Inside this Issue

RF Finance

No. 5 Kent Avenue
Avondale, Harare, Zimbabwe

Tel : +263 4 251 021
Mobile: +263 775 360 817

Email: info@rf-finance.com
Web: www.rf-finance.com

Twenty-Two, Is it Enough??

To be sure of having enough money in your retirement pot to fund a comfortable retirement you simply multiply what income you wish to receive in your “golden years” by twenty-two. This according to US research will give you a benchmark by which to guide you.

Thus if you wish to retire on an income of 40,000 you will require a pot of around 880,000.

Many people working today, and retiring at say age 65, will live to be 100 years old. Indeed some say that a fundamental problem with many of the mature markets over the world is that we are simply living too long. Not only do we need more money to fund these extra years, but we are also a larger drain on the state in terms of what any state pensions which may be provided, are, and of course health issues.

The theory also suggests that if you work for forty years from your mid-twenties to mid-sixties, and save over your working life, then having the magic twenty two times your required retirement income is entirely feasible. However, few people save throughout their working lives for retirement. Things like buying homes, having children tend to interfere.

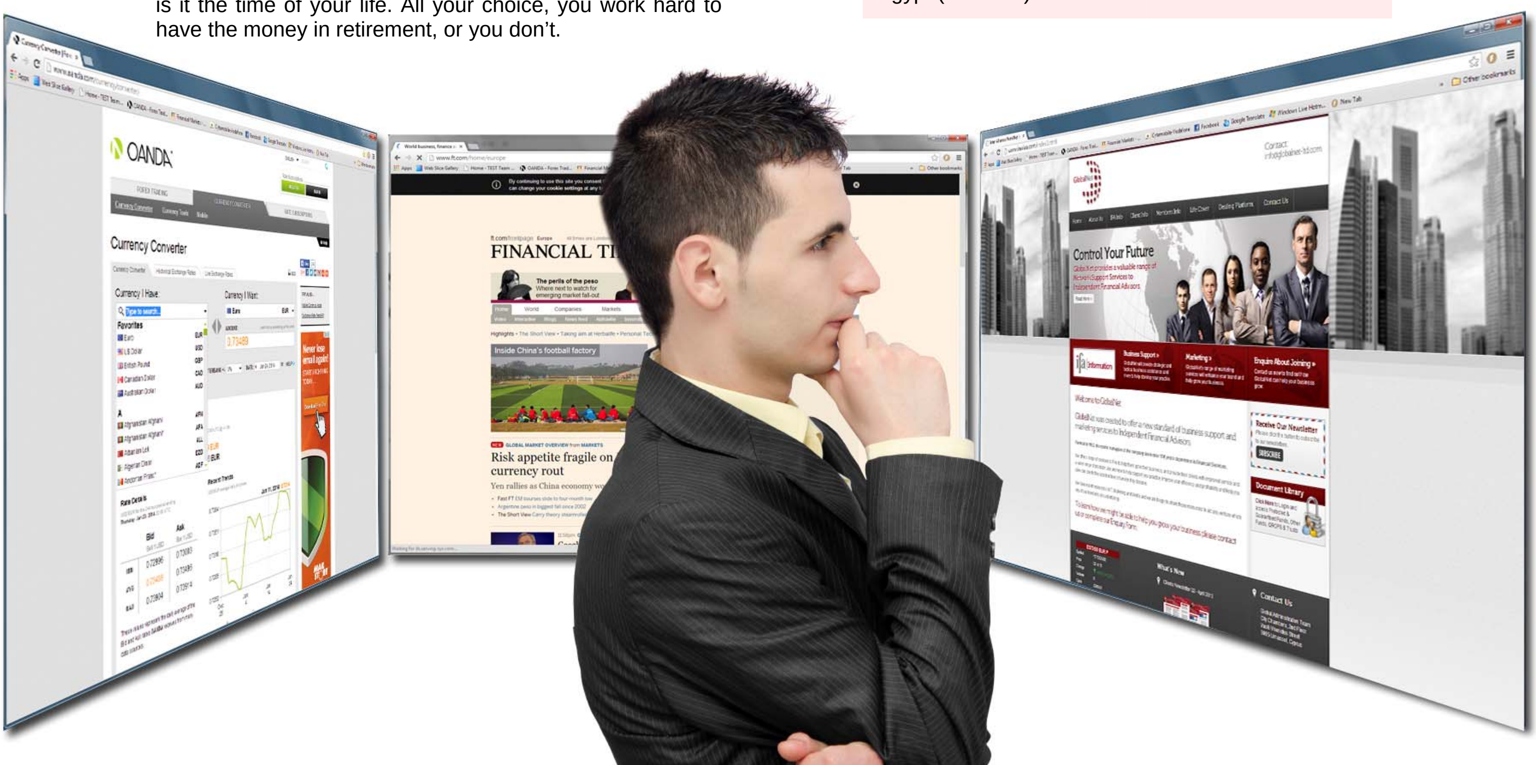
We end up with a question which only time will answer, “How much is enough”.

I am reminded of an old financial planners saying. What is the difference between an old man and a retired gent? Simple, money. I am certain we have all seen old people at the bargain shelf in the supermarket, or are aware of the rush to a particular shop as people know that at a certain time that shop puts it reduced items on the shelf. Now there is nothing wrong with saving money, with spotting a bargain. However, most people would rather do this out of choice, not out of necessity.

So is there a magic figure? Probably not, it clearly depends upon what style of retirement you would like, is it frugal, or is it the time of your life. All your choice, you work hard to have the money in retirement, or you don’t.

Market Performance Jan 1st to March 8th 2014

Market	Performance in USD
US (DJIA)	-1.3%
China (SSEA)	-4.1%
Japan (NIKKEI 225)	-6.1%
UK (FTSE100)	+1.4%
Belgium (Bel20)	+6.0%
France (CAC40)	+1.9%
Germany (DAX)	-0.4%
Greece (Athex Comp)	+13.2%
Italy (FTSE/MIB)	+9.4%
Spain (Madrid SE)	+2.9%
Denmark (OMXCB)	+16%
Russia (RTS)	-18.1%
Switzerland (SMI)	+3.4%
HK (Hang Seng)	-3.2%
South Korea (KOSPI)	-3.4%
Tawain (TWI)	-1.3%
Egypt (Case 30)	+18.1%



Worried About US Stocks

Then send some money into European Stocks. That is the message from a number of analysts and advisors. So, why?

Reason 1: Euro Stocks are a lot cheaper.

This may not be an overriding factor, but certainly an influence. According to Templeton Managers they view Euro Stocks at valuations which American Stocks were in 2011, and we know what happened to US Stocks over the last few years.

Reason 2: European economies have turned the corner

Without doubt we are seeing some resilience in Euro Markets, even in countries such as Spain and Greece. There appears to be a fairly well balanced recovery, albeit with some concerns on deflation, and with a few countries like UK leading the way.

Reason 3: Postal code discount

It seems that many investors are shunning Euro Zone Stocks simply because they are Euro Zone Stocks. However, missing the bigger picture that many of the larger stocks whilst being Euro domiciled actually compete on the world stage.

Reason 4: No Euro divorce likely

It seems that whilst the doomsday prophets have been forecasting the demise and failure of the Euro Zone there remains a desire to maintain the status quo.

With returns approaching 20% in 2013, the experts predict more this year.

Investing in Gold

For centuries gold has been viewed as a “safe haven” at times of uncertainty. Many investors, and or prospective investors, have viewed investment in gold as a necessity in order to diversify portfolios, however, have questioned the actual returns made on gold.

Certainly if you look at the value of gold through 2013 you do start to question how the prices are fixed. Gold ended 2013 as the worst performing asset class, having fallen 28%. This at the same time as The S&P rose 28%.

Many people are unhappy with the way they believe the gold price is manipulated. The price of gold is not just the physical asset; they are also the basis of derivative markets, futures contracts, options, and combinations of these and other financial instruments.

A Class Action Law Suit has been issued against the five banks which set the benchmark, Deutsche, Barclays, Nova Scotia, Soc Gen and HSBC. Certainly it is believed that there has been a number of puzzling downward movements in price in the run up to the afternoon “fix”. This “fix” is made during a conference call involving the fixing banks. There have been suggestions that this methodology has similar tones as to the fixing of LIBOR, and we know what happened there. At this stage regulators are investigating, who knows what that will lead to.

The anti-lobby claim that a small group of people, with very little oversight and a lot of vested interest, set the rate. The fluctuations have only become very noticeable with the rapid expansion of the gold derivative market, which has rapidly become more significant from 2004 onwards.

So investing in gold may not be about fundamentals but about what a small group of influential people want.

When Should We Start?

The Aesop Fable, The Tortoise and the Hare, made clear that at least in fable slow and strong makes it ahead of a late start, and a rush. The same is very clear when it comes to saving, whether that is for retirement or any other event.

Consider these facts; four investors age between 25-55, each saving 2000 per annum, and each making an annual return of 8%.

At age 65

The investor who started at age 25 has	585,000
The investor who started at age 35 has	250,000
The investor who started at age 45 has	98,000
The investor who started at age 55 has	30,700

Look at this another way, and let’s see how much it will cost to acquire a sum of 750,000 at age 65, starting at different ages

The investor who started at age 25 will need to invest 213 per month
The investor who started at age 35 will need to invest 500 per month
The investor who started at age 45 will need to invest 1650 per month
The investor who started at age 55 will need to invest 4072 per month

Never underestimate the effects of compounding, it is astonishing.

These figures are clearly based upon calculations; they take an assumed rate of growth which may or may not be achieved.

Buying a Property Abroad - Canada

Canada seemingly has almost everything, and on a large scale. If you seek isolation, that is easy to achieve. Shopping, in the major cities no problem. Rugged coastlines, wide-open plains, ski resorts, nature, some of the best fishing in the world. Canada is very popular with the thrill seeker, but also the urbanite.

Canada consists of 3 territories and 10 provinces. At just under 10.0 million square kilometer Canada is the worlds second largest country by total area, and its border with the US is the worlds longest land border shared by two countries. There remain strong influences of both British and French as primary colonists of Canada. Indeed Canada is a constitutional monarchy with Queen Elizabeth Second as its Head of State.

Canada is a very developed country and one of the wealthiest in the world, standing as the eight highest per capital income globally. It carries a fine reputation for state welfare medical and the like.

Property Hotspots

Vancouver in British Colombia continues to offer an excellent quality of life, a clean safe city within easy range of Whistler. Whistler for many years renown for its ski facilities also offers excellent vacation delights in the summer months, with trekking and increasingly a strong contingent of mountain bikers utilising the huge range of ski lifts. Toronto and Montreal also offer good options.

Buy to Let

Probably the best rewarding are properties within ski resorts, be it Whistler Blackdown or any others. The popularity of skiing remains undiminished and most skiers will aim at some time to ski Whistler. Real Estate Agents can provide a complete package for purchase and the running of a holiday let.

Legals

Whilst Canada is actively seeking skilled immigrants, it also maintains strict controls on entry. EU residents can obtain a visa on arrival, and will need to provide evidence they can support themselves financially during their stay, and evidence of a return ticket.

There also remain some restrictions as to what a non-resident may purchase, in certain areas. You are permitted to stay for up to 6 months after that you will need to apply for immigrant status.

Income tax ranges from about 15% through to almost 30%. Residents are taxed on worldwide income. If you are considered non-resident you will pay tax on income generated in Canada.

In addition to income tax Federal Taxes is payable bringing tax levels for many to around 40%. Capital Gains Tax is penal at 75% of profit.

Finally for UK residents there is a Double Taxation Agreement in place, which means at least you will not suffer a double whammy.