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Institute of Retirement Funds Africa

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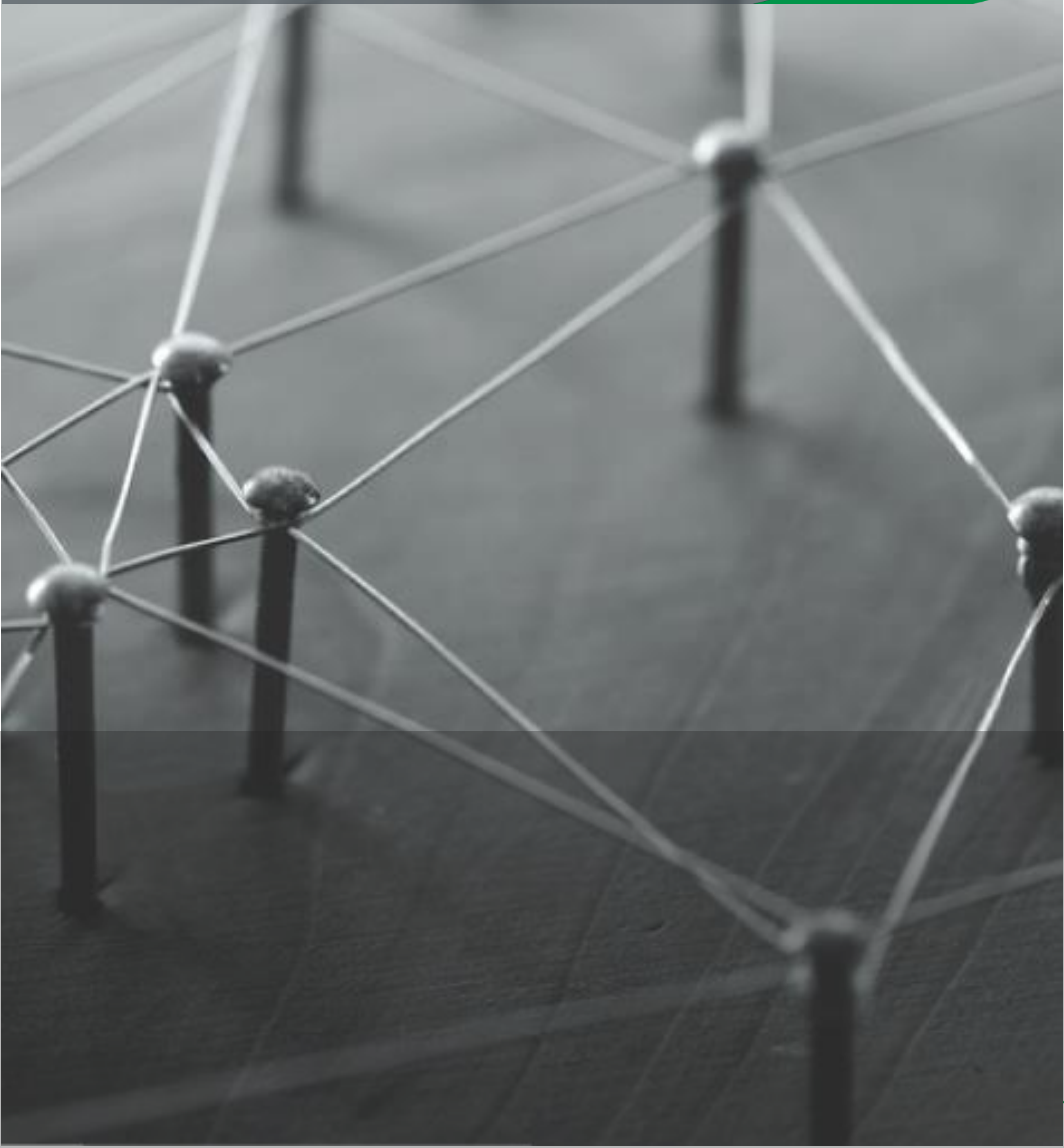

Table of Content

LOCAL NEWS

INTERNATIONAL NEWS

OUT OF INTEREST NEWS

Revving up your retirement endurance race

You think of your retirement savings journey as a Dakar, there's a terrific way of improving your chances over the killer dunes, writes Pieter Albertyn, Head of Product Solutions at Momentum. I'm not a big motorsport fan, but the Dakar race fascinates me: the excitement but especially the endurance. And I can't help comparing the detailed planning and navigation of the participants with my retirement savings journey. And how you must do your best to stay on track. What's happening under the engine cap for this race is aways improving, and rapidly so. I believe diesel or petrol internal combustion engines are still most popular for the necessary horsepower, but electric and hybrid engines are also showing face. Almost like the financial services industry that's shifting its focus to more modern products and ways, including the two-pot changes. But fortunately improving your retirement annuity's horsepower is a much simpler discussion than that for a car. You don't have to be a technological genius. You don't need a blue overall or to get your hands dirty either.

All you need to do, is add a once-off investment to your regular retirement savings. Most people prefer to do this before the end of the tax year on 28 February. This is because of the huge tax breaks you can get, and most people want to make the most of that every year. The percentage you get back in your pocket for every rand you put in is the same as the income tax you normally pay, your so-called marginal tax rate. This means if you add a bonus of R10 000 to your retirement savings and you usually pay a tax rate of 25%, you get your investment at a huge discount. It will cost you only R7 500 to make an investment of R10 000 because of the R2 500 the South African Revenue Service will pay you back. But first, let me explain the mechanics of how you can rev up your horsepower. My workshop tool is compound interest. The "compound" refers to two kinds of interest working for you – the growth you earn on the money you invest, as well as the growth you earn on that growth. To be practical, let's add two more ingredients: time and a financial adviser who can help with advice that suits your circumstances best.

We've made some sums to illustrate what happens if a person adds a yearly lump sum to their regular retirement investments. Let's say our mate Tumiso (30) is earning R30 000 monthly (and pays income tax of 26%). He contributes R4 500 per month to a retirement annuity (RA) and we assume the money grows at 12% per year. We also assume his salary increases by 5% per year, and he will increase his retirement contributions by the same rate.

Now we look over his shoulder over the next 25 years until he reaches the retirement age of 55.

- Scenario 1: He sticks to his plan and adds no further contributions.
- Scenario 2: On top of his monthly investments, he adds a 13th cheque every year.
- Scenario 3: On top of his monthly investments, he reinvests the tax rebate he receives every year.

- Scenario 4: On top of his monthly investments, he adds his 13th cheque as well as the tax rebate he receives every year.

If we round the retirement value off to the nearest million, this will be the picture:
Scenario 1: Only RA – R21 million
Scenario 2: RA + 13th cheque – R32 million (53% more)
Scenario 3: RA + tax rebate – R26 million (25% more)
Scenario 4: RA + 13th cheque + tax rebate – R37 million (77% more)

(The real value – what the money could buy you today – of the four scenarios are R3,6 million; R5,5 million; R4,5 million and R6,4 million.) This means the discipline of adding a thirteenth cheque (or similar once-off amount) every year will increase your retirement money by more than 50%. Wow. And if you reinvest your yearly tax rebate on top of that, instead of spending it, your retirement money will be an incredible 77% more. There's money to be made through regular habits. With little imagination, you can see what will happen if you put your retirement money in the fast lane. Don't ever underestimate the horsepower of compound interest over time. Hopefully your journey to retirement will be successful, and not as challenging as the Dakar. But follow the example of those incredible vehicles and rev up your retirement savings. Every bit you can add to your retirement money will multiply it with the power of growth on growth over time.

FA News | 3 February 2025

More than 2 million taxpayers withdraw from their savings pot

The South African Revenue Service (SARS) wishes to announce that to date it has received 2,664 279 applications for tax directives for withdrawals from the Savings Withdrawal Benefit of the two-pot system. Of the total number of applications, 2 403 379 tax directives were approved for funds to be released. The remainder were declined for a variety of reasons, including incorrect Identity Numbers, incorrect tax numbers, amongst others.

A total gross lumpsum of R 43.42 billion has been paid out to date.

In line with SARS' intent for taxpayers to use digital channels, SARS is happy to announce that the simulated WhatsApp calculator was used 90 283 times since implementation of the process. The simulated calculator on the SARS website, which forms part of the SARS Online Query System, has been used 952 403 times. SARS has also received 128 802 and queries through the voice channel, and 24 278 at branches. Taxpayers are encouraged to continue to use the digital channels, which are simple, easy and user-friendly. Using these channels means taxpayers do not have to leave their homes or places of employment to stand on undignified queues. SARS would like to thank retirement fund management entities for their friendly and professional co-operation that has allowed SARS to play its part effectively and efficiently by speedily issuing the volumes of tax directives needed to date. SARS reminds taxpayers who want to apply for a withdrawal to make sure that they verify their tax numbers, have supplied the correct Identity Numbers and that they do not have any outstanding debt with SARS. After a registered taxpayer has applied, a successful tax directive informs the fund management how much tax to deduct from a withdrawal. Directive applications are accepted by SARS 24/7 and processed within an hour 365 days a year from 8:00 to 19:00. Unless a directive application is submitted outside of these hours, the response if the taxpayer is compliant be sent to the fund within an hour. Before a final amount is paid to the applicant, the pension fund will be informed to also deduct any outstanding debt on behalf of SARS before any payout is made to the member.

If a person has a debt arrangement with SARS, the withdrawal will not be affected. If there is a debt owed to SARS, it will be deducted in terms of such arrangement. Taxpayers are reminded that tax will be imposed on a withdrawal at a marginal tax rate ranging between 18%-45% depending on their scales. Despite this public information, there are taxpayers who are wilfully understating their incomes. SARS Commissioner Mr Edward Kieswetter said that “SARS is deeply concerned that 213 654 taxpayers have been identified where they have declared incorrect taxable income with the view to have a more favourable tax rate. If a taxpayer understates their income, they are intentionally involved in evading their tax obligation. A penalty will be imposed on taxpayers who have understated income. I wish to caution taxpayers to refrain from this unbecoming conduct that borders on criminality. There are real consequences for this behaviour”.

FA News | 3 February 2025

Holistic retirement – Part 10: Golden years, golden rules

Protecting your money in retirement.

Retirement is a major life milestone, offering new freedoms as well as new financial responsibilities. After decades of saving, you now need to manage your money so it can support you for the rest of your life. In my previous articles, I covered financial aspects before and at retirement. This article focuses on post-retirement financial decisions.

1. **Inflation and purchasing power**

Inflation is often called the “silent thief,” as it reduces the value of your money over time. Even moderate inflation can gradually weaken the buying power of your savings. The table below offers a simplified example of how living expenses increase with inflation and how they can eventually exceed the annual returns from a R1 million pension investment earning 8% per annum:

Living expenses	4% inflation	6% inflation	10% inflation
Today	60 000	60 000	60 000
In 1 year	62 400	63 600	66 000
In 5 years	72 999	80 294	96 631
In 10 years	88 815	107 451	155 625
In 20 years	131 467	192 428	403 650
Annual net cashflow			
Today	+20 000	+20 000	+20 000
In 1 year	+17 600	+16 400	+14 000
In 5 years	+7 001	-294	-16 631
In 10 years	-8 815	-27 451	-75 625
In 20 years	-51 467	-112 428	-323 650

Although simplified, this example shows that you need investment returns *higher* than inflation just to preserve your spending power. The higher the inflation, the sooner you will run into trouble. The “Rule of 72” is a quick way to estimate how long it takes for prices to double: divide 72 by the inflation rate. For example, with 6% inflation, costs could double in about 12 (72/6) years. Ideally, link your retirement income (such as annuities or pension payouts) to inflation so you keep pace with rising costs.

2. Making your retirement money last (sustainability)

A key concern for retirees is “longevity risk,” or outliving their savings – particularly with living annuities. Below is a guideline from Glacier by Sanlam for sustainable drawdown rates:

Age	55	60	65	70	75	80	85
Male	4.0%	4.4%	4.9%	5.6%	6.3%	7.3%	8.7%
Female	3.5%	3.8%	4.2%	4.7%	5.2%	5.8%	7.0%

Some retirees also refer to the “4% rule,” suggesting you withdraw 4% of your portfolio in the first year and adjust for inflation going forward. Another option is to “plough back” the inflation portion each year. For example, if your investments earn 10% and inflation is 4%, you can only withdraw the remaining 6%. Over time, this may help your capital continue growing so you can increase your income with inflation each year.

3. Tax considerations

Your withdrawal strategy and investments have a direct impact on your tax bill:

- Tax on annuities: Annuity income purchased with retirement funds is fully taxable. You can adjust the amount you withdraw from annuities taking your tax bracket into account.

- Retirement annuity contributions: Consider further contributions for possible tax savings or reduce annuity income if you don't need the cash.
- Tax-free savings accounts: Maximise these if possible – growth and withdrawals are generally tax-free.
- Endowments: These can offer tax advantages if your marginal tax rate is over 30%, but your money is usually locked in for five years.
- Beyond interest: Look into growth-oriented assets; capital gains are taxed at a lower rate than interest.

4. Practical ways to reduce your expenses (post-retirement)

Keeping a tight rein on spending is essential when you have a fixed or limited income. It's best to make cost-cutting decisions early, while you still have the flexibility, rather than waiting until a bank, creditors, or your children must decide on your behalf.

- Reduce your housing costs: Downsize to a smaller home or move to an area with a lower cost of living.
- Eliminate debt: Pay off credit cards and personal loans. Avoid new debt to protect your retirement income.
- Consider part-time work or hobby income: Use your professional skills for consulting or freelancing, or sell crafts, artwork, or other items you make.
- Other cost-cutting tips: Take advantage of senior discounts, cook more meals at home, and use public transport or a more fuel-efficient car.

5. Healthcare costs

Healthcare spending generally rises with age. Research shows costs often peak after 50 or 60. You will likely spend more on healthcare after retirement than during your entire working life, so maintaining a healthy lifestyle can help limit future medical bills. This is a topic I will address in detail in future articles.

6. Maintain an emergency fund

Unexpected expenses don't stop in retirement—car repairs, home maintenance, or family emergencies can still occur. Keep three to six months of living costs in an easily accessible savings account. This prevents you from selling long-term investments in a down market.

Final thoughts: 'Do' and 'do not' checklist

Retirement is the start of a new life chapter – one that demands thoughtful, ongoing financial management. By watching inflation, controlling expenses, planning withdrawals wisely, and using tax-efficient strategies, you can help your retirement funds last and maintain the lifestyle you want. Here's a quick checklist:

Do

- Preserve your capital: Diversify your investments; a large capital loss can be very difficult to recover from. For example, losing 50% of your capital requires a 100% return just to break even.
- Stay invested: Benefit from market growth and eventual rebounds.
- Minimise taxes: Use tax-efficient vehicles like TFSAs or endowments (if suitable).

- Plan for healthcare costs: Medical expenses often rise faster than general inflation.
- Monitor regularly: Review your situation – drawdown rate, investment returns, inflation – at least once a year.

Do not

- Take on new debt: Avoid extra monthly obligations that can deplete your retirement savings.
- Put retirement savings at risk for children's ventures: Only invest surplus cash you can afford to lose.
- Be overly conservative: Staying too safe can mean your money doesn't grow enough to keep pace with inflation.
- Withdraw too much, too soon: You risk running out of funds, especially as people live longer than

Moneyweb | 3 February 2025

Key considerations for a smooth retirement transition

Thoughtful preparation can help ensure a secure and fulfilling future.

Many aspire to retire at 60, hoping to enjoy an active and healthy lifestyle. While early retirement has its appeal, it's crucial to recognise the financial implications of potentially funding a retirement that could span 40 years. This extended period requires careful planning to account for unforeseen circumstances and evolving needs. Retirement is a significant milestone, and thoughtful preparation can help ensure a secure and fulfilling future.

Here are six critical considerations to address before retiring.

Your post-retirement income

When determining an appropriate retirement income, avoid relying on general rules of thumb. Each retiree has unique circumstances that require thorough analysis to establish an income strategy tailored to their needs. While certain expenses, such as mortgage repayments and retirement contributions, may decrease, it's essential to account for new costs that could arise. Healthcare expenses tend to escalate with age, and other factors, such as international travel to visit children abroad, could significantly impact your budget. Notably, travel expenses are often capital outlays and may not be covered by annuity income. Additionally, maintaining an active retirement involves planning for hobbies, interests, and sports you wish to pursue. Failing to budget adequately for these pursuits may result in financial shortfalls that hinder your ability to enjoy retirement as envisioned. Careful, personalised financial planning can help ensure a secure and fulfilling retirement, aligned with both your lifestyle and long-term financial goals.

Your sources of retirement income

The next step is to review the investments earmarked for your retirement and gain a clear understanding of their workings. This includes assessing when funds can be accessed, how much can be withdrawn as cash, the specific rules governing each investment, your available options at retirement, and the tax implications.

Given the pension fund industry's complexity and stringent regulations, making timely and well-informed decisions is crucial to avoid costly errors. It is essential to evaluate your investment strategy in the year leading up to retirement to ensure alignment with your retirement timeline. Adjustments may be necessary to meet your objectives, especially as most retirees hold a blend of retirement funds and discretionary investments. Understanding the tax treatment of these assets is vital in crafting an effective strategy. Decisions made at retirement are often irreversible, and their impact on your financial security cannot be overstated. Avoid considering any single investment in isolation. Instead, work with an advisor who takes a comprehensive view of your portfolio to deliver tailored retirement, tax, and estate planning advice. This holistic approach ensures your financial strategy aligns with your long-term goals, empowering you to retire with confidence and security.

Investment risk

Transitioning from earning an income to drawing one requires a significant psychological adjustment. While it may feel safer to adopt a conservative investment strategy to preserve capital, being overly cautious can jeopardise your long-term financial health. With a potential 40-year retirement horizon, considered long-term by investment standards, exposure to higher-risk investments can increase the likelihood that your wealth will outpace inflation. This ensures that your invested capital grows in real terms, even as you draw from it.

Overweighting your portfolio in cash and bonds may limit returns, making it difficult to keep pace with rising living costs, potentially leading to liquidity issues later in retirement. Although short-term market volatility may cause unease, maintaining a strategic, growth-oriented investment approach aligned with your timeline is vital. Remember, focusing on the long-term nature of your plan helps balance immediate concerns with the goal of sustaining your financial security throughout retirement.

Whether you can afford to retire

After determining an appropriate retirement income, the next step is assessing whether your invested capital can sustain this income. This process, best undertaken with an independent retirement advisor, involves developing various retirement scenarios based on stress-tested assumptions. These assumptions should account for factors like life expectancy, investment returns, inflation, medical inflation, and potential capital outlays. Accurately estimating expenses at different stages of retirement is critical. For example, travel costs might be higher during the early, more active retirement years but could decline with age as mobility decreases. Conversely, healthcare expenses are likely to accelerate significantly in later years. It's essential not only to set sustainable drawdown levels but also to plan for potential capital outlays during retirement. These could include funding a wedding, purchasing a life rights unit, or covering significant home renovations or modifications. Comprehensive scenario planning ensures your financial strategy adapts to evolving needs, providing confidence and security.

Boredom

While early retirement may seem ideal, it's essential to consider how you'll spend your time, potentially for the next 40 years. Transitioning from a structured, purpose-driven schedule to unfilled days may initially sound appealing, but the challenge of staying meaningfully engaged can be daunting. A lack of purpose not only risks leading to boredom but can also impact your self-worth and identity. Re-entering the workforce after retirement can be difficult, depending on your qualifications, experience, and industry. It's crucial to be certain that a work-free lifestyle aligns with your goals and needs. For those who've been employed until retirement, their professional identity often forms a significant part of who they are. The loss of this identity, along with workplace camaraderie and peer engagement, can be difficult to navigate. Thoughtful planning can help ensure a fulfilling and purposeful retirement beyond just financial security.

Retirement accommodation

If you retire at a relatively young age, your family home may initially suit your needs, and maintaining it might not be a challenge. However, as you progress through the different stages of retirement, your accommodation needs are likely to evolve. With the high cost of quality retirement accommodation and lengthy waiting lists, it's essential to start planning early. Retirement villages, often structured on life rights, have gained popularity for their convenience, favourable cost structures, and enhanced security. For many retirees, these developments provide peace of mind with access to assisted living and frail care facilities – though these services come at a premium that must be accounted for in your pre-retirement planning. Without a carefully budgeted long-term healthcare plan, you risk relying on adult children for care, a scenario most retirees aim to avoid. If your retirement funding depends on the equity in your home, timing the sale strategically is crucial. Property markets fluctuate, affecting the value you can realise from the sale. Retirees often delay selling their family home for sentimental reasons, which can lead to a poorly timed sale and a diminished retirement nest egg. Careful planning, considering both your future accommodation and financial needs, is key to securing a comfortable and well-funded retirement.

As is evident from the above, retirement planning is multi-faceted and all-encompassing and should be undertaken with the guidance of a retirement planning expert to ensure that decisions are made timeously, sequentially and appropriately.

Moneyweb | 4 February 2025

UK, seeking investment boost, plans to reduce pension bailout levy

Britain is considering proposals to reduce the amount that pension schemes have to pay into an industry-wide bailout fund, the government said on Thursday, as it searches for new ways to free up cash for investment in the economy.

LONDON, (Reuters) – The Pension Protection Fund (PPF) charges a levy on corporate schemes to build up a pot of money which can be used to protect employees from losses if individual schemes run into trouble. The government said the PPF was in a strong financial position and that it was considering ways to allow the levy to be reduced more easily. The changes could free up millions of pounds, it said, without giving a more specific figure. “It is time to change outdated rules that would force the PPF to levy pension schemes unnecessarily,” pensions minister Torsten Bell said in a statement. “This will free up funds that allow pension schemes or employers to invest, supporting savers and growth.” Thursday’s proposal adds to measures announced by the Labour government since it took office in July which seek to unlock money in the pensions system that could be used to raise the country’s levels of private investment.

The government, caught between tight public finances and self-imposed borrowing limits, is relying heavily on the private sector to invest in new projects and drive an improvement in Britain’s low growth rate. “Given the PPF’s growing surplus we welcome the recognition by them, and the Government, that the time is now right to reduce the money collected from pension schemes,” said a spokesperson for the Universities Superannuation Scheme, one of Britain’s biggest pension funds. “We encourage the Government to speedily bring forward the legislative changes needed to support the PPF decision.”

The country’s rate of business investment, despite improving slightly in the last couple of years, still lags behind its major international peers, according to OECD data. Earlier this week, finance minister Rachel Reeves announced reforms she hopes would release up to 100 billion pounds ($124 billion) from pensions funds, and last year announced a sweeping consolidation across certain funds to make them more cost-efficient. As of 31 March 2024, the PPF had reserves of more than 13.2 billion pounds, actuarial liabilities of 18.8 billion and 32.1 billion in assets under management, the government said. Reporting by William James, additional reporting by Muvija M, Andy Bruce and Sinead Cruise, Editing by Hugh Lawson.

Reuters | 31 January 2025

How South African advisers can tackle the offshore-onshore conundrum

One of the biggest investment challenges facing South African financial advisers and their clients turns out to be somewhat of a two-parter. The first part involves how much of your client's discretionary investment portfolio to invest offshore; the second, centres on the timing of moving money offshore to enable the first. Given how volatile the rand is against a basket of international currencies, the second part of this riddle can have a significant impact on portfolio returns.

Dollar versus rand history

Over the past five years, the rand has traded as low as R19,80 to the US dollar, and has high as R13,40. This means an investor who took R1 million offshore over the past five years could have converted that sum into as little as USD50 505,00 (in June 2021) or as much as USD74 626,00 (in May 2023) based just on the timing of the transaction. Yes, dear reader, if you got your decision point wrong, your offshore investments may have had to claw back a staggering 47% just to compensate for the currency conversion 'loss'. This explains why analysts, asset managers and financial advisers keep a close eye on rand strength or weakness versus the British Pound and US Dollar.

There are reasons for the rand's ongoing depreciation against developed market currencies, starting with the domestic inflation rate being persistently higher than that of both the United Kingdom and United States. This gap has narrowed over the past couple of years as developed markets battle levels of inflation last experienced four decades ago; but structural economic issues such as high government debt; low economic growth; an overreliance on commodity exports; unemployment and the widening fiscal deficit keep the pressure firmly on the rand. Once you add South Africa's political and policy uncertainty to the mix, few are surprised to learn that the rand has devalued by 5.8% per annum against the dollar, going back to 2014.

Fleeting, infrequent top five ranking.

The rand had an exceptional 2024. Data collated by Bloomberg shows the rand as the fifth best-performing emerging market (EM) currency over the 12 months, behind the Malaysian Ringgit, Hong Kong Dollar, Thai Baht and Peruvian Sol. This is the first time the rand has featured this high on the EM tables going back eight years, to 2016. But before you pop your champagne corks, the rand still managed to lose around 3% of its value against the world's reserve currency over the period. The dollar enjoys reserve currency status because it is widely held by central banks and financial institutions as part of their foreign exchange reserves, serving as a global benchmark for economic stability. How the rand will perform against the dollar in a given year is anyone's guess, and the best that economists and currency experts can do is to offer a range the currency is likely to trade in. As these experts go back-and-forth with their predictions, financial journalists (including yours truly) have an absolute field day. While researching this piece, the following headlines appeared on the same Google search page, with both articles published on Business Tech. The first, dated 21 October 2024, postured 'Rand set to drop below R17,00 to the dollar in 2025'; the second, dated early January 2025, decried 'How the rand could hit R21,00 to the dollar in 2025'. The first article was informed by a report into prospects for seven African currencies, published by Ebury; the second focused on a worst-case scenario of around R20,70 per dollar by end-December 2025, per commentary by Annabel Bishop, Chief Economist at Investec. To summarise: two articles, published less than three months apart and each informed by financial market experts, suggest as much as a 25% gap between high and low predictions for the rand against the US dollar over the coming year. This sheds light on why it is so difficult for financial advisers to advise their clients on when to move large sums of capital offshore.

Solving for offshore-onshore is tricky too

As mentioned earlier, rand volatility is not the only concern when investing offshore. The domestic asset management and financial advice community has been debating how much to invest offshore for decades. There is so much hype around 'offshore versus onshore' that two respected investment minds recently went head-to-head in something called the R1 million Investment Challenge. Each investor was allocated R500 000,00 to invest in a basket of funds and / or equities for a period of five years, with the winner to be decided by the portfolio value at the end date. Heystek is a long-time advocate for investing offshore whereas Viljoen felt that local shares offered better opportunities, and certainly good enough opportunities for local-only managers. The competition is being closely monitored by Biz News who provide regular updates. By November 2024, Three years into the event, Viljoen's portfolio had grown to R639 000,00 versus Heystek's R502 000,00.

Viljoen told Biz News his portfolio of local shares started to show life six months before the 2024 National Elections. "We have not made significant changes; the portfolio holds the same stocks as three years ago. What is happening now is the payoff for holding undervalued assets and sticking with them," Viljoen said. The offshore portfolio got off to a rough start, losing around a quarter of its value between the start date to May 2022. "I [immediately] had a lot of catching up to do," Heystek said. He confessed to Biz News that he was probably underexposed to the US technology sector, that he had panicked during a market downturn by moving some assets to cash instead of seeing out the volatility, and that he struggled with timing his exit and re-entry. "Timing the market is tough; you must be right twice when exiting and re-entering," he said. PS, he may also have faced a timing issue on converting his rand to dollars; but the competition start date was predetermined.

Setting sensible offshore targets

The Investment Challenge furthers debate but is not particularly useful in a financial planning context. After all, how often do you bump into a client who wants to go 100% offshore. Deciding on how much of your client's capital to invest offshore should be based around his or her long-term financial goals and risk tolerance. You might start by evaluating the diversification benefits of offshore exposure within the context of the client's existing portfolio. A viable solution is to decide a fixed percentage allocation for offshore investments and then agree on a set of rules to achieve this while managing the emotional impact of currency and financial market fluctuations. The currency risk can be partly addressed by encouraging your clients to build up to their preferred offshore exposure over a period of time. You could move rand offshore each month or quarter to mitigate the risk of making a significant transaction during a period of rand weakness. This approach will not eliminate all timing risks, but it provides a disciplined framework that helps clients avoid emotional decision-making driven by currency headlines.

The same approach works well for increasing exposure to equity markets, locally and offshore You know the drill by now, dear reader, just have your clients invest a couple of grand each month into an exchange traded fund (ETF) or unit trust and benefit from rand- or dollar-cost averaging. You can improve your financial advising by using currency forecasting tools and keeping an eye on the economic and market commentary published by your preferred product suppliers; but do not fall into the trap of viewing this information as gospel. These predictions offer directional guidance rather than guaranteed outcomes; your job is to acknowledge short-term volatility while focusing on the long-term trends that tend to be more reliable indicators. In the case of the rand, the long-term term trend is for a gradual depreciation against the dollar.

Manging clients' expectations

Overall, going offshore is about managing expectations. Your clients need to understand that their offshore versus onshore decision is not about escaping rand weakness, but rather about tapping into global growth opportunities and accessing industries or sectors that might not be well-represented locally. By framing offshore investing as part of a holistic financial plan rather than a reactive decision to currency shifts, advisers can position themselves as trusted partners in navigating the complexities of global markets.

FA News | 3 February 2025

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