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Page: 12

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Top five investment tips for a new year

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1. Do not delay.

Many people think they have lots of time to save, for instance for retirement, and discover too late that they need a few more income earning years. Others think the stock markets are not doing well and that it is too risky to invest now. Get organised around personal financial affairs. Take a good hard look at all accounts – current/cheque accounts, savings accounts, debt or loans, retirement and/or pension funds. A full review is the best starting point.

2. Get an understanding of financial markets and investment options.

The investment universe is vast and to some degree complex. There are many different options to select for investment. For instance:

- Cash in the bank in an interest bearing account
- Investing in stock markets (directly in shares or via funds like unit trusts)
- Property
- Alternative options like physical coins, art or vintage cars

Each investment has different characteristics, different return histories and, very importantly, exposes an investor to a different level of risk.

3. Have a comprehensive plan.

Sound personal financial management is not only about paying off debt and investing and/or saving. It is about all financial matters related to your financial life. Risk issues – are your belongings and assets properly insured? Is appropriate life cover or dread disease cover in place? Is your will up to date with your current situation?

4. Be smart about tax.

Paying tax is a fact of life. But when investing there are ways to lessen the burden. There are tax benefits for investing in a retirement annuity. Speak to a tax adviser who understands the tax rules and elements such as allowances for offshore investment, so you can be tax compliant in a smart way.


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5. Diversify.

Historical reviews of investments across different asset classes show that not all asset classes perform the same all the time. In a complex world there are many global issues affecting market movements and it is impossible to achieve positive returns all of the time. Diversification ensures an investor is not exposed to a single-asset class, region, industry or investment option.

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