

Taking your money offshore?

 By [Graham Turnbull](#)

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This is the second in a series of Q&As aimed at providing guidance to you in your personal finance issues.

Everyone seems to be wary of the future of SA and says get your money offshore. Should I be considering this?

You have to bear in mind that you spend your money in rands (presuming you plan to live in SA) and so you need to get rand returns that beat our local inflation rate of 6%. So you need to stay ahead of inflation to build future wealth. Your choices are to stay local completely; choose an asset manager with offshore exposure; or, invest directly offshore.

Historically financial advisors have guided individuals to have between 25% - 35% offshore. But this was, and remains a personal choice. You need to balance your investment strategy to your medium and long-term needs and your risk appetite.

Going offshore does improve diversification (spreads investment risk over more disparate assets) but one needs to be aware that Rand volatility can work against you. So offshore investments are no holy grail - and there is no fixed answer to your question.

Review this with a financial advisor and, going forward, be prepared to make a change in strategy as circumstances require.

I listen to the radio every day and the investment views are either very good or very bad - and the bad always seems like calamity is coming. As a small investor, what do I do? SCARED.

Dear SCARED. I understand your sentiments exactly. Please remember that radio stations are geared to maximise listenership - and so mundane and boring never gets airtime! Exciting and / or scary gets listeners.

So do not focus on the daily noise - as one cannot read much into one day on the stock exchange. Investments need to be for the medium and long term - and this is what should influence your mind and investment decisions. Discuss and devise a strategy for your needs - retirement; young family; save for a house or car - and stick with the plan. You need to do this with a financial planner, but it will work wonders in the long term.

Remember it should only be when a lifestyle change comes along (deaths; divorce; births; retirement etc) that your strategy should change - unless of course there is some fundamental market change that changes the investment landscape.

ABOUT GRAHAM TURNBULL

Graham Turnbull is the Chief Executive Officer at LifeSense Financial Services (Pty) Ltd.

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