Wealth focus

SA's Wealthy, Optimism & Nevertirement *: a new report uncovers interesting attitudes among high net worth South Africans.*

The latest *Wealth Insights* report says high net worth South Africans have a very positive outlook on retirement, considering it to be the best years of their lives. The report looks at the perceptions and attitudes of 2 000 high net worth individuals in 20 different countries, and finds wealthy South Africans were the world's most confident about their financial security, with 65% of respondents certain that they are financially secure. This was ahead of other confidently wealthy in Spain (63%) and India (55%). The survey showed that half of wealthy South Africans expect retirement to be the "best years of their lives."

The report also highlighted a very interesting shift in attitudes towards retirement. Instead of being a time in your life when you kick back and forget about work, the report finds that **traditional retirement is being rejected by a new breed of wealthy worker**, who want to carry on working for as long as they are able. 60% of wealthy individuals polled say that they plan to become a 'Nevertiree,' shunning traditional retirement. Instead they expect to continue working, start businesses and take on new projects in their later years.

South Africans topped the list, with 89% saying they wanted to keep working beyond retirement, higher than the 60% of English and 54% of Americans. Conventional retirement appeals the most to high net worth people living in Switzerland, Spain and Japan.

The idea of "Nevertirement" has been gaining popularity over the past few years, and definitely seems set to continue. While previous generations looked to create their wealth early on in life with a view to enjoying it when they retired, this report reflects a different attitude, with people wanting to continue to challenge themselves well beyond the traditional retirement age. Many Nevertirees prefer to be actively engaged and challenged and are not bound by their age with regards to continuing their working life.

The report also demonstrated that as well as wanting to keep on working, the wealthy are using the later years to re-examine their options with regards to work, looking for different careers and positions, often moving from the role of execution and control to that of influence.

Sarah Harper, Professor of Gerontology and Director of the Oxford Institute of Ageing at the University of Oxford said, "People want to contribute, they want to be doing something. Work gives people status, and at an age when you're incredibly experienced you may want to start a second career or even do something completely different from your previous professional life."

(Extracted courtesy of "SA's wealthy get more optimistic" by Evan Pickworth)

Spend wisely, New Year ahead

The South African Savings Institute is urging consumers to spend wisely during this festive season. The recent financial crisis has left many countries, including South Africa, with declining savings and increasing unemployment levels. With the average SA household currently spending 78% of their disposable income just on repaying debt, the best advice is to avoid buying on credit this festive season ...

- If you did not save, don't borrow to spend
- If you did not budget for a festive season trip, stay at home
- Make the season's gifts instead of buying them, it puts more heart to the gift
- Give your precious time to the needy as opposed to money during the season
- Invest in money boxes for children
- Avoid buying on impulse , resist those sale signs
- When you see sale, think SAVE
- Remember to budget for next year's school requirements such as fees, stationary and uniforms before you spend on the festive season

"Oh look, yet another Christmas TV special! How touching to have the meaning of Christmas brought to us by cola, fast food and beer... Who'd have ever guessed that product consumption, popular entertainment and spirituality would mix so harmoniously?"
- Bill Watterson, Calvin & Hobbes

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Thinking of starting your own business?

Before you invest your life's savings in a business, make sure you are prepared. Here is some good advice from other entrepreneurs and business owners:

1. Put a business plan together – analyse all the potential risks and have a plan for how you will take your business forward over the next 5 years. Make sure the business is profitable: if you don't have a good gross profit margin and good cost control, it's going to be hard to turn a profit, ever.
2. Make sure that you have enough capital from the start. Scrutinise the working capital requirements (debtors plus inventory minus creditors) of your business.
3. Avoid relying on credit – most business creditors need to be paid every 60 to 90 days.
4. Ideally you should be holding at least 3 months worth of cash flow to see you through difficult times.
5. Before you plan on extending credit to customers, remember that this will impact your cash flow.
6. Remember that there is a difference between sending out an invoice and actually getting the money in your account – you will need sufficient capital to ensure that bad debts remain manageable.
7. Do some research about stock turnover – you cannot afford to have stock sitting on your shelf. Look at joining a buyers group, which often negotiate better prices and repayment terms.
8. Keep investing in your working capital – avoid taking profits out of the business until you are sure that the business is self-sustaining.
9. Expect that it could take you much longer to reach the cash flow and profitability that you calculated in your business plan.
10. Set up your business correctly from the start and separate your business entity from your personal finances. Don't see your business as an extension of your personal finances.