

Your own financial rhythm

Issue 104: November 2023

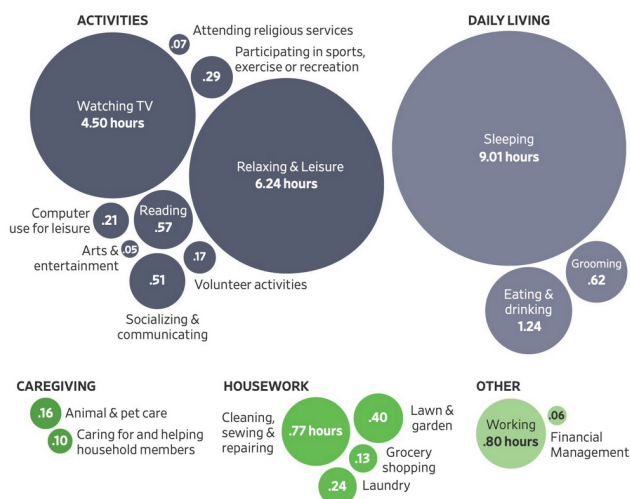
How often do we ask ourselves where we are in terms of our personal milestones and financial goals? It is akin to prepare for a journey or road trip. At some point along the way you want to know if you have enough fuel and covered a distance **in the right direction**. What if you are on your way to Beaufort West in the Karoo, but end up 2½ hours later in Clanwilliam? How do we proverbially read our financial map and track progress? Sports men and women do the same. They have a goal and continually measure their progress while working towards that goal. In order to run a marathon over several hours you need to find a rhythm and breath properly. Of course, there could always be a “break-down” along the way, but that is part of our life’s journey and being prepared.

A potential trap

Not too long ago the *Wall Street Journal* released a visual (see below) that breaks down how people spend their time during retirement; those carefree years (not worrying about money) that most people look forward to. The data showed that the majority of time is spent on watching television, sleeping and leisure activities. If you do not work anymore, how do you intend to spend your time? Perhaps there are a few of us that dream and think of what that future may look like. Or perhaps not, but the reality is most probably much different. Why? One could argue that this picture of the future we created is based on who we are today – our present reality, while reality will be based on **how different we could be in the future**. That new reality may be disappointing. It is the peril of deferred happiness. How could our values and purpose shift from now to then?

The traditional idea of retirement is rooted in the notion that there should be a “before and after” within your life – an important event. It is like running a race and then crossing a finish line. Today our employers tell us when to finish by writing that *retirement date* into your employment contract. You are done! Maybe we could (or should) reframe this in order to design a full life that you don’t need to retire from. Could that be accomplished?

How retirees spend their days



Note: The data in the chart adds up to more than 24 hours because some of the categories are components of others.
Source: Labor Department

A conscious design of our journey

The younger generation have energy, drive, physical vitality and health with a future you may not have. The older generation with longer friendships and mentorship could help the younger generation ponder and discover their purpose. However, we often find ourselves saying “if..., then”. In other words, if I get this or that, do this or that; then I would be content. Or if I could be this or that then

everything would be just fine. In reality this is not the case. As Morgan Housel reflects in a recent [Podcast](#), it seems that our **happiness is a moving target. It is that relative difference between what it was and what it’s like now**. Going from no money to a few thousand Rand makes you feel rich. However, going from a few billion Rands to an extra R1 million does not mean much. Unfortunately, human beings forget and get used to the “new normal” and the happiness factor, that shot of endorphins, quickly fades away. Very peculiar, isn’t it?

The same path is not for everybody, but at least there could be awareness without being aimless. Perhaps retirement should not even be mentioned. A traditional timeline of 15-year increments may look like this:

- Our first 15 years: Growing up, going to school and forming crucial habits and life skills;
- Up to 30: Finish tertiary studies and start to work. You build a career foundation and accumulate as much experience instead of things. Build a healthcare routine. Leverage relationships and mentors to start, or join a new business;
- 45: Work long hours, change a few jobs and pay taxes. You identify what is enough. Find and focus on potential growth opportunities while raising children;
- Age 60: On the way to retirement age. More selective about your time and delegate to increase freedom;
- At 75 and beyond you would have identified what is meaningful work. Focus on personal growth, purpose and community mentorship.

So how could we build a life that has the freedom to balance a job that we enjoy with fulfilling relationships, one that includes our interests and experiences through which you derive joy. It is not easy but it could be simple. It involves a combination of financial planning, maintaining physical and mental health, building social connections, and pursuing personal interests. **The idea is that there should not be a finish line – a before and after, but a steady, incremental line of continuous personal growth and progress that leads to more freedom and fulfilment over time.**

The coach and sherpa

Could we be that coach the Springboks needed to win their 4th World Cup title? It is our role as financial planners to probe for reflection and help clients establish their own financial goals and purpose. The coach is a valuable soundboard during this process. Think of the ground work and behind the scenes impact of Rassie Erasmus and Jacques Nienaber. It is their analytical and strategic abilities, but also identifying and teaming up with leaders such as Siya Kolisi and others that made a difference. It was a team effort and they depended on each other. Of course, you can climb the mountain yourself, but a guide and sherpa will show you the easiest and safest route to the top while carrying an additional load on your behalf.

Interestingly, Vanguard in the US used empirical data to demonstrate [Advisor Alpha](#). It is that extra investment return that someone could gain by working with a qualified financial advisor. Apparently, the additional return could be up to 3% per annum, or even exceed that. The data is remarkable!

Season Greetings

We leave it at that. Thank you for reading our letters. We would like to wish everyone a blessed Christmas and a joyful time with family and friends. It is a time of the year to reflect and re-evaluate.