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It makes sense to postpone your retirement until the market is more stable. However, the market will always, to some extent, be unpredictable, and if you are waiting for a perfect moment to retire, you might have to wait a long time.

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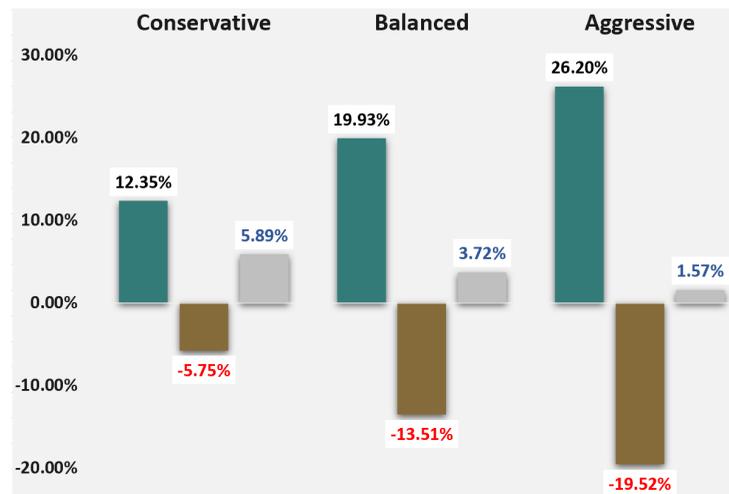
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RETIRING DURING A VOLATILE MARKET

By Leslie Greyling, Financial Planner, Brenthurst Fourways

If you are close to [retirement age](#), or a new retiree, the current downturn in markets is likely raising many concerns. The first half of 2022 has been a volatile time for most investors, and especially detrimental for those who are planning to retire this year.

FROM CONSERVATIVE TO AGGRESSIVE PORTFOLIOS HAVE SUFFERED LOSSES OVER THE PAST 6 MONTHS.



	Conservative	Balanced	Aggressive
Rand value as at 1 Jan 2021	R1,000,000	R1,000,000	R1,000,000
1 Jan - 31 Dec 2021	12.35%	19.93%	26.20%
Rand value 31 Dec 2021	R1,123,500	R1,199,300	R1,262,000
31 Dec - to 31 May 2022	-5.75%	-13.51%	-19.52%
Rand value as at 31 May 2022	R1,058,898	R1,037,274	R1,015,657
Growth since 1 Jan 2021 to 31 May 2022	5.89%	3.72%	1.57%

Investors are most vulnerable to market shocks in the early months or years of retirement. Someone who withdraws money early in retirement from a portfolio that is declining in value is at greater risk of depleting their nest egg prematurely, relative to a retiree who suffers a market downturn in later years.

If you are planning for 20-30 years of retirement, those first few years are extremely important in terms of what you end up experiencing in the long run. The risk is less likely for someone who retires at an older age because their money does not need to last that long.

THERE ARE A FEW STEPS RETIREES, AND THOSE PLANNING TO RETIRE SOON, CAN TAKE TO PROTECT THEIR NEST EGG AND MANAGE RISK, WHILE GIVING INVESTMENTS TIME TO RECOVER.

- **Reduce spending and, thereby, reduce withdrawals from retirement money. Reducing withdrawals puts less stress on the investment. Cut costs wherever possible – electricity and water consumption, fuel usage, expensive food such as take-out and restaurants, and postpone holidays.**
- **Restructure from where your withdrawals are made. For example, if you have money in cash, rather increase withdrawal from this source, instead of increasing withdrawals from a portfolio invested in equities.**
- **Check that your portfolio is well diversified of various asset classes for a better chance to survive a market downturn. When more of your money is in conservative assets, it will be less affected by market volatility.**
- **Consider a combination of Guaranteed and Living/Flexible Annuity products if you are retiring now.**

IT MAKES SENSE TO POSTPONE YOUR RETIREMENT UNTIL THE MARKET IS MORE STABLE. HOWEVER, THE MARKET WILL ALWAYS, TO SOME EXTENT, BE UNPREDICTABLE, AND IF YOU ARE WAITING FOR A PERFECT MOMENT TO RETIRE, YOU MIGHT HAVE TO WAIT A LONG TIME.

- ⇒ **Make sure you have made adequate provision for retirement.** With rising inflation people are finding it harder to save money because the cost of goods and services is more expensive. Change your spending habits and reduce “luxury” expenses to ensure you continue to save money for retirement.
- ⇒ **Structure your retirement planning to provide you with different sources of income.** For example, rental income, income from discretionary investments and compulsory retirement funds. This will result in some flexibility to potentially adjust your income level from various sources in times of market volatility.
- ⇒ **If you have limited savings, and they have decreased in value, don't sell now.** In the long run it will benefit you to be patient and wait for the market and investment values to recover.



While the current market downturn may tempt you to panic sell, try to hold off, even if you must cut back on your discretionary spending for a while. The global economy tends to move up more than it moves down and will recover over time.

Unfortunately, there is no magic solution to the current economic uncertainty and even the most astute analysts cannot predict with absolute certainty what lies ahead, given the surprises which the world has already experienced this year. But it also does not have to define your retirement if you take corrective steps now. Reach out to a financial advisor to help you find the best path to retiring well, despite the uncertainty.

**CONTACT ANY OF OUR HIGHLY QUALIFIED FINANCIAL ADVISORS
AT OUR 8 OFFICES COUNTRYWIDE TO DISCUSS YOUR INVESTMENT STRATEGY**

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REGISTERED FINANCIAL ADVISOR AT BRENTHURST FOURWAYS

LESLIE joined Brenthurst Wealth Management in 2018 as a Risk and Investment Advisor.

Leslie obtained her National Certificate in Financial Services, Wealth Management, in 2014.

She has 22 years' experience in the financial services industry, having served 15 of those years as an Independent Financial Advisor.

She is a REGISTERED FINANCIAL PLANNER™ and a member of the Financial Planning Institute of South Africa and is fully qualified to give advice on all aspects of investments, retirement planning and life cover, which includes personal and business assurance.

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