The Trendline

August 2025

From crypto to Cape Town, with a few annuities in the mix

Investment overview

Over the quarter:

- Local equities gained +22.9% year to date, supported by broad-based gains across all sectors. The Resources sector was the stand-out performer over the period, posting a +72.9% rally after a -7.2% fall in 2024. The Industrials sector added +18.0%, followed by Listed Property at +13.4% and Financials at +8.7%.
- Local political developments shared some of the spotlight over the eight-month period. Despite earlier disagreements over the National Budget and VAT rate, the Government of National Unity (GNU) eventually managed to successfully negotiate and pass a revised fiscal framework during the quarter, offering investors some reassurance. Investor sentiment was further lifted following President Ramaphosa's diplomatic visit to the United States, where he and opposition leader John Steenhuisen (DA) demonstrated a united front in discussions with U.S. President Trump.
- South Africa's economy stagnated in the first quarter of 2025, recording +0.1% GDP growth, as strong gains in agriculture were offset by contractions in mining, manufacturing, and utilities. The South African Reserve Bank (SARB) reduced its key interest rate from 0.75% to 7.0% in the first eight months of 2025. The SARB stated that the cuts aim to support a slowing economy amid an improving inflation outlook.
- Local bonds posted a positive return of +10.4% for the quarter, ahead of local cash, which returned +5.1%.

- The MSCI Emerging Markets Equity Index ended the eight-month period up +19.0% USD, outperforming its developed market counterpart. While global equity markets were initially shaken by President Trump's sweeping 'Liberation Day' tariffs announced early in April, a subsequent 90-day reprieve bolstered market sentiment in the hope of fruitful negotiations to follow.

  Despite failed negotiations for many affected nations, positive equity price momentum was maintained through to August. The US secured trade deals with some major economies such as the UK and Japan, but failed to conclude deals with others such as India, Brazil, Switzerland, South Africa, and Canada, on which it has imposed tariffs of between 35% and 50%. China secured another 90-day reprieve, failing which both nations will impose tariffs of more than 100% on each other's imports.

- The People's Bank of China (PBoC) kept its key lending rate unchanged at a record low of 3.0% in August, in line with market expectations. Taiwan, now the second-largest country allocation in the MSCI Emerging Markets Equity Index, also recorded strong gains as it continued to benefit from sustained investor optimism surrounding artificial intelligence. South Korea posted double-digit USD returns as political instability subsided following the election of a new president, Democratic Party candidate Lee Jae-myung.
- The MSCI World Equity Market Index returned +13.8% USD over the eight months. The US equity market rebounded from April's bear market drop. Gains were led by the information technology and communication services sectors, as investor appetite for the 'Magnificent 7' stocks reignited. Additionally, stocks with exposure to artificial intelligence rebounded following weakness earlier in the year.
- The US Reconciliation Bill, referred to as the 'Big Beautiful Bill', was approved by the House of Representatives in June and by the Senate in July. The bill has raised concerns about US debt sustainability and its potential to significantly expand the US deficit.
- The US Federal Reserve held its benchmark interest rate steady at 4.25% - 4.50% for a fifth straight meeting in July. The Bank of England (BoE) cut interest rates by 75 basis points to 4.0% over the year thus far, despite inflation remaining above target at 3.8%. Meanwhile, the European Central Bank (ECB) cut rates by 100 basis points in 2025.

Overall, global investor sentiment remained mixed in 2025. While the short-term outlook is still unclear, the longer-term picture remains positive. Patience, especially through periods of elevated volatility, affords markets the time needed to filter out what is relevant from the noise. This same patience allows market drivers and investment portfolios the required time to achieve a new state of normalcy and commensurate compound growth. GTC remains cautious in our portfolio positioning as we navigate through this market cycle.

Investment market returns as at 31 August 2025

Investment market returns (%)	YTD	1YR	3YR	5YR	7YR	10YR	20YR
Local Equity Market	22.92	25.06	17.51	17.09	10.20	8.80	12.62
Local Property Market	13.38	18.10	21.66	21.32	4.75	3.22	11.15
Local Cash	5.06	7.92	7.91	6.39	6.53	6.76	7.05
Local Bond Market	10.35	15.11	13.63	11.33	10.25	9.43	8.84
Offshore Developed Market USD	13.78	15.68	18.50	12.90	11.53	11.65	8.48
Offshore Emerging Market USD	19.02	16.80	10.81	5.21	5.04	6.92	6.22
Offshore World Bond Market USD	6.78	2.63	2.44	-3.18	-0.37	0.42	1.74
Gold (USD)	30.97	37.72	25.75	11.16	15.26	10.86	-
Brent Crude (USD)	0.33	0.72	1.53	22.88	7.53	6.38	-0.17

All returns greater than 1 year are annualised. All returns are gross of fees.

CEO Editorial

The second half of 2025 has arrived with as much pace and unpredictability as the first. Markets remain volatile, politics remains noisy, and investors continue to ask the same fundamental question: *'how do I position myself to reach my financial goals when the world around me refuses to sit still?'*

This quarter's collection of articles is written with exactly that balance in mind - opportunity on the one hand, prudence on the other.

The rise of crypto as a potential component of mainstream portfolios has long hovered between hype and hesitation. As our article points out, the shift from fringe experiment to regulated, institutionally recognised asset is real. Bitcoin ETFs now trade in global markets, regulators have sharpened their frameworks, and liquidity is far deeper than a decade ago. But volatility remains, and sensible exposure - if at all - needs to be measured, modest, and always aligned with personal financial goals rather than FOMO (fear of missing out).

Closer to home, the debate between Gauteng and the Western Cape is no longer only about lifestyle - it's about economics. While Gauteng still dominates in total GDP and tax revenue, the Western Cape has overtaken it in millionaire population, property market momentum, and international allure. Semigration continues to reshape both regions, and with it comes profound implications for wealth planning, property choices, and even retirement destinations.

Speaking of retirement, understanding annuities is a discipline in itself. As our feature reminds, not all annuities are created equal. Living annuities, with-profit annuities, enhanced annuities, compulsory and voluntary structures - each comes with its own rules, risks, and potential rewards. The jargon can be daunting, but the choices you make here will shape decades of retirement income. The guidance of a trusted adviser is not just useful, it is essential.

And then, the markets. After a turbulent 2024, the year-to-date performance in 2025 has been kinder. Local equities are up almost 23%, resources have staged a remarkable rebound, and bonds have delivered double-digit returns. Globally, emerging markets outpaced developed ones, even as the US and China continue to spar over tariffs and trade. Volatility remains the ever-present companion. As we note in our commentary, patience is as much an asset as any stock or bond.

So, what unites these themes - crypto, semigration, annuities, and markets? The reminder that no financial decision exists in isolation. Your retirement income choices link directly to your investment strategy. Your property decisions tie into your long-term liquidity needs. Your appetite for alternative assets should be tested against your tolerance for volatility. And every market swing needs to be contextualised within a disciplined, personalised financial plan.

At GTC, our job is not to predict which province will win the next wave of migration, which coin will hold its value, or which quarter will deliver the strongest market rally. It is to provide context, structure, and perspective - to keep you anchored to your long-term objectives while the world shifts around you.

Enjoy this quarter's Trendline. As always, we welcome your reflections and conversations, because financial planning works best when it is shared and understood.

Do you know your annuity arse from your annuity elbow?

Or, more politely speaking, do you know your retirement annuities from your living annuities? When meeting with a prospective financial planning client for the first time, the existence of an annuity (or a bunch of them) is often mentioned. It requires a reasonable amount of further inevestigation to understand the actual investment product being referring to. Within the South African financial planning context there are around ten different types of annuities available, some of them fundamentally different from the others.

While we at GTC keep reiterating that consultation with a professional financial planner is essential, it is also true that you, as the investor, there is a need to be as informed as possible as the final decision vests with you. It should never be that you are implementing any financial structure without a working knowledge of what you are doing.

If there was a quiz with each correct answer being worth one mark, what would your score be out of ten if asked to define each of the following different annuities?

1. Retirement annuity
2. Non-profit life annuity
3. With-profit life annuity
4. Enhanced life annuity
5. Compulsory purchase annuity
6. Voluntary purchase annuity
7. Life annuity
8. Living annuity
9. Term-certain guaranteed annuity
10. Hybrid annuity

Type	Use	Income features	Investment risk	Capital source	Notes
Retirement Annuity (RA)	Before retirement	No income; accumulation phase	Investor bears risk	Discretionary or employer contributions	Tax-deductible contributions; at least two thirds must be converted to an annuity at retirement
Living Annuity (LA)	Post-retirement	Flexible drawdown (2.5–17.5%)	Investor bears risk	Compulsory (retirement proceeds)	Can adjust income annually; income payable until asset exhausted
Non-profit Life Annuity	Post-retirement	Pre-determined income for life	Insurer bears risk	Compulsory or Voluntary	Income payable until death, may include a guaranteed term, increases are pre-determined and not linked to the insurer's profits
With-profit Life Annuity	Post-retirement	Income increases based on the insurers declared bonuses	Insurer bears risk	Compulsory or Voluntary	Income payable until death, may include a guaranteed term, participates in insurer's profit pool

Enhanced Life Annuity	Post-retirement	Higher guaranteed income	Insurer bears risk	Compulsory or Voluntary	Income payable until death, may include a guaranteed term, based on impaired life or health status
Term-certain Annuity	Post-retirement	Income until death, with a minimum guaranteed period	Insurer bears risk	Compulsory or Voluntary	Income payable until death, may include a guaranteed term payable e.g. 5, 10, 20 years and thereafter for life regardless of lifespan
Joint Life Annuity	Post-retirement	After death of the first insured, income continues until death of the second insured	Insurer bears risk	Compulsory or Voluntary	Income payable until the last dying, may include a guaranteed term, is often used by couples; usually a lower % payable to the survivor until death.
Combined / Hybrid Annuity	Post-retirement	Mix of living + life annuity	Shared	Compulsory	Starts as living annuity, later converts to life annuity, may include elements of term certain guarantees
Compulsory Purchase Annuity	Post-retirement	Depends on type selected	Varies	From retirement fund	Includes living or life annuities purchased at retirement
Voluntary Purchase Annuity	Any time	Depends on type selected	Varies	From personal (after-tax) funds	Not subject to retirement fund regulations, Income generated partially tax free

Knowing that financial planning, and particularly financial planning jargon, is complex and that understanding the differences between these numerous different annuities, requires proper training and experience, an average investor would probably score very low on this hypothetical test.

Financial services technicians love converting financial terms and product names into TLA's… (three letter acronyms). These TLA's are often even lengthened into four and five letter acronyms. The South African financial landscape is littered with them, FSCA, ASISA, AVC's, TIC's, BPS , etc. If you really want to know what all these mean, the hyperlink takes you there.

What is an annuity?

Most dictionaries define an 'annuity' as an investment or insurance policy that pays someone a fixed sum of money each year. We all know what annuity income means and if you did Latin at school (is that still a thing?), you'd recall that a year was an annus.

So, already things become a little complicated. The annuity that is most commonly known in South Africa is the retirement annuity (RA), being first on the list above. An RA does not in fact pay you any money annually but rather refers to an approved retirement savings product into which you need to deposit monies (usually monthly or annually) until you retire from this same product, whereupon you would then convert these funds into an income producing annuity. An RA is a very powerful investment medium, making tax work for you.

The second annuity on the list above is a life annuity. A life annuity is a product purchased from an insurance company by converting the capital proceeds of either a retirement annuity, a pension or provident fund into a monthly income payment for the rest of your life. This retirement income (which can also be called a pension or an annuity) will never decrease regardless of what happens to investment markets or how long you live. Without a minimum guaranteed term, annuity payments will cease upon death, regardless of whether death occurs in the 1st or 20th year of receiving the annuity.

Non-profit life annuity

This type of life annuity provides you with a stipulated annual increase. The increase pattern is selected at inception. Called 'non-profit' life annuities because there is no participation in the profits of the underlying investments, you receive guaranteed initial income and a guaranteed future increase.

You can elect the annual increase, which may be linked to inflation or a fixed percentage (i.e. 5%). The key difference in this product is that the prescribed income is defined and guaranteed. The annuitant does not participate in any market performance, either on the up or down side.

With-profit life annuity

A with-profit annuity is a type of life annuity where your income can increase over time based on the investment performance of the underlying portfolio, typically a balanced fund. You participate in the 'profits' of this portfolio through annual increases that the insurer declares.

When investment performance is good, your annuity income increases more. When investment performance is poor, your income will not decrease as the insurer bears the risk and provides this guarantee, but your increase may be smaller, or you might receive no increase at all for that year.

This structure provides protection against poor markets (no reductions in income), while still offering some incentive when markets perform well.

Enhanced life annuity

An enhanced life annuity is designed for retirees who are expected to have a shorter-than-average life expectancy due to health conditions, lifestyle factors, or other medical reasons.

The insurer assesses this through a process called underwriting, where - during quotation stage - health and lifestyle questions are raised to assess longevity. If the insurer determines that your life expectancy is shorter, you may qualify for a higher starting income than a healthy applicant of the same age with the same investment amount. Once set, this income is guaranteed for life, just like with a standard life annuity.

This ensures that individuals with reduced life expectancy receive fair value by enjoying a higher income upfront.

Voluntary purchase annuity

Distinct from all other annuities, which are referred to as compulsory purchase annuities (resulting from tax favourable contributions) is a voluntary purchase annuity. A compulsory purchase annuity must be procured using at least two-thirds of the benefits you receive from a retirement, pension or provident fund.

Very differently, a voluntary purchase annuity can be bought from either the remaining one-third lump sum, or from discretionary savings, hence the term 'voluntary'. Though not a tax-deductible investment, only the interest portion of income derived is taxable because it follows the principle that the money used to purchase the annuity has already been subject to tax elsewhere.

Careful planning for retirement involves understanding all your options, determining how your compulsory retirement savings dovetails with your voluntary savings and other investments, to meet your financial needs.

Knowing one annuity product from another in amongst the ten different annuities already identified, is an integral starting point. Learning that there are ten different investment products in South Africa sharing the moniker of 'annuity' reaffirms the need to consult with a professional advisor. Be an informed investor, consult a professional and cut through the complicated world of Insurance jargon, clearing a path for an informed retirement planning future.

In summary, annuities can be:

- Compulsory or voluntary.
- Can be both investment savings vehicles or income producing.
- Paid monthly, quarterly, or annually.
- Guaranteed for a specific term, or not.
- Included in your estate, or not

Compulsory purchase annuities: The retirement fund rule

When a member of a pension, provident, or retirement annuity fund reaches retirement, South African law requires that they use at least two-thirds of their retirement benefit to purchase a compulsory annuity. This annuity must pay out an income for the rest of the retiree's life.

From here, retirees face several important decisions, including:

- **Income frequency:** Monthly is most common, but other options exist.
- **Income level:** Do you want the highest possible income now, or a variable one that allows investment growth?
- **Beneficiary planning:** Should income or capital pass on to a loved one if you pass away?
- **Inflation protection:** Do you want your income to increase over time?
- **Investment choices:** Would you prefer to select your own underlying assets or leave it to the insurer?

Structuring your annuity: What to consider

The decisions you make regarding your annuities will have long-term financial consequences on your lifestyle, legacy, and peace of mind. Consider the following:

- Do you want your income to remain constant, or increase over time to keep up with inflation?
- Would you prefer a guaranteed term (e.g., 10 years), after which no funds are paid to beneficiaries after your death, or would you like to ensure your family receives the remaining capital?
- Is flexibility important to you - such as choosing your investments or adjusting your income level over time?

These choices come with trade-offs. A higher income now may mean less future growth or lower or no benefits for loved ones after your passing. Conversely, a conservative income with room for investment growth may offer long-term sustainability.

Don't forget beneficiaries

A critical part of annuity planning is understanding what happens when you pass away. Questions to ask your adviser include:

- Do I need to appoint a beneficiary?
- Will my beneficiaries inherit any capital?
- Can I assign the income to one person, and the capital to another?
- What happens if I pass away after the guarantee period?

A clear beneficiary plan ensures your wishes are respected and helps avoid unnecessary delays or disputes during estate settlement.

Key questions to ask your financial adviser

Before making any decisions, sit down with your financial adviser and explore the following:

- Is my annuity compulsory or voluntary?
- Can I insure more than one person under this annuity?
- Do I need a Living Annuity or a Term Certain Life Annuity?
- If applicable, what Term Certain options are available?
- What income level can I select?
- How often may I review or adjust this income level?
- What investment portfolios can I choose from? Do any offer guarantees?
- Who should I nominate as my beneficiary? Should I also appoint a secondary beneficiary?
- Will my beneficiaries or estate inherit any capital?
- Can I choose to direct income to one person and capital to another?

Choosing an annuity is not just a financial decision - it's a life decision. With the right information and advice, you can confidently shape an income stream that supports your lifestyle, honours your legacy, and adapts to your evolving needs.

Take the time to explore your options. Speak openly with your financial adviser. Ask questions. Your retirement deserves nothing less than thoughtful planning and empowered decision-making.

Turning your retirement savings into a steady income isn't as simple as it first sounds - but it doesn't have to be confusing either. By understanding the basics and asking the right questions, you'll be in a much better place to make a smart, confident decision.

It's your future. Make sure you shape it your way. If you have questions about your retirement options or annuity planning, reach out to your financial adviser or our GTC team.

We're here to help you make informed choices - because your retirement should be something to look forward to, not worry about.

When will crypto be a conventional component of a South African investment portfolio?

Few questions put to financial advisors generate more mixed reactions than those about cryptocurrencies. On the one hand, headlines suggest that investors who 'got in early' on Bitcoin are now enjoying extraordinary wealth. On the other, equally striking headlines tell of spectacular collapses, fraud, and regulatory clampdowns.

For South African investors, particularly those nearing or already in retirement, the very notion of holding cryptocurrencies can feel daunting: an asset class you don't understand, coupled with FOMO (fear of missing out) if others are making fortunes.

Advisors hear both sides of this anxiety:

'I don't want my retirement security tied to something I don't understand.'

'Are we missing out by being too conservative?'

Both perspectives are valid. And both are the right starting point for a balanced conversation.

Where crypto sits today

Cryptocurrencies are no longer the niche experiment of anonymous coders. Major institutions now hold them, some countries regulate them, and a handful even issue central bank digital currencies inspired by the same technology.

Bitcoin exchange-traded funds (ETFs) are now listed in global markets. Asset managers such as BlackRock, Fidelity, and others have launched products that track or custody digital assets under strict regulatory oversight. Large payment firms like PayPal and Visa enable crypto-related services.

The point is not that crypto is suddenly 'safe' - it remains volatile and speculative - but that it has undeniably matured from its origins. This shift matters to South African investors, because it changes the lens through which regulators, pension funds, and wealth managers view crypto.

The South African context

Locally, the Financial Sector Conduct Authority (FSCA) now recognises crypto asset service providers. Exchanges and custodians require licences, and are subject to rules around disclosure, conduct, and client protection. Tax treatment is clear: profits are subject to capital gains or income tax, depending on your intent and trading pattern.

The South African Reserve Bank (SARB) has studied crypto closely, particularly around payment systems and financial stability. While SARB has not embraced cryptocurrencies as legal tender, it is monitoring them within the framework of financial integrity, anti-money laundering, and consumer protection.

Still, no South African retirement fund is obliged (or permitted, under Regulation 28) to allocate to cryptocurrencies. Within discretionary portfolios - those beyond retirement annuities or pension funds - crypto could be considered, but only under the careful oversight of a licensed advisor, and in line with an agreed risk profile.

Crypto in South Africa at a glance

- FSCA licences required for service providers
- Tax obligations apply on gains
- Regulation 28 prohibits crypto in retirement funds
- Discretionary portfolios may consider small allocations under advice

Comparing crypto to traditional asset classes

Gold has long been called a 'store of value.' It does not yield income, but scarcity and investor trust give it a role in portfolios as a hedge. Bitcoin, sometimes called 'digital gold,' shares some of those qualities: a capped supply, independence from government issuance, and appeal during times of uncertainty.

The key difference lies in volatility. Whereas gold's price fluctuates but remains broadly anchored to inflation and macroeconomic cycles, cryptocurrencies swing wildly - sometimes doubling in months, sometimes halving in weeks.

Investors need to approach these swings with the same mindset they might approach emerging-market equities: potentially rewarding, but not without risk.

What 'mainstream' really means

For an asset class to become a conventional part of financial planning, several boxes must be ticked: Regulation and investor protection - South Africa and other jurisdictions have moved decisively in this direction. Institutional adoption - already well underway, as pension funds in developed markets consider allocations through regulated vehicles. Liquidity and transparency - crypto markets are far deeper and more liquid than a decade ago. Price discovery, custody, and settlement infrastructure have improved dramatically. Role in diversification - still debated. Some studies suggest low correlation with equities and bonds, but correlations spike in crises, when diversification matters most.

An asset class goes mainstream when there’s:

- Strong regulation
- Institutional acceptance
- Reliable liquidity
- Diversification benefits

Addressing client fears

'I don't understand it, therefore I don't want it.'

That is perfectly acceptable. Good financial planning is not about chasing every asset, but about aligning your portfolio to your goals. If crypto does not help you sleep at night, it should not feature in your strategy. The beauty of wealth management is that there are many other ways to achieve growth, manage inflation, and protect income streams.

'What if I miss the bull run?'

FOMO (fear of missing out) is a powerful driver of poor investment behaviour. Remember the dot-com boom: some investors became wealthy, many more lost fortunes. A sensible approach is not 'all in' or 'all out,' but rather acknowledging crypto as a speculative satellite exposure - perhaps a few percent of discretionary wealth, never the core of your retirement plan. This way, you participate if prices rise, but you are not derailed if they collapse.

Lessons from history

Every decade brings a new asset class that feels unfamiliar at first: listed property funds, private equity, hedge funds, exchange-traded funds. Each was once novel and often mistrusted. Over time, regulatory frameworks, performance records, and investor education helped them integrate into conventional portfolios.

Crypto may follow a similar trajectory. Or it may not. The lesson is that patient, evidence-based adoption matters more than speed. It is far better to be a disciplined investor who misses the first wave of returns than one who rushes in and loses capital needed for retirement.

'It is far better to be disciplined and miss the first wave of returns than to rush in and lose capital needed for retirement.'

Practical advice for South African investors

- Start with your goals. Crypto is not a goal in itself; it is only relevant if it helps you achieve retirement income, preserve wealth, or diversify risk.

- Consider affordability. Only ever allocate capital you can afford to lose without affecting your lifestyle or long-term planning.

- Insist on regulation. Use only licensed service providers. Your advisor should verify FSCA authorisations and global custody arrangements.

- Size appropriately. Think in single digits of your discretionary portfolio - 2-5% at most.

- Review regularly. Prices, regulations, and technology change quickly. Crypto exposure should be monitored, not forgotten.

- Avoid DIY speculation. If you do not understand private keys, wallets, or exchanges, don't try to self-manage. Use institutional products or advisor-guided solutions.

A closing perspective

Crypto's place in your portfolio is neither an inevitability nor a fad to be ignored. It is an emerging, regulated, and increasingly institutionalised asset class that deserves consideration - but not blind adoption.

For GTC, the question is always the same: Does this asset serve your plan? If the answer is yes - and if liquidity, daily pricing, and regulatory oversight are all in place - then a small, measured allocation may be appropriate. If the answer is no, GTC sits this one out. At this time GTC continues to assess cryptocurrencies as an inclusive component of a prudently constructed financial plan. Any crypto allocation by our clients at this stage would need to be outside the realm of GTC's formal advice. As with any evolving asset class, we'll keep you posted as to our prevailing stance.

Ultimately, your financial security rests not on chasing headlines, but on steady, diversified, and disciplined portfolio construction - the same principles that have guided investors through wars, market crashes, pandemics, and now, the crypto debate.

Confessions of a family banker

When to turn off the tap - The challenges of financial parenting

If you're a parent, chances are you've paid for more than just the basics over the years. School fees, new takkies, music lessons, class trips, overseas sports events, and birthday parties - all form part of the parenting package. But what happens when those children reach adulthood, and these expenses keep coming?

Supporting your child into early adulthood is part of the job. It's a requirement almost always undertaken lovingly. But it comes at a cost - often one that's overlooked in long-term financial planning. And while there's no shame or blame in helping, there's wisdom in asking: 'how long should I keep paying?' and 'at what cost to my own goals?'

Let's unpack this with a typical scenario, an example you may find familiar.

You, the parent - and the bank

You have two kids. Your daughter is 15. She needs lifts to school and back, you're paying for horse riding, swimming lessons, and she's keen to try out coding this term. Fair enough - you're the provider, and she's still a minor.

But then there's your son. He's 24, has finished his studies (eventually), and is trying to find his feet. He's not earning much yet, hasn't found his niche, and has had several intern-like jobs. You're still covering his petrol, insurance, medical aid, and cell phone contract. You're also the provider of (intermittent) accommodation, clothing, and other lifestyle 'extras' that were all envisaged (in your own financial plan) to end after varsity.

Let's average this out at R6 000 a month, plus another R20 000 a year in ad hoc help - gifts, holidays, birthday surprises, and bailouts. That's some R100k a year missing from your own retirement savings which your advisor theoretically mapped out some years ago.

Here's the thing: you're not alone. Many parents continue financially supporting adult children well into their mid-to-late twenties - sometimes longer. But what seems like 'just helping' is compromising - if not perhaps derailing - your own financial planning trajectory.

The long-term cost of keeping the children's money tap open

Let's crunch the numbers. Suppose you keep supporting your adult child at (an inflation adjusting) R100k per year until they're close to their 30's - five years, that's half a million rand, and if it were (heaven forbid) ten years it would be well over a million rand.

Now let's say you were 26 when you had your son, and you'd like to stop working at 65, and you're confident that your son's prevailing 'financial hiccup' won't be repeated by your daughter in ten years' time…, and let's assume your moderately aggressive investment portfolio would average a 9% return each year compounded from now, the cost to you of the well-meaning, but unplanned for five years at R100k (unadjusted for inflation) per year will have a cost to you on your 65th birthday of R1 540 000. Sobering hey!

If your daughter in nine years also at 24 years (and for now, we'll not factor inflation into the numbers), requires the same UCSF ('unscheduled child support fund') and we add this to your son's current five years, and compound this at the 9% we estimated, do you know that the opportunity cost to you as you start your (by then - theoretical) retirement at 65, of two children's post varsity support is some R2 260 000!

By keeping the financial tap running for five years at a time, twice, you're draining your envisaged retirement fund.

It's not just about money - it's about momentum

You're not just spending cash, you're also holding up your own financial progress. That extra cash - if managed carefully with a professional advisor - could be worth even more if it had been used to settle bonds and car purchases, or accessible for purchasing another income generating investment such as a sea-side house to rent out.

And even if it wasn't going to be your investment, helping your child purchase their first home too has been forsaken by the funding of the USCF. And remember that your children are learning from you. You should be modelling financial boundaries and self-reliance for the next generation. Your relaxed attitude to saving is almost certainly picked up on by them.

A mindset shift: Financial support vs. financial enabling

As parents, we often blur the lines between love and obligation. Just because you can afford something doesn't mean you should continue funding it. Think of it this way: a transition phase is fine. A permanent allowance is not. Providing a safety net is commendable. Providing a safety couch, complete with DSTV Premium and Woolies snacks - that's a problem!

How to take control without causing a family war

Phasing out unnecessary financial dependence, while still being a caring, present parent perhaps requires more effort from you than the ad lib USCF? Set a stop date - together. Discuss a clear timeline for support. Maybe it's six months post-graduation. Maybe it's after their internship ends. Make it official - write it down, agree on it, and stick to it.

Swap expenses, don't stack them

If they're living at home rent-free, they should contribute by paying their own fuel or groceries. Encourage part-time or freelance work while they job hunt. Responsibility builds resilience.

Include your kids in the bigger picture

Explain the numbers to them. Show what the R100k per year you're giving them now is costing you at your retirement. Let them see your retirement plans. Let them know you're serious about your financial health - because without it, one day they might be the ones supporting you.

Planning tip: Build your own boundaries into your plan

If you're working with a financial adviser (and you should be), factor this family support into your cashflow planning. Make space for transitional support - but put it in writing and review it annually. Your adviser can also help you project what long-term support does to your retirement. Structure funds in a way that separates 'giving' from 'growing'. Create investment goals that balance generosity with personal security.

It's not about saying no - it's about knowing what 'yes' costs

Let's be clear, this isn't about cutting off your kids at 18 or refusing to pay for a degree. Funding your child through to the end of a commercial qualification is both normal and, in many ways, a wise investment in their future.

But what GTC is saying is that it's the phase after formal education - those often-undefined years of 'figuring things out' - that need more conscious financial boundaries.

Sobering thought…

Here's the reality: if you continue to support your adult child with an ad hoc R6 000 a month, plus annual extras like gadgets, holidays, and even their petrol money, you're not just making monthly sacrifices - you're giving up five (or ten) years of compound growth that could be quietly working in your favour.

Of course, they're still your kids. Of course, you want them to have a leg up, and no one's saying they can't still raid the fridge or borrow your car keys from time to time. You owe it to your future self to count the cost of those generous extensions - not in guilt, but in rands and cents. Rather support them with clarity, timelines, and a shared understanding, because being a great parent doesn't always mean funding everything. Sometimes it means knowing when to start the handover - and when to start compounding your own future again.

And if they grumble now? Don't worry, when they're 35 and financially independent, they'll thank you. At least they'll understand opportunity finance when they (and they'll always do it) raid your fridge.

Stormers vs. Lions - except we're talking lifestyles and economics

The COVID-19 pandemic acted as a catalyst, accelerating the adoption of remote work (WFH) and reshaping South Africa's economic landscape. While Gauteng has long been the nation's economic powerhouse, the Western Cape - particularly Cape Town - has emerged as a formidable competitor. This shift is not only evident in economic output but also in tax contributions and the migration patterns of high-net-worth individuals (HNWI's).

Economic contributions: Gauteng vs. Western Cape

Using 2023 data - as there's little more accurate data from recent years - Gauteng accounted for approximately one-third of South Africa's GDP, cementing its status as the country's financial and industrial hub . The province's economic strength is bolstered by its dominance in finance, real estate, and business services, which collectively contribute around 27% to its GDP.

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Conversely, the Western Cape contributed nearly 15% to the national GDP, with Cape Town representing 73% of this regional share. The Western Province's economic pillars include financial services, business, and real estate services, which constitute a third of its GDP contribution, followed by manufacturing (14%) and tourism-related industries (13%).

Despite Gauteng's larger overall economic footprint, the Western Cape's GDP per capita surpasses the national average, and its 20% approximate unemployment rate is significantly lower than the national average of 32%.

Tax contributions: Gauteng's dominance

The South African Revenue Service's (SARS's) data for the 2022/23 financial year reveals that Gauteng contributed 58% of the country's total tax revenue, amounting to R1.69 trillion. KwaZulu-Natal followed with 18%, and the Western Cape contributed over 15%. This confirms Gauteng's role as the primary tax contributor, reflecting its concentration of economic activities and high-income earners. However, the Western Cape's share indicates a growing economic base and an increasing ability to generate tax revenue.

Wealth migration: The rise of the Western Cape

The Africa Wealth Report 2025 highlights a significant demographic shift: the Western Cape now hosts more millionaires than Gauteng. Approximately 17 300 millionaires reside in the Western Cape, encompassing Cape Town, the Winelands, Whale Coast, and Garden Route, compared to 14 000 in Johannesburg and Pretoria. This trend is attributed to several factors:

Remote work opportunities: The pandemic-induced shift to remote work has allowed professionals to relocate without compromising their careers.

Lifestyle appeal: The Western Cape offers a high quality of life, with scenic landscapes, a temperate climate, and a vibrant cultural scene.

Infrastructure development: Significant investments in public transport, water provision, and sewage systems have improved the province's quality of life. Consequently, areas like Stellenbosch, Paarl, and Franschhoek have become magnets for retirees and affluent second-home buyers.

Property market dynamics

The influx of those with money into the Western Cape has had a profound impact on the property market. For instance, property prices on Cape Town's Atlantic Seaboard have surged by over 160% since 2010. In May 2025, suburbs like Tokai reported average house selling prices of R7.21 million.

In contrast, Gauteng's luxury property market has experienced stagnation. Prime property prices in Central Sandton have remained steady at around R32 000 per square meter, while Cape Town's luxury properties have reached R102 000 per square meter. This disparity reflects the shifting preferences of affluent individuals, who increasingly prioritise lifestyle and environmental factors over traditional business-centric locales.

Tax Incentives and remote work Visa

South Africa's introduction of the Remote Work Visa has further bolstered the Western Cape's appeal. This 36-month visa allows foreign nationals to live and work remotely from South Africa, provided they meet certain income thresholds and health insurance requirements. Cape Town, with its high quality of life and established infrastructure, has become a preferred destination for these remote workers. The influx of international professionals contributes to local tax revenues through personal income and consumption taxes, further enhancing the province's economic standing.

Comparative Analysis: Gauteng vs. Western Cape

Aspect	Gauteng	Western Cape
GDP Contribution	33%	15%
National Tax revenue	58%	15%
Millionaire population	14 000	17 300
Unemployment rate	32%	20%
Property price growth	Stagnant	160% incease since 2010
Luxury property price	R32 000/m²	10 000/m²

This comparative analysis underscores the Western Cape's emerging prominence in South Africa's economic landscape, driven by its appeal to high-net-worth individuals and the resultant economic activities.

The post-pandemic era has witnessed a significant shift in South Africa's economic dynamics. While Gauteng continues to be a central economic hub, the Western Cape's rise - both in terms of economic output and tax contributions - signals a diversification of the nation's economic base. Factors such as remote work opportunities, lifestyle preferences, and targeted infrastructure investments have positioned the Western Cape as a formidable economic player.

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