

Retirement



# AF Access Retirement Fund **newsletter**

Issue 2 for 2023



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# Learn more, earn more



**How financial markets affect your retirement savings**



**Trevor and Thuli discuss inflation**  
– what is it?



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# How financial markets affect your retirement savings

Your retirement savings are invested in things like shares and bonds in financial markets. The amount of money you save depends on how well these investments are doing. If the shares you invested in are going up in value, your retirement savings will increase too.

Financial markets are affected by things like government policies, the global economy, interest rate movements, as well as inflation (the next article will explain inflation to you in more detail).



The performance of financial markets along with the value of your savings, is reported over different periods of time:



3 months

6 months

1 year

This is a **shorter** period of time

3 years

5 years

10 years

This is a **longer** period of time

Many people make the mistake of tracking the growth of their retirement savings over shorter periods of time. Think of it like a seedling you've planted. If you look at it every day, you won't see much growth, and you may

even think the seedling isn't growing at all. But if you only look at your seedling after a reasonable amount of time, you'll see a notable difference in its size. It works the same way with your retirement savings.

## Take a look at this simple example

If you've invested R100 in a typical balanced investment fund at the periods indicated below, you can see how the R100 would have grown over a longer period:

These returns are at

31  
March  
2023

In  
3 months  
you'd have

R104

In  
6 months  
you'd have

R112

In  
1 year  
you'd have

R107

In  
5 years  
you'd have

R161

In  
10 years  
you'd have

R268



Quick  
tip 1

Always remember that your one-year returns can change quite a bit over a short period of time. It is, therefore, much better to focus on five- or ten-year results before making any decisions on or changes to your investments.





## Trevor and Thuli discuss 'inflation'

Throughout life you'll probably come across a few financial ideas that everyone is talking about and that you are not sure how it affects you. Meet Trevor and Thuli. They discuss what inflation is and why it's important to pay attention to inflation and changing interest rates.



### > Trevor

Hey Thuli! I hear that worldwide headlines say that inflation is rising and governments are increasing interest rates? What exactly does 'inflation' even mean and how does it affect us, as consumers?



### > Thuli

Hi Trevor! Inflation is an economic term that explains how much more expensive things are compared to the year before and how much more you have to spend each year, for example to fill your petrol tank, buy a litre of milk, or get a haircut. It is calculated using a general 'basket of goods' with things used by the average person in a country. However, your personal inflation rate might be higher or lower than the actual rate, depending on what you spend money on.



### > Trevor

So, if the inflation rate is **6%**, what does that actually mean?



**Quick  
tip 2**

At the end of March 2023 the inflation rate was 7% and the medical inflation rate was inflation (consumer price index) plus 3 to 4%. That's right, medical healthcare services also have an inflation rate - to help you understand how much the cost of receiving healthcare services will increase from year to year.



### > Thuli

If a litre of milk cost **R10** last year,



- > it will cost **R10.60** this year
- > and **R11.24** next year.

If you still only have **R10** available next year, it won't be enough to buy a full litre.





## Money lessons: common questions and answers

There are some common financial guidelines that members regularly question. As a result, we've listed some of these questions and provided the answers from the desk of a financial planner.

We will include new questions and answers in the upcoming newsletters to help you grow your understanding of the financial world.



### Financial planners recommend opening an emergency fund. How much should I have saved in my emergency fund?

Add up all your monthly expenses and times that amount by six. In other words, you should aim to have at least 6 months' worth of monthly expenses in your emergency fund. Some financial planners recommend 6 to 12 months. Start with 6 months - once you get to that point you can aim for 9 months and then 12. Every little bit that you save counts. Start small and keep going.



#### Quick tip 3

Don't feel bad if it takes you a long time to save up enough money in your emergency fund. Life happens. Just commit to your goal. Once you have enough money in your emergency fund, you'll be surprised at how much peace of mind it will give you.



## Is it bad to have too many credit cards? Should I close them as soon as possible?

Remember to be cautious about closing your credit cards. It's not necessarily bad to have multiple credit cards – especially if you don't have credit card debt or you have very little debt. Your credit cards, and the way that you manage them, could help you get a better credit rating. This means that if you buy a house or a car, you could pay less interest because your credit score is good. The less you use the credit available to you, the better.



## My late payment was sent to a collections agency. How long will this stay on my credit history?

Even if you've paid the late payment off it could stay on your credit history for six to seven years. If you think you may have a problem paying something for the month, rather contact the company and explain your situation to them. In most cases, they will make an arrangement to assist you. Just make sure you do this as soon as possible. If you have an arrangement, they won't let it affect your credit score.



## People are always talking about 'net worth'. What is it and how do I calculate it?

Your net worth tells you how healthy your finances are. It gives you a snapshot of your financial position. You can calculate your net worth by subtracting what you owe (liabilities) from what you own (your assets). Just remember that debt isn't always a bad thing. If you borrow money to buy an asset, it can be a good thing. For example, buying a house that increases in value over time can give you more money when you sell it – especially if you take good care of your house.



### Quick tip 4

If you have a question that you would like to ask our financial planners, please send them to [AFAccessNews@comms.alexforbes.com](mailto:AFAccessNews@comms.alexforbes.com). We will share your question anonymously in this newsletter so that all our readers can learn from the answers.





## Our noticeboard



### Do you have any questions relating to the articles in this newsletter?

You can contact the fund or My Money Matters using these contact details:

**AF Access Retirement Fund**

0860 60 61 62

contactus@alexforbes.com (if there's something you feel the fund can improve on). Please remember to give us the name of the fund you belong to.

## My Money Matters

[Visit website](#)

### My Money Matters toolkit

The toolkit will help you make the most of your money by:



understanding your options



making informed choices



getting advice to make good decisions based on your personal circumstances



It connects you to what you need to know, why it matters, what you need to do and how to get help:





## Your benefit statement - receiving emails and SMSs from the fund

It has come to our attention that some members are concerned that our SMS messages and emailed benefit statements may be a scam. Yes, there are scamsters trying new, clever tricks every day - it's no wonder some of our members are afraid to click on links we send.



**Just to put your mind at ease, below is the SMS you'll receive from the fund:**

Dear member, view your statement at @Model.InfoSlipUrl.

Contact your adviser or AF call centre at 0860 60 61 62 for queries. Alexforbes.



When we email you benefit statements, they will come from this email address: **afonlinehelp@alexforbes.com**

If you are still not sure or feel too nervous to take a chance, contact our contact centre and we will confirm if the SMS or email is legitimate.

## You can also view your AF Access Retirement Fund benefit statements 24/7 by registering for AF Online

Once registered you can download your benefit statement at any time of the night or day. This is how you do it ...



## How to **download** your benefit statement

**Step 1**

Log into **AF Online**

**Step 2**

Click on the **Individual** tab and select **Investment values**

**Step 3**

The investment value screen will open. Click on **Statements**

**Step 4**

The **Statements** screen will open. Select the statement you'd like to view from the list





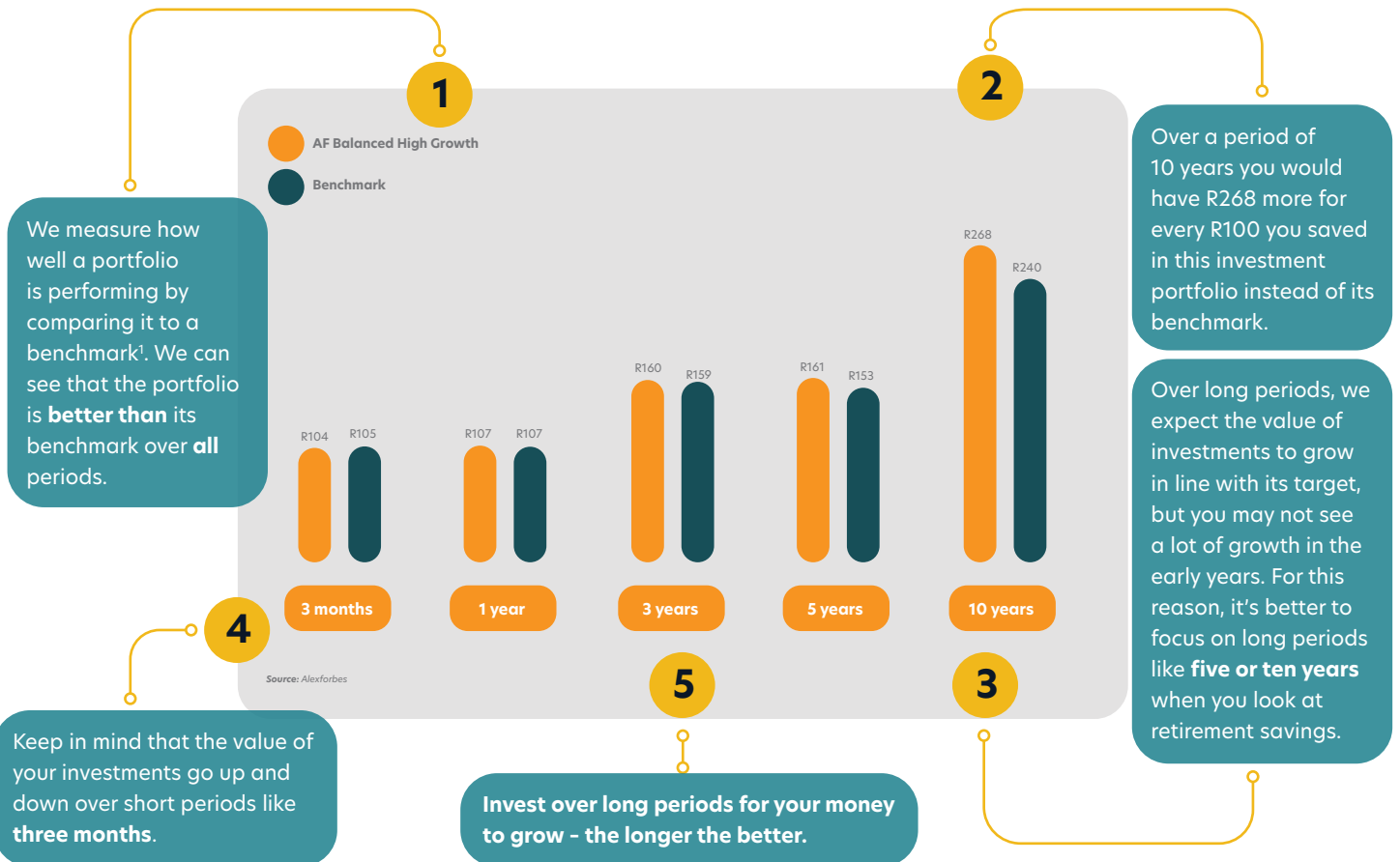


# Investment returns

Performance of investment portfolio to 31 March 2023

Let's take AF Balanced High Growth as an example

The value of R100 invested over various periods to end March 2023



<sup>1</sup> **What is a benchmark?** A ruler shows us objectively how long a piece of string is. In the same way, we use a benchmark as a value to measure how an investment portfolio is performing and if it is delivering on its performance objectives.





## AF Access Retirement Fund

### Investment returns

31 March 2023



#### Growth portfolios



#### Real Return Focus LifeStage portfolios<sup>2</sup>



<sup>2</sup> The Real Return LifeStage is closed and members can't choose to switch into this strategy.





## Contact details

Phone the AF Access Client Contact Centre on

**0860 60 61 62**

Monday to Friday  
between 08:30 and 17:30

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