone who would be well-suited to the task. In other words, a close relative or friend who shares your values and principles, attitudes to life, and who belongs more or less to the same age group and economic standing in the community as yourself. Even though he or she can never replace you, the guardian may be called upon to act in your place as substitute parent to your beloved children. And remember, guardianship can be an onerous task - don't expect the guardian to bear the financial burden of your children's upbringing, and do obtain his or her consent before you nominate the guardian in your Will.

Business continuity

If you have a business or professional practice, you should, as far as possible, take into account the continuity of the concern when planning your Will. This is particularly important to your business partners or other interested parties, such as fellow shareholders or members of the firm, because it can help to ensure smooth suc-



Harry Houdini

Last Wish:

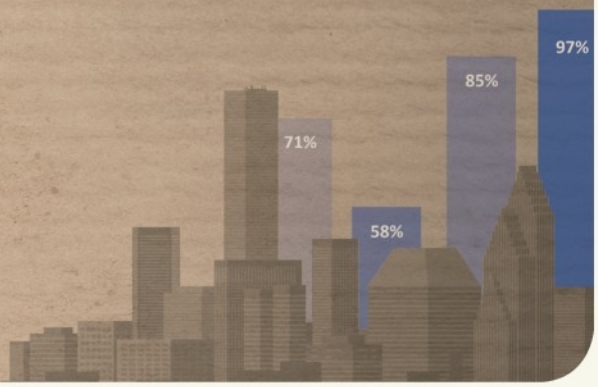
That his wife hold an annual seance so he could reveal himself to her.

Houdini in his later life became very interested in spiritualism and seances because of the great loss he felt upon the death of his mother. After a number of years trying to communicate with her through spiritualists, he gave up – deciding the whole thing was bunkum. In order to prove it, Houdini left his wife a secret note with 10 randomly selected words that he would communicate to her after his death. For 10 years his wife held a seance on Halloween; Houdini never turned up.

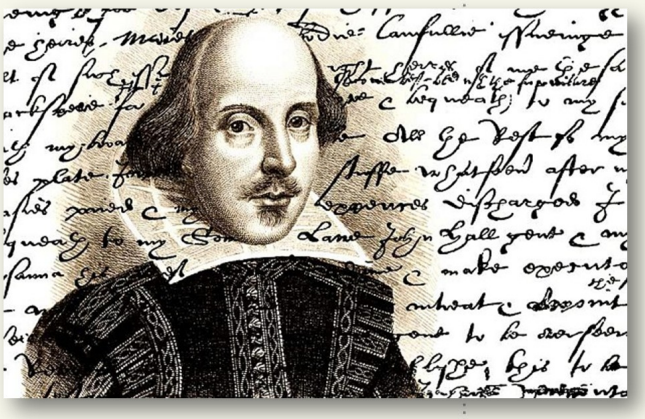
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Shakespeare

Last Wish:

That his wife receive his "second best bed".

This last request of Shakespeare has caused much speculation about his relationship with his wife Anne Hathaway. Not only was it an unusual request, it was tacked on to the document as if it were an afterthought. Leaving a bed to someone was not itself an unusual thing at the time – as a good quality bed with no fleas or vermin was a highly prized – and very expensive – thing. Adding further to the debate was the epitaph that Shakespeare left on his grave: "Blest be the man that spares these stones, / And cursed by he that moves my bones." While some say Shakespeare meant it to frighten grave robbers, the wording was taken so seriously that when his wife died 7 years later, they would not allow her body to be placed with his.

cession, or at the least, transition, if you unexpectedly die.

Business owners are advised to conclude a "buy-and-sell" agreement in terms of which the surviving parties are obliged to acquire a deceased party's business interests from his or her estate at a predetermined price, on previously agreed conditions, and thus continue with the business.

Keep it simple

Ensure your Will is short, clear and unambiguous. Unnecessary repetitions, wordiness and ambiguity should be avoided. A bequest worded as follows: "To my son and daughters in equal shares..." can be interpreted in two ways - either your son is to receive half the assets and each of your two daughters, one quarter, or else each of the three children receives a one-third share of the assets. Be specific in the wording of your will. Neither should your will be written in complicated legalese; it should be written in such simple language that the proverbial "man in the street" will have no difficulty understanding.

Ruling from the grave

Do not place too many restrictions and conditions in your Will and in this way try to "rule from the grave". You cannot impose a so-called "nude prohibition" on a beneficiary. A typical example of this would be a bequest, say, of your beach cottage to your daughter "on condition that she shall not sell it." To round off this clause, and make it binding, you must stipulate what is to happen if she tries to breach your prohibition. Perhaps all you wanted to ensure was that your property would remain in the family for your grandchildren's benefit? Why not provide that your daughter may not dispose of the cottage, but, on the contrary, when she dies, it must pass to her children? Better still, leave the cottage to your trustees, with instructions as to the ultimate disposal of the capital.

Obtain expert advice

Planning and drawing up a Will is a specialised matter which can have far-reaching financial and tax implications in the long run for both your estate and your family. It is therefore in your and your family's interests to obtain the advice of experts in the field when you plan your Will and then draft it. Pro forma documents are a recipe for disaster. Although your Will represents your wishes, it won't impact you at all but rather the people you hold dearest to you. Let your adviser be guided by your wishes as far as possible, but remember that the best results are usually obtained after thorough planning with your advisors.

Update your will regularly

Since your personal circumstances, the value of your assets and liabilities, and legislation affecting your Will, all change continuously, it is essential that you revise your will regularly, and, if necessary, bring it up to date. You should maintain close contact with your financial adviser and the person who advises you on the planning of your Will. At any time when your circumstances change, ask them how this may affect your estate, and whether or not to effect changes to the document.

Keep your Will in a safe place

Keep your Will and other important papers such as title deeds, policy documents, investment statements in a secure place to which only your close family have easy access. Try keeping a specific file for this purpose. If possible, lock the file away in a safe. Keeping a systematic file of important papers saves your family and executors endless trouble, time and money after your death.

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