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GLOBAL WEALTH

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BUILDING WEALTH SINCE 2004

IN THIS ISSUE

Recent regulatory changes have made offshore investing simpler and more accessible for South Africans. By using increased offshore allowances and streamlined processes, investors can diversify globally, reduce local risk and build long-term wealth with greater ease.

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INVESTING OFFSHORE JUST GOT EASIER. HERE'S HOW.

SUZEAN HAUMANN | CERTIFIED FINANCIAL PLANNER®, BWM TYGER VALLEY

In February, the finance minister announced the doubling of the Single Discretionary Allowance (SDA) from R1 million to R2 million a year. This is the biggest change to exchange controls in 15 years, yet the true opportunity this presents isn't clear to everyone.

This is especially true for South Africans thinking: "Great, but I don't have R2 million lying around".

The way to approach this is not as a target, but a ceiling. What the increase actually signals is that it's much easier moving money offshore now, than ever before. And that's true, whether you move R2 million or R200,000 offshore in a year.

HOW THE SINGLE DISCRETIONARY ALLOWANCE WORKS

Every South African taxpayer over the age of 18 years can now move R2 million offshore per year without needing a SARS tax clearance PIN.

These funds can be used for offshore investments, travel, gifts to family abroad, or almost anything else. This is a conversation that I've had with many clients who've been investing offshore for years and use their allowance without a second thought. The more interesting conversation, though, is with the client who has yet to move a rand abroad. Not because they don't understand the reasoning behind it, but because it can feel like a really big step. This fear of the unknown is that much harder to stomach if your investment drops by $1,000, rather than R1,000.

YOUR OFFSHORE INVESTMENT OPTIONS

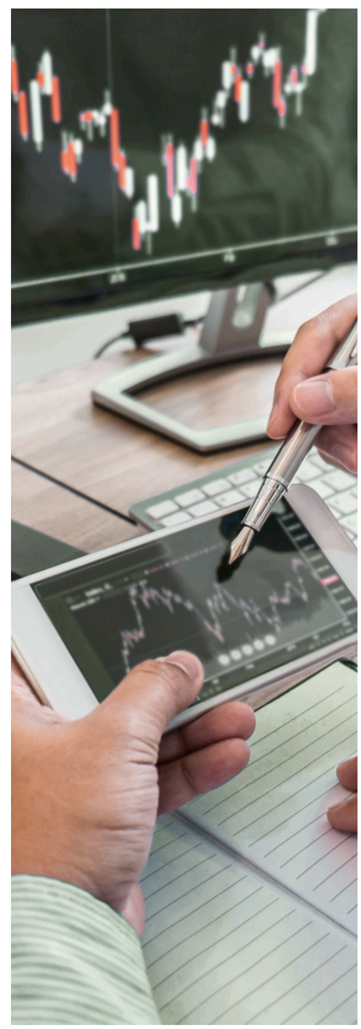
The reality is that moving money abroad and investing offshore doesn't have to be any riskier for the average investor.

For a start, the simplest way to gain offshore exposure does to not even involve investing directly abroad. There are many funds to which you can allocate your rands from where it is invested in global markets and international shares. The benefit is that you still get real exposure to international companies and currencies, but all the administration stays local.

Once you're ready to externalise money yourself, investing directly into offshore markets will naturally be the next step. Your options include offshore unit trusts, global equity funds, ETFs and endowments, held in foreign currency on an international platform.

This is typically how you can make use of your SDA to benefit from the growth of offshore investments.

PRACTICAL CONSIDERATIONS



Of course, one of the most useful tools which will simplify this process, is an offshore bank account. This is the account your money actually moves through, and if you travel regularly or have family studying or working abroad, it will simplify life tremendously.

A word on tax and estate planning, because it matters more than people realise: South African tax residents are taxed on worldwide income, which means interest, dividends and capital gains earned offshore generally still need to be declared in South Africa.

This doesn't always mean you'll pay tax in two jurisdictions – especially in countries that have double taxation or foreign tax credit agreements with South Africa.

It's important to remember that if you earn income by working abroad, only the first R1.25 million is exempt under current rules, as long as you meet the day-count requirements. Also, offshore assets might be subject to inheritance rules and estate duties, so it's worth getting proper advice before, not after, you move money abroad.

One more thing worth highlighting, especially in light of the strong run the rand had in 2025: don't base your offshore investment decision on what the currency might do next. A weaker rand flatters offshore returns when converted back to rands, whilst a stronger one dents them. The truth is that it's practically impossible to predict what the currency is going to do, and that offshore investing is a long-term diversification decision, not a currency trade.

So, the real question isn't whether you can afford to move R2 million – it's what amount, if it dropped in value tomorrow, genuinely wouldn't keep you up at night. Start there. Build your comfort with the currency and the process, and then decide whether to use more of your allowance next year, once you have.

My message to you is this: the door didn't become more difficult to walk through, it got wider. You don't need to fill the frame to walk through it.

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Suzean is head of the Tygervalley office and one of the company's key individuals. She is a CERTIFIED FINANCIAL PLANNER® and a registered member of the Financial Planning Institute of South Africa.

She has extensive experience in all areas of financial planning, with particular expertise in investment and retirement planning. In addition, Suzean is a qualified foreign exchange consultant, offering in-depth knowledge of offshore investment strategies.

Having joined Brenthurst Wealth in 2010, Suzean has been a valued part of the team for more than 15 years and is fully qualified to advise on the full spectrum of investment matters.

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