

# Now, more than ever, is a time to stay strong

There is no doubt that the outbreak of the novel coronavirus (COVID-19) has transformed our world, and has brought about huge medical, economic and humanitarian challenges. The implications of the COVID-19 outbreak are bigger than anybody could have foreseen and will surely have an effect on our lives for years to come.

However, this uncertainty has surely caused a lot of introspection, and many of us are trying to answer questions such as:



Will I or one of my loved ones be infected?



Will I lose my job or security of income?



How will this affect my retirement fund and other savings?



These are all important questions to ask and finding the right answers are not easy. Now more than ever, is the time to ensure that your emotions do not run away with you - leading you to make the wrong decisions, especially when it comes to your retirement and other savings.

*Somebody's sitting in the shade today because someone planted a tree a long time ago.*

- Warren Buffet, an American investor, business tycoon, and philanthropist, who is the chairman and CEO of Berkshire Hathaway. He is considered one of the most successful investors in the world and has a net worth of US\$88.9 billion as of December 2019, making him the fourth-wealthiest person in the world.



## How have my retirement savings been affected?

During times of crises (like we are experiencing now), investment market performance and investment markets are highly volatile, and your retirement fund savings are likely to be lower than before. March 2020 was one of the worst months in history for the SA markets, as the JSE All Share index fell by 12.1% and the SA Property Index sank by 36.6%. However, while still not enough to erase the losses during March, the SA markets improved a bit in April 2020 with the JSE All Share Index and SA Property Index rose by 14% and 7% respectively.



It is important to remember that trustees of retirement funds construct the fund's investment strategies across a wide range of asset classes, so that members can benefit from having a diversified allocation to different investment portfolios. However, depending on which portfolio(s) you are invested in, the value of your investments could still have fallen by up to 15% during March 2020.

***These losses are however simply what is called “unrealised losses” and you should not become spooked by it.***

***Saving for retirement is a long-term matter - there will be good times and bad.***



## What should I do now?

During times like these, it seems counterintuitive to simply sit on one's hands and do nothing. But that is likely to be the best advice for the long-term retirement investor. With your retirement fund being a long-term investment, you should wait out periods of negative returns.

Do not be tempted to make hasty changes to your investment portfolios. The risk is that you will miss out on any market recovery, which will have a devastating effect on your savings over the long term.

What you should be doing now is to focus on the responsible things such as:



**Adapting your budget to ensure it is still appropriate - tighten your belt where you can.**



**Ensuring your nominated beneficiaries are up to date - you may use the “Sanlam MyRetirement” app.**



**Ensuring your risk benefits remain appropriate - now is not the time to cancel your insurance.**



**Making sure you have a long-term investment strategy and goal and stick to it.**



**Speaking to a financial adviser who will have a holistic view of your financial position.**

You can rest assured that the investment experts at Sanlam are extremely focussed on doing their best to protect your retirement savings, while also generating long-term returns for you.

## Patience in investing

Warren Buffet is a good example of patient long-term investor, and he thinks investing is a lot like growing a tree. You may plant the seeds today, but the forces of nature are all that it needs to grow. You don't dig it out and store in your garage when winter comes. And although its leaves may fall and it stops growing for a season, it does not die but rather sprout again in spring. Give the tree enough room, light and time - and then leave it alone to do its thing. Ultimately, you will have to wait many years to enjoy the shade.

And just like investing for your retirement, we believe that there is no need to make radical changes to your investments during this uncertain season. Rather ensure that you are invested in an appropriate long-term strategy and wait out this storm.

*Hopefully in years to come, your patience and good investment decisions will help you to enjoy the shade of a comfortable retirement.*



## But what if I am retiring soon?

Not making changes to your investments and sticking to the long-term investment strategy sounds good for younger members, but if you are retiring soon, you may well be concerned that there may not be enough time for your investments to recover from the recent losses in the financial markets. This is a valid concern.

However, it is important to remember that the annuity you purchase at retirement not only depends on the value of your retirement savings, but also on the cost of purchasing an annuity at the time of your retirement. The cost of buying an annuity changes over time and is mostly determined by the changes in interest rates on government bonds. This means that the price of buying an annuity may also decrease.



## Are you about to resign or retire from your employer?

It is very important that you understand all your options and the consequences of the decisions you make regarding your retirement fund savings when you resign or retire from your employer. Make use of the free retirement benefit counselling service offered by your retirement fund.

### How to contact a counsellor



Call the toll-free number:  
0800 111 956



Send an e-mail to:  
[retire-mate@sanlam.co.za](mailto:retire-mate@sanlam.co.za) or



Send a free SMS to:  
38300