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irfa dispatch

THE RETIREMENT INDUSTRY NEWSLETTER

TABLE OF CONTENT

LOCAL NEWS

- The long-lingering ghosts for pensioners of the Covid-19 virus and the kleptocracy regime
- Interest rate change and emergency regulations – what they mean for your annuities
- 10 questions to help you retire into a better world
- Taxman Gives 7 Months' Notice – Thereafter Retirement Funds Captured for 3 Years
- Is the value of a living annuity included in the calculation of executors' fees?
- IRFA announces its Best Practices Industry Awards Winners

INTERNATIONAL NEWS

- How to invest in mutual fund retirement plans

OUT OF INTEREST NEWS

- Women and finance: Where we've come and where we're going

The long-lingering ghosts for pensioners of the Covid-19 virus and the kleptocracy regime

There are rules that everyone should follow every time there is a financial crisis, whether it is the Covid-19 pandemic and/or the continuing kleptocracy regime virtually wrecking the South African economy.

This week and next week will be the final columns in this series on security for pensioners. Both these columns give a summary of the previous columns and some extra information. The ghosts of the latest events are going to be long-lasting. Investment markets are going to be volatile. You can expect increases in taxes, you can expect inflation or deflation and you can expect less income in the years ahead. It is best to take action now.

Here are the rules you should consider if you are already short of income or suspect you will be:

1. Take action now: Pensioners are seriously at risk. Don't wait until the disaster hits. Take action now if you feel your financial future is uncertain. To correct a current poor decision later may be very limited.
2. Budgets: Do two budgets (if you have not done one). One for the year ahead to see what you will spend; and one into the future. They must include what you will receive and what you will pay out. Once you have the first year's budget then work out a longer-term budget, taking into account future inflation rates of the things you expect might go up, such as healthcare bills, or down, such as not using a car. (More in next week's column.)
3. Pension structure: Check the structure of your pension. This includes:
    - It may be well worth converting an investment-linked living annuity (living annuity) to a hybrid annuity, which has a guaranteed annuity as part of its structure.
    - Guaranteed annuities will offer you guaranteed income that won't be susceptible to the investment threats of a living annuity. The income gets better the older you are when you invest your savings.
    - Consider risks to your pension, particularly the risks, including scams, and when you have a serious disease, particularly dementia.
4. Enhanced (Impaired) annuity: If you have a lower life expectancy, a living annuity is often suggested that could allow you to withdraw as an income and/or leave more to beneficiaries. A living annuity is not the end of the story. You should first do a comparison with a traditional enhanced annuity that can pay out considerably more because of your state of health or lifestyle issues. The advantage of enhanced traditional annuities is that you can be sure it will pay out for as long as you live. With living annuities, if you live longer than expected, you will run out of money.

Enhanced annuities pay out when:

- You come from a low-income household with limited access to healthcare and proper nutrition.
- You suffer from a life-threatening disease, such as cancer, Parkinson's disease, multiple sclerosis, diabetes, have had a stroke or heart attack. The stage of the illness is taken into account.

- Your lifestyle factors threaten your life such as smoking, drinking too much or being overweight.

You may even qualify for an enhanced annuity if you are in fantastic health, but your partner (in a joint and survivorship annuity) suffers from a severe disease, smokes, drinks and weighs a lot.

5. Dread diseases: This is insurance cover with the payment of a cash lump sum if you suffer from a dread disease such as cancer, a heart attack, a stroke, a coronary by-pass operation. The policies differ on how much they will pay out and on what. Much is determined by what the assurer considers "activities of daily living". There are also exclusions, such as claims for the consequences of smoking, drinking too much, taking drugs or committing suicide. There may also be a waiting period when the policy may not pay out. The money could be a life-saver in paying for things like nursing care or prosthetics.
6. Bequest: Don't bank on leaving money to your beneficiaries. You must consider yourself first otherwise you may not have money to live on and the beneficiaries will receive nothing anyway – they may well have to support you. Think about how long you may live — not on how soon you will die.
7. Living annuities: Consider the risks to a living annuity. The main ones are:
    - Point of ruin. Check at least once a year on your anticipated "point of ruin". This is where you will reach the maximum allowable 17.5% annual withdrawal and your income will then reduce in Rands, both in nominal terms and after inflation. A good check is against the Financial Sector Conduct Authority-recommended scales for living annuities.
    - Sustainable. Pensioners normally need to look at sustainable investments which means the lowering of short-term volatility. You need to be assured that your investments are diversified, so if one fails another may improve. The more reliant you are on money from your living annuity the lower the overall risk should be. This often works the wrong way around on living annuities.
    - Source of income: In current times it may be necessary to draw money from your lower-risk investments, such as income funds, and use the dividends from your higher short-term volatility risk investments (equities) protecting the price of the equities during a down market. You can change the underlying investments at any stage, unlike the drawdown rate where you are limited to the anniversary date. But be careful.
    - Structured portfolios: Beware of structured funds, which promise (but not necessarily guarantee) a return linked to a named index. These products come in many forms and each one must be studied very carefully. You must accept that the fund can go belly-up and you will receive nothing. This has happened on numerous occasions even where the product has been underwritten by a major international bank.

Your investment is seldom in the quoted index but is covered by a variety of different, and often complicated structures, under-written by a third party, creating what is called counter-party risk.

Some of the problems include: dividends not being added into returns; there are cut-offs in the growth of the investments and often limits on the downside as well; costs are very seldom disclosed and they come off in many secretive ways; you are told that a third party risk (a bank or financing house) is underwriting the investments, but you are not aware of the contract between the issuer and the bank; and currency difference on foreign investments may or may not be included.

8. Financial planners: In most cases, particularly if your affairs are complicated, it will help you to engage a financial planner. A planner will help you through all the issues on this list and prevent you from making silly mistakes, which all of us tend to do.
9. Beware of scams: This is a warning repeatedly by made by the Financial Services Conduct Authority: "Members of the public should always check that an entity or individual is registered with the FSCA to provide Financial Advisory & Intermediary Services and what category of advice it is that the entity is registered to provide. ***Full Report:*** [***https://www.dailymaverick.co.za/article/2020-08-03-the-long-lingering-ghosts-for-pensioners-of-the-covid-19-virus-and-the-kleptocracy-regime/***](https://www.dailymaverick.co.za/article/2020-08-03-the-long-lingering-ghosts-for-pensioners-of-the-covid-19-virus-and-the-kleptocracy-regime/)

Daily Maverick | 3 August 2020

Interest rate change and emergency regulations – what they mean for your annuities

On 23 July 2020, the South African Reserve Bank announced another 25 basis point cut in the repo rate, bringing it to 3.5%, the lowest it has been in decades. While this does provide relief to consumers in the form of lower interest on debt, there may also be concern in some quarters about the effect of the rate cut on pension income from annuities. Wayne Dennehy, investment specialist at Momentum Corporate says there's no need to panic as he isn't expecting significant change in the cost of future annuities from this cut. He explains, "Broadly, for every 1% change in interest rate, one could expect about an 8% change in the monthly pension your cash can buy.

For example, if the money you have can buy you a pension of R1 000 a month, that same money after a 1% rate cut will only buy R920." "Markets don't wait for new data to be released before moving, they move in anticipation of expected news. As you approach retirement, if your pension fund assets are invested and this value changes in line with the price of your future annuity, there is less anxiety," he adds. Buying an annuity is a way to ensure a monthly income during retirement. This is what many retirement fund members do when they retire, using all or a portion of their retirement savings. It's a big purchase decision, so it's important to consider the features of the different annuity products available to make sure you choose one that best suits your needs.

Many different annuities in the market

The different types of annuities available can be broadly classified under the following categories:

- **Guaranteed (life) annuity**
  - A guaranteed annuity (also known as a life annuity) pays an income for as long as you live.
  - The income is calculated at the time you buy the annuity. You can choose to have an income that –
- remains the same for life (level annuity);
- increases every year at a fixed percentage (fixed-escalation annuity);

- increases through annual bonuses (with-profit annuity); or
- increases in line with inflation (CPI-linked annuity).

  • Usually, an increasing annuity starts at a lower income level than an annuity that does not increase.

  • After you pass away, there won't be any capital amount left for your beneficiaries, unless you choose a joint life pension or a guarantee term.

  • You don't take any risk of investment markets performing poorly – your income is guaranteed.

  • You cannot make any changes after the income starts.

  • You cannot change your annuity to a living annuity at a later stage.

- **Living annuity**

  • With a living annuity, you decide how you want to invest your money.

  • You must take an income of between 2,5% and 17,5% of the investment value every year. This is flexible, so you can adjust the level of income each year as your needs change. This change can only be done on the policy anniversary date.

  • Your beneficiaries inherit what is left of the money after you pass away.

  • Your money is exposed to the ups and downs of investment markets.

  • You take the risk of how long your accumulated savings will last and it is possible that you outlive your retirement savings.

  • You can decide to change a living annuity to a life annuity at a later stage.

Understanding what annuity to buy

Dennehy says deciding on an annuity should be part of a complete retirement plan, as everyone's circumstances are unique. Two important factors to keep in mind are your risk of outliving your retirement savings, and the possibility that inflation will decrease the purchasing power of your monthly annuity income over time.

With-profit annuities

He adds that an annuity that is becoming increasingly popular is a with-profit annuity. This is a guaranteed (life) annuity that pays you a guaranteed monthly income for life. The guarantee includes the initial monthly income and any future increases, which are linked to the investment returns made in the underlying portfolio. These increases help to protect the purchasing power of your pension income. Every time your pension increases, the new amount is guaranteed for life.

Regulatory changes around COVID-19 relief for living annuity owners

Certain changes to regulations were recently published as relief for living annuity policy owners experiencing financial hardship at the moment. The changes deal with two aspects – drawdown rates and cash-out value.

• Drawdown rate

The drawdown rate is the portion of the investment in a living annuity that is withdrawn each year. Between June and September 2020, living annuity owners can change their drawdown rates to anything between 0,5% and 20% (from the normal 2,5% to 17,5%). The regulations normally only allow changes to drawdown rates on the annuity owner's policy anniversary date, but this relief option allows annuity owners to make a change during this period, even if they've already chosen a drawdown rate for this year. After September, the drawdown rate reverts to its previous level.

A living annuity, in essence, reverses the build-up of your retirement fund savings. This means you need to be careful of drawing an income that is too high, which may result in you running out of money in retirement. Living annuities require ongoing monitoring and decision-making to ensure they meet your needs over time.

• Cash-out value

As of 1 June 2020, you can also take your entire amount as a lump sum if it is less than R125 000. Previously, this amount was R50 000 if you took a cash lump sum at retirement and R75 000 if you never took a cash lump at retirement. Dennehy concludes, "If you're at the point of retiring and need to choose an annuity, it is important to speak to your financial adviser or your fund's benefit counsellor to help you understand which one is right for you."

FA News | 4 August 2020

10 questions to help you retire into a better world

2020 – the year that forced history to sit up and reckon with itself. For those entering the world of work, the word "pension" or "retirement" may sound far off. Given that you have until 2060 (at the very least) to reflect upon its importance, is it really a debate for "today"? If we are living twice as long, it is fair to assume that healthcare costs increase. If population growth increases faster than death rates, it is safe to assume that a greater societal and environmental burden exists.

For thousands of years, economic progress was largely linear and linked to population growth. Without machines or technological innovations, one person could only produce so much with their time and resources. With technological progress came growth in gross domestic product, inflation, interest rates and rampant inequality. These separate the developed nations from the developing.

A world with low to negative interest rates, falling inflation, increased inequality, energy poverty, competing interests, the rise of the east and pockets of fascism within democracies. A changing world order needs new tooling.

Global warming through carbon emissions illustrates a social and environmental emergency. What good is it if your fund achieves its return target of inflation plus a few per cent when the world that you retire into is a far cry from your utopia? The concept of responsible investment (RI), and impact of investment, takes a late, but much-needed centre stage to protect pension fund destruction.

Pension fund regulation in most countries has evolved over the past decade to include environmental, social, governance (ESG) factors and RI terminology within their ambit.

Legislation helps to shine the spotlight on issues and provides a much-needed seat at the table for all investment and pension fund related sustainability. The danger, however, is that "tick box" ESG factors become merely rules in a framework.

Economic outcomes must accompany long-term financial returns or targets. Millennials tend to be much more proactive than previous generations when it comes to their investments and also express a desire to invest in companies that echo with their values.

Here are questions to ask if you want to be a successful ESG investor:

1. Does your fund have an ESG or RI policy?
2. Does the fund or its underlying asset managers consider the importance of sustainability?
3. Is the fund manager capable of understanding and assessing the impact of ESG risks?
4. Can the fund manager highlight topical matters that impact outcomes?
5. Does the fund manager vote on proxies of listed companies?
6. Does the fund manager report on the above?
7. What progress are companies making toward the United Nations Sustainable Development Goals?
8. Where does my capital get allocated?
9. Are there avenues for investment that cater to both financial returns and ESG outcomes as they ought to be mutually inclusive?
10. Do I as the investor have any personal values that I wish were catered for by my financial adviser?

Personal Finance | 31 July 2020

Taxman Gives 7 Months' Notice – Thereafter Retirement Funds Captured for 3 Years

Government Moving to Hold onto South African's Retirement Funds
On 31 July 2020, the Draft Tax Law Amendment Bill ("TLAB") contained a hidden announcement, which may prove to be the final straw for many ex-South Africans who still have retirement investments left in South Africa. The TLAB seeks to legislate to prevent a South African who has exited South Africa's tax base, to withdraw their retirement funds from South Africa, until an unbroken period of 3 years has passed where that person can prove non-tax residency.

This new test has never been raised in any Budget Speech or policy document. Also, this is a far cry from the current legislation which allows South Africans who have financially emigrated, and specifically concluded the exchange control portion of financial emigration to remove their retirement funds from South Africa upon such emigration being recognized by the South African Reserve Bank. Simply put, you have 7 months to execute a well-planned withdrawal strategy or you will be legislatively prohibited from withdrawing your retirement for at least a very uncertain 3 years.

The Change was Foreseen
Over recent years, there has been a substantial increase of South Africans formalizing their status as "non-resident" from both a tax and exchange control perspective, by using the financial emigration process. With this, many had decided to withdraw their retirement funds from South Africa and invest in a more stable economy. One of the biggest reasons for the formalization of non-resident status with SARS and SARB was due to the punitive tax regime implemented by government on 1 March 2020, which reduced the foreign employment exemption to R1.25mil.

South Africans have been flocking to cease tax residency, where they have met the very specific requirements to do so, to avoid this tax regime. The financial emigration process in its current form, done correctly, has been achieving this successfully. Unsurprisingly, with so many people having exited and continuing to exit the tax base, government took the decision to crush the outflow by proposing to change the way in which people exit, instead of dealing with the core issue – a punitive tax regime for South African tax residents abroad.

This change was proposed in the February 2020 Budget Speech, where it was announced that the exchange control portion of financial emigration would be phased out by 1 March 2021 and replaced with a new system. A system which was set to be more complex, or at the very least more stringent taking into account the wording that was used in February 2020. We also know Government has been eyeing retirement funds, as there has been various indirect statements made to that effect. This proposed law change now seems to pull all these strings together.

28 Feb 2021 deadline, but the time to start is now

The proposed changes will likely come into effect on 1 March 2021 according to the TLAB and will allow a person to withdraw their retirement funds from SA, "who is not a resident for an uninterrupted period of three years or longer". The Explanatory Memorandum to the TLAB goes on to say that "a new test should be inserted which will make provision for payment of lump sum benefits when a member ceases to be a South African tax resident". This is indicative that previously and currently one would be able to withdraw their retirement funding when ceasing tax residency, albeit also ceasing exchange control residency.

Thus, financial emigration in its current form has been that mechanism to cease residency under both.
It would seem that government is more interested in when a taxpayer ceases tax residency over exchange control residency – for obvious reasons. This gives people until 28 February 2021, a mere 7 months, to withdraw their retirement funds from South Africa before the new regime and new "test" are implemented. A word of caution is that the financial emigration process takes months; so ex-South Africans cannot wait until the last moment to start the process.

6 Important Planning Steps

From a practical perspective, seeing the system operate on a daily basis, the following should be considered-

1. One needs to perform "financial emigration" to regularize your SARS and SARB status. The chickens are coming home to roost for those who have decided to ignore the financial emigration process or the advisors who have advised clients against this for their personal agenda.
2. Get an immediate view on your policies and status. This is something almost all advisors will do for free.
3. Make sure you are KYC compliant on your policies so there are no delays in encashment of your retirement funding, once you have the approvals.
4. Get a forex facility and the relevant approvals in place, especially where you wish to send more than R10m abroad. This should be commenced immediately.
5. Determine the tax implications before instructing the withdrawal, thus always making informed decisions.
6. Properly look at your options of offshore investing. For every low-cost and accessible product available internationally, there is also a shark in the water looking to catch you.

Conclusion

Slipping this surprise law change into the TLAB only confirms what many expatriates and ex-South Africans have been sensing. It may very well be the last straw as the safety of retirement funding has been one of the few positives which South Africa has offered. Whilst the TLAB process must still run its course, one must question the wisdom of an approach to "wait and see" whether this one will be legislated. If you are wrong, you may just jeopardize your future retirement.

FA News | 4 Aug 2020

Is the value of a living annuity included in the calculation of executors' fees?

The only instance where such fees may be charged is where no beneficiary is nominated to the living annuity. A feature of a living annuity is the ability to nominate beneficiaries, safeguarding the remaining capital for your heirs. The nominated beneficiary or beneficiaries need not be financially dependent on yourself in order to qualify. For the purposes of answering this question, we have assumed that the nominated beneficiary is a natural person. In the event of your death, the funds in your living annuity will go directly to your nominated beneficiary and will not form part of your deceased estate.

As such, your living annuity funds will not attract estate duty or capital gains tax, and will not be subject to executors' fees. This is because living annuities are member-owned funds and are therefore not regulated by Section 37C of the Pension Funds Act. The beneficiary of a living annuity must decide how they would like to take the proceeds of the investment. They can elect to take the full value as a lump sum amount, although this will be subject to tax on the retirement withdrawal table. They can also choose to transfer the proceeds to another living annuity in their name.

Finally, they may choose to take a combination of a lump-sum withdrawal and a compulsory annuity. Keep in mind that any tax liability initiated from the cash withdrawal is taxed in the hands of the deceased estate as per the retirement tax table. This means any cash lump sum portion the deceased received from their retirement funds in their lifetime will be included in this calculation.

As such, any cash withdrawals they elect to make are subject to the following retirement tax table:

Taxable income (R)	Rate of tax (R)
1 – 500 000	0% of taxable income
500 001 – 700 000	18% of taxable income above 500 000
700 001 – 1 050 000	36 000 + 27% of taxable income above 700 000
1 050 001 and above	130 500 + 36% of taxable income above 1 050 000

Where the nominated beneficiary is not a natural person, for instance, a trust, the lump sum amount will be paid to the trust. This cash lump will be subject to tax as per the above tax table in the deceased estate. The only instance where executors' fees may be charged is where no beneficiary is nominated to the living annuity. In such an instance, the proceeds of the annuity will be paid into the deceased's estate and, while no estate duty will be charged, the executor reserves the right to charge a fee on the capital value of the funds as they will form part of the winding-up process.

The capital value paid into your estate is simply the market value of your investment less any fees and charges. Also bear in mind that the proceeds and income from a living annuity do not fall within the definition

of ‘pension interest’ as defined by the Divorce Act, and therefore no claim can be brought against the capital value of a living annuity in the event of divorce or death.

Moneyweb | 30 July 2020

IRFA announces its Best Practices Industry Awards Winners

An online gala event was held on the 30th July 2020 by the Institute of Retirement Funds Africa (IRFA) to acknowledge the excellence reflected in the African Retirement Sector. In opening the event the IRFA President Enos Ngutshane welcomed participants saying “our awards are being presented today in this format as COVID-19 has changed our engagement platforms for the foreseeable future - we certainly did not want to wait to acknowledge the excellence reflected by our entrants in this year’s programme”.

The awards function, hosted by the Programme Champion and IRFA Vice-President Anthony Williams, can be viewed on YouTube **here**...

The 2020 winners of awards in the prestigious 33-year-old programme are: -

CATEGORY	ENTRY TITLE	ENTRANT
Gold Standard Award	Together towards a better future	Transport Sector Retirement Fund
	Enabling our Members	University of Johannesburg
	Maintaining the Momentum	Kwa-Zulu Natal Joint Municipal Pension/Provident Funds
Financial Management and Reporting	Member Orientated Financial Management and Reporting	Kwa-Zulu Natal Joint Municipal Pension/Provident Funds
	Sound financial management through planning, organising, directing and controlling	National Fund for Municipal Workers
Governance	Promoting good governance through responsible and accountable management	National Fund for Municipal Workers
	Excellence in Fund Governance	Fairheads Benefit Services (Pty) Ltd

	Governance in the 21st century	Kwa-Zulu Natal Joint Municipal Pension/Provident Funds
Investment Practices	Committed to creating the platform and basis for sound investment decision making.	National Fund for Municipal Workers
	Sharpening the Pencil	SABC Pension Fund
Transformation	Moving forward	Kwa-Zulu Natal Joint Municipal Pension/Provident Funds
	Taking a new direction to achieve a higher level of transformation	National Fund for Municipal Workers

Stakeholder Engagement	Ask Pule	The Contract Cleaning National Provident Fund
	Liberty CSUF - Engaging successfully with members in an Umbrella Fund format	inSite Education
	Masking the panic	SABC Pension Fund
	Responding to Covid-19	Transport Sector Retirement Fund
	Engagement to improve lives	Transport Sector Retirement Fund
	Sharpening the Pencil	SABC Pension Fund
	What's your deal when it comes to retirement	Kwa-Zulu Natal Joint Municipal Pension/Provident Funds
	Annual Fund communication and the reaction to Covid-19	University of Johannesburg
	#ISASANestEgg	ISASA Pension Scheme and Provident Fund
	Applying information and initiative to ensure effective	National Fund for Municipal Workers

	stakeholder communication and education	
	Retirement in the new Decade	Kwa-Zulu Natal Joint Municipal Pension/Provident Funds
	Member Communication and Education	Mineworkers Provident Fund

FA News | 4 August 2020

INTERNATIONAL NEWS

How to invest in mutual fund retirement plans

Retirement is one of the most important financial goals in the life of an individual. Thus, due care needs to be taken in selecting an appropriate retirement plan. The plan should not only preserve capital but also provide inflation indexed returns during retirement years. Mutual fund retirement plans are structured to provide lump sum or annuity payouts and provide a wide range of products for retirement savings.

Who can invest?

Any individual less than 60 years of age can invest in a retirement planning scheme of a mutual fund. There is a mandatory lock-in period of five years or till retirement age (whichever is earlier), for investments made in these funds.

How to invest

To invest in a mutual fund, KYC compliance is mandatory. KYC can be done beforehand or form and supporting documents can be submitted at the time of investing If the investor already has a folio with the fund house, the same can be used for new investment too. Investment can be made online as well as offline.

Choice of frequency

One can make an Investment in such funds as a lump sum at one go or through SIPs. In SIPs, the investor can create a debit instruction in his/her account so that every month a specified amount gets invested towards retirement.

Choice of asset allocation

One can choose an asset allocation plan that best suits his risk and return profile. The retirement fund provides a choice of different asset allocation from investing in equity to only fixed income instruments.

Taxation

Investments made in notified retirement funds of mutual funds qualify for a deduction under Section 80C.

Point to note

It is best to take the advice of a retirement adviser while choosing a retirement product.

The Economic Times | 20 July 2020

OUT OF INTEREST

Women and finance: Where we've come and where we're going

WORDS ON WEALTH:

There has been a marked change over the past three generations regarding women's position in the workplace and their relationship with money. Although progress towards gender equality in business and financial affairs still has a long way to go, it's important occasionally to look back and consider how far we have come. I'm of the Baby Boomer generation, and I think it's fair to say that it was my generation that saw the greatest emancipation of women financially.

In my parents' generation (people born before World War II), the roles of men and women in middle-class families were generally quite fixed: the man of the household was the breadwinner, while his wife stayed at home looking after the house and raising the children. These women generally left all money matters to their husbands, sadly to their disadvantage if the husband died prematurely.

Fast-forward 70 years or so. A study last year by US research company RTi Research showed that families with female primary breadwinners now make up nearly a quarter of US households that have investable assets of $250 000 (R4 million) or more. And there has been a corresponding increase in financial awareness: the study notes that when they became primary breadwinners, 25% more of them recognised the need for a financial adviser and 48% more took an interest in retirement planning.

Their top requirements of a financial adviser were:

- Helps me with retirement planning (53%).
- Takes the time to understand my specific needs (50%).
- Speaks to me in a language I understand (49%).

In a recent article, "Five reasons why the future is female", Dale Irvine, co-executive director of financial services firm Sentinel International, quotes a study by the Boston Consulting Group that found that women hold 32% of global wealth – roughly $72 trillion – and most of the private wealth that changes hands in the coming decades is likely to go to women. "More than ever before, it is crucial for the personal financial and

fiduciary industries to understand how and where women will choose to invest their wealth. The knowledge gained will change the way that financial advisers, tax practitioners and estate planners do business," Irvine says.

Women as investors

Irvine quotes another study – by UK consumer investment platform Hargreaves Lansdown – which found that women investors returned an average of 0.8% more than their male counterparts over a three-year period. The study points out that if this were to carry on for 30 years, the average woman would end up with a portfolio worth 25% more than the average man. "What made the women fare better? Mainly, because they made less risky financial decisions than the men. They were more likely to invest in funds with a consistent record and they didn't hold on to loss-making investments in the hope that they would come good, as their male counterparts did.

"The study also showed that women tend to trade less frequently. Women traded shares 49% less than men and traded funds a whopping 67% less," Irvine says. In a recent article, "More diversity in the fund management industry means better outcomes for investors", Victoria Reuvers, managing director of Morningstar Investment Management SA, bemoans the fact that there aren't more women investment fund managers (globally, 14% of fund managers were women at the end of last year, a figure that has not changed in 20 years), but suggests that the Covid-19 crisis may speed up change in the right direction. **Full Report:** ***https://www.iol.co.za/personal-finance/columnists/women-and-finance-where-weve-come-and-where-were-going-9fa96594-ae24-468e-b824-f1c53f6cfbc7***

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