

business

READERS WRITE

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your
money
your
lifestyle

This week, **Maya Fisher-French** deals with readers' letters asking about wills, buying houses and 'unscrupulous' pawn shops

A reminder to do your homework

We frequently receive emails from people complaining about companies that have taken their money and not delivered their goods or services. When receiving these complaints, we do a simple Google search to see if there have been other complaints about the same company.

In most cases we find many similar complaints, especially on complaint sites such as hellopeter.com.

For example, we are currently looking at a company whose complaints and negative news reports go back as far as 2012.

Unfortunately, trying to get your money back is never a simple matter and prevention is far better than cure. A quick Google search would have been sufficient to warn the individual about dealing with the company in question.

So, before you sign up with a company or service that you may not have heard about, first do some research on the internet.

If a company has many complaints about not paying out or delivering on their services, especially if the company has not responded online to these complaints, these companies should be treated with caution.

WRITE TO US

If you have a financial problem or a personal finance question you need answered, please share your stories with us: personalfinance@citypress.co.za



WHERE CAN I GO TO DRAFT A WILL?

LATELANG WRITES:

One of my New Year resolutions is to get a will drafted, but I am not sure where to go to get one.

CITY PRESS REPLIES:

There are many options in terms of drafting a will. If you have a simple estate, there are many free or inexpensive options. If you have a more complicated estate, or children are involved, it is best to hire the services of a fiduciary expert such as a lawyer or accountant.

Banks often offer free will-drafting services to their clients and there are even free online will-drafting services by legal practitioners.

Remember, however, there are never any "free lunches" and in many of these cases the bank or legal services provider elects itself as the executor of the estate.

The selection of an executor is an important part of your will, as this is the person who will be responsible for executing the wishes of your will when you pass away.

When it comes to selecting your executor, Angélique Visser of Baraza Wealth says you can appoint a family member or other responsible person.

If the value of your estate is below R250 000 when you die, the Master of the High Court will issue a letter of authority and not a letter of executorship.

This means that a very simple process can be followed to administer the estate and a professional will not have to attend to the administration process.

If, however, your estate value is greater than R250 000, then the family member will be required by

the Master of the High Court to be assisted with the administration process by a professional or trust company, as there are many laws to comply with and not everyone is familiar with them.

You can make a recommendation in your will as to which professional to use, although Visser says the death of a family member is not necessarily a good time to be discussing executor and administration fees.

In this case it may be better to appoint a professional who specialises in fiduciary matters - or a trust company - directly in your will and agree on the fees upfront.

Visser says it is highly recommended that you discuss the executor's fees with your appointed executor and agree to a fair fee prior to the will being drafted.

The fee, which must be included in your will, is determined by the complexity and type of assets in the estate, for example, if there are business interests or offshore assets to consider.

It is also a good idea to involve your financial adviser in the process, or at least provide your full financial details to the person drafting your will.

Visser says even if you are using a fiduciary expert to draft your will, they should know what your financial situation is with regards to estate duty and capital gains tax consequences, as well as how certain investment policies will be treated, and be familiar with your marriage contract.

If you are looking for a simple will, Sanlam Trust (sanlam.co.za) is offering an online will-drafting service with a R57 per annum custodian fee to safely house your will. You follow a questionnaire regarding your assets, your children and further details regarding your estate. You can select your own executor or appoint Sanlam Trust.

CAN CASH CRUSADERS SELL MY LAY-BY ITEM?

Nakeli writes:

I placed a lay-by on a plasma TV and entertainment stand at Cash Crusaders in Phuthaditjhaba in the Free State on January 13 this year. I came to the store on January 17 to pay the balance and collect the unit. To my horror and disappointment, the unit was sold. The store manager said the purchase was not captured on their system despite the fact that a "sold" note was attached to the stand. What are my rights as the consumer and what can I do to relieve the heartache this has caused me and my wife?

City Press replies:

The good news is that under the Consumer Protection Act you do have recourse against Cash Crusaders, which could be required to pay out double the amount paid by you as compensation for the breach of contract.

According to Advocate Neville Melville of the Consumer Services and Goods Ombud, you are protected by the act, which states that: If a supplier is unable to deliver [lay-by] goods contemplated in subsection (1) when the consumer has paid the full price for those goods, the supplier must either, at the option of the consumer -

(a) Supply the consumer with an equivalent quantity of goods

that are comparable or superior in description, design and quality; or

(b) Refund to the consumer; or

(i) The money paid by the consumer, with interest in accordance with the Prescribed Rate of Interest Act, 1975 (Act 55 of 1975), if the inability to supply the goods is due to circumstances beyond the supplier's control; or

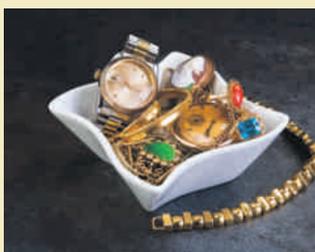
(ii) Double the amount paid by the consumer, as compensation for breach of contract in any circumstances not contemplated in subparagraph (i).

(3) Without limiting the generality of subsection (2)(b)(i), a failure to supply the goods is not "due to circumstances beyond the supplier's control" if the shortage results partially, completely, directly or indirectly from a failure on the part of the supplier to adequately and diligently carry out any ordinary or routine matter pertaining to the supplier's business.

Firstly, you should complain to the manager of the store or the store's customer care department in writing, quoting the act and the recourse you require. If you don't get any joy from them or customer care, you should complain to head office.

If this doesn't work, you can send your complaint to the Consumer Goods and Services Ombud.

You can do this online at cgso.org.za.



Can I afford to buy a larger HOUSE?

Lebo writes:

I bought a house in April 2016 for R630 000, but could qualify for a bond of only R530 000. I paid in the difference myself.

I want to buy a larger house costing R1 million plus and sell the other one. What would the financial implications be? My current instalment is R4 800 per month and I pay R300 extra monthly.

City Press replies:

You should meet with your bank to understand all the implications as there are many costs associated with buying and selling a property.

Assuming very little capital has been paid off on the first house and you sell it for R630 000, you would have R100 000 to put towards a R1 million house.

That would leave you with a monthly mortgage repayment of around R9 000 per month. That is nearly R4 000 more than you are repaying at the moment.

Also keep in mind that it is highly unlikely you will get a full R100 000 out of the sale.

Firstly, there will be agent fees to sell the house. Then, when you buy a house, there are costs such as transfer fees and bond registration fees that can add around 5% to the cost of purchase (R50 000).

Be cautious of taking this step, unless you can make a significant profit.

As a handy property tool, check out the calculators on bond origination company ooba's website: ooba.co.za. The calculator covers bond affordability, as well as transaction costs.



How to invest in shares

Boitumelo writes:

Further to your article on property versus share investing, could you explain how you go about buying shares?

City Press replies:

The article specifically used the average return of the stock market - in other words, taking the return of all the shares on the JSE into account.

Some individual shares may have done better or worse than the average. There is always a risk when you are buying your own shares that your particular shares underperform.

If you are new to investing, a better option would be to simply invest to get the average performance of the market at a low cost. You can do this by investing in an index-tracking fund such as those offered by SatrixNOW (satrixnow.co.za) that offers low-cost tracker funds with no minimum investment.

What you need to keep in mind is that, because the share market is priced in real time, you will see short-term price movements. This can create anxiety if you suddenly feel that your money is worth less than it was week before, for example.

What we don't always appreciate is that property follows a similar price movement - we just don't know because we don't ask someone how much they would buy our property for on a second-by-second basis.

Like property, you need to have a long-term view on investing in the market (at least five years) and not worry about short-term market fluctuations.

For investors who would prefer less of a roller coaster ride, an actively balanced fund that has exposure to other asset classes such as cash and bonds would deliver a smoother return over time. An example would be the Allan Gray Balanced Fund.

You do not have to invest yourself directly into shares to get the returns from the stock market and unless you have a real interest in following shares and learning about companies, it is best to invest via a fund.