

# Wealth Creation 101

Back to basics

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## Back to the basics

- We like to complicate
  - Markets are complicated
- But simple is always best
  - Wealth creation is simple



## Simple ~ Time



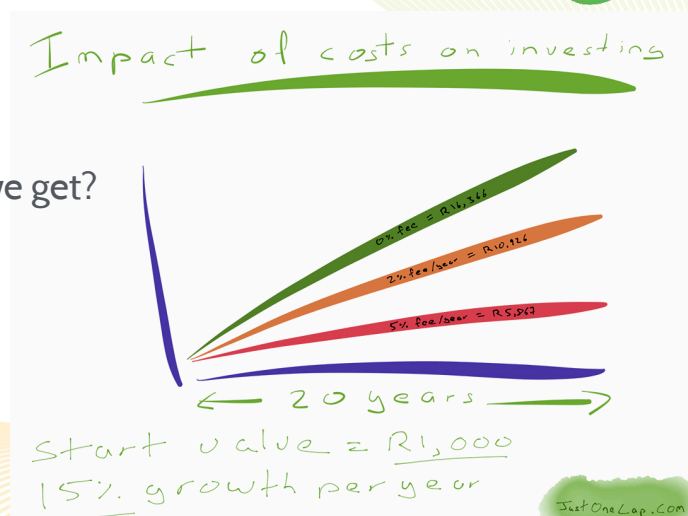
- Your biggest asset is time
- The more you have the easier it is



## Simple ~ Costs



- Your biggest enemy is costs
- We need to pay
- But how much and what do we get?



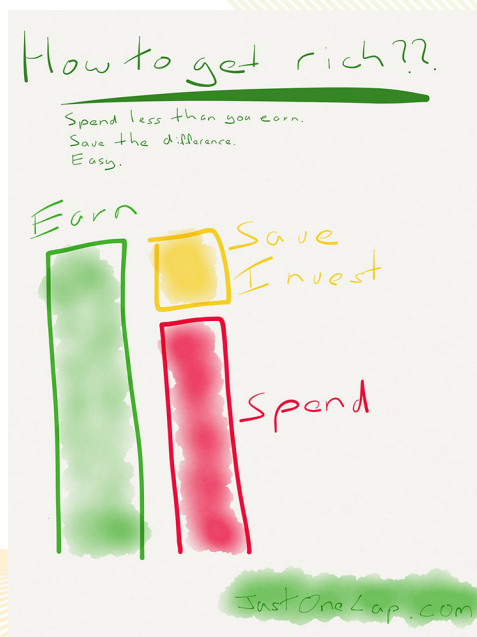
## Simple ~ Invest

Spend less

Remove debt

Save more

Buy assets



## Simple ~ Tax free

- Assumptions
  - Annual growth ~ 15%
  - Annual dividend yield ~ 2%
  - Brokerage ~ 0.25%
  - Zero admin fee
  - Contribution R2,500 month
  - Until life time limit of R500k
- After 25 years
  - Value ~ R11.4million
  - Contribution ~ R500k
  - Growth ~ R8.8million
  - Tax free benefit ~ R2.1million



Source: Standard Online  
Share trading





## Retirement



- 65 is the new 46
- We're going to live a lot longer
  - At age 60 we have a 50% chance of living to 90
- New skills?
- Money for retirement



## Expectations



- The stock market will not;
  - Make you rich in a hurry
  - Improve the job you hate
  - Solve any of your problems
- You need to take control
  - The market can help





## Assets vs liabilities



### Assets

- Has value
- You own it
- Pays you money

Shares, business, cash

### Liabilities

- Has use (at best)
- Somebody else owns it
- Costs you money

House, car, debt



## Personal balance sheet



Wealth = assets - liabilities

Assets		Liabilities	
Car	R100k	Car loan	R200k
Home	R1m	Home loan	R1m
Stuff	R150k	Debt	R200k
Investments	R500k		
<b>TOTAL</b>	<b>R1.8m</b>		<b>R1.4m</b>

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More of  
this

Less of  
this

## Your home



- You home is NOT an investment
  - It is an expense
- Wanna be a property mogul?
  - Buy PTXTEN

[JustOneLap.com/FatWallet/](http://JustOneLap.com/FatWallet/)

- Home ownership is the new broke
- Shanks for renting



## Your car



## Reduce debt & buy assets



- Reduce debt
  - Be aggressive
  - Do not take on new debt
- Buy assets
  - Start with what you can
  - Grow them over time





## Reducing debt



- You have 4 debts
  - R1,000 / R2,750 / R4,000 / R9,000 = R16,750
- Repayments
  - R100 / R300 / R450 / R900 = R1,750 monthly
- Add extra 10% / R175 to most expensive debt
- When paid off roll into next debt
- **DON'T ADD NEW DEBT**



## Buying assets



- Get paid to invest (dividends)
- Shares
  - Exchange Traded Funds (ETFs)
    - Basket of shares
      - CSEW40, DBXWD & PTXTEN
- Tax free account



Satellite / Core



50% - 100%  
ETFs

My portfolio → [www.SimonBrown.co.za](http://www.SimonBrown.co.za)

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**CITY LODGE**



**SHOPRITE**

CSEW40  
DBXWD  
PTXTEN

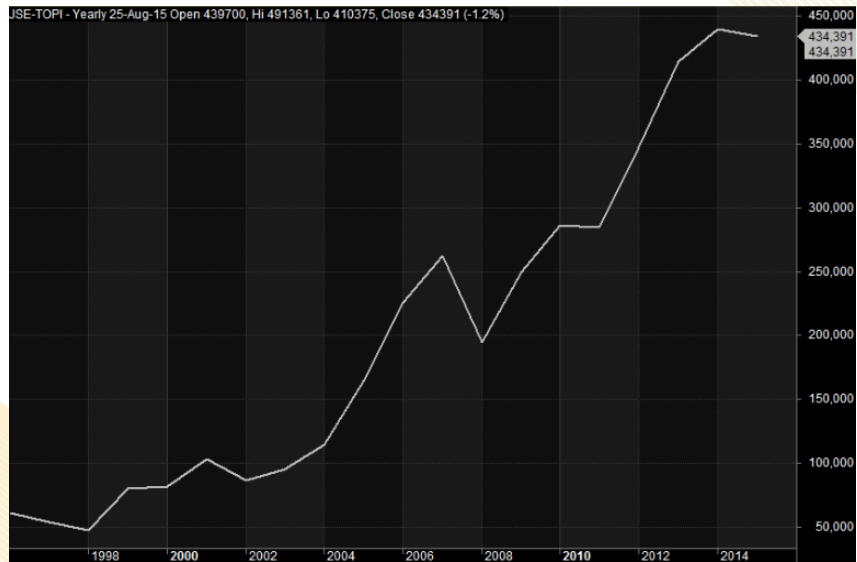
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## The market – think long term



## Review



- Get rich slowly
- BUT get rich
- Reduce debt
- Buy assets
- ETFs / tax free







# Questions?

## Contact



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