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Greener grass on the other side

Many South Africans who have the means or the right to citizenship are considering or have already retired overseas. Unfortunately crime, loadshedding and dysfunctional municipalities are a SA reality. However, is the grass really greener on the other side? Well, yes and no. There are subtleties and realities about being a stranger in a strange land that may make you rethink.

The easy answer to this question is yes. On paper, there are places in Europe, the US and South East Asia where the crime rate is very low, society is organised, social services work efficiently and the landscape is beautiful. You go on a two week holiday and you are seduced by how idyllic life seems to be in those wonderful lands.

So much so that you pack and sell up in SA and move to Nirvana. There is a brief honeymoon period where the sights and sounds of this mysterious new land entrances you. Some time later you might notice that the locals aren't as friendly as the wonderful staff at your hotel had been, that your fellow townsfolk in your quaint village can't, or refuse to speak English (and why should they) and that the practicalities of life like buying a car or insurance are fraught with obstacles you had never considered.

Possibly one of the greatest obstacles, few South Africans consider before moving, is the loss of "freedom" they will have to deal with. It is not true that South Africans enjoy more freedoms than the citizens of first world countries. No, we live in a dysfunctional state where we can get away with almost anything or at least make a plan to get past it. A rude awakening for many South Africans who find themselves in a first world country is the overwhelming feeling of being policed and admonished constantly.

Living on an idyllic tropical island like Mauritius sounds like a dream come true. But is it? The challenges are the same across the globe. Whether you decide to retire in Greece, Portugal, Australia or any other foreign country, the challenges are universal.

Many South African families are now split between two or more countries. Many people close to retirement are considering Mauritius, Portugal and many other countries that offer golden visas and other incentives to entice them to take their hard-earned cash to their shores. So how are these people faring?

Considering the depreciating trend of the rand against all developed countries' fiat currencies, it stands to reason that to afford a retirement overseas one needs to accumulate substantial wealth, especially where the conversion ratio is greater than 10:1 and where property ownership and rentals are expensive.

It should be pointed out that we must be

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very careful when we research something like happiness in retirement. Most of the research and data available originates from the United States, where people seem more content and happier in retirement than in SA. The reason for this is that the US, like some other developed countries, provides a social security grant. In basic terms, this is a government-sponsored retirement scheme.

In the US, as a citizen, you have the choice to start receiving income from government from age 60 or you can wait until 65 and receive a higher monthly income. In many cases, this social grant provides a larger part of many individuals' retirement income. In SA, we are responsible for our own retirement fund accumulation, and as we know, this is a mammoth task and can easily go astray. This in itself places South Africans at a disadvantage and raises stress levels and negative connotations towards retirement.

Many South Africans fear the prospect of financial hardship in retirement, some without reason. South Africans do experience more stress close to and in retirement compared to Americans and Europeans for the mentioned reasons. Take the statistical data found on the web with a pinch of salt. The data is not linked to South African realities, and it most certainly does not mean that the statistical data will apply to you as a South African if you move to another country, including America, because you will not qualify for the social grants applicable to those countries. This means that to lead the same quality of life, you will need more capital than those residents who do receive grants. This in itself is a stressor.

Apart from money, loneliness and boredom can make retirement very difficult, even on a tropical island. What are the challenges that one faces in a foreign country? (More than in your own country.)

Community. We are pack animals, and we need to belong. Considering the different cultures and habits of other populations, "belonging" does not come naturally. Very few communities welcome foreigners with open arms. That is why we find ex-South Africans congregate in certain areas of countries like Melbourne and Sydney in Australia and the North of Mauritius.

Language. Although the official language in Mauritius is English, the locals still favour French and Creole. The same applies to Europe where Italian, French, Spanish and German dominate. Many European countries are quite hostile towards English-speaking individuals. You might pride yourself on having a basic knowledge of the language to help you navigate the supermarket or coffee shop but will it help you talking to an unsympathetic call centre agent at the insurance company?

Getting involved. Identifying community projects and getting involved is not as easy as it seems. The language barriers in these areas are even greater. People are happy to accept your money but less so to receive your physical help. This leads to a feeling of being used.

Law & order. Not all countries have the

(Continued on page 3)

Before & After

There are two bits of advice, one before and the other after leaving, that all people considering a move overseas should contemplate:

Before leaving permanently, try and spend as much time as possible living as a local dealing with day-to-day issues in your chosen country. Go to the bank or (even worse) telephone an insurance call centre and try and understand how to navigate technical issues in a foreign language. Fortunately some things are a lot easier these days thanks to Google Translate and that many internet browsers are now capable of translating websites into English.

After making the big move give yourself more time than you think to settle in. There's always more red tape than you imagine. You'll need to spend time doing the little things like buying kitchen utensils as well as the bigger jobs like opening bank accounts.

Remember that things are often done very differently in other countries. Some things that in SA merely required filling in an online form might involve collecting multiple stamped documents. It can take months, not weeks, to begin to feel like you're on top of things. Don't expect to feel truly settled for 6-9 months.

freedom of movement, religion and speech as SA. Many countries abide by religious laws, but not all South Africans are accustomed to these restrictions. South Africans often run into the law in Australia (which is probably the closest to SA) because of smoking, littering, speeding and general conduct. We have all heard South African expats complaining about the nanny state they find themselves in. It is real and terribly frustrating.

Family. The freedom to just hop in your car and take a drive to family or pick up the phone and speak with them without the challenge of different time zones is priceless.

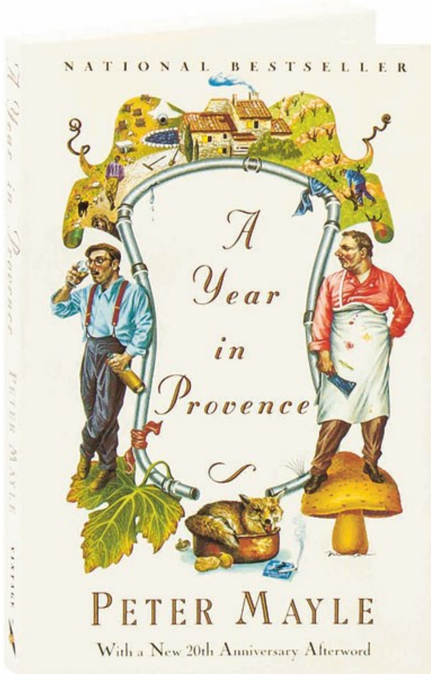
Some of the above factors contribute to the fact that over the past five years, almost 400 000 individuals have returned to South Africa. While there is a growing trend for more and more South Africans to leave SA, and it is understandable why, one should just make sure of where you are going. The grass is not always greener on the other side. With the influx of foreigners and fugitives to various countries, including Europe and the US, their dynamics are changing with more homeless people and rising crime rates.

For an increasing amount of South Africans the Western Cape is special and one of the best destinations in the world as far as quality of life, affordability and friendliness are concerned. Perhaps semi-grating to the Western Cape or Southern Cape is a good alternative. Over the past year, almost 150 000 people moved to the Western and Southern Cape from other regions. This is a good indication that South Africans are starting to consider this alternative as opposed to moving across the ocean.

Packing up and moving to foreign shores should not be taken lightly. A good start will be to connect with fellow South Africans who have been in a country you are considering for a while. They often have social or support groups. If they don't have such groups, maybe that can be your first project to start such a group...

There are beautiful, exotic and interesting places to spend your retirement and they should be considered. However, understand that there will be challenges.

The 2021 GameStop short squeeze is just the latest event to inspire a movie, called *Dumb Money.* The film chronicles the wild saga of the squeeze, which rocked the stock market when Redditors drove up the price of what had previously been considered a lost-cause investment and a remnant of a bygone pre-digital download era. Clever, funny, and genuinely thrilling.



A Year in Provence - Peter Mayle

In this witty and warm-hearted account, Peter Mayle tells what it is like to realize a long-cherished dream and actually move into a 200-year-old stone farmhouse in the remote country of the Lubéron with his wife and two large dogs.

He endures January's frosty mistral as it comes howling down the Rhône Valley, discovers the secrets of goat racing through the middle of town, and delights in the glorious regional cuisine.

A Year in Provence transports us into all the earthy pleasures of Provençal life and lets us live vicariously at a tempo governed by seasons, not by days.

Parting ways

The emotional trauma (or elation) of a divorce often leaves both parties dazed and numbed – and in no state of mind to think of estate planning. If you are recently divorced it is important to review your planning, sooner rather than later.

There are a number of hidden dangers which could result in your ex-dearly beloved walking off with not only your house but also your investments, car and life assurance on your death, even if you die many years after your parting of ways.

Grace period

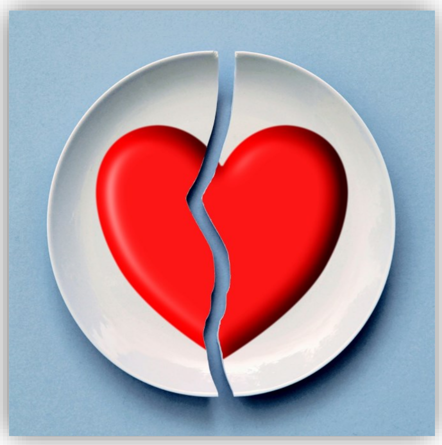
The first danger awaits the divorcee who overlooks reviewing their Will. Our law effectively gives a divorcee a three-month "grace period" from the date of their divorce to get their Will in order. The Wills Act of 1953 deals with the situation where a person leaves a Will executed before their divorce in which their ex-spouse is an heir or beneficiary. It provides that if a divorcee dies within three months of their divorce, his or her ex-spouse, even if nominated in the deceased's Will as an heir or beneficiary shall be disqualified from inheriting. This is unless it appears from the Will that the deceased intended to benefit the ex-spouse notwithstanding their divorce. If the divorcee dies within the three month grace period, the law allows the divorcee's other heirs nominated in the Will, or failing such nomination, then the deceased's "intestate heirs" (i.e. new spouse, children or closest blood relatives) to inherit in the place of the nominated ex-spouse.

But if the death happens more than three months after the divorce, the Will is implemented as it stands, even if this leaves the ex-spouse as the rather fortunate recipient of the estate to the detriment of a new spouse, children and other family members.

An example: Mr Smith (of course this example could equally apply to Mrs Smith) dies five years after a particularly acrimonious divorce. After his death it transpires that he had neglected to revoke his previous Will, executed at the time of his marriage to his ex-wife. In this Will he had done the popular "thing" for newly married couples - leaving his entire estate to his then wife. His family (and in particular any new wife he may have acquired along the way) will be horrified to learn that his ex-wife will inherit everything!

And to add insult to injury, if he has overlooked changing his beneficiary nominations on his life assurance policies, leaving his ex-wife as the appointed beneficiary on those, then she stands to receive his life assurance too!

A failure to review the beneficiary nominations on the divorcee's life assurance policies creates the second hidden danger. The



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Helping Kids Adjust

Adults who experienced divorce during childhood may have more relationship difficulties. Divorce rates are higher for people whose parents were divorced. Parents play a major role in how children adjust to a divorce. Here are some strategies that can reduce the psychological toll divorce has on children:

- Co-Parent Peacefully
- Avoid Putting Kids in the Middle
- Maintain Healthy Relationships
- Use Consistent Discipline
- Monitor Adolescents Closely
- Empower Your Children
- Teach Coping Skills
- Help Kids Feel Safe
- Seek Parent Education
- Get Professional Help

Wills Act does not apply to policies. Here the nominated beneficiary registered with the assurer at the time of death normally has a contractual right to claim payment of the policy proceeds – even if the life assured drops dead on the court steps just having been granted a divorce from that beneficiary. No grace period applies at all.

The answer is of course simple: as soon as your intentions change regarding who is to receive your estate and life assurance proceeds on your death, you must make the necessary changes to your Will and beneficiary nominations. This is probably sound advice whether you are newly eloped, "shacked-up", married, separated or divorced.

The Kids

The next hidden danger catches out divorcees with young children from their ex-spouse. It is created when the divorcee nominates their young child or children as beneficiary of their policies. While this seems logical, the problem is that the assurance company will usually honour your wishes explicitly – possibly too explicitly – by making payment into a bank account opened in the name of the child.

Even if you have been granted custody of your child, it is likely that your ex-spouse remains a co-guardian of the child with you. And there's the danger: as guardian of your minor child after your death, your ex-spouse will have virtually full control over that child's banking account. Your intricately planned and well intentioned testamentary (Will) trust might protect assets such as a house, car and investments left in your Will to your young child. However, life assurance proceeds do not necessarily pay out through your Will. Your financial advisor can assist you to plan your policy beneficiary nominations so that proceeds payable to young children are protected by such a trust.

The Taxman

The final planning danger for the divorcee is that posed not by their "ex", but by someone with whom they will have a relationship with "until death them do part" – the taxman.

Usually in a divorce settlement one of the spouses will be obliged to transfer assets, for example the family home, to the other spouse. Generally our tax laws give divorcing spouses relief from Capital Gains Tax ("CGT") on such transfers in the form of a roll-over i.e. the spouse to whom an asset is disposed of, takes over all aspects of the history of the asset from the transferor spouse. Any CGT liability is deferred to when the spouse who took taking over the asset subsequently disposes of the asset. A transfer of an immovable property from one spouse to another pursuant to a divorce is also exempt from transfer duty.

The above applies where an asset is transferred from one spouse to another: in a situation where the parties agree to sell the asset to a third party and split the proceeds there is no CGT roll-over relief.

The most severe tax implications for divorcees may very well come much later: on the death of a taxpayer, their deceased estate is assessed for "estate duty": the net

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value of the estate (including the value of life policies and group life assurance payable on death) that exceeds an amount of R3.5m is levied with a duty of 20% (plus an extra 5% on any excess over R30m). However, a deferral of the duty is available to married couples – any assets left to a surviving spouse (including a "common law" spouse) are exempted from duty. This generous concession is not extended to the divorcee (unless they have remarried and left assets to a new spouse).

If the deceased was divorced and single at death, the estate duty exemption doesn't apply. The deceased's estate may now become liable for estate duty, reducing the amount available for their heirs. Thus in Mr Smith's example, if he makes the necessary changes to his Will and policy nominations, and dies leaving a R3m estate and a R3m life assurance policy to a trust for his children, his estate will be liable for R500 000 in estate duty [(R3m+R3m)-R3.5m=R2.5m x 20%= R500 000].

It is recommended that anyone going into divorce proceedings should not only seek advice from a divorce lawyer; advice from your financial advisor could be equally important.

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A brief history of marriage in South Africa

Ever wondered how we got to where we are in our contemporary view of marriage and particularly the rights of married women?

1652 Dutch settlers bring Roman-Dutch law of marriage and divorce to the Cape. Upon marriage, spouses estates are combined and are administered by the husband. Upon divorce, estate split equally (unless "guilty" party ordered to forfeit). Antenuptial contracts allowed couples to amend this structure

1935 Age of marriage raised from 14 to 18 years for boys and from 12 to 16 years for girls

1949 Prohibition of Mixed Marriages Act passed—marriage between whites and non-whites outlawed.

1953 The first dent in husband's marital power. Wife married in community of property now protected against alienation of her immovable property by husband. Also allowed control over her own earnings and to open banking accounts unassisted

1970 Marriage age for girls decreased to 15 years (this remains the marriage age for girls in SA today). Minors (under 18s) require their parents' consent to marry. Boys under 18 and girls under 15 also require consent from the Minister of Home Affairs to marry. Also, the requirement of banns and marriage licenses abolished

1979 Main ground of divorce changed from "guilt" to "irretrievable breakdown"

1984 Husband's marital power over wife and joint estate abolished, replaced by "joint administration". Accrual system introduced for marriages out of COP. New laws do not apply to black people

1985 Mixed Marriages Act scrapped. Inter-racial marriages now legal again

1992 Domicile Act allows married woman to acquire her own legal domicile. Previously she automatically acquired domicile of her husband

1993 Husband's legal status as "head of the household" is abolished

1994 Husband's status as sole guardian of a married couple's children removed. Now husband and wife both guardians

2000 Recognition of Customary Marriages Act takes effect recognising and regulating traditional customary marriages

2006 Civil Union Act takes effect, allowing any two people irrespective of their gender or sexual orientation to marry by "civil union". Marriage in terms of the Marriage Act remains limited to heterosexual couples