

# **Medical Aid and Retirement Fund Options**

Kevin Yeh, CFP®

Daberistic Financial Services

Creating Financial Security, Prosperity and Wealth

[www.daberistic.com](http://www.daberistic.com)



# Agenda

- About Daberistic
- About Kevin Yeh
- Medical aid options
- Supplementary health insurance product
- Retirement fund options
- Our services

# Daberistic Financial Services

- Authorised financial services provider, FSP # 25477
- “One-stop shop” offering
  - Wealth management
  - Retirement fund
  - Business insurance
  - Life insurance
  - Medical aid
  - Car and household insurance
- Level 4 BBBEE Contributor

# Daberistic Accountants & Auditors

- Partners are CA(SA), Registered Auditor
- Accounting
- Taxation – tax returns
- Secretarial services – company registrations
- Assurance – statutory auditing, internal auditing

# About Kevin Yeh

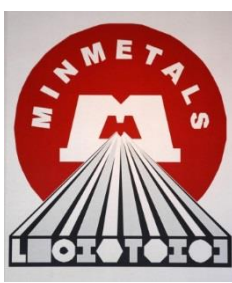
- Key Individual and Director of Daberistic Financial Services
- CERTIFIED FINANCIAL PLANNER® with actuarial qualifications
- 18 years of experience in the financial services sector ranging from healthcare, employee benefits, retirement funds, life insurance, investments, financial planning and operational management.
- Personal finance columnist for Chinese newspapers
- Chairman Johannesburg Taiwanese Chamber of Commerce

# Some of our product providers





# Our clients



# MEDICAL AID OPTIONS



# Our healthcare consulting services

- Independent research and advice
- Comparative quotes
- Arrange presentations by providers
- Implement medical aid solution
- Ongoing advice and service
  - Dedicated internal consultant
  - New services and products
  - Billing queries
  - Member admin and claim queries
  - Annual wellness day
  - Annual medical aid review presentation



# Medical aid product providers



# What to consider when selecting a medical aid

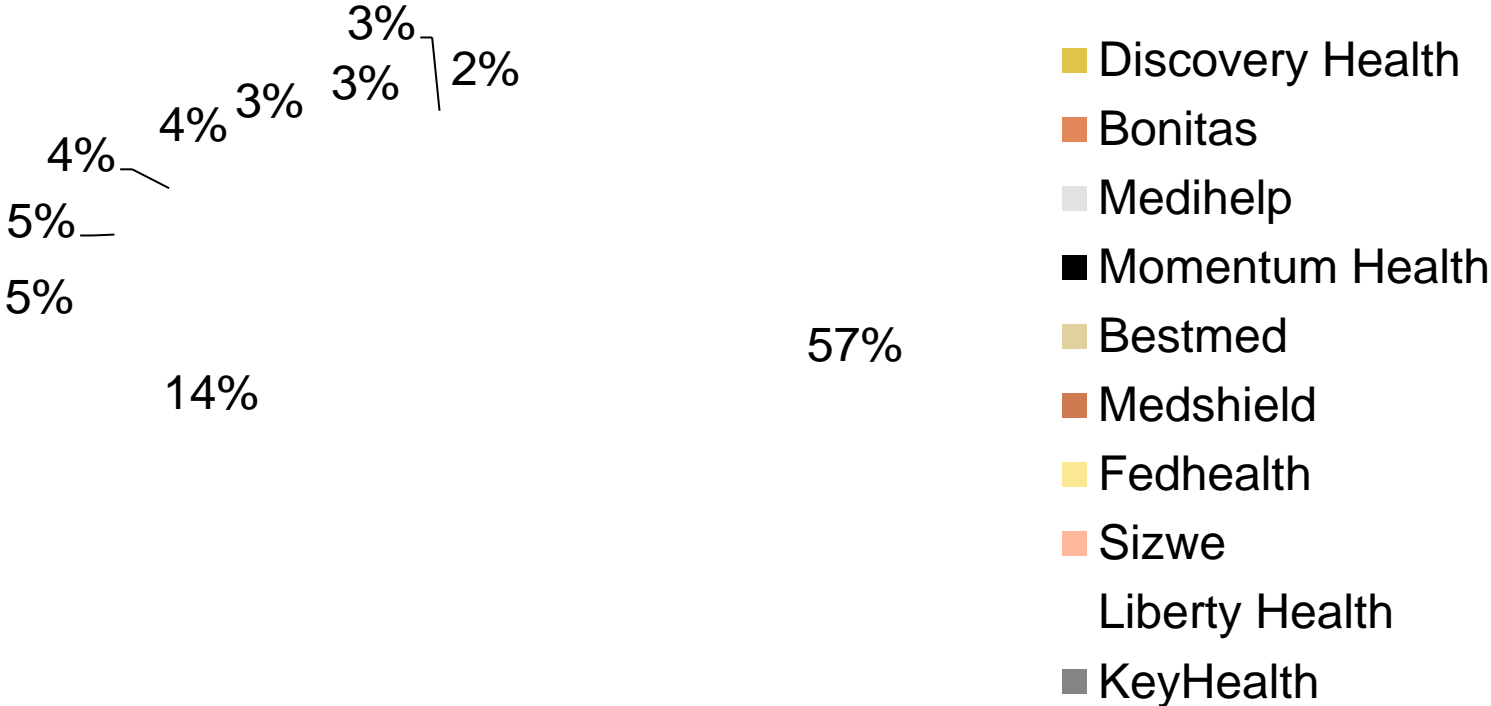
- Financials – solvency ratio, underwriting result, operating surplus, expense ratio
- Demographics – number of beneficiaries, pensioner ratio, growing membership
- Premium increase history
- Benefit options
- Service – claims, queries
- Wellness and loyalty program

# Medical schemes comparison

Medical Scheme	Number of beneficiaries	Solvency ratio
Discovery Health	2 564 313	24.3%
Bonitas	650 600	33.3%
Medihelp	220 710	30.4%
Momentum Health	212 378	31.0%
Bestmed	185 750	29.2%
Medshield	171 650	52.2%
Fedhealth	147 538	40.2%
Sizwe	135 417	33.9%
Liberty Health	118 281	24.4%
KeyHealth	76 738	29.5%

# Medical schemes comparison

## Number of beneficiaries



Source: Council for Medical Schemes, 2013



# Supplementary health insurance product

- Gap cover
  - Short-term insurance product
  - Covers shortfall of in-hospital specialists fees
  - Covers co-payments for procedures and hospitalisation
  - Has 3-month waiting period and exclusions
  - Can reduce healthcare costs
- Recommended provider: Sirago

# RETIREMENT FUND OPTIONS

# Our retirement fund consulting services

- Independent research and advice
- Comparative quotes
- Arrange presentations by providers
- Implement retirement fund solution
  - Group presentations
  - Individual face to face financial planning sessions



# Our retirement fund consulting services

- Ongoing advice and service
  - Dedicated internal consultant
  - New services and products
  - Member admin and claim queries
  - Annual member benefit statements
  - Annual members' presentation
  - Voluntary individual member financial planning reviews
  - Review of product providers as necessary

# Retirement fund providers



**momentum**

insurance | investment | retirement | health



# What to consider

- Benefits
- Member investment choice
- Costs
- Online administration and functionality
- Member communication
- National Social Security Reform – restricts withdrawal on change of jobs, restricts lump sum payment to 1/3 on retirement

# Options

1. Provident Fund with risk benefits
2. Pension Fund with risk benefits
3. Group Risk Benefits and Group Retirement Annuity

Most employer groups join an umbrella fund for lower cost, admin and fiduciary duties

General contribution rate: Employer 5% - 12.5%, employee 5% - 7.5% of salary

# Group risk benefits

- Typical benefit structure
  - Death benefit: 4 times annual salary
  - Income continuation benefit: 75% of salary
  - Severe Illness benefit: 1 times annual salary
  - Funeral benefit
  - Optional: lump sum disability benefit, child education protector, medical aid contribution waiver
  - Benefits can be upgraded

# Retirement fund comparison – prior to 1 March 2016

	Pension Fund	Group Retirement Annuity	Provident Fund
Employer contribution	In practice up to 20% if justifiable	Up to 15% of taxable income	In practice up to 20% if justifiable
Employee contribution	7.5%		Not tax deductible
On resignation	Can withdraw or transfer	Cannot withdraw, can transfer to individual RA	Can withdraw or transfer
On retirement	Up to 1/3 paid out as lump sum, balance as annuity	Up to 1/3 paid out as lump sum, balanced as annuity	<b>Currently</b> Can have full amount paid out as lump sum

# Retirement fund comparison – from 1 March 2016

	Pension Fund	Group Retirement Annuity	Provident Fund
Employer contribution	Up to 27.5% of taxable income, tax-deductible in the hands of employee		
Employee contribution			
On resignation	Can withdraw or transfer	Cannot withdraw, can transfer to individual RA	Can withdraw or transfer
On retirement	All new contributions and growth from 1 March 2016: Up to 1/3 paid out as lump sum, balance as annuity		

# **Medical Aid and Retirement Fund Options**

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