

Financial Wellness and Tax Strategies for South African Health Practitioners

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OVERVIEW OF THE PRESENTATION STRUCTURE

Let's take a brief look at how we'll navigate through today's session.

- Financial Wellness for Health Practitioners:
- Tax Strategies for South African Health Practitioners:
- Case Studies and Examples:
- Conclusion and Q&A

UNDERSTANDING FINANCIAL WELLNESS

Financial wellness refers to the overall state of an individual's financial health and stability.

Components of Financial Wellness:

Financial
Stability

Financial
Security

Financial
Freedom

Financial
Independence



THE IMPORTANCE OF FINANCIAL WELLNESS

Acknowledgment: As healthcare professionals, you dedicate your lives to caring for others, often at the expense of your own well-being.

However, it's crucial to remember that ensuring your own financial health is just as important as caring for your patients.

Objective: Today, we aim to equip you with the knowledge and tools necessary to achieve financial wellness, allowing you to focus on what matters most to you.

FINANCIAL WELLNESS ASSESSMENT OF YOUR PRACTICE

Financial Health

01 May 2022 - 31 May 2022 vs 01 April 2022 - 30 April 2022



Health Status

100% Financial Health Score

16/16 Targets Achieved

	May 2022	Apr 2022	Target	May 2022 vs Target	Achieved	Importance
Growth						
Total Income	R1,365,699	R871,489	Increasing	-	✓	High
Net Profit	R289,735	(R173,651)	Increasing	-	✓	High
Net Profit Margin	21.2%	-19.9%	Increasing	-	✓	High
Cash	R610,631	R332,842	Increasing	-	✓	High
Net Assets	R1,975,363	R1,685,628	Increasing	-	✓	Medium
Return on Equity	15.8%	-9.8%	Increasing	-	✓	Low
Asset Use Efficiency	46.4%	31.6%	Increasing	-	✓	Medium
Profitability						
Operating Expense Ratio	46.2%	85.0%	Decreasing	-	✓	High
Net Profit	R289,735	(R173,651)	≥ R0	R289,735	✓	Critical
Net Profit Margin	21.2%	-19.9%	≥ 0.00%	21.2%	✓	Critical
Return on Equity	15.8%	-9.8%	≥ 0.00%	15.8%	✓	Medium
Liquidity						
Cash Balance	R610,631	R332,842	≥ R0	R610,631	✓	High
Current Ratio	2.95	3.23	≥ 2.00	0.95	✓	Critical
Debtors Days	21.7 days	28.7 days	Decreasing	-	✓	Medium
Creditors Days	15.1 days	12.2 days	Increasing	-	✓	Medium
Solvency						
Net Assets	R1,975,363	R1,685,628	≥ R0	R1,975,363	✓	Critical



FINANCIAL WELLNESS ASSESSMENT



FINANCIAL CHALLENGES FACED BY HEALTH PRACTITIONERS

1

- STUDENT DEBT

2

- HIGH INSURANCE COSTS

3

- LONG WORKING HOURS

STRATEGIES FOR ACHIEVING FINANCIAL WELLNESS

Achieving financial wellness requires proactive planning, disciplined saving, and strategic decision-making. Let's explore some key strategies that can help you achieve financial stability and peace of mind.

Prioritize Self-Care: Make self-care a priority by setting boundaries around work hours, taking regular breaks, and engaging in activities that promote relaxation and well-being.

REMEMBER: YOU ARE THE MOST IMPORTANT.

STRATEGIES FOR ACHIEVING FINANCIAL WELLNESS

1. 10 YEAR PLAN

2. BUDGETING AND EXPENSE TRACKING

You need clear objectives to stay motivated and focused on your financial journey.

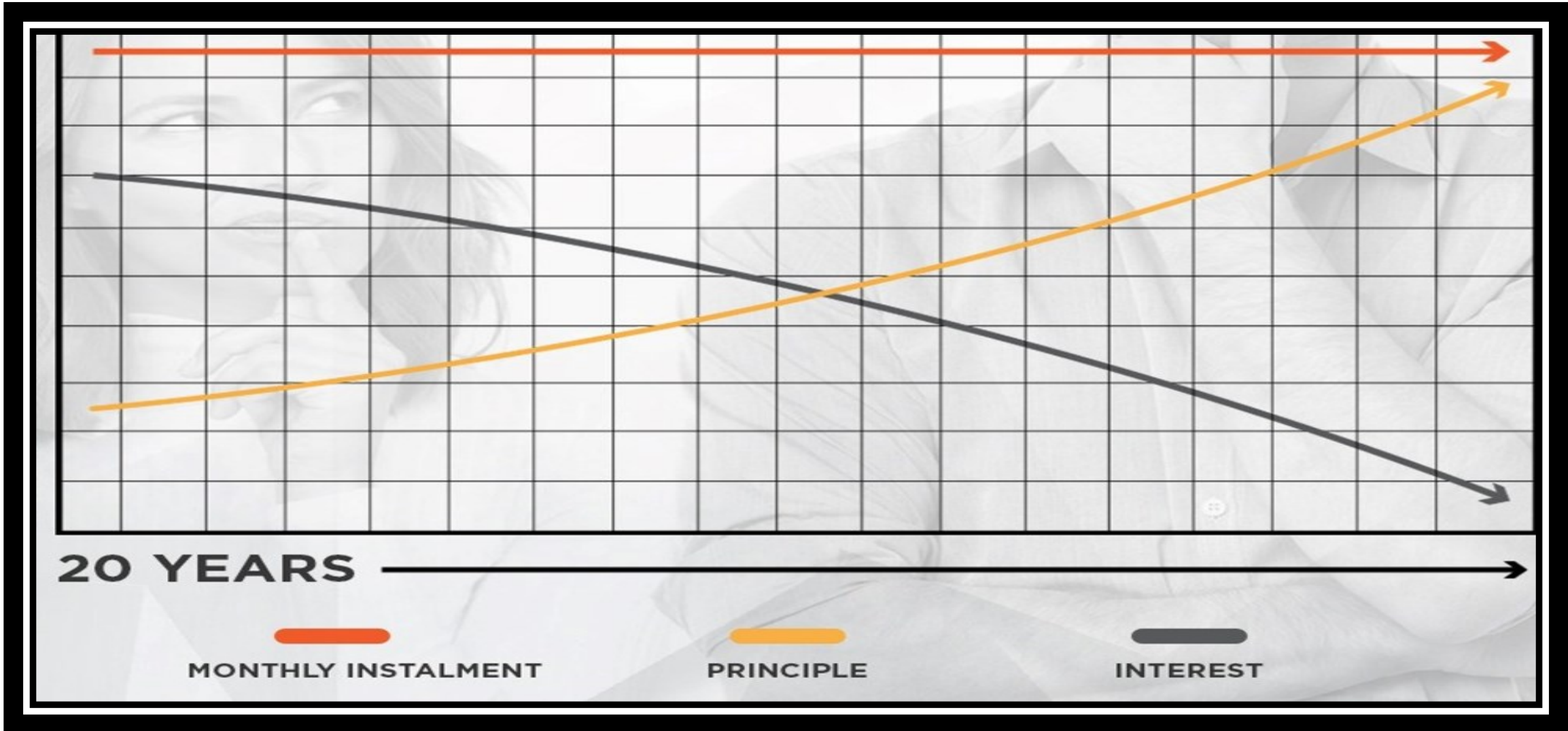
- Create a Budget:
- Track Your Spending:
- Establish short-term and long-term financial goals,

Many South Africans adopts the millionaire beggars model.

“Beware of little expenses; a small leak will sink a great ship.”

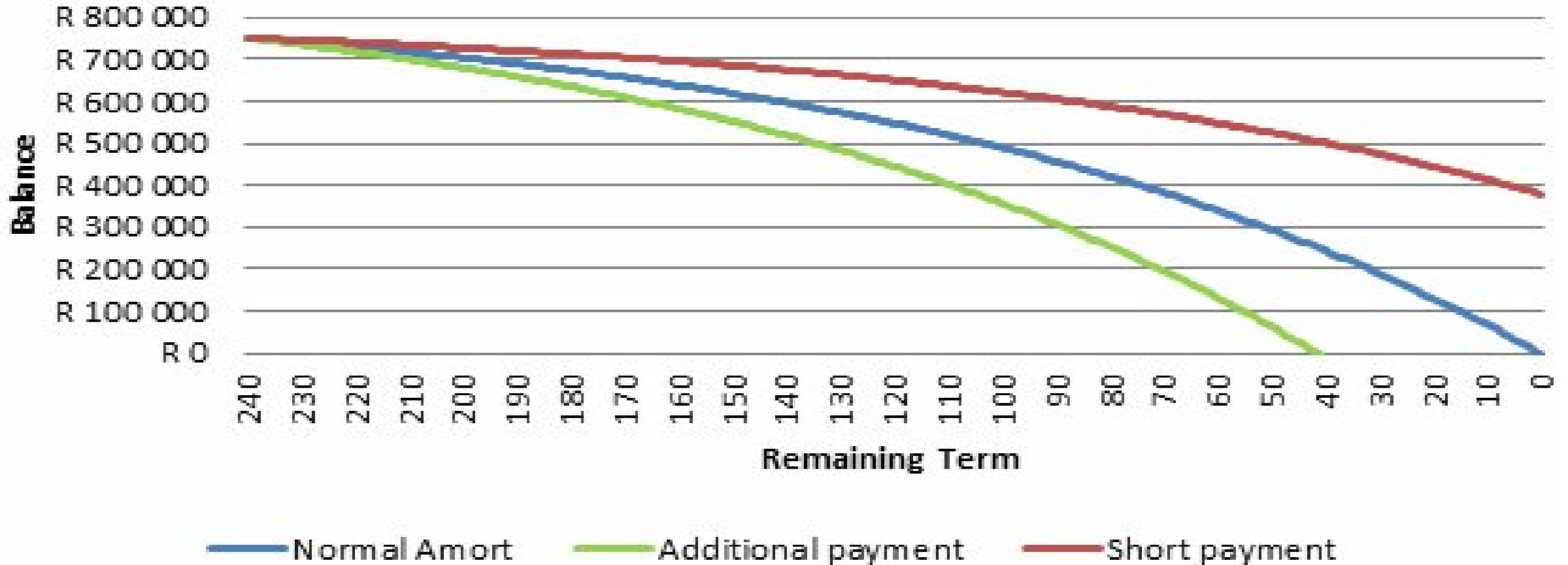
— Benjamin Franklin

DEBT MANAGEMENT: Analysis of a typical home loan



DEBT MANAGEMENT

Reduce your debt as soon as you can for as long as you can



Should you try to settle your home loan in a shorter period? Yes, but ...

DEBT MANAGEMENT: Develop a Repayment Plan

Develop a Repayment Plan: Create a structured plan for repaying student loans, considering options such.

- Prioritize High-Interest Debt:
- Consolidate Loans:
- Negotiate Lower Interest Rates:

Tips to Reduce Loan Interest payments

- Compare Interest Rates
- Increase Down Payment
- Consider Shorter Loan Term
- Make Extra Payments
- Improve Credit Score

Because every rand counts when it comes to paying off your loan.

DEBT MANAGEMENT: Should you try to settle your home loan in a shorter period?

Yes, but ...

Yes, to the extent that you have additional cash flow available, **but only** if your personal balance sheet allows you to.

Strong balance sheet:

- ✓ has **diversity** (different types of assets like property, unit trusts, shares, offshore investments and so forth),
- ✓ **liquidity** (for life's unforeseen events),
- ✓ good growth prospects and low concentration risk.

If your balance sheet is strong enough, by all means they can increase their instalments and settle the home loan faster,

If not, they should focus on building a strong balance sheet first.

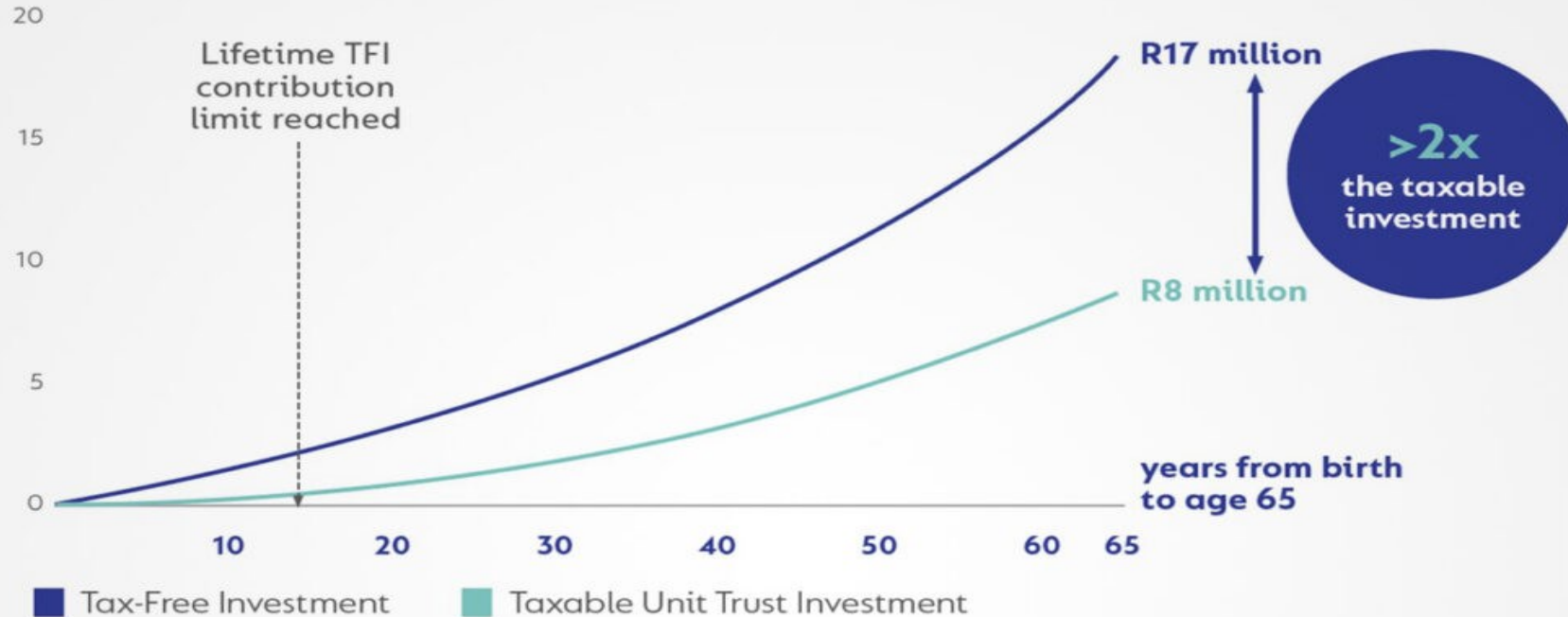
Ideally you should pay off a home loan with inflation

SAVING AND INVESTING:

Building savings and investing for the future are fundamental aspects of financial wellness. Setting aside money for emergencies, retirement, and other financial goals helps individuals build financial security and achieve long-term financial independence.

The power of compounding tax free over a lifetime

Investment values (R million)



Invest tax free as soon as you can for as long as you can

COMPOUNDING INTEREST:

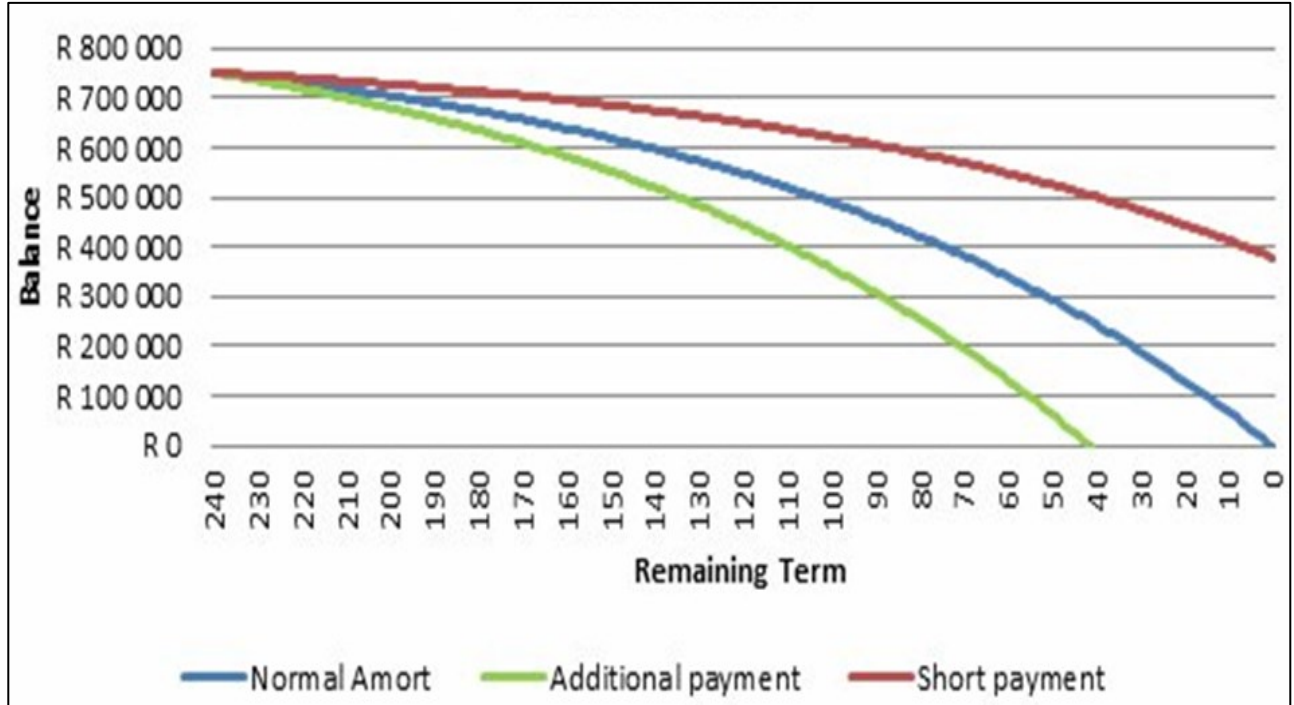
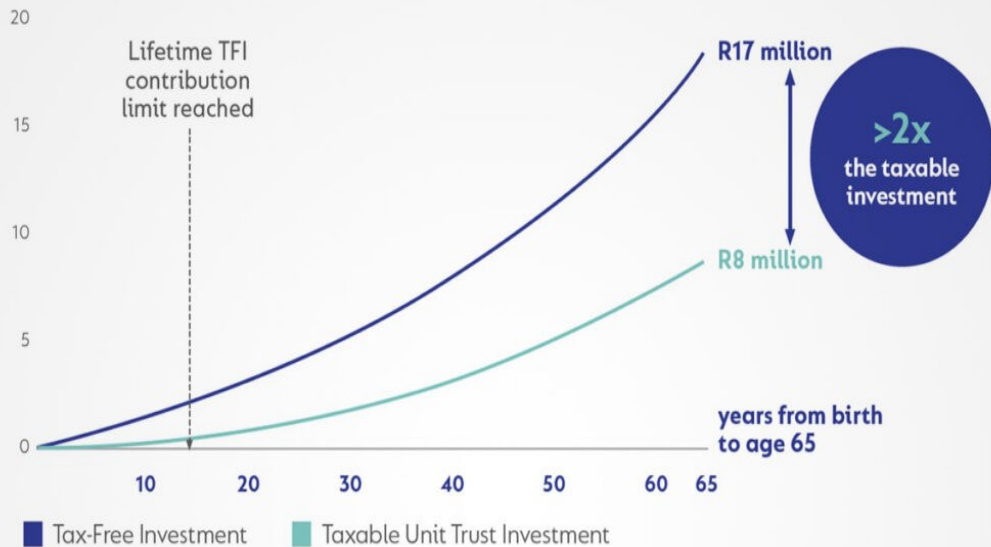
Exploring the power and pitfalls of Compound Interest

Invest = advantage

Debt = disadvantage

The power of compounding tax free over a lifetime

Investment values (R million)



STRATEGIES FOR ACHIEVING FINANCIAL WELLNESS

Achieving financial wellness involves:

Careful planning

+ Disciplined saving

+ Prudent decision-making

Prioritize financial wellness, take proactive steps towards financial goals to create a brighter and more secure financial future



TAXATION LANDSCAPE IN SOUTH AFRICA

Introduction: South Africa has a complex and evolving tax system that impacts individuals, businesses, and investors. Let's explore the key aspects of the taxation landscape and how they affect health practitioners.

THE SOUTH AFRICAN LEGAL MINE FIELD

Auditing Professions Act, No 26 of 2005;	Basic Conditions of Employment Act, No 75 of 1997;
Broad- Based Black Economic Empowerment Act, No 75 of 1997;	Companies Act, No 71 of 2008;
Competition Act, No.71 of 2008	Copyright Act, No 98 of 1978
Constitution of the Republic of South Africa 2008;	Electronic Communications Act, No 36 of 2005
Customs & Excise Act, 91 of 1964	Identification Act, No. 68 of 1997
Electronic Communications and Transactions Act, No 25 of 2002	Income Tax Act, No 58 of 1962;
Financial Intelligence Centre Act, No 38 of 2001;	Intellectual Property Laws Amendment Act, No 38 of 1997;
Labour Relations Act, No 66 of 1995;	Long Term Insurance Act, No 52 of 1998;
Pension Funds Act, No 24 of 1956;	Occupational Health & Safety Act, No 85 of 1993;
Prevention of Organised Crime Act, No 121 of 1998;	Prescription Act, No 68 of 1969;
Protection of Personal Information Act, No. 4 of 2013	Promotion of Access to Information Act, No 2 of 2000;
Short-term Insurance Act No. 53 of 1998	Skills Development Levies Act No. 9 of 1999;
Unemployment Insurance Contributions Act 4 of 2002	Trust Property Control Act 57 of 1988
Value Added Tax Act 89 of 1991.	Unemployment Insurance Act No. 30 of 1966
Revenue laws Second Amendment Act. No 61 of 2008;	Regulation of Interception of Communications and Provision of Communication-Related Information Act 70 of 2002
Business Act, No 71 of 1991	Compensation for Occupational Injuries & Diseases Act, 130 of 1993;

TAX DEDUCTIONS AND ALLOWANCES FOR SOUTH AFRICAN HEALTH

PRACTITIONERS:

OVERVIEW

Introduction: South African tax laws provide various deductions and allowances that health practitioners can claim to reduce their taxable income and lower their overall tax liability. Let's explore some of these deductions and allowances in detail.

TAX DEDUCTIONS AND ALLOWANCES:

1. CONTINUING PROFESSIONAL DEVELOPMENT (CPD) EXPENSES
2. PROFESSIONAL INDEMNITY INSURANCE PREMIUMS
3. MEDICAL EXPENSES DEDUCTION

TAX DEDUCTIONS AND ALLOWANCES

CONCLUSION AND RECOMMENDATIONS

Summary:

- Tax deductions and allowances play a vital role in reducing taxable income and minimizing tax liabilities,
- By leveraging available deductions and allowances, you can optimize tax efficiency and maximize their take-home pay.
- **It's best advisable to consult with a qualified tax professional or accountant to ensure compliance with tax laws and maximize available tax benefits.**
- A tax advisor can provide personalized guidance based on individual circumstances and help optimize tax planning strategies.

TAX-EFFICIENT INVESTMENT STRATEGIES

1. RETIREMENT ANNUITY (RA) CONTRIBUTIONS
2. TAX-FREE SAVINGS ACCOUNTS (TFSA)
3. SECTION 12J INVESTMENTS
4. PENSION AND PROVIDENT FUNDS



We take your business to the next level

CONCLUSION: STRATEGIES FOR ACHIEVING FINANCIAL WELLNESS

You can, turn from the gutter worse to your utter most.

you deserve it

You have to prioritize financial wellness, take proactive steps towards financial goals to create a brighter and more secure financial future

1. Moving away from the millionaire beggars model.

2. Get a 5 YR plan

+ Focused decision-making

+ Disciplined saving



Apple Inc.

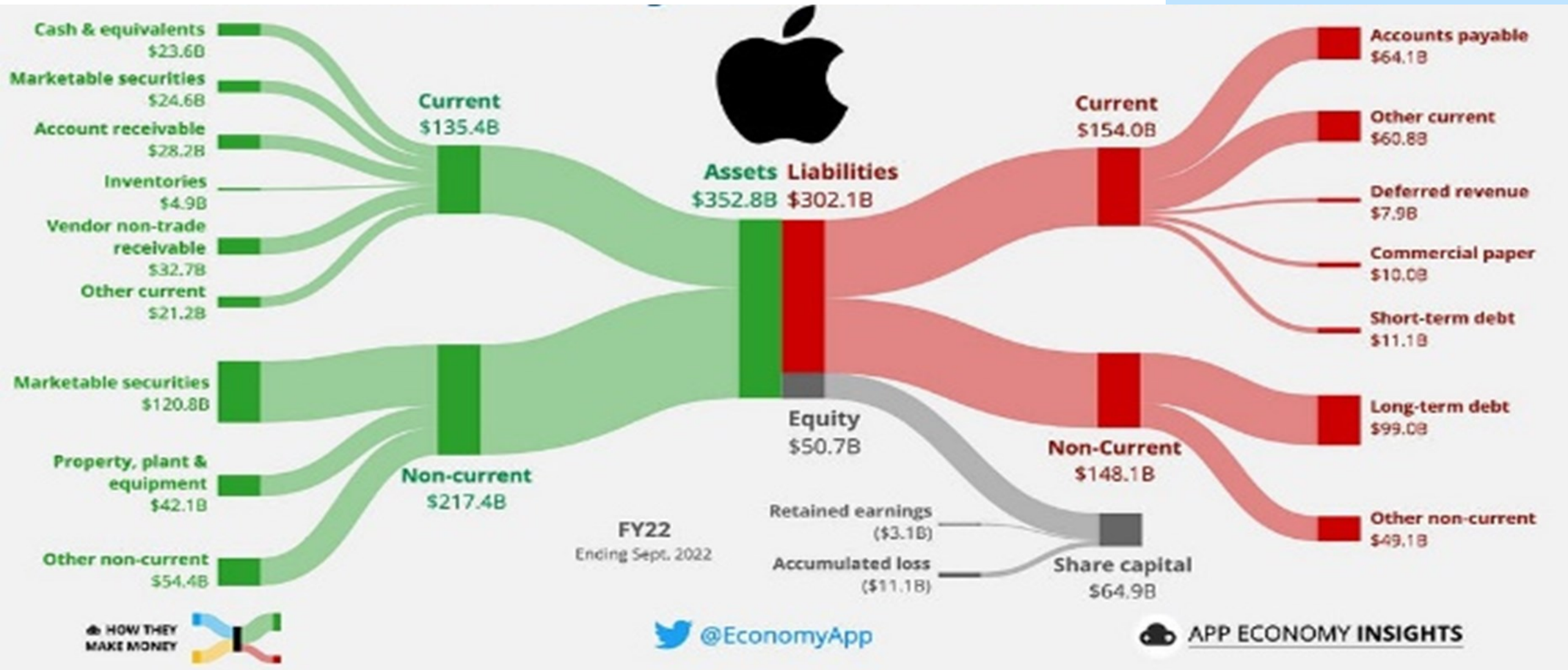
CONSOLIDATED BALANCE SHEETS

(In millions, except number of shares which are reflected in thousands and par value)

	September 24, 2022	September 25, 2021
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 23,646	\$ 34,940
Marketable securities	24,658	27,699
Accounts receivable, net	28,184	26,278
Inventories	4,946	6,580
Vendor non-trade receivables	32,748	25,228
Other current assets	21,223	14,111
Total current assets	<u>135,405</u>	<u>134,836</u>
Non-current assets:		
Marketable securities	120,805	127,877
Property, plant and equipment, net	42,117	39,440
Other non-current assets	54,428	48,849
Total non-current assets	<u>217,350</u>	<u>216,166</u>
Total assets	<u>\$ 352,755</u>	<u>\$ 351,002</u>
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 64,115	\$ 54,763
Other current liabilities	60,845	47,493
Deferred revenue	7,912	7,612
Commercial paper	9,982	6,000
Term debt	11,128	9,613
Total current liabilities	<u>153,982</u>	<u>125,481</u>
Non-current liabilities:		
Term debt	98,959	109,106
Other non-current liabilities	49,142	53,325
Total non-current liabilities	<u>148,101</u>	<u>162,431</u>
Total liabilities	<u>302,083</u>	<u>287,912</u>
Commitments and contingencies		
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value: 50,400,000 shares authorized; 15,943,425 and 16,426,786 shares issued and outstanding, respectively	64,849	57,365
Retained earnings/(Accumulated deficit)	(3,068)	5,562
Accumulated other comprehensive income/(loss)	(11,109)	163
Total shareholders' equity	<u>50,672</u>	<u>63,090</u>
Total liabilities and shareholders' equity	<u>\$ 352,755</u>	<u>\$ 351,002</u>

The basic equation for a balance sheet is:
 $Assets = Liabilities + Shareholders' Equity$

UNDERSTANDING FINANCIAL WELLNESS



WHAT CAN WE LEARN FROM THIS?

1. Embrace Innovation in Healthcare Solutions:
2. Prioritize Patient-Centric Care:
3. Leverage Technology for Healthcare Efficiency:
4. Enhance Health Education and Awareness:
5. Collaborate Across Healthcare Ecosystem:
6. Adopt Sustainable Healthcare Practices:
7. Address Healthcare Disparities:
8. Embrace Lifelong Learning and Professional Development
9. Enhance clinical expertise, improve patient care, and drive innovation in healthcare delivery.

CONCLUSION AND Q&A

In summary, for South African health practitioners, prioritizing financial wellness and effective tax planning are paramount.

By proactively managing finances and minimizing tax liabilities, practitioners can alleviate stress, enhance job satisfaction, and secure long-term financial stability.

Key strategies include budgeting, debt management, and retirement contributions, such as to Retirement Annuities and pension funds, which offer tax deductions.

Engaging with tax professionals for personalized advice and committing to sound financial practices ensures practitioners can navigate financial challenges effectively and build a brighter future for themselves and their families.



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