

Trends affecting high net worth individuals in 2017

For many wealthy individuals the beginning of the year serves as an opportune time for personal introspection making it the ideal period to review financial goals and strategies for dealing with the challenges of growing and preserving wealth in a volatile economic climate.

CEO of FNB Private Wealth and RMB Private Bank Eric Enslin says high net worth individuals take into account a variety of economic, regulatory and investment factors as well as family and career aspirations when planning for the year ahead. Advisers are required to thoroughly assess the state of their clients' long-term wealth growth, while guiding them on how to overcome and understand some of the key issues and trends.

Enslin has identified four industry trends affecting high net worth individuals that advisors should take into account when reviewing long term wealth strategies.

Fintech

The rapid growth of fintech should not be seen as a threat to advisors, but rather an opportunity to tap into innovation through the use of tools, analytics and technology to better understand and efficiently cater for the dynamic and ever changing needs of high-net worth individuals.

Life expectancy

According to the Ageing World Report, released last year in March by the U.S. Census Bureau, 8.5% of the world population is aged 65 and over, and this older population is expected to continue growing over the next 35 years.

Increasing life expectancy continues to put more pressure on advisors to exercise greater flexibility when helping clients to plan financially for retirement. This has a huge impact on the accurate projection of medical and living costs.

Economic uncertainty

The current challenges facing South Africa and the possibility of a sovereign credit rating downgrade in 2017 is growing concern amongst high net worth individuals. This is likely to increase the prospect of investors looking for more exposure to offshore investments as means to diversify their wealth.

There will be increased pressure on advisors to offer sound advice taking into account the diverse risks and opportunities of investing offshore.

Local and global legislation

Ongoing changes in legislation significantly increase financial demands and risks facing wealthy individuals on a yearly basis. Therefore, it is essential for them to regularly review and adjust their risk and wealth management strategies accordingly.

“As an example, high net worth individuals are waiting with bated breath for the outcome of the much debated Draft Taxation Laws Amendment Bill from Treasury which will impact taxation on personal trusts. From a global perspective, concerns around the long term impact of Brexit on the global economy are ongoing,” says Enslin.

Although wealthy individuals and families take a long-term view when devising growth strategies, each year has a unique set of challenges, making it essential for advisors to constantly familiarise

themselves with the issues and opportunities that keep their clients awake at night. This gives high net worth individuals peace of mind, knowing they are receiving the best advice to achieve their goals and continue reaching important milestones in their wealth journey,” concludes Enslin.

Source: Risk SA