



INVEST BETTER
with **BRENTHURST**
BUILDING WEALTH SINCE 2004

IN THIS ISSUE

Retirement changes how you view your savings: instead of simply protecting capital, you must use it sustainably.

Understanding your income needs, health costs, dependants and reserves can help balance financial security with enjoying life.

INVESTING WITH SA'S

LEADING BOUTIQUE WEALTH MANAGER

WINNER 2020 & 2017 | RUNNER-UP 2023 & 2018
TOP 3 2022 & 2021 | TOP 4 2025 & 2019

RANKED AMONGST THE TOP WEALTH MANAGERS FOR 9 CONSECUTIVE YEARS

JOHANNESBURG	+27 (0) 11 799 8100
SANDTON	+27 (0) 10 035 1391
PRETORIA	+27 (0) 12 347 8240
CPT GRANGER BAY	+27 (0) 21 418 1236
GEORGE	+27 (0) 44 050 6057
BELLVILLE	+27 (0) 21 914 9646
CLAREMONT	+27 (0) 21 100 3901
STELLENBOSCH	+27 (0) 21 882 8706
VAL DE VIE ESTATE	+27 (0) 21 100 3901
SOUTHERN PAARL	+27 (0) 21 141 4774
MAURITIUS NORTH	+230 260 1738
MAURITIUS SOUTH	+230 484 2175

SIGNING YOUR OWN PAYSリップ

MARISE REINACH, CFP®, HEAD OF BRENTHURST WEALTH PRETORIA.

For most of your working life, money moved towards you. Around the 25th of each month, money landed in your account, and the bond, school fees, groceries and savings arranged themselves around that date. Some months may have felt stretched, but you did not have to decide whether the money should come. It simply came.

Then comes a month when it stops. In its place is a decision. You, or someone acting on your instruction, has to move an amount from your retirement capital into your everyday account. You choose that amount, and the responsibility now feels personal. There is no employer confirming the payment. You are now both the payer and the payee.

On paper, this is an administrative step: savings become income. In practice, it is often when retirement stops feeling theoretical. The habits that helped you build the money can make spending it uncomfortable, even when the withdrawal forms part of a sound plan. That gap between what is affordable and what feels acceptable is where many retirees get stuck.

SAME MONEY, A DIFFERENT JOB

For decades, your retirement capital had one job: to grow. You contributed to it, protected it and judged progress by whether it was worth more than before. You postponed purchases, shopped around and resisted the urge to touch the capital.

At retirement, that job changes. The same money must now provide a dependable income for you, and possibly your spouse, month after month, while keeping pace with living costs. The focus shifts from building the balance to using it sustainably.

The industry calls these phases accumulation and decumulation. The second term simply means drawing an income from what you have built, rather than continuing to add to it. Most of us were trained for accumulation. Those habits served you well, but they can make a planned withdrawal feel like a mistake. There is usually far less preparation for this second phase.

WHY IT FEELS LIKE MORE THAN MONEY

Several things can be happening at once. They often overlap, which is why a reassuring projection does not always remove the discomfort.

Your scoreboard now runs backwards. For years, opening a statement and seeing a higher balance meant progress. In retirement, a healthy plan may show capital that stays flat, dips in a poor year or declines gradually by design. The same glance at the same statement can now feel like bad news. A smaller number can, therefore, feel like failure even when the plan is working as intended.

Thrift has become part of your identity. Being careful with money may no longer feel like something you do. It may feel like part of who you are. You may be the person the family teases about specials. Spending more freely can then feel out of character, which is why being told that you can afford it does not always settle the matter.

Unspent money feels like readiness. It can meet a cost you cannot yet name. Once it is spent, that option is gone. A withdrawal from a fixed pool can also bring an uncomfortable question: how many more will there be? Leaving the money untouched is sometimes easier than doing that math. Few people say this directly, but in my experience, it often sits behind the reluctance.

Guilt can sit alongside the fear: guilt about spending what could have gone to children or grandchildren, about enjoying what your parents' generation never had, or about wasting something that took years to build. These concerns are understandable. On their own, however, they do not show whether the plan is affordable.

WHAT RESEARCH SHOWS

Research on American households suggests that this reluctance is not unusual. De Nardi, French and Jones (2010) found that many retirees, particularly wealthier households, keep capital available for large medical costs and the possibility of living longer than average. In other words, caution is often serving a practical purpose.

A later survey by the Employee Benefit Research Institute asked Americans aged 62 to 75 why they were not spending down their assets. The most common answers were an unforeseen cost later in retirement (38%) and simply not needing to spend the money (37%). Leaving money to heirs (33%) and feeling better when balances stayed high (31%) both ranked ahead of fear of running out (27%).

These studies describe American households in an American tax, healthcare and pension system. I have not seen a South African study measuring the same behaviour, so the figures are best read as evidence of a broader pattern, not as a description of every local retiree. South African households face different healthcare, family support and retirement income pressures.

WHEN CAUTION IS THE RIGHT ANSWER

This is not a case for every retiree to spend more. Some people are already drawing too much, and an early adjustment is usually easier than a late one. It is better to make a modest change while there is still room to adapt than to wait until the options are limited.

What is sustainable depends on several practical questions.



HOW LONG THE MONEY MAY NEED TO LAST

If you are part of a couple, one of you may live into your nineties. A plan based only on average life expectancy can leave too little room for that possibility, especially because two lives are involved. Ask what life expectancy your own plan assumes and what happens if one spouse lives longer than expected.



HEALTH AND CARE COSTS

Medical scheme contributions often rise faster than headline inflation. Frail care or home-based nursing can change a budget quickly and with little warning. Gap cover, which can help with certain shortfalls when providers charge above medical scheme rates, and a dedicated health reserve both matter here.



THE PEOPLE WHO DEPEND ON YOU

Adult children finding their feet, a grandchild's schooling, an ageing parent or a sibling in difficulty may all affect what you can comfortably spend. These commitments are real, even when they are not included in the projection. It is worth deciding which support is essential and which depends on the portfolio remaining comfortably on track.



INFLATION AND MARKET RETURNS

An income that feels comfortable today will need to rise over time. Poor markets early in retirement can also do lasting damage because investments are being sold to fund income while prices are down. The same poor return later may have a smaller effect. This is one reason flexibility in the first few years is valuable.



HOW YOUR PLAN IS STRUCTURED

In a living annuity, you choose an annual drawdown of between 2.5% and 17.5% and carry the investment and longevity risk. The rate can generally be adjusted once a year on the income anniversary, and whatever remains passes to your beneficiaries. A guaranteed life annuity pays an agreed income for life and transfers those risks to the insurer, although the simplest form does not leave capital to heirs. Many retirees use a combination, and the mix affects how much flexibility they have.

South Africa's older persons grant is modest and means-tested, so it is not a realistic fallback for many. This may justify holding a larger reserve than commentary written for other countries assumes. The point is to understand what your circumstances allow and to review that answer regularly.

QUESTIONS TO DISCUSS

These are not questions with quick answers. They are often easier to work through in writing or in conversation with your spouse or a trusted friend.

1. What was this money originally for?

Before enough was a number on a statement, it was an intention. Perhaps it was security, time with family, travel or the freedom to stop working. Naming that intention again may be more useful than looking at another projection.

2. Which worries are about the plan, and which are about how I feel?

Will the money last if I live to 95 years? That is a planning question that can be tested. Am I allowed to enjoy it? That is a different question, and a spreadsheet is unlikely to answer it. Both matter, but they need different conversations.

3. What am I postponing, and does it have a shelf life?

Some spending can wait. A kitchen will still be a kitchen in five years. A walking holiday with grandchildren or a visit to a sibling overseas may not wait in the same way.

4. What do I want this money to have done?

Looking back in ten or twenty years, what would make you glad you were careful, and what might make you wish you had allowed yourself a little more freedom?

SMALL CHANGES THAT MAY HELP



SET ASIDE A SPECIFIC RESERVE

Keep a visible amount for emergencies and healthcare. Once that reserve has been defined, it may become easier to spend from the rest of the portfolio without mentally counting the same money twice.



DECIDE ONCE A YEAR, NOT EVERY TIME.

At your annual review, agree on an amount for travel, family and giving. Making the decision once, calmly, can be easier than reconsidering it at every booking.



WRITE DOWN WHAT WOULD MAKE YOU CHANGE COURSE.

Agree on the circumstances that would lead you to reduce your income. This gives you a clear response to changing conditions. If those circumstances have not occurred, there is less reason to reconsider the plan every morning.



HAVE THE SEPARATE CONVERSATION.

Couples often carry different concerns without realising it. One may fear running out of money, while the other fears running out of time. Talk about what would make each of you feel secure.

WHAT THE MONEY IS FOR

Retirement money has more than one purpose. It should keep you secure, but it can also help you stay connected to the people you love, have experiences while your health allows, and support what gives your days meaning. Security comes first, but it is not the only measure of whether the money has served you well. A plan that protects capital at the expense of everything else may be too cautious.

You spent a working life learning to handle money carefully. Retirement does not require you to abandon that discipline. It asks you to use it differently: understand what the portfolio can support, keep an appropriate reserve and allow yourself to use the rest for the life you planned.

The aim is not to spend for the sake of spending. It is to make deliberate choices within a plan that you review regularly.

MARISE REINACH, CFP®, HEAD OF BRENTHURST WEALTH PRETORIA



Marise has been a financial adviser in our Pretoria office since April 2015. She was recognised as Brenthurst's Top Financial Adviser in 2020, receiving the Brenthurst Award of Excellence.

Marise obtained BCom Investment Management & BCom (Hons.) Financial Management degrees from the University of Pretoria. She also obtained a Post Graduate Diploma in Financial Planning from the University of the Free State.

Through practical experience and appropriate qualifications, she can advise clients on all investment-related matters, focusing on pre- and post-retirement planning, as well as offshore investments.

Marise is a CERTIFIED FINANCIAL PLANNER® professional and is fully qualified to give advice on all investment matters.

PHONE: +27 (0) 12 347 8240 | **EMAIL:** marise@brenthurstwealth.co.za

MISSED ANY OF OUR PREVIOUS ARTICLES?

>> [CLICK HERE TO VIEW PREVIOUS ARTICLES](#)

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

EMAIL US: invest@brenthurstwealth.co.za

BRENTHURST OFFICES

Johannesburg +27 (0) 11 799 8100
Sandton +27 (0) 10 035 1391
Pretoria +27 (0) 12 347 8240
CPT Granger Bay +27 (0) 21 418 1236
George +27 (0) 44 050 6057
Bellville +27 (0) 21 914 9646

Claremont +27 (0) 21 100 3901
Stellenbosch +27 (0) 21 882 8706
Val de Vie Estate +27 (0) 21 100 3901
Southern Paarl +27 (0) 21 141 4774
Mauritius North +230 260 1738
Mauritius South +230 484 2175

SATELLITE OFFICES

LIMPOPO: Ruan Breed | +27 82 551 3299
FREE STATE: Iniel Van Zyl | +27 72 298 3212
NORTH WEST: Maria Smit | +27 79 696 6860
MPUMALANGA: Marise Reinach | +27 72 795 3604
KWAZULU-NATAL: Arin Ruttenberg | +27 84 582 8581

Brenthurst Wealth Management is an authorised financial services provider (Reg No: 2004/012998/07) FSP No.7833. This e-mail and any file attachments transmitted with it are intended solely for the addressee(s) and may be legally privileged and/or confidential. If you have received this e-mail in error please destroy it. If you are not the addressee you may not disclose, copy, distribute or take any action based on the contents hereof. Any unauthorised use or disclosure is prohibited and may be unlawful. The view and opinions expressed in this e-mail message may not necessarily be those of the management of Brenthurst Wealth Management (Pty) Limited.