

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 Schemes were required to hold the MSA in a separate account and that interest earned must be transferred to members for positive balances held in this account. In February 2012, a clarifying Circular (05/2012) was issued setting out further requirements in respect of MSA interest.

4

How is interest calculated on your MSA?

Interest is calculated monthly. For illustrative purposes we have shown you how this is calculated on the next page, using fictional figures.

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
1 Upfront Balance	R12 000											
2 Opening Balance	-	R1 000	R2 000	R3 006	R2 018	R3 036	R4 048	R4 566	R5 591	-R382	R652	R1 652
3 Interest Earned @7.2% p.a	-	-	R6	R12	R18	R12	R18	R24	R27	R34	-	R4
4 Monthly Contribution	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000	R1 000
5 Claims	-	-	-	-R2 000	-	-	-R500	-	-R7 000	-	-	-
6 Closing Balance	R1 000	R2 000	R3 006	R2 018	R3 036	R4 048	R4 566	R5 591	-R382	R652	R1 652	R2 656

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, interest earned and claims.
- 3 Interest is calculated in arrears and therefore it is calculated at the beginning of the month based on the opening positive MSA balance of the previous month.
- 4 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.
- 5 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.
- 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



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