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EMIGRATE YOUR INVESTMENTS ...NOT YOUR LIFESTYLE

By Rocco Van Zyl, Advisor at Brenthurst Wealth Management

A recent surge in emigration has prompted a growing number of SA investors to consider following suit. The quest for greener pastures elsewhere is very appealing to families who, ironically, want a better quality of life.

It is ironic, I think, because what better lifestyle is there than what we have in South Africa, with excellent amenities, opportunities and fantastic weather. Sure, it's not all sunshine and roses, but with planning and foresight you can shield yourself from many of the annoyances.

Moving house is stressful enough without still uprooting your family for relocation to a promised land that is often foreign and unforgiving.

Allow me to paint a picture of how you can get the best of both worlds, without having to relocate. Whether you decide to leave or stay is a very personal decision, however, I do believe there's a strong case to be made for staying, without compromising your future.

DIMINISHED BUYING POWER

Say what you will about the rand, but if you're buying in the local currency you still wield significant buying power.

Leave our shores, however, and your spending power is decimated because the rand is so weak against major currencies. By some estimates, it can take anywhere from 5 to 15 years to regain the quality of life you enjoy in South Africa because of this diminished buying power.

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Take, for example, what R15m can buy you here versus in a market like London. In South Africa that money would buy you a four-bedroom house in a respectable estate that offers a great lifestyle and good security. And you'd still have R6-8m left to invest.

Relocate to London and your R15m is worth around £750,000 – that buys you a two bedroom flat with a communal garden.

LIFESTYLE

As you can imagine, there's no comparison between a lifestyle estate and a two bedroom apartment.
Yet, those are the realities of emigrating which, in my opinion, is a huge sacrifice to make when you have alternative options available that allow you to continue enjoying the South African lifestyle, but with fewer financial risks. This is especially true if your reason for emigration is greater financial security.

Given that you can invest up to R1m overseas without exchange control approval, and up to R10m with approval, there's a strong argument in favour of leveraging global growth for your local benefit. The considerable expense of relocating, plus unfavourable exchange rate, weigh heavily on families who are considering emigration.

LIVE HERE, INVEST ABROAD

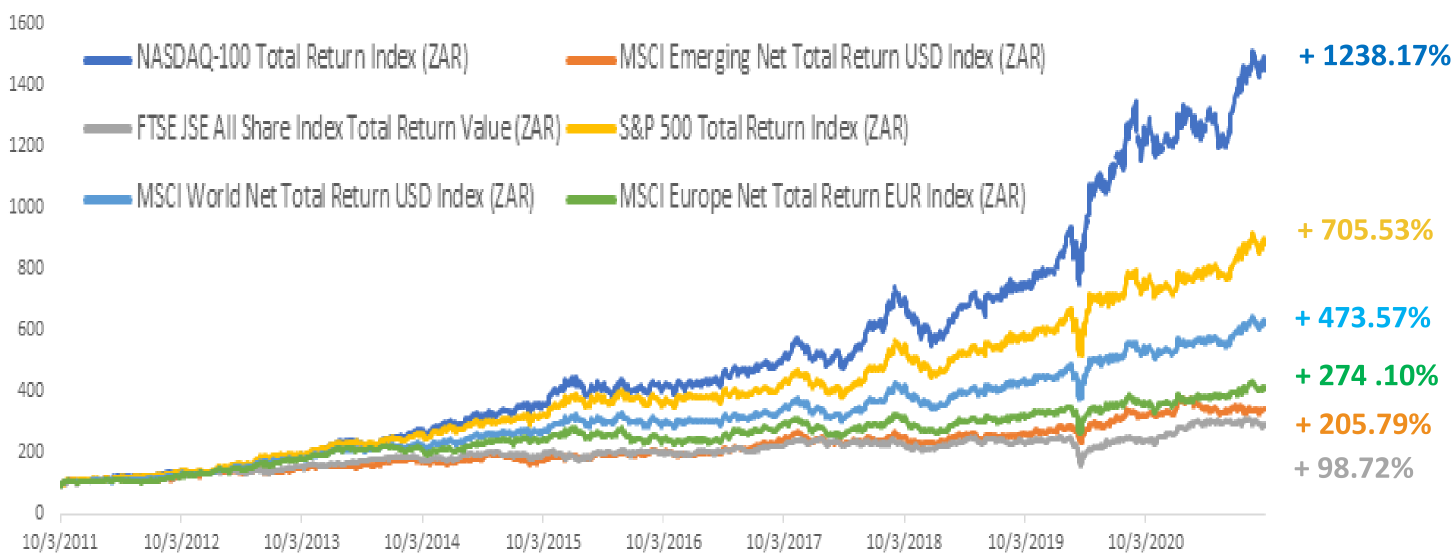
THE BEST WAY TO HEDGE AGAINST LOCAL WEAKNESS IN THE ECONOMY AND THE CURRENCY IS TO LOOK OFFSHORE FOR GREATER RETURNS AND STABILITY.

The options available to South Africans **investing offshore** have grown exponentially over the years, and there are vastly more investment opportunities available.

Although your fortunes may not be completely divorced from local factors, you can reassure yourself that your financial outlook is far more stable. The local economy and markets have lagged behind the global economy for some time, allowing South Africans who are invested offshore to benefit.

JSE VERSUS REST OF WORLD OVER 10 YEARS

NORMALIZED AS AT 10/03/2011



Source: Momentum/Bloomberg

Because of this stronger growth, you can count on your wealth growing in hard currency while spending in rands.

Is this plan right for you? Only you can decide, but I like to offer this alternative to families who live great life-styles and can afford to buy themselves security and luxury right here in South Africa. Why not use this same opportunity to consider a local lifestyle fueled by a global portfolio?
Consult financial advisors when planning your move abroad to assist you with the most suitable strategy.

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SPEAK TO ANY OF OUR ADVISORS AT OUR OFFICES COUNTRYWIDE TO ASSIST WITH YOUR INVESTMENT STRATEGY

IMPORTANT INFORMATION ABOUT TAX CLEARANCE CERTIFICATES FOR OFFSHORE INVESTING

SARS IS STRONGLY ADVISING THAT ANY AND ALL TAX CLEARANCE CERTIFICATE APPLICATIONS ARE SUBMITTED WELL BEFORE THE END OF NOVEMBER. DURING DECEMBER THEY WILL BE ON SKELETON STAFF AND APPLICATIONS WILL BE DELAYED.

Please utilize your R1m Discretionary Allowance before the end of the year. It has been advised that any R10m (or part thereof) Foreign Investment Allowance applications should be submitted within the next 6 weeks. Keep in mind that proof of availability of the amount applied for must be submitted with the application and readily available.

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