



info@crue.co.za



021-5308500



5 Long Place, Pinelands



www.crue.co.za



www.facebook/crueinvest



@crueinvest



Crue Invest (Pty) Ltd



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Welcome to the first edition of Crue Chronicles for 2019! We trust that you had a wonderful festive season and have entered the new year rested and rejuvenated.

RETIREMENT ANNUITY SEASON

The first few months of every year is commonly known in the financial planning industry as 'RA season', for apparent reasons. As contributions towards a retirement annuity are tax deductible many investors make use of an RA to boost their retirement savings while at the same time reducing their tax burden. As the current tax season ends on 28 February 2019, investors have a small window of opportunity to squeeze more out of their tax returns. Since the 2016 tax year, SARS has made it possible for individuals to invest up to 27.5% of their annual income in a retirement annuity. As a taxpayer, you can claim those contributions as a deduction on your tax return, up to a maximum tax deduction limit of R350 000. If you would like to set up an RA or increase your RA contributions before the end of this tax-year, we encourage you to please make contact with us so that we can get the ball rolling – bearing in mind that all documentation must be submitted and funds must be transferred by 26 February 2019. The most recent article on our online column, entitled [The beauty of a retirement annuity](#), sets out the many advantages of a unit trust retirement, how it works and how the funds are invested. If you would like to find out more about retirement annuities, this article is well-worth a read.

MARKET OVERVIEW

From an investment perspective, it is common knowledge that both local and global economies suffered in 2018 as a result of the Trump presidency, trade wars, China, Brexit and Steinhoff, to name just a few influencing factors. The first month of 2019 has provided a slightly brighter outlook, with the South African All Share Index up 2.5% and the MSCI World Index up 6% in USD. Although global growth forecast has been lowered, global equities should still deliver reasonable real returns for investors who are able to stomach the volatility. While the South African consumer confidence index remains relatively low, it is currently at a higher level than its low of 2015 to 2017. In simple terms, this means that the South African consumer is feeling more optimistic about the general outlook of the South African economy and is feeling better about the future household financials. With a more confident consumer, buoyed by local fuel price decreases, the local economy is expected to support better economic growth. In recent developments, President Cyril Ramaphosa announced on Wednesday that government would be announcing a set of measures aimed at stabilising debt-laden Eskom. One of the measures being discussed is that of prescribed assets, which essentially regulates that a certain percentage of assets within retirement funds need to be allocated to certain government-approved instruments. While it is not clear whether this type of measure will be implemented or to what extent it would affect South African investors, it does create uncertainty for foreign investors.

IN THE MEDIA

Besides for our online column, we are regularly asked for comment and input by various media houses. Personal Finance approached us recently to comment on [The 5 financial products you can't do without](#), an article which we all enjoyed applying our minds to. Interestingly enough, all the financial planners who were approached to comment earmarked a medical aid and gap cover as being one of the most important products to have in place, followed by an emergency fund and a retirement annuity. Crue Invest was also featured in The Sowetan which published an article entitled, [What to ask a financial advisor](#), with the extent of the advisor's independence being a key question to ask.

As January draws to a close, the next important event on the financial calendar is Minister Tito Mboweni's Budget Speech which is scheduled for Wednesday, 20 February 2019 at 14h00. As always, we will provide written commentary on the speech to the extent that it affects our clients and their personal finances.

We wish each and every one of you a year filled with health, wealth and happiness.

Sue, Craig, Eric, Devon, Gareth, Corlene, Cindy, Erin, Dominique, Shana, Shaneez and Chantelle

