
ACTUARIAL REPORT
MAINTENANCE CLAIM AGAINST THE ESTATE OF LATE
XXX
BY YYY

1 INTRODUCTION

We have been instructed by ZZZ to estimate the past and future maintenance due to the above claimant by the estate of late XXX (date of death 8 August 2021).

Figures have been calculated as at 1 September 2023 (the date of calculation). An adjustment to allow for interest should be made if the date of settlement is different to the date of calculation. If the difference is more than 12 months a new calculation is recommended.

2 EXECUTIVE SUMMARY

Maintenance Due		
Past	Future	Total
-R 155 191	R 3 902 780	R 3 747 589

3 INFORMATION PROVIDED

We were provided with the following information:

1. Current expenses, dated 3 August 2023.
2. Provider ABC benefit statement dated 2 July 2023.
3. Valuation of 12 properties and outstanding bond amounts, dated 14 December 2020.

3.1 Personal information

Name	Gender	Relationship	Date of birth	Age at date of death of deceased	Age at date of calculation
XXX	Male	Deceased	06 January 1957	64.6	n/a
YYY	Female	Life Partner	20 August 1965	56.0	58.0

4 COMPLIANCE WITH THE RELEVANT ACT

The **Maintenance of Surviving Spouses Act (number 27 of 1990)** specifies that:

“In the determination of the reasonable maintenance needs of the survivor, the following factors shall be taken into account in addition to any other factor which should be taken into account:

- a) the amount in the estate of the deceased spouse available for distribution to heirs and legatees;*
- b) the existing and expected means, earning capacity, financial needs and obligations of the survivor and the subsistence of the marriage; and*
- c) the standard of living of the survivor during the subsistence of the marriage and his age at the death of the deceased spouse.”*

4.1 Determination of a claim that complies with the act

The act makes provision for the reasonable needs of the dependents of the deceased to maintain their standard of living during the marriage, in as much they cannot provide for those needs themselves. The amount for distribution in the estate places a boundary on the size of the claim. Calculations will differ on a case by case basis, but broadly follows the following method:

- Capitalisation of reasonable future living expenses
- Plus summation of past living expenses that should be provided for by the estate
- Less payments (to be) received by claimants due to death of the deceased (typically insurance and pension payments)
- Less the claimants’ means from which they can reasonably meet their living expenses (including inheritance)
- Less other adjustments deemed appropriate.

4.2 This report’s compliance with the act

This report complies with the Act to the extent that we have been provided with complete and accurate information.

5 MAINTENANCE CALCULATION AND RELEVANT CONSIDERATIONS

5.1 The amount in the estate

We have not been provided with the Liquidation and Distribution account. We were however provided with the valuation of 12 properties and outstanding bond amounts, with a net value of around R13.8m, which is sufficient to cover this claim.

5.2 Capitalised value of past and future living expenses

Annexure A contains a schedule of the past and expected future expenses/costs that was provided to us. For each item, we have shown the applicable inflation rate and the capitalised value. We have adjusted the costs for the time that has elapsed from the date of the relevant source/report.

Source/report	Date	No. of items	Capitalised value		
			Past	Future	Total
Current Expenses	04 August 2023	18	R 433 950	R 4 113 830	R 4 547 780
Total capitalised value			R 433 950	R 4 113 830	R 4 547 780

5.3 Benefits received/due to the claimant due to the death of the deceased

The claimant has received a lump sum pension payout from Provider ABC. The below figure is after tax deductions.

Item	Value
Provider ABC Pension Fund Lump Sum	R 535 911
Total	R 535 911

The claimant has received a pension of R2 354 per month (2023 terms, after tax) from the date of death of the deceased, and will continue to receive such, increasing at a fixed rate of 7% per year, for 10 years after his death.

Source/report	Date	No. of items	Capitalised value		
			Past	Future	Total
Provider ABC benefit statement	02 August 2023	1	R 53 230	R 211 050	R 264 280
Total capitalised value			R 53 230	R 211 050	R 264 280

5.4 Value of claimant's existing and expected means from which to cover living expenses

We have been informed that the claimant has no reasonable means (other assets or investments) from which to cover living expenses and are relying solely on the estate to make provision for future needs.

5.5 Total maintenance due

Item	Capitalised value		
	Past	Future	Total
Capitalised Value of Expenses	R 433 950	R 4 113 830	R 4 547 780
Less: Benefits Received/Due	-R 589 141	-R 211 050	-R 800 191
Less: Existing and Expected Means	R -	R -	R -
Maintenance Due	-R 155 191	R 3 902 780	R 3 747 589

6 BASIS OF CALCULATION AND ASSUMPTIONS

6.1 Calculation methodology

The capitalised value of future expenses/costs payable in respect of an individual has been determined using the actuarial present value method. Each item is projected to the date on which it is expected to occur using the inflation rate applicable to that item. The projected value is then adjusted for the probability of the claimant surviving to that date, and then discounted back to the date of calculation using the assumed investment return (sometimes referred to as interest). The investment return represents the return that the claimant would need to invest the capitalised value at, in order for all the future expenses/costs to be provided for. The resultant capitalised value is referred to as the expected net present value of the future expenses/costs.

Past expenses/costs from a source/report before the date of calculation, are inflated to today's money terms. The investment return is not taken into account for expenses/costs that occurred between the report date and the date of calculation.

6.2 Economic assumptions

Item	Past	Future	Net discount rate
Price inflation	Change in actual CPI	5%	2.5%
Earnings inflation	Price inflation + 1%	6%	1.5%
Medical inflation	Change in actual MPI	7%	0.5%
Investment return ¹	n/a	7.59%	n/a
Tax	Actual tables	2023/24 tables	n/a

¹ Expected investment return on a moderate growth portfolio of equities, bonds and cash (after fees and taxes).

6.3 Mortality assumptions

The claimant's future chance of survival is assumed to be similar to that implied by the South African Life Tables 1984 - 86 (Life Table 2 Females).

7 DISCLAIMER

This calculation has been based on information supplied, and assumptions made which appear to be reasonable based on such information. The accuracy and comprehensiveness of data supplied by others are the responsibility of those who supply the data. If it is considered that any information is incorrect, or assumptions inappropriate, then a recalculation should be made. These calculations are by no means intended for financial advice.



Eddie Theron

FELLOW OF THE ACTUARIAL SOCIETY OF SOUTH AFRICA

8 ANNEXURE A – SCHEDULE OF EXPECTED FUTURE EXPENSES/COSTS

Item no.	Source/report	Source/report date	Expense/cost description	Amount	Frequency	Age from	Age to	Inflation	Capitalised value		
									Past	Future	Total
1	Current expenses	04 August 2023	Clothing	R 6 000	Per year	56.0	For life	Price	R 11 300	R 98 020	R 109 320
2	Current expenses	04 August 2023	Communication	R 6 420	Per year	56.0	For life	Price	R 12 100	R 104 890	R 116 990
3	Current expenses	04 August 2023	Donations & Giving	R 3 000	Per year	56.0	For life	Price	R 5 650	R 49 010	R 54 660
4	Current expenses	04 August 2023	Entertainment	R 5 400	Per year	56.0	For life	Price	R 10 170	R 88 220	R 98 390
5	Current expenses	04 August 2023	Food	R 48 000	Per year	56.0	For life	Price	R 90 440	R 784 200	R 874 640
6	Current expenses	04 August 2023	Gifts & Celebrations	R 1 000	Per year	56.0	For life	Price	R 1 880	R 16 340	R 18 220
7	Current expenses	04 August 2023	Holidays & Travel	R 25 000	Per year	56.0	For life	Price	R 47 100	R 408 440	R 455 540
8	Current expenses	04 August 2023	Home Maintenance	R 12 000	Per year	56.0	For life	Price	R 22 610	R 196 050	R 218 660
9	Current expenses	04 August 2023	Home Utility & Service	R 20 400	Per year	56.0	For life	Price	R 38 440	R 333 280	R 371 720
10	Current expenses	04 August 2023	Leisure & Sport	R 4 200	Per year	56.0	For life	Price	R 7 910	R 68 620	R 76 530
11	Current expenses	04 August 2023	Medical Costs	R 10 500	Per year	56.0	For life	Medical	R 19 940	R 214 710	R 234 650
12	Current expenses	04 August 2023	Medical Insurance	R 30 000	Per year	56.0	For life	Medical	R 56 980	R 613 450	R 670 430
13	Current expenses	04 August 2023	Personal Care	R 2 500	Per year	56.0	For life	Price	R 4 710	R 40 840	R 45 550
14	Current expenses	04 August 2023	Short-Term Insurance	R 18 000	Per year	56.0	80.0	Price	R 33 910	R 256 810	R 290 720
15	Current expenses	04 August 2023	Transport	R 35 000	Per year	56.0	80.0	Price	R 65 940	R 499 350	R 565 290
16	Current expenses	04 August 2023	Uncategorised Expenses	R 2 586	Per year	56.0	For life	Price	R 4 870	R 42 240	R 47 110
17	Current expenses	04 August 2023	Initial vehicle replacement	R 150 000	Once-off	58.0	58.0	Price	R -	R 149 890	R 149 890
18	Current expenses	04 August 2023	Ongoing vehicle replacement	R 90 000	Every 7 years	65.0	80.0	Price	R -	R 149 470	R 149 470
				R 464 006		Total capitalised value			R 433 950	R 4 113 830	R 4 547 780

8.1 Notes

- Items 16, 17 and 19: We have assumed that the claimant will drive up to age 80, after which vehicle related costs (including insurance) will cease.
- Item 19: We have allowed for a vehicle replacement every 7 years, assuming a trade-in value of 40% of the initial value.