

Finance consumer trends and predictions



By [Giles Maynard](#)

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The start of a new year is a natural time to set financial resolutions.



Source: Supplied. Giles, Senior Financial Advisor and Regional Manager at Carrick Wealth.

It's a time to establish goals, draw up budgets, and devise necessary strategies to help get you where you want to be in the coming months.

Much like 2020, it was hard to avoid those tough financial discussions throughout 2021. South Africans, living locally and abroad, continued to feel concerned about their financial wellbeing amidst the ongoing pandemic.

Although we've witnessed economies open and restrictions ease (and tighten again), the outlook for 2022 is set to mirror a similar concatenation. However, the major difference is that now, with two years under our belt, we can draw on our past experiences to ensure we are better prepared when it comes to managing our money.

As we turn the corner into the new year, it's always worth evaluating trends expected to drive financial conversations. I've outlined a few below which might just prove useful when contemplating how to get your own finances in shape.

Diversification

'Diversification' has long been a buzzword in the financial services industry, and it's easy to see why. A diverse portfolio can help reduce risk and serve as a critical factor in helping you reach your long-term financial goals.

I call it a trend here, but in reality, having a diverse portfolio has fast become a must-have for scores of investors across the globe. When it comes to diversifying one's portfolio in 2022, what will top the list locally, is accelerated motivations for externalising rands through direct offshore exposure.



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Unfortunately, the list is long as to why this is: instability brought on by the pandemic. Poor economic policy and management of our fiscal affairs. A weakening rand, fuel hikes and load shedding. Then, of course, the political unrest during July of 2021, from which many KwaZulu-Natal and Gauteng-based businesses are still recovering.

To further put this into perspective, South Africa contributes only 0.42% to the world's GDP. Factor in asset swaps and other financial instruments and let's call it 1%. This means 99% of the world's investment opportunities lie outside of the country.

That said, an important question to ask yourself at the start of 2022 is why you would want to restrict yourself to investing in only 1% of the world's investment opportunities.

Offshore investment is an option available to all South Africans who can transfer up to R1 million offshore per calendar year without having to obtain a Foreign Tax Clearance Certificate. The process is also relatively easy if done through a reliable advisor or wealth manager.

While investing offshore enables one to achieve global diversification by accessing different regions, economies and companies, one factor to always ensure is that your foreign-domiciled funds are fit for purpose and not merely a knee-jerk reaction to local bad news.

Estate protection

Along with investing offshore, another trend set to gain momentum in 2022 is a stronger weighting to protecting one's estate, which for me, is driven by our desire to prepare for the unthinkable — something many of us are now well versed in.

Our long-term Covid experience has forced us to confront our own mortality. While this is not a comfortable contemplation, it is necessary to ensure the protection of not only your most prized possessions but of your loved ones when you are no longer here to do it.



Why you need a Will

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Without proper beneficiary designations, a will, and other basic steps, taxes and attorneys' fees can eat away at your assets in the event of your death. Unfortunately, not having this basic infrastructure in place can lead to family disputes, divisions and conflict long after your passing.

Traditionally, an estate plan might also have been viewed as something reserved for the mega-wealthy, or the Boomer

generation. But that's no longer the case. The desire to implement a well-thought-out estate plan is fast-gaining momentum across the younger generations who want to ensure they have a direct say in the financial fate of their property, business, and family — all the things they have worked so hard to build and sustain.

Just prior to Covid-19, it was estimated that only 30% of South Africans had a basic will in place, but I'd be curious to see how much this will have increased by at the end of 2022.

Working with an expert

Trying to do everything yourself will put you on a sure path to burnout, especially when it comes to managing your finances effectively in the new year.

Over the next 12 months, consumers are going to get more proactive, by seeking second opinions and enlisting the help of a qualified professional who can guide them with their money choices. South Africa boasts a strong pool of FPI (Financial Planning Institute) accredited advisors and wealth managers, so why not?

Over the last two years, we've all learnt the value of surrounding ourselves with people we can trust and who will willingly offer support when we're feeling stuck and uncertain. There's no reason to try and go it alone when there are plenty of seasoned experts who can help you. In saying this, I also foresee 2022 being an important year for breaking stigmas around us not speaking openly about our financial challenges. There's no longer a need to suffer in silence, or to feel embarrassed or deep shame around your money choices.

In the new year, discussions with advisors, wealth managers, trusted friends and mentors are poised to be more honest and intentional as consumers place higher value on educating themselves to make better-informed financial decisions.



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The bottom line...

As the world continues its slow drift to re-opening in 2022, we will hopefully see investments and savings trending upwards, and personal debt starting to trend downwards

Everyone has the opportunity to make some real progress on their journey this year, and the sooner you take the steps needed to manage your business, career, and money responsibly, the better. Just remember, you don't have to do everything at once.

There's a lot you can do to improve your financial health by taking it one step at a time.

ABOUT GILES MAYNARD

Giles is a Senior Financial Advisor and Regional Manager at Carrick Wealth. A sought-after investment specialist, Giles assists those wanting to explore both local and offshore opportunities. He creates holistic plans that work together as an integrated solution. He holds financial qualifications from the Chartered Institute of Securities and Investments (CISI), a Masters Degree in Business Administration (MBA - Cum Laude) from Trinity College, Dublin and an Honours Degree in Mechanical Engineering from the University of Cape Town (UCT).
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