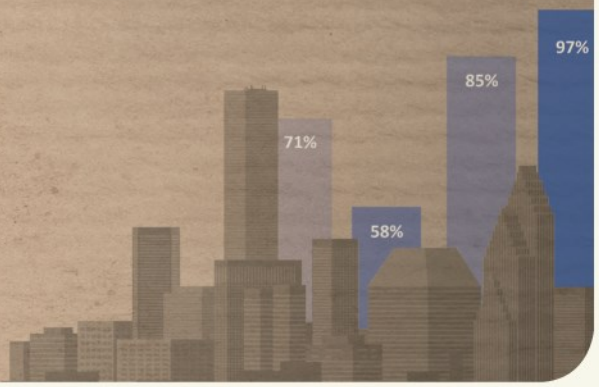
Mark Wenning's

FINANCIAL INFORMER



Quarter 3 / 2016



Mark Wenning
Certified Financial Planner®

office: Shop 4, First Floor, Nedbank, Westville Mall, 35 Buckingham Terrace, 3630
postal: P O Box 1985, Westville, 3610
email: markw@nfp.nedbank.co.za
phone: 031 203 9634
mobile: 082 900 0332
fax: 086 606 4343
web: www.markwenning.co.za
assist: Janet Rackham, janetr@nfp.nedbank.co.za
assist: René Sturrock, renes@nfp.nedbank.co.za

Invest in yourself

For many South Africans our weak currency means a trip to Parys instead of Paris. While it is true that a cappuccino on St Marks Square in Venice will cost you more than R100, this is not true of everywhere. Combine carefully selected destinations with several smart traveller tips and you may enjoy an adventure that far exceeds your expectations at considerably less than you imagine.

Travel is without doubt one of the great adventures that life has to offer. Exotic locations, fascinating cultures, smells, food and music all add up to an experience that would be sadly missed just because it may cost too much. But it doesn't have to. Follow these tips and you could possibly have a richer experience than you ever anticipated!

Destination (un)known

Choosing your destination(s) will take a bit more creativity and forethought than it may have when our Rand counted for more than on the verge of "junk" status. Of course London, Paris and Rome are at the top of the list when it comes to destinations; however, they will be prohibitively expensive to visit right now. If these have already been ticked off your bucket list then you are lucky. However, the world is a big place and there is a lot to see. So where can we go with the Rand?

Possibly at the top of the list for affordable destinations are Croatia and Vietnam. Croatia is exquisitely beautiful, friendly, as organised as Germany and still affordable on the Rand and the *Price of Travel Index* (priceoftravel.com), ranking 31 Asian cities by price, confirms what many travellers have known for a while – Vietnam's cities are tops for budget options. Both Ho Chi Minh City and Hanoi (third and second in the list respectively) are in that most magical of price brackets for the budget traveller: R304 (US$20) per day or less for food, lodging and sights.

The list does not end there. For the adventurous there are places like Montenegro, Thailand, Estonia, Bosnia and Hercegovina and Costa Rica all of which are culturally interesting, beautiful, safe (other than maybe Bosnia and Hercegovina which may require a bit more of an adventurous spirit) and affordable.

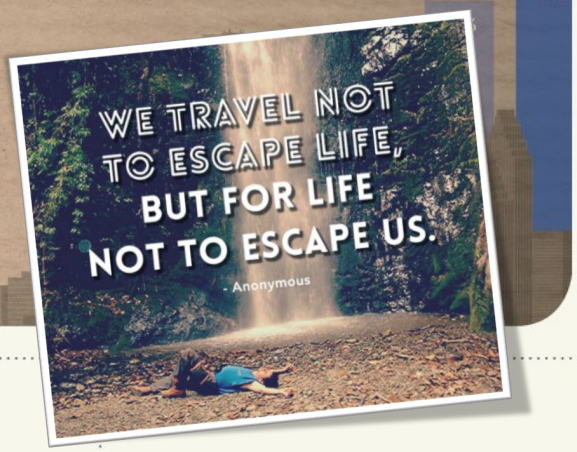
Taking flight

Modern travel is like playing the stock market…things change on a day-to-day (sometimes hourly) basis. The internet has also played a role in revolutionising tourism and an internet savvy traveler can save a fortune just by working smartly with technology. Thus, conventional travel wisdom is all but out the window.

Our parents used to book flights well in advance (sometimes by a year) in order to get the best prices. That is no longer wise advice. In fact, so buoyant is the flight market that current advice says you should check up to 4 times a day! Howev-

Disclaimer: Neither the publisher hereof nor your financial adviser can guarantee the accuracy of the content of this communication, which is provided for general information purposes only- no part of it constitutes financial advice for purpose of the Financial Advisory and Intermediary Service Act. You should discuss matters with your financial adviser before making any decisions. Neither the publisher nor your financial adviser accept responsibility for any direct or indirect loss or damage you may suffer as a result of using or relying on any information in this newsletter.

FINANCIAL INFORMER



Quarter 3 / 2016

er, as a general rule of thumb it is now better to wait until (according to Conde Naste magazine) approximately 57 days before you want to depart and then start searching in earnest for the best flight deal. In May 2016, using this method, could get you a flight from Cape Town to Venice, departing in June/July, for R6500 return. Using sites like cheapflights.co.za or going directly to the website of a favoured airline is the easiest and most convenient way of booking your flights.

Getting around

There are so many ways…planes, trains and cars. It all boils down to how much freedom of movement you wish to have. It also varies dramatically in terms of cost. Probably the most independent means has to be renting a car. This does not have to be as expensive as it sounds. First of all, use everything you have now learnt about booking a flight and apply it to renting a car! There are websites like rentalcars.com or autoeurope.com that you can surf your way to and start exploring your options. There are a number of tricks (or hacks as they have become known) that you can use to get the best deal. For instance, it is sometimes much cheaper to rent from a downtown office or nearby town than from the international airport at which you land. Invariably there will be bus services to these depots from the airport and if you are renting for a lengthy period it may well be worth taking the trouble to get there. Doing a little bit of homework can save you thousands. A South African who recently travelled around Europe for 3 months rented a station wagon for R21 000, bought a double bed mattress, a comfy duvet and pillows and travelled throughout Europe staying at excellent and spotlessly clean campsites. The adventure of a lifetime for about R50 000!

There are many ways to get around cheaply while travelling. Just a bit of forethought and the use of budget airlines and fantastic travel bargains like the Eurail pass (eurail.com) are ways of getting around without breaking the bank.

Cruises are another way to have an adventure for relatively little. Gone are the days when cruises were the domain of the newly wed and nearly dead. In fact, many young families have realised the saving potential of a cruise. Anyone with a teenager(s) will know how much they can eat. This is where things become expensive for a family holiday on the Euro. Eating out is prohibitively expensive and add a teenager or two to that mix and you will have a serious case of credit card wobble on your hands! Cruises solve this problem with all-inclusive rates that include 24 hour restaurants with an all you can eat buffet. A cruise will also eliminate the costs of petrol, toll gates and hotel rooms. When you add it all up, the fact that you can get 12 day Mediterranean cruises for as little as $899 per person makes a lot of sense. That's R 1107 per day for all accommodation, entertainment, food and travel to exotic places.

Pillow talk

Accommodation is an interesting topic because this is where South Africa is on a par, if not more expensive, than many foreign destinations. Obviously a hotel in the middle of Paris or one of Europe's major cities is going to be absurdly expensive but, then again, try and find an hotel room in Cape Town during high season and you will be lucky to come away with anything less than R1500 a night. Believe it or not, if you are handy with technology, the use of hotel booking sites like booking.com or airbnb.com can yield surprising results! Booking.com, for instance, has "Secret Deals" that will often result in you spending a night or two in a luxury boutique hotel for as little as R500 per person sharing.

Culinary delights

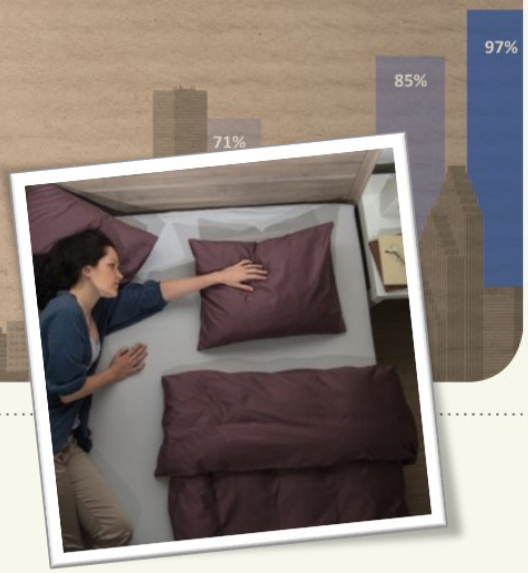
Eating out in Europe, but not in Asia, is generally very expensive. There are places like Croatia and Montenegro where a beer and a meal will cost you no more than the same in Cape Town. The opposite is true of Asian countries like Vietnam and Thailand where eating out can be downright cheap.

Many South Africans travelling Europe have taken to buying snacks from local supermarkets and scoffing down their grub alongside the homeless on park benches! Whilst this is undoubtedly a cheaper alternative the same may be achieved with one of those picnic rucksacks. It costs the same but the experience of having a picnic on the lawn with a view of the Eiffel Tower is so much more palatable than the bench alternative.

"Stuff your eyes with wonder, live as if you'd drop dead in ten seconds. See the world. It's more fantastic than any dream made or paid for in factories." - Ray Bradbury

Disclaimer: Neither the publisher hereof nor your financial adviser can guarantee the accuracy of the content of this communication, which is provided for general information purposes only- no part of it constitutes financial advice for purpose of the Financial Advisory and Intermediary Service Act. You should discuss matters with your financial adviser before making any decisions. Neither the publisher nor your financial adviser accept responsibility for any direct or indirect loss or damage you may suffer as a result of using or relying on any information in this newsletter.

FINANCIAL INFORMER



Quarter 3 / 2016



Everything you need to know about the EU

The recent result of the "Brexit" referendum, in which the voters of the United Kingdom voted to leave the European Union, has piqued the interest of many in finding out more about this institution. Here are ten things to know about the EU:

The European Union (EU) is a political and economic union of 28 member states that are located in Europe. Each of the countries within the EU is independent but they agree to trade under the treaty agreements made between the nations.

The EU operates a single market which allows free movement of goods, capital, services and people between member states. Countries join the union by becoming party to the founding treaties, and in doing so they subject themselves to the obligations of EU membership. Joining the EU thus entails a partial delegation of the member country's sovereignty to the EU institutions in return for representation within those institutions.

As of January 2015 the population of the EU was estimated at about 508 million people, which if considered as one single country would have placed it third highest after China and India.

In April 2016 the International Monetary Fund estimated the economy of the EU to have generated an annual Gross Domestic Product of around US$17 trillion, which if treated as a single country would have made it the second largest economy in the world, only marginally behind that of the USA.

The forerunner of the EU, known as the European Economic Community (EEC), was established as a customs union in 1957 when Belgium, France, Italy, Luxembourg, the Netherlands and West

(Continued on page 4)

The Broken Chain

The loss of a spouse is a difficult and painful adjustment for anyone to make. There is the sense of loss, the uncertainty of the future and the emotional ties that took time to forge that now seem to mean so little. As difficult as this is to consider, it is nevertheless something all married couples should plan for as these details will be the last thing a surviving spouse will have the energy for if the worst were to come about. Use this guide to plan and give you peace of mind that you have done the best for your other half.

A married couple's financial planning should factor in the possibility of the death of one partner, and look to address the adverse financial implications for the survivor, and any children.

Cover against the loss of the "stay-at-home" spouse

Usually where only one spouse earns an income (or earns the bulk of the family income) while the other takes greater responsibility for the raising of children, couples will easily understand the benefit of insuring the primary income-earner against death, disability or dread disease.

However, the loss of the spouse who is raising the children will also have an adverse financial impact on the surviving spouse and minor children. The loss of a stay-at-home spouse (whether through death, disability or dread disease) could result in the other spouse having to either cut back substantially on his or her working hours, could possibly require a career change, or the hiring of a full-time childminder.

In any of these scenarios, assurance cover on the "stay-at-home" spouse is a prudent if not vital aspect of the family's financial planning.

Liquidity for settlement of bonds and other debts

Banks often request the primary income-earning spouse to provide life cover on his or her life for the family's mortgage bond. However, it would be prudent to also have cover in place on the life of the other spouse in order to ensure the earliest possible settlement of this debt. Cover should also be taken out to ensure adequate funds are available to settle any overdrafts, credit cards balances and accounts in the name of the spouse.

Liquidity for costs of winding up a spouse's estate

Many married couples leave their respective estates to one another on death and thus ensure that no estate duty (or capital gains tax) is payable on death of the first-dying spouse. However, the need for liquid-

Disclaimer: Neither the publisher hereof nor your financial adviser can guarantee the accuracy of the content of this communication, which is provided for general information purposes only- no part of it constitutes financial advice for purpose of the Financial Advisory and Intermediary Service Act. You should discuss matters with your financial adviser before making any decisions. Neither the publisher nor your financial adviser accept responsibility for any direct or indirect loss or damage you may suffer as a result of using or relying on any information in this newsletter.



Quarter 3 / 2016

ity to cater for other costs of winding up the first-dying spouse's estate is often overlooked, especially in the case of the potential death of a spouse who is not the principal income-earner. These costs include executor's fees (calculated at 3.5% plus VAT on the gross value of the assets in the deceased estate), funeral expenses, and Master's fees. Add the legal (conveyancing) fees required to transfer an immovable property into the survivor's name and a substantial amount of money may be needed despite the fact that the deceased's estate has "simply" been left to a spouse.

The deceased spouse's estate might not have cash readily available to meet these expenses, requiring the survivor to make an immediate cash contribution or face the enforced sale of the family home or liquidation of investments or other assets!

Provision of bequests for children

Married couples, in their testamentary planning, often simply leave their estates to one another in the event of either of their deaths. For couples with children, this strategy has certain potential shortcomings in that the surviving spouse may remarry and on his or her subsequent death leave the family's assets to a new spouse, or otherwise lose the inherited estate to ill-fortune or poor business dealings.

To protect against this eventuality, a married person, while leaving his or her estate to a surviving spouse, may wish to consider at the same time leaving cash bequests to minor (or adult) children using a life policy to fund these bequests. The use of testamentary trusts to protect minor children's bequests should be considered or else an executor may be required to pay these over to the Guardian's Fund administered by the Master of the High Court.

Provision for maintenance of extended family members.

Many people find themselves marrying for a second time, having had children from a previous marriage. This not uncommon situation often requires some careful financial planning.

Take the case where a wife has remarried and her children from her previous marriage live together with her and her new husband. The planning for her potential death (or disability or contracting a dread disease), in terms of deciding with whom her children will stay in such event, and the provision for their financial future, requires thought. Even where she is not the primary income-earner, a life policy on her life structured to provide funds for her children would be a wise investment.

The case of aged parents should also be considered. Often retired parents live with their adult children, and one could find that after the death of a spouse, one "inherits" the in-laws (or is faced with the unpleasant task of extricating oneself from the moral responsibility of providing for them).

A life policy on a spouse's life aimed at providing funds for dependent parents could ensure that this difficult and emotionally charged situation does not materialise.

Germany signed the Treaty of Rome. In 1973, the EEC enlarged to include Denmark, Ireland and the United Kingdom. Norway had negotiated to join at the same time, but Norwegian voters rejected membership in a referendum.
The European Union was established under its current name in 1993 following the Maastricht Treaty.

To become an EU member, a country must meet the "Copenhagen criteria", defined at a meeting in Copenhagen in 1993. These require a stable democracy that respects human rights and the rule of law; a functioning market economy; and the acceptance of the obligations of membership, including EU law. Abolition of the death penalty is a condition for EU membership.

The creation of a European single currency became an official objective of the EEC from 1969. In 2002, the Euro currency was fully put into place, when euro notes and coins were issued and national currencies began to be phased out in the "eurozone", which by then consisted of 12 member states. The eurozone (constituted by the EU member states which have adopted the euro) has since grown to 19 countries. Since its launch the euro has become the second reserve currency in the world with a quarter of foreign exchange reserves being in euro.

The EU makes its own laws. The Council of the European Union forms one half of the EU's legislature. It consists of a government minister from each member state. The European Parliament forms the other half of the EU's legislature. 751 Members of the European Parliament (MEPs) are directly elected by EU citizens every five years on the basis of proportional representation. The courts of member states are required to enforce the EU treaties and any laws enacted under them, even if doing so requires them to ignore conflicting member state national law.

In 1986, the European flag began to be used by the EEC. The EU also has an official anthem which comes from Schiller's Ode to Joy set to Beethoven's Ninth Symphony. According to the EU website, the anthem "*symbolises not only the European Union but also Europe in a wider sense*" because the poem Ode to Joy "*expresses the idealistic vision of the human race becoming brothers*".

The UK will become the first member state to leave the EU, if it follows the formal withdrawal processes required to exit. No member state has yet left the EU although Greenland (an autonomous province of Denmark) withdrew in 1985 following a fishing rights dispute.

Disclaimer: Neither the publisher hereof nor your financial adviser can guarantee the accuracy of the content of this communication, which is provided for general information purposes only- no part of it constitutes financial advice for purpose of the Financial Advisory and Intermediary Service Act. You should discuss matters with your financial adviser before making any decisions. Neither the publisher nor your financial adviser accept responsibility for any direct or indirect loss or damage you may suffer as a result of using or relying on any information in this newsletter.