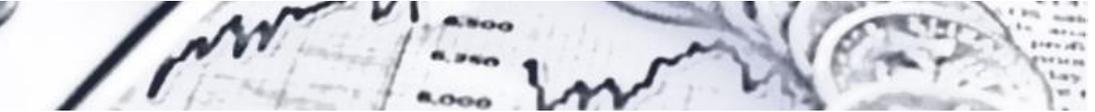


LIVING ANNUITY OR LIFE ANNUITY



Money marketing asked Mark Lapedus, Divisional Director: Proposition Enablement at Liberty Innovation, about the annuity options available to retirees.

From data released by ASISA, over 90% of the annuities sold in SA in 2015 were living annuities. Why do you think this is?

Let's look at the high level difference between a living annuity and a life annuity. Many people retiring want to leave an inheritance for their loved ones. For this reason, they choose to invest into a living annuity as any capital remaining at the time of their death will be paid to their beneficiaries. This investment has a lot of flexibility, as you can choose how much money to draw out as income and which fund managers should look after your money. The downside of a living annuity is that you are not guaranteed to have money for the rest of your (and your spouse's) life.

If you choose a life annuity, the life company carries the risk of the investment not performing well and you, as annuitant, living long. At the outset the amount of income you will earn for the rest of your life is known. When you (and your spouse) die, the income stops and there is nothing further to pay. Some pass away younger and others live to be a hundred, investing in a life annuity takes the uncertainty of this away. Some choose the living annuity to leave an inheritance or for the flexibility, while others need more income to maintain their lifestyle than what a life annuity can pay.

Your Retirement Objectives	Guaranteed Annuity	Living Annuity
An adequate initial income	Not guaranteed	✓
Inflation protection	✓	Not guaranteed
Lasts for life	✓	Not guaranteed
Flexibility	✗	✓
Leave an estate	✗	✓

RETIREMENT - THE HARD FACTS

- Only **6%** of South Africans can afford to retire
- 45%** are dependent on their families
- 32%** are forced to continue working
- 17%** rely on the R1500 per month state pension.

Looking to reduce your income tax liability? Speak to us about contributing towards a Retirement Annuity



TAX FREE SAVINGS



R30 000 per annum or R2 500 per month
Do you have a Tax free Investment?

INTERESTING STATISTICS

- 3 million tourists visited South Africa in November 2016, 68% travelled from Europe, 96% for holiday purposes.
- Credit Suisse reports from their recent Global Wealth Report that 66 000 South Africans are members of the 1% of the global wealth holders, 45 000 are US dollar millionaires. Africa is estimated to have 136 000 millionaires which is expected to increase by 44% to 196 000 by 2021.
- Switzerland ranks as the global leader in terms of average wealth per adult in 2016.
- Russia is the world's most unequal country with 74.5% of the nation's wealth controlled by the richest 1%.
- Global wealth in 2016 increased by \$3.5 trillion to a total \$256 trillion.
- The Wealth-X Global Property Handbook indicated that Cape Town ranks as the 37th "Alpha City" in the world for the ultra-rich. Johannesburg comes in at 46 while London tops the ranks.
- The Big Mac Index has the rand trading at R5.20/\$. The cost of a Big Mac in SA, in dollar terms is \$1.89. According to the index the rand should be trading at R6.78 to the Euro and R8.52 to the pound.
- Dow Jones Industrial Average passes 20 000 mark for the first time in history, 25 January 2017 – thanks to President Donald Trump.
- The MSCI World Total Return Index passed its previous record high on 11 December and appreciated by +4% since then.
- The MSCI Emerging Market Index, of which the MSCI South Africa Index comprises about 7%, is +6.2% in dollars in 2017 (more than double the developed market index), but is still trading at the same level as 10 years ago...in dollars.
- The JSE Resources Index, which struggled for many months to break above the 18 000 level in 2016, is now trading around the 20 000 level.

**THE SA RESERVE BANK
OPTED TO LEAVE THE REPO
RATE UNCHANGED AT 7%**

STOCKS TO WATCH FOR IN 2017

Alwyn Van der Merwe of Sanlam Private Investments likes the following shares:

- 1) Remgro - due to the fact that the investment group gives investors exposure to the likes of Med clinic and the First Rand Group. 
- 2) Metair – he believes that the share should re-rate now that they have sorted out their retooling problems. 
- 3) Hudaco Industries 
- 4) ABSA 

Whereas stock analyst Kirk Swart of Overberg Asset Management has gone for:

- 1) Shoprite – due to the proposed Steinhoff merge to create a combined African retail business.
- 2) Old Mutual - due to the pending separation of the group into four companies, which should be completed by 2018. 
- 3) Invicta - is an investment holding and managing company that manages assets of R15bn mainly in the engineering sector. The ex CEO is back from 1 Feb 2017. 
- 4) Zeder - invests in the broad agricultural sector in Africa. (Pioneer Foods, Kaap-Agri and Quantum Foods) 
- 5) Sasol - the share price has crept over R400 on the back of a strong increase of the oil price.

Top Performing Assets classes over the past 5 years:



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