



Retirement in the time of COVID - 19

The coronavirus pandemic has certainly caused pensioners and the older work force to consider and reassess their careers and how they view their retirement. The global pandemic has highlighted the increased risk of death the elderly face if they contract Covid-19. In a recent article by Independent Online (IOL), they mention that there is another unfortunate risk the elderly will face – **the risk of not having a sustainable income for life in an environment where investment markets have been affected, and retirement savings have been significantly reduced.**

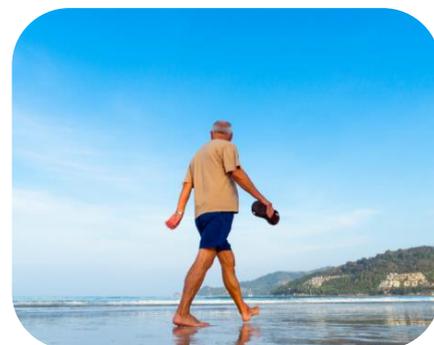
Since the beginning of January, the JSE All Share Index is down by 25% and according to retirement income specialists Just, living annuity pensioners who maintain their income in Rand terms are now drawing roughly 1% more from their assets and consuming capital that won't be there when markets recover. Market noise is currently focused on the polar opposites of “panic and sell-out” or “do nothing and wait”. However, the decision on how to assess and mitigate risk in retirement is the same today as in any market conditions, and the actions required are also the same.

Think about retirement savings in two pots

The first pot should ensure you have enough sustainable income to cover your essential expenses for life; and the second pot is for discretionary spending or to leave as a legacy.

To determine how much you need in your first pot, calculate how much you spend on monthly essentials: food, accommodation, utilities, medical, transport and insurances. Your income needs to cover these monthly essentials, no matter how long you live or what happens to investment markets. It is not a good idea to take any risk with the funds in this pot.

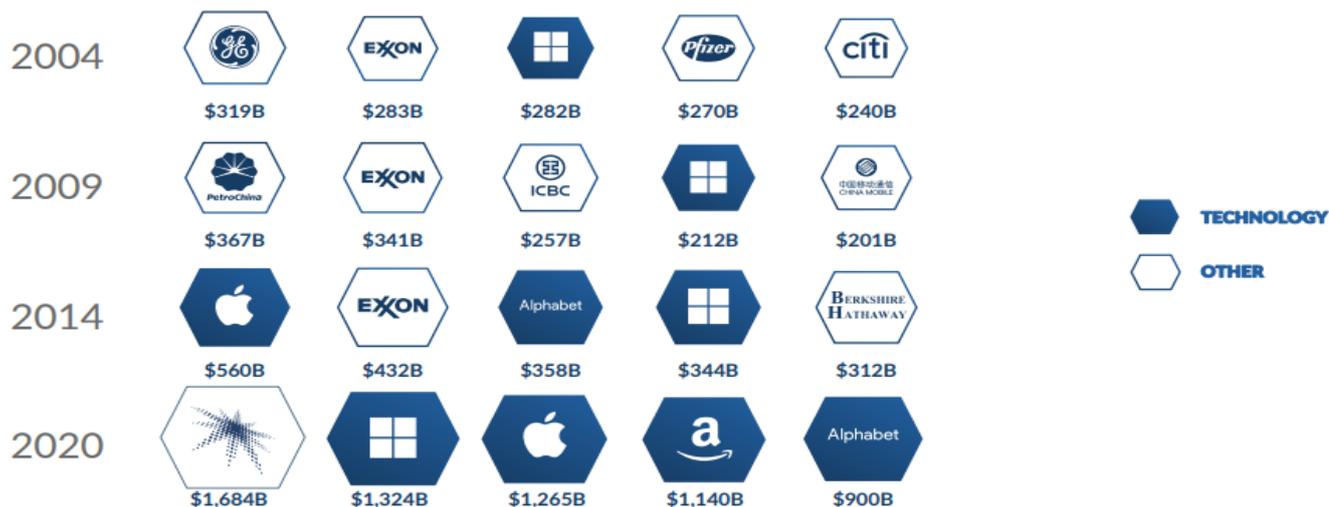
The second pot of assets is where you can take some risk. Because this pot is used to fund discretionary expenses, you can afford to cut back on discretionary spending when markets fall or accept that the legacy will not be as big as it would have been in different market conditions.



Article by IOL, Personal Finance section

Speak to a PW Harvey & Co financial advisor to find out more information about planning your retirement during these uncertain times.

TECH DOMINANCE CONTINUES TO RISE – DISPLACING OIL & BANKING



Source: Visual Capitalist

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This and That

- **Comair**, which operates **British Airways** and **Kulula.com** in South Africa, has announced that it is going into business rescue as the company indicates that they expect airlines to be grounded until October or November due to the Covid-19 pandemic. Comair now joins SAA, which went into business rescue in December 2019.
- **Reckitt Benckiser** achieved record sales growth in the first quarter and predicted a stronger than expected performance in 2020. This comes as customers stocked up on **Lysol** disinfectants, **Mucinex** cough syrup and **Dettol** soap ahead of the coronavirus lockdowns.
- **Spur** stores will not reopen at the end of lockdown (when physical-distancing rules are expected to apply again) the restaurant group has told landlords, because that would be "commercial suicide". Other than a few of the group's **Rocomamas** burger joints, all **Spur** and **Panarottis** restaurants will remain closed as long as they face restrictions on the number of customers and when they can sell alcohol, Spur group's chief operating officer, Mark Farrelly, said in a letter to landlords.
- **Virgin Atlantic**, the UK-based airline owned primarily by Richard Branson's **Virgin Group**, announced recently that it would cut 3,150 jobs as the airline struggles to survive the coronavirus pandemic.
- The prices of eggs, tea and coffee have rocketed during the first three weeks of lockdown. Since the start of lockdown on 27 March, Stats SA has been measuring price changes on essential products. Looking at a basket of goods, the agency found that prices rose on average by 0.3% in the first three weeks of lockdown (until the end of 16 April).
- **RCS**, which took over **Edcon's** debt book in January, will be offering **Edgars** and **Jet** account holders a credit payment holiday in light of the unprecedented national lockdown.
- **Flight Centre**, South Africa's largest travel company, will close 40% of its stores as the coronavirus crisis wreaks havoc on its business.
- South Africa has amongst the most expensive mobile data in Africa, says a new report, though it is still better off than the US and Canada.
- In a recent interview with Fox News, **President Donald Trump** said that he was "confident" the US would have a Covid-19 vaccine by the end of the year, despite estimates from health experts stating that a vaccine could take anywhere from 12 to 18 months before it is readily available to the public.
- The commissioner of the **South African Revenue Service**, Edward Kieswetter, has warned that the combined impact of SA's struggling economy and the lockdown could mean a loss of up to R285 billion in tax revenues this year.
- **SA Breweries**, owner of Castle Lager, Hansa and Black Label, says it may be forced to destroy more than 130 million litres of beer if it is not allowed to transport the brew to its depots. The transport of alcohol, apart from alcohol for export, is currently illegal under South Africa's lockdown regulations. All sale of alcohol is also prohibited.
- **Anheuser-Busch**, owner of SA Breweries, have reported its results for the past quarter. It blamed the impact of Covid-19 for a total volume decline of more than 9%.
- **Transnet's** CEO, Portia Derby, warned that the company's revenues will take a knock as a result of lockdowns worldwide due to Covid-19, and this will have consequences for its loan covenants.

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