

Let's have a better conversation

Last year we wrote to you about our commitment to your financial wellness which is a way of re-framing your wealth so that it adds meaning and joy to your life. This process can take years, as it's not comfortable to divulge all your details, and map and marry your emotions with money. In this newsletter, we encourage you to take the plunge, 'give us the nitty gritty' and in doing so, get the best of our services sooner than later.

The joy of commonality

We believe that the first step to speeding up the process to financial wellness is an appreciation of our shared experience and not being threatened by sharing factual and emotional information. Supermarkets are terrific equalisers in life in that we fill our baskets with very similar items to keep ourselves and homes going. We all understand each other while waiting patiently in the queue. The cashiers don't make any judgement calls when they ring up the final amount, but they could provide us with terrific insight into 'getting a better basket' if they were asked to do so.

The beauty of the asset registrar

When it comes to financial planning, it all starts with our all-encompassing asset registrar. It's much like the grocery list in that it merely takes stock of what is, and what's needed to make our aspirations real. It's not only the amounts in the various columns that are important (for instance the value of your home, business or RA) but the proportions, and the way in which you feel about each asset or liability.

Our asset registrar has just got better

The risk associated with each of your assets is a vital component of your asset register. Three types of risks should be considered. These are:

- **Risk required** which quantifies the amount of risk necessary to achieve your investment goals. For example, if you have a short-term investment horizon and need a significant return, you may need to assume a high level of risk by investing in something volatile like currency or venture capital.
- **Risk capacity** which measures how much financial risk you can afford to take without compromising your goals – your capacity for loss. A young investor with a long-term investment horizon would have far higher risk capacity than an older investor with poor cash flows and increasing expenses.
- **Risk tolerance** is your emotional willingness to take on risk. Would you be able to sleep at night if your high equity retirement unit trust portfolio plummeted by 25% ?

Determining your risk required and risk capacity is a relatively straightforward process, but it's not easy to measure your risk tolerance. The way you feel about each of your assets may vary day to day depending on what's happening in your life. We're very excited as we're taking our asset

register to another level with the use of sophisticated software which assists us to measure your risk tolerance accurately. It helps to determine your ideal asset allocation, and you gain additional insight into your own emotions which will give you peace of mind when the markets fluctuate.

A more meaningful conversation

Once we have a thorough insight into all your assets and an accurate risk profile, we're able to provide you with a comprehensive financial plan which includes mitigating unnecessary risk using life and medical insurance and determining an optimal asset allocation of your investments to meet your time-based goals.

Once, we've determined a basic plan, we're set to have more meaningful conversations about the significant life changes you're experiencing or would like to experience and the way in which these will affect your financial plan and the impact they'll have on your life. We're able to scenario plan and get down to the FOR WHAT factors.

These may include discussions around:

- Buying or selling a business
- Emigrating
- Taking on the responsibility of totally supporting another family (including staff that care for and maintain your home)
- Buying or selling a holiday home
- Buying or selling an expensive lifestyle asset such as a yacht or light aircraft

These can be magical conversations that move beyond the numbers and assist you to make those decisions which really matter.

Please feel free to contact me at skantor@kananwealth.co.za or on 021 461 2429 if you'd like to set up an appointment to discuss more than numbers.