

Understanding how interest is calculated on your Medical Savings Account (MSA)

1

What is a Medical Savings Account (MSA)?

The MSA is an upfront benefit we provide you at the beginning of the year. This amount is pro-rated by the number of months remaining if you join after 1 January. You may use your MSA to pay for day-to-day medical costs like doctor visits, x-rays and dentist visits. This advanced amount will be paid back by you as part of your monthly contribution to the Scheme. The money in your MSA that you haven't used by the end of the year is carried over to the following year. This remains your money.

2

Who has an MSA?

Members on the Core Saver, Comprehensive and Plus Plans are the only ones who have access to an MSA.

3

Why is interest calculated on your MSA?

In 2011, the Council for Medical Schemes issued a Circular (38/2011) confirming that medical schemes were required to hold MSA funds in a separate bank account and that interest earned on these funds must be transferred to members based on positive balances held in their MSA accounts. The Council for Medical Schemes recently issued Circular 56 of 2017, which details the Constitutional Court judgement handed down on 6 June 2017. In terms of this judgement, medical schemes are no longer required to invest the aggregated Medical Savings Accounts separately. Furthermore, medical schemes no longer have to allocate the interest earned on the aggregated Medical Savings Accounts to the individual savings accounts of their members, and may retain all this income.

4

How is interest calculated on your MSA?

Interest will no longer be reflected monthly. It won't reflect on your statements or website, and will be credited to you once a year.

We have shown you how the new interest process will work on the next page, using fictional figures.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY
1	Upfront Balance R12 000													
2	-	R1 000	R2 000	R3 000	R2 000	R3 000	R4 000	R4 500	R5 500	-R500	R500	R1 500	-	R1 200
3	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 200	R1 200
4	-	-	-	-R2 000	-	-	-R500	-	-R7 000	-	-	-	-	-R1 000
5	-	-	-	-	-	-	-	-	-	-	-	-	-	73*
6	R1 000	R2 000	R3 000	R2 000	R3 000	R4 000	R4 500	R5 500	-R500	R500	R1 500	R2 500	R1 200	R1 473
7												-R2 500		

*Interest awarded at 50% of Scheme money market earnings rate (net of fees). Interest calculated monthly on previous month's opening balance and credited to members once a year in February. In the event that interest is earned and awarded, the values will reflect in the IT3(b) that is issued with the Tax Certificate. If no interest is earned and awarded, an IT3(b) will not be issued.

Interest earned
@3%p.a. (net of
fees)*

3 5 8 5 8 10 11 14 -1 1 4 6 3 4

All figures have been rounded off to the nearest rand value.

- 1 This is the amount that is given to you at the beginning of each year. It's made up of 12 months' worth of your MSA contributions.
- 2 This is the amount you have at the beginning of each month which is made up of your monthly contributions and claims. This amount will not include interest earned next year.
- 3 Based on your Plan type, this is your monthly MSA contribution amount that you pay. This may vary if you downgrade or upgrade your Plan, add or remove dependants or contribution increases at the beginning of each year.
- 4 Any amount claimed for on a monthly basis is reflected in this row. This claimed amount is deducted from your **Opening Balance + Monthly Contribution** amounts.



- 5 Interest awarded at 50% of Scheme money market earnings rate (net of fees). Interest calculated monthly on previous month's opening balance and credited to members once a year in February.
- 6 This is the monthly **Closing Balance** once your monthly contributions, any claimed amounts and interest earned has been taken into account. This **Closing Balance** is then brought forward to the next month as the **Opening Balance**.
- 7 Interest is never charged on a negative MSA balance.



0800 BANKMED
(0800 226 5633)



enquiries@bankmed.co.za



www.bankmed.co.za



Bankmed App

