



DON'T LET WORKING OR LIVING OVERSEAS RUIN YOUR FINANCIAL PLAN

For the more than one million South Africans working or living abroad, ensuring a steady supply of Mrs Ball's Chutney and genuine bushveld biltong is often more of a priority than maintaining a sound financial plan.

That is according to Mike Jackson, CEO of PPS Insurance, who says that it is concerning that even those South Africans, who normally place quite a high degree of importance on financial planning issues, such as retirement savings and insurance cover, seem to forsake this diligence on take-off from O.R Tambo International Airport.

Jackson has the following suggestions for South Africans thinking of working or living abroad, either temporary or permanently:

Preserve your retirement savings if possible

Many South Africans moving abroad see the savings that they have built up in their company pension funds, as an easy source of funds to be used to tide them over, while getting started overseas. However, cashing-in your retirement savings, prior to retirement age, has a number of drawbacks. Firstly, the taxes on withdrawal, before the age of 55, are extremely high - as much as 40%. So, you will be left with far less than you originally thought.

Secondly, by withdrawing your savings now you will be losing out on the benefits of compound interest this money would be earning had it remained invested. To benefit from compound interest, you have to keep reinvesting the interest you earn on your investments, so that you earn interest on your interest. For example, if R100 grew by 10% per year, after the first year you would have R110. The next year, you would earn interest on R110, giving you R121.

So, unless it is absolutely necessary, transfer the money in your pension fund to a preservation fund, where it will continue to grow until you reach retirement age.

Make sure you maintain your life insurance and disability cover

Yes, South Africa has a high crime rate. But, just because you are going to another country does not mean you have become invincible. Ensure that you have death and disability cover in place, especially if you have a family that will need to be looked after in the unfortunate event of your death.

It is also important that your cover extends outside South Africa's borders; and that you are not paying extra for this cover. For example, PPS offers global cover with no added loadings, exclusions or restrictions based on your geographical location, regardless of where you travel, live, work or play.

Continue to save each month

Benjamin Franklin said: "If you would be wealthy, think of saving as well as getting." We can still benefit from this advice. Make sure that you continue to put away some money each month, for the future. If you are already contributing regularly to a retirement annuity or a unit trust fund, make sure that you continue to do so, even if it means sending some money back home each month.

Make sure you have proper medical cover in place

While working or living abroad can be exciting, it can also present unexpected obstacles and challenges. This is particularly relevant when it comes to quality healthcare. Quality medical cover is very important, especially where local medical facilities may be very basic or inaccessible.

Don't leave unprotected assets behind

Many people going overseas for a few months (or years) often choose to hang on to some of their assets, such as cars or homes. Ensure that you have proper insurance cover in place for those assets and that the premiums are paid on time each month.

Speak to a financial planner on a regular basis while overseas

Regardless of whether you are in South Africa or overseas, it is important to review your financial plan, with a registered financial planner, on a regular basis, to ensure it is still appropriate to your needs. Things change very quickly – make sure that your financial plan keeps up.

A few local financial institutions have recognised the need to have a presence in some of the more popular expatriate destinations, in order to provide their customers with this service. For example, with so many South African graduate professionals working in the UK, PPS, in conjunction with PSG Consult, has set up a contact point in London, to assist clients in ensuring that their benefits remain relevant and up to date; and provide them with the required protection that they need.