

The art of living well

By Francis Marais, Head of Research at Glacier by Sanlam

As we enter 2022, we're confronted with the realisation that we've been living in a changed world for almost two years. Some of us (arguably the majority) at first thought the pandemic would be a relatively benign event – perhaps like a more serious strain of flu – and that if anything serious did arise, it would be relatively short-lived. Whether out of ignorance or arrogance, very few of us were prepared for what was to follow and what is still our reality. It comes in waves; at times things go back to a semblance of what our lives used to be like, but only just, before it gets taken away as the next wave sweeps across our country and the rest of the world. This is true particularly as we experienced the fourth wave, which hit during a time traditionally earmarked for seeing friends and family, rest and fun. So, while life has meaningfully changed on numerous levels (some positive, while others negative), how do we start looking forward from an opportunity perspective and start focusing on thriving again, not only as humanity, but as cohabitants of our planet? How can we tie this back to savings and investments, and look forward to living with confidence?



1. Financial advice

If you don't have a financial adviser or a financial plan, now is the time to find one and actively participate in creating a financial plan that covers short-term unexpected events, future liabilities and long-term investing. We've seen that life can change dramatically, and that, that which we depend on can suddenly be taken away. This may include suddenly becoming severely ill without the ability to provide for appropriate medical treatment, losing a spouse and, with that, a source of income (insurance) or unexpectedly finding yourself without a job or salary (savings). Having a holistic plan in place that addresses potential eventualities is not only smart, but also the responsible thing to do.

2. Save and invest more

It is always a good idea to save and invest a little more, even if it's only a small amount. The power of compound interest allows small amounts to have a greater impact later in life. Nassim Nicholas Taleb made the term 'antifragile' popular. It's different to being resilient. Whereas the latter allows you to weather a storm, the former allows you to benefit from the storm. The thing about extra savings is that they allow you to be both resilient – by being able to absorb a couple of months with a lower salary or without an income – and antifragile -- by taking advantage of extremely cheap asset prices during market sell-offs and manias. Extra savings can provide peace of mind and optionality.

3. Focus on the longer term

In his *Studies in Pessimism*, Arthur Schopenhauer writes, "The little incidents and accidents of every day fill us with emotion, anxiety, annoyance, passion, as long as they are close to us... They were big only because they were near." One of the reasons the hominid *Homo sapiens* have lasted as long as we have is the role that evolution played in keeping us alive by focusing on immediate threats and survival on a daily basis. Each day was a struggle, with some immediate and very real challenges. We developed a keen sense for identifying patterns and then extrapolating them. For example: seeing a deer track in the same place over a number of days would naturally imply a good hunting spot. As a result, we also tend to overreact to short-term, more immediate events as we experience them (they were big only because they were near), and sometimes taking a step back and trying to gain perspective is useful. Here, having a trusted adviser can play a key role, and because they may be further away from a particular experience, the event may not be experienced as big, and they may be able to provide some valuable objective guidance. Ultimately, most short-term events turn out to be noise, so engage your adviser more often during these times, or take a step back and breathe to gain some more perspective.

Focusing on the longer term is also useful to avoid chopping and changing portfolios, or performance-chasing and eventually doing more harm than good. Our research suggests that investors continue to position themselves incorrectly by trying to chase performance, and

subsequently leaving too much of their potential return on the table. Finally, having a longer-term perspective helps you to better understand the consequences of your actions – not only when it comes to building and protecting wealth, but our society and the environment, too. Sacrifices today will lead to large benefits over time, but only if done in a responsible and sustainable way.

4. Diversification

Having a diverse portfolio is a sound investment principle, but the concept can also be extended to incorporating a more holistic approach. There really is no point if all the different baskets of eggs are transported on the same truck. You may have a diverse investment portfolio, but do you have enough liquid savings at hand? Are you building multiple, diverse income streams for one day when you do eventually retire? Are you using the variety of investment solutions, such as retirement annuities, tax-free savings accounts (TFSAs), endowments, living annuities or traditional life annuities to create more optimal, tax-efficient outcomes? Once again, this is where your adviser can play a vital role in helping you choose the right mix of different options that will help you achieve your investment goals. Make sure they partner with the correct service providers to enable them to construct well-diversified and robust solutions and outcomes.

Live life better

Finally, we've all (hopefully) realised that life can change very quickly, that small things such as spending time with children, parents, grandparents and friends can quickly be taken away or be restricted. While work and pursuing a career is certainly important, they cannot be all that define us. We are multidimensional beings with many different needs. Excelling at a vocation and generating an income is only one part of life. In his 2013 book *Grounded: How Leaders Stay Rooted in an Uncertain World*, Rob Rosen defines multiple dimensions that need focus to be healthy – such as physical, emotional, intellectual, social, vocational and spiritual health. When last were you intentional about focusing on all of these? The Japanese have a word that defines our happiness and purpose as the intersection of what we love doing, what the world needs, what we can get paid for and what we are good at: *ikigai*. We need to find more balance, not only for ourselves, but for our society and our planet, too.

As we head into another new year, let's look forward with confidence and make 2022 a better year than 2021. Even as we deal with the effects of the fourth wave and potential new variants, let's focus on what is in our own ambit of control, what is important, and find more balance and pleasure, moving from a state of languishing to one of thriving once more.

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