Publication: Citizen (Country Edition), Business

Date: Wednesday, May 21, 2025

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Six steps you can take if the market crashes as you retire

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Retiring just as markets crash can feel a bit like hitting turbulence just as your plane lifts off – unsettling, disorienting and not the start you imagined.

In South Africa, only about 6% of the people are on track to retire comfortably.

Since the start of the "two-pot" system, more than 1.2 million people have taken early withdrawals from their retirement savings – R21 billion in just six weeks.

That kind of pressure – rising prices, market dips, uncertainty – makes it easy to panic.

However, a market crash doesn't have to ruin your retirement. It just means your next steps matter more.

Here are six steps to help you ride out worst of a market slump.

1. Stay calm – don't cash out

When the market drops, it's natural to feel the urge to get out, but selling now could hurt you more in the long run. If you cash out while prices are low, you lock in those losses.

Markets do recover – sometimes quickly – and missing even a few of those bounce-back days can seriously affect your savings. It might feel tough, but staying invested is still your best chance of getting back on track.

2. Think in decades, not days

It's easy to think that once you retire, you should move everything into cash.

But even though you're retiring, your money still needs to last for 25 to 30 years – maybe longer. That means you still need some growth in your investments to keep up with rising costs over time.

Putting everything in a money market account might feel safer, but it can backfire. If your returns don't beat inflation, your money could slowly lose value.

3. Build a buffer – and let the rest grow

What you can do is give yourself a safety net.

Set aside enough to cover one to three years of living expenses in a conservative income fund or money market account.

That way, you have cash to draw on when you need it, and you won't have to sell investments while they're down.

Then, keep the rest invested in a mix that gives you some growth. This way, you protect your short-term needs and give your long-term savings a chance to recover.

4. Review withdrawals

If you've already started drawing money from your investments, now's a good time to check your withdrawal rate. Could you cut back a little? Can you delay some non-essential expenses?

Even small changes can make a big difference. And if you can avoid selling shares right now – especially the ones that have dropped – your portfolio has more time to bounce back.

5. Be diversified

During uncertain times, it helps to know your investments are spread out in a way that balances risk and return. If you're too focused on just one type of asset – like shares or property – you might be exposed to bigger losses than you need to be.

Consider adding more income-focused options, like dividend-paying shares, income funds, or even annuities, that offer a steady stream of income.

These can give you more stability without giving up growth.

6. Speak to a professional

This is one of the most important times to get advice. A good financial planner can help you see how long your money will last under different market conditions. They're there to help you make calm, confident decisions when it matters most.

▶ *Smit is a certified financial planner at Brenthurst Wealth*