EP3 - Stealthy Wealth.mp3

Bruce Whitfield [00:00:00] Managing money and knowing what is good for your financial wellbeing at every stage of life is a skill. It’s a skill every person needs. Managing money well means having an adequate level of protection, more savings than debt, and knowing how the choices we make can either make us or break us. Of course, we’re all human. So, in Your Money Matters, a podcast brought to you by Discovery, I unpack practical aspects on banking, life insurance, investments and more in discussion with experts. Join me for these interesting conversations and hear how small things we do can take us to greater financial security and more of life’s rewards.

Bruce Whitfield [00:00:44] Today, it's the turn of Stealthy Wealth. Yes, that is a person's name. Going by the nom de plume of a Stealthy Wealth, a personal finance blogger who prefers to remain anonymous. Why does Stealthy Wealth want to be remain anonymous? I suppose it's because you're filthy rich, Stealthy.

Stealthy Wealth [00:01:02] Well, that would be my, my preferred reason. But the real reason is that I disclose pretty much all of my dirty laundry as well as my financial numbers on my blog. So, for that reason, I just, to protect myself and my family's identity, I prefer to remain anonymous.

Bruce Whitfield [00:01:19] You should get one of those Bourne Identity voice synthesiser things as well just to make sure that nobody recognises you. Just a tip. Do tell me, your big goal? And I mean, I think everybody's big goal would be to retire by the time they're 45. For the vast majority of people, they can't even conceive of retiring at 60 or 65. Never mind 45. What precipitated the big goal?

Stealthy Wealth [00:01:43] Back in 2015, a few things sort of happened at the same time. The first was my wife and I found out and we were expecting our first child. And there's nothing that sort of makes you sit down and re-evaluate your life and your goals quite like the imminent arrival of a child. The second thing was that we had we were just about to make our last payments on my wife's car. So that would have meant we would have no more short-term debt. So suddenly we had a little bit of money that was going to become available every month. And I started thinking about how best to use this money to get us ahead in life. And then the third thing is, I've discovered the fire movements in America, which was a community of people that some sort of relooked at this whole retirement thing and said, you know, do we really need to work for 40 years and then hope we have enough, or can we be a bit more proactive about it? And possibly even retire earlier than what people consider the norm for retirement age. So, all of these sorts of pieces came together, and I decided, you know what? Life's short. I want to make the most of it. I don't want to be stuck in a nine to five until I'm 65. And I want to make sure that I have enough in retirement to enjoy those years. So that's sort of how the whole goal got put together.

Bruce Whitfield [00:02:49] At that time, you are, if my maths is right, about age 30 or thereabouts. Right?

Stealthy Wealth [00:02:54] Around that time, yes.

Bruce Whitfield [00:02:55] OK. And what sort of job were you doing at that time? I'm not trying to expose your identity. I'm just trying to get a sense of how financially sorted you were at the time.

Stealthy Wealth [00:03:06] I was in software engineering and I still am. So, yes, I am fortunate in the sense that I was fortunate to have a decently paying job which does help facilitate this goal.

Bruce Whitfield [00:03:16] All right. So how financially sorted were you at the age of 30? Your wife has just paid off her last car instalment. It's 2015. It's five years later. Take me on the path from where you were then to where you are now.

Stealthy Wealth [00:03:32] Okay. So back then, I was sort of plodding along with the mandatory company pension fund. I started a little bit of investing on the side. But, you know, I didn't have like a goal bedded down so I was just sort of plodding along. I was doing the basics right. I wasn't, you know, up to my eyeballs in debt. I was contributing to a pension fund through the company. You know I maintain sort of a rough budget to sort of stay on top of our monthly expenses so that those are the some of the things I was doing right. But after I put my plan together and, and had this goal to retire at 45, I started being a lot more proactive. So, I opened the TFSA since then for both myself and my wife, which is a great product, especially because you can access the money sooner than age 55, which a lot of the other retirement products you can't do. And I just started being more intentional about where we were spending our money and making sure it aligned with our priorities and goals.

Bruce Whitfield [00:04:21] Did you continue putting money into a retirement annuity? Because a lot of people like this idea of a retirement annuity because you get an immediate tax benefit on the funds that you contribute to a retirement annuity. A tax-free savings account is great, but you're putting after tax money into that and the returns over time are tax free. So, do you still do the RA plus the tax-free savings account? What do you do?

Stealthy Wealth [00:04:44] I never actually had R.A but I always had the company pension fund, which the tax is sort of it's the same idea. You contribute money and you get taxed afterwards. So, there's a tax benefit to doing it that way. So, I've continued with the company pension fund, but I haven't put any additional money over and above that into what they call the Regulation 28 funds, which is RA's, pension funds and all of that. And the reason for that is because those type of products are not really conducive to retiring before age 55, because with an RA, you can't access that before age 55. RA's are useful because of the tax benefits, but you need to have a sort of a stop gap that will get you to age 55 when you can access your RA. And I think for that purpose, a TFSA is fantastic. Yes, it is after tax money, but the money that goes in there remains tax free for the rest of your life. Whereas with an RA there is a bit of a tax drag once you start accessing the money. It's probably best to have both because you sort of balance your tax treatments. You know, you always hear that you should diversify your investments across geographies and asset classes. I also believe you should diversify across tax treatments as well. And one of the ways to do that is to have a Regulation 28 product as well as a TFSA, and probably some normal investments as well.

Bruce Whitfield [00:05:55] You couldn't have chosen a worse time to invest from a South Africa market perspective. Since 2015, returns have been below inflation. It's been a dastardly time to invest and, as I understand tax free savings accounts, they're domestic investments. How have you done?

Stealthy Wealth [00:06:13] Yes, you're quite right. The South African markets have been very, very poor and far below, what people have been hoping for. And you'll see that in the returns of your pension funds, which are largely invested in South Africa. But that's actually another nice thing about a TFSA is that the accounts are local, but you can invest in offshore unit trusts as well as offshore ETFs in there. The domestic performance has sort of been lifted by the offshore performance because the markets overseas have actually done really well over the last five years. And when you combine that with the Rand that's been weakening as well, the returns that you've been getting in the US and Europe and that have actually been pretty decent. Ja, I'm still behind we I had hoped to get this point, and that's largely due to the local performance of our markets. But I'm hopeful that, you know, we've had a sort of a bad decade even, I'm hopeful that going forward, things will start picking up and then looking better.

Bruce Whitfield [00:07:04] Does your goal remain retirement at 45? Because, again, rough calculations. You've got 10 years to go. That's the year 2030.

Stealthy Wealth [00:07:13] So, my target is still age 45. Since then, we have also had a second kid and those little guys are quite expensive. Combined with the local market performance, we are a little bit behind where I hoped we'd be. But the way I see it is, even if we don't make forty-five, we'll still be in a far better position than where we would have been if I if I wasn't, you know, at least trying to aim for what probably is quite a lofty goal. But if we don't make forty-five and we make forty-eight or even fifty, I'll be alright with that.

Bruce Whitfield [00:07:40] And the point is that you've taken control and I think that is the thing that a lot of people don't do until they're considerably older than the age of 30. They haven't thought about it. They haven't engaged in the process. They haven't actually seized control of their financial destiny. And that's precisely what you have done.

Stealthy Wealth [00:07:59] I think that's an excellent point. If you just make the decision to be better with your money, that's already half the battle won. Just that that act of being intentional now about what you do with your money instead of just as I was doing, head in the sand, and then just kind of hoping you're going to have enough in retirement. If you could just be a bit more intentional and even just aware of where your money is being invested. And if you're tracking okay to make it in time, just doing that is really a huge step in the right direction.

Bruce Whitfield [00:08:26] So you're not going to be soul destroyed and broken if you can't retire at 45. If you don't reach this this magical goal. Have you got a number in mind? How do you know what it's going to be like when you're 45 in order to know that you can make a decision to cut off your income and actually begin this process of whatever retirement means to you? We'll get to that in a second.

Stealthy Wealth [00:08:47] Back in 2015, when I put this goal together, one of the big things that happened was I came across something known as the four percent rule, and it's based on a whole lot of research and I won't bore everyone with the details. But what it came down to is in order to have enough money, you know, to see through your retirement. And so that you'll never run out of money because that's ultimately what you're trying to avoid in retirement, is running out of money. As a rule of thumb, they say you should have 300 times your monthly expenses. So, having that number was huge for me because I finally had a target to aim for, because a lot of the you know, the calculation that that you see that all around you need 75 percent of your final salary to be able to live off. And I mean, that's very airy fairy for me. I mean, what will your final salary be? Why 75%? Will it actually be enough? So, this four percent rule, and knowing that you need about 300 times your monthly expenses was pretty concrete for me to aim for. So that was a huge, huge eye-opening moment for me. So, once you know your monthly expenses, multiply that by 300 and you'll get a very scary number, but at least it's a number that you can aim for. And so, what I did is I estimated our expenses, multiply that by three hundred and then I just adjusted that amount for what I think inflation will be going forward, which is not an exact science, but you can get an idea by looking at your current inflation rate, factoring in medical, schooling, all of that. And you can kind of get a rough idea of what, how much you would need to retire. And that's the value that I used to put together my plan.

Bruce Whitfield [00:10:09] Do you plan to send your kids to private schools?

Stealthy Wealth [00:10:12] No.

Bruce Whitfield [00:10:14] Because that's a critic--, it's a critical financial decision. That's a really important financial decision. And you've taken that decision. Take me through the thinking.

Stealthy Wealth [00:10:22] I've taken that decision. For me, the cost benefit's not worth it. I also believe that a lot of the good attributes that make a good employee or a good business owner is actually learnt at home and not necessarily through a private education. A private education might get through the network but in terms of, you know, once you get into varsity, I think your university qualification is probably more important than which school you went to. And something I've noticed in my career as well is as you move further and further along, your schooling actually becomes less and less important and your work experience starts counting more and more. You know, that's a very personal decision to everyone. I'm not going to discourage anyone from send their kids to private schools, but it is hellishly expensive. And you need to decide if it's if it's worth the money or not.

Bruce Whitfield [00:11:02] And it's a critical decision because private school fees absorb a huge amount of family's disposable income. And it's about maximising that disposable income so that you have money that you can invest. What has been the best investment decision that you've taken over the last couple of years?

Stealthy Wealth [00:11:20] So for me personally, it was, it was actually moving closer to where I work. That sounds strange, but there's so many benefits, both monetary and non-monetary, that I've experienced since doing that. I mean, I slashed my commute bill, and we went down to a one car household because, you know, I didn't need a car to get to work anymore. And just the time benefit. I used to have a probably close to a two-hour commute and now it's sort of like a 10-minute roundtrip. And I mean, the time benefit means I have more time at home, it means it's more time to cook food at home. We don't eat so many takeaways anymore. There's more time to fix things around the house. I don't have to get handymen in and things like that. There's more time to do the things I enjoy. Instead of being stuck behind a car for two hours, getting stressed out by people cutting you off and all of that sort of thing. So, for me, honestly, one of the best decisions I ever made was to move closer to where I work. The benefits are just humungous.

Bruce Whitfield [00:12:10] Now Stealthy, a lot of people try and save money by cutting back on big expenses. And those big expenses can be insurances. They could be short term insurance needs for the one car that you have, or property. And then there's the long-term stuff. Do you insure your life? Do you ensure your wife? Do you ensure your limbs, for example? How do you, what's your approach to insurance?

Stealthy Wealth [00:12:34] Ja, so insurance is a very useful product in terms of protecting your goals and your investments, because what you don't want happening is, you know, writing off your car and now suddenly you have to fork out a hundred thousand Rand to get a new one. And now you need to dip into your investments. And as Murphy would have it, that would be exactly as the markets are down. It's like COVID just hit and now you write off your car. So, then you have to take money out of the market at the worst possible time. So, insurance is there to protect those goals. So, I do have insurance, and my view on insurance is that it's there to protect you financially whenever you will not be able to recover on your own. So, my approach to insurance is, my cell phone, for example. I don't insure that because if my cell phone falls in the toilet, (that may or may not have happened) I have a spare one. And, you know, I can get by using that spare one so I don't insure something that I can recover from on my own. But, you know, now when it comes to our car, for example, I don't want to rear end a Ferrari and you know, have a one million Rand bill now to pay. So, I know I won't be able to recover from that on my own, so I insure that. Same with my life insurance. I know that my wife's a stay-at-home mom, now, she, we rely on my income to keep the household going. So, I'm not going to leave them high and dry if something happens to me. So, I do insure my life. A tip for insurance that I will say is check what you already have through your company, because a lot of company packages include a life and disability and dread disease insurance. Check if you have that and then check that it's enough. So yeah, insurance is important to protect your goals, but don't insure stuff that you would be able to recover from on your own.

Bruce Whitfield [00:14:01] I can hear your biggest expense in the background and it's nice and real. Your seven-month-old is sharing an opinion right now, which is, I think, a good and positive thing. And it shows that you are real human being, even though you're very secretive about your identity. Talk to me about property. There are a lot of people who say, you know, over time, property is not an investment, it's an asset. That's fine, but it's massively expensive to buy. It's massively expensive to sell one day. Maintenance on a property drains your monthly budget. And there are too many negative surprises that come with actually owning property. Are you a homeowner?

Stealthy Wealth [00:14:38] Yes, so we do own the home that we live in. Well, technically, the bank still owns it. But what a lot of people do wrong, though, and I did it, you try get into property as soon as possible. So, we first bought a one-bedroom apartment. And then before long you realise, oh, maybe there's children on the way. So, then you go and buy something a little bit bigger and then maybe there's another kid on the way and then you have to buy something bigger. And I think where property buying property really hurt you is if you buy and sell every couple of years, because then you have this friction of, estate agents commissions when you sell and when you buy there's the transfer duties and the bond initiation fees and you know, so that just puts you back to zero almost every time. So, if you're comfortable with your career, you have a finalised family planning and how many kids you want to have, you're married. Once you make sort of all of those big life decisions you know, then you can maybe start looking at buying a property because you're sort of settled in where you want to be and the size of the place and all of that. So, if I had to give someone a rule of thumb, I'd say don't buy until you're 30 years old, because by then, hopefully you might have to settled in your career and your family and all of that. I mean, we bought when I was about twenty-five and, you know, we had to move and moving is very, very expensive. And there's nothing wrong with renting. It gives you lot of flexibility. It's usually a little bit cheaper than buying. So, if you can invest that difference, save up for a decent deposit when you ready to buy, that can go a long way to making a property transaction a lot more bearable. And then, of course, once you own your property, your accommodation is sorted for life, they'll never be able to take that roof over your head away from you and you won't have to pay rent anymore. So, I would say renting while you're still young and maybe haven't settled down yet. It's not a bad idea. But if you want to buy, maybe just make sure you're not going to have to move, pack up and move any time soon.

Bruce Whitfield [00:16:17] I think you're right on that. And an economist friend of mine once said to me, he agrees with you, by the way, that you make the purchase decision once, buy the worst property in the best possible area you can, spend the next 20 years gradually improving it and do it on your own terms as and when you're ready, you'll pay transfer duties once and one day when your kids sell the house, when you get taken out feet first, then the estate agents can make some money out of you then. In the meantime, all of the money that you save and the transfer duties and all of those micro transactions, that you go to building up your property assets over time are far better off being invested in markets. You'd never own, therefore, a holiday property, would you?

Stealthy Wealth [00:17:00] No. No, I don't think so. Yeah, so what we ended up doing was we kept the first apartment we bought and rented it out. Which, if I could do it all over again, I would never bought that place. I would've waited a few more years. Make sure what we want, where we want to be and then buy. The thing is a property is a huge, huge purchase. So, you need to be absolutely sure you're doing the right thing. I mean, you know, you're going to be forking out probably in the millions, you know, when you factor in interest and all the other expenses. So, it's a huge decision so don't you know, don't just rush into it. Make sure you've done your research. Make sure you understand all the costs involved. And then you'll be fully prepared for what you're undertaking.

Bruce Whitfield [00:17:36] Financial freedom is an amazing concept, and it means a different thing to every single person who talks about it. Financial freedom to you may be stopping formal work at the age of 45, financial freedom to others, may be to eat a restaurant meal seven days a week. What's your idea of financial freedom?

Stealthy Wealth [00:17:55] Financial freedom to me is just having enough. It's not about being super rich or super wealthy, I just want enough to cover my expenses. And as you mentioned, the picture of financial freedom might look different for everyone, but the governing concept is the same. You want enough assets to draw an income to cover your expenses. And it's actually interesting then, because when you look at it that way, the only factor in determining your financial freedom is your expenses. So that's what you need to cover. So, if financial freedom means travelling the world and to next and living an extravagant life then you can do it that way. But just understand that the number that you need to hit to achieve that is going to be a lot higher than, you know, someone who maybe just wants one vacation a year and just being able to stop their day job, spend more time with their family. So, again, it's personal how you define that and what your expenses are going to look like in retirement. And that's a decision you need to make. Are you going to work longer to have a more extravagant retirement or are you going to maybe try shave a few years off your 9 to 5, but then be able to retire early and have more years to do the things you truly enjoy and are passionate about?

Bruce Whitfield [00:18:56] What's fun in the Stealthy house? I mean, is fun arriving home at four o'clock in the afternoon and staring at each other or a single candle as you share a tin of beans? I mean, just how aggressive are you on the family expenditure?

Stealthy Wealth [00:19:15] It's a good point, because for some people that is fun and for other people fun is going out, you know, til 12 o'clock eating fine food, travelling the world. But for me, fun is family time, I love coming home, playing with my kids, eating a good meal with my wife. But I also have hobbies on the side. Fun for me is also my blog, believe it or not, doesn't generate any money, but I love doing it. And then also, I'm a bit of a runner-holic. I've done 2 comrades and a couple of ultramarathons and marathons and my wife always moans that we never go on holiday unless it's for running. But running takes you around the country and it can even take you around the world. So that is a hobby that I'll probably continue to pursue even long after I'm finished working.

Bruce Whitfield [00:19:53] What does your wife think about this? Because so often the idea-- we can get wonderful ideas in our own little minds as we sit and contemplate the future. But no financial plan works in isolation. It's got to have the team buy-in. The family has to buy into it and your kids yet not yet at a stage where they're going to be expressing financial opinions dramatically. But your wife will. Is she on board?

Stealthy Wealth [00:20:17] So I was fortunate that you know, I suggested this to my wife, and you know I got her buy in almost straight away. Yeah, maybe these couples out there, that won't be so lucky. But, you know, there's a couple of ways to do it. I mean, if your partner doesn't want to say, retire early, and they want a more traditional working career, that's fine. And you can maybe work with that, okay. You cover half the expenses and I'll cover half. And once your half is covered, your own financial journey or your own investments and goals, then you know, you can be retired early and your wife's more than welcome to continue working, whatever the case is. But I think the most important is to communicate because no one's going to smell what you, what your plans are and what your goals are. So, talking about it can go a long way. It's not always a comfortable discussion, but I think it's a very important discussion. Often what happens is someone might have a strong opinion about one thing and the other partner about another thing. And somewhere in the middle is probably a solution that's workable for both of you. You could both buy into and agree on.

Bruce Whitfield [00:21:14] And as you go through this journey and you choose to share the journey publicly, why have you decided to do that? Because you want anonymity, but you're perfectly willing to share the ups, downs, the turmoil, the happiness, the excitement, the hacks with absolutely anybody who is prepared to log on to stealthywealth.co.za.

Stealthy Wealth [00:21:34] It's a good question, actually. Part of the reason for the blog was that I was going to be doing a lot of research and, you know, drawing up a lot of spreadsheets and facing a lot of decisions. And I just figured, you know, if I'm going to be doing all this research and putting together with stuff, why not share it? And if even just one other person can benefit, at least that's you know, that's great. So, part of it was just to help and enable anyone else to make better decisions with their money. And the other thing is South Africans are generally very bad with personal finances. I mean, you see it in our stats, the retirement stats are dismal. Our debt stats are dismal. So, I just wanted to maybe show people that, you know, there is another option. You don't have to go down the same path that everyone else is going down. There's a way to take control of your finances and just be better. And if that's you know, if you want to go down that early retirement path then I wanted to show people that it's very possible. We're not exceptionally rich or anything like that. But, you know, if you have income or dual income households just by making better decisions, you'll be amazed at the options they can get opened up to you.

Bruce Whitfield [00:22:32] Talk to me about some hacks. You know how to get a home loan hack and other hacks that you talk about? Is it finding loopholes in systems? Is it just working differently to the way in which a bank might want you to work when you go and ask them for a home loan or a vehicle loan? Tell me about the concept of hacking systems.

Stealthy Wealth [00:21:51] Yeah, it's just about, you know, trying to get a better deal. And I'm not talking, haggling and being a difficult customer. I'm talking about using the options that's out there that may not be advertised very widely because they're not always in the business's best interests, you know? I mean, your bank's not going to email you every year and say, oh, by the way, you know, you might qualify for a better interest rate on your home loan. Would you like it? Its saying, I wonder if the banks would consider giving me a better interest rate. I've been a customer of theirs for five years. I've been making my home loan payments. I've been paying extra, possibly. Send them a mail and ask. So that's exactly what I did. And turns out that the bank was like yeah, you have been a good customer. Would you like 0.3% off your home loan, which doesn't sound like a lot, but if you factor that into the 15 year pay off period, whatever the case is and suddenly you're into the tens of thousands or Rands better off. Just thinking about little things like that can actually have a huge impact on your finances.

Bruce Whitfield [00:23:42] What's been the most valuable thing you've learnt through this process? I mean, you're five years into this epiphany. You've got 10 years to go before you reach your goal. What is the most valuable thing that you've learnt?

Stealthy Wealth [00:23:53] The best advice I'll give anyone. And the thing that it keeps coming back to is if you just manage to spend less than what you earn, that's 99 percent of the job done. And that's an incredibly loaded statement. And I realise that. And it's super, super simple in theory. But in practice, it can be tricky. It's similar to losing weight. Everyone knows exactly how to do it, but they want the quick cuts, and they want the hacks, and they want the magic diets and the magic pills where, you know, if you just exercise and eat right, you're going to lose weight. It's as simple as that. If you're going to spend less than what you earn, you're going to get wealthier. You can use that. They call it the wealth gap, the difference between what you spend and what you earn. And you use that wealth gap to pay off your debts. You use it to build an emergency fund. You can use it to invest. Any of those things is going to move you forward financially and leave you in a better position. So, if you can just get that right. You know ninety nine percent of the job is done. And then what I found was once you start spending less than what you earn, you start getting curious about what you can use this money for. And then you start reading and you start learning and you start, you know, trying to make the best impact that you can with that money. You know, you'll be amazed at what you can achieve just with, bringing up a couple of hundred or a couple of thousand Rand a month.

Bruce Whitfield [00:25:01] Do you ever spoil yourself? Do you ever spoil your wife? Do you ever surprise her with something luxurious or expensive or delightful or wonderful?

Stealthy Wealth [00:25:11] Ja, she might not call it those words but... Because the women are difficult to please.

Bruce Whitfield [00:25:15] I got you asparagus dear. I mean.

Stealthy Wealth [00:25:21] But yes, we go on holidays. We buy ourselves nice things. So, we're not living in a cave and not doing anything. But I think what we maybe do differently is, you know, it's within reason and it's, it's planned for. It's not a spur of the moment. Oh, you know, let's just go to swipe a credit card at the mall, you know, drop five thousand Rand at the shops that day. It's, I know her birthday is coming up, I know I'm going to spend X amount. And then, I go spend that money. So, it's just again it's about being intentional. I mean, I'm not saying don't spend your money, that's the whole point of earning money is that you're able to spend it and you're able to get the most out of your Rands. But I think just being a little bit more intentional, and just with a little bit more planning, it's a lot better, it's a much better way of going about it.

Bruce Whitfield [00:25:56] A lot of people, when they talk about investing for the future, they talk about the sacrifice of doing so. They talk about sacrificing in the present for long term reward. It doesn't strike me as that you have that mindset. You don't have the sacrificial mindset. You're determined to live comfortably. Frugally, but comfortably. You will spend a little bit of money on treating yourself from time to time. You, you're not holding back and not living. You are determined, I think, to have a good and comfortable life, but you're equally determined to ensure that there are long term savings and that they are put aside. And it's a fundamentally different mindset from this idea of your investing and saving should be agony in the short term so that one day you don't have to live on cat food, which is one of the mantras you hear so often, which is actually very off-putting to anybody who does want to start the investing journey.

Stealthy Wealth [00:26:49] It's a balance between spending money on things you enjoy and making sure there's enough for a rainy day and investing for your future. Yes, there is a little bit of sacrifice. There always is. I mean, you know, everything there's pros and cons. So, by doing one thing, you're giving up something else. I mean, there's been times where, you know, I've really wanted to buy something, and I haven't because something else is more important. But I think that's where a lot of people get stuck up. You must decide what's important to you. I mean, at the end of the day, you only have X Rands landing in your bank account. If you're not spending that money according to your priorities, then you're doing something wrong, you know, your budget should reflect what's important to you. If you're keen on losing weight, and your budget's saying that you're spending three thousand and a month on takeaways, that it's not in alignment anymore. So, for me, my budget reflects that I want to retire early. So, there's money that goes off every month for that goal. And I don't view it as a sacrifice. I view it as moving myself to where I want to be. I view it as a privilege to be able to do that. And I enjoy seeing that money going into investments every month because I know what it's for and I know the goal that I'm going to hopefully achieve by doing that.

Bruce Whitfield [00:27:50] How did you respond when markets collapsed around your ears in March and April? What was your visceral response to that? Did you get scared? Do you panic? Did you think you've made terrible mistakes?

Stealthy Wealth [00:28:03] I wanted to buy more. I was wishing I had more money available to invest. But, you know, I think that comes from being familiar with the markets and how they work and knowing that they go through cycles and knowing that there will be crashes and dips and knowing that with a long-term view, none of this short-term nonsense actually matters. You know, I don't need the money this year. So why should I worry, you know what's happening to those investments this year? And I actually wrote 2 blog posts which came out within a few weeks of each other. The first one was like how I'd lost a couple of hundred K in paper money during the market crash. And then a few weeks later, I wrote how I gained a couple of hundred K in paper money when the markets recovered because that's what markets do. They go up. They go down. But if you just zoom out and look over the very long term, I mean, they've survived great depressions. They've survived 9/11, they've survived global financial crises. They've survived tech bubble bursting, you know, they go through ups and downs. But over the long term, they do what they do, which is reflect human innovation and progress. And I mean, if you're betting that the markets are not going to go up, you're betting that human beings are not going to get better over time and invent new things and become more efficient and create new products. So, with a long-term view, market crashes will actually work in your favour. You just get to buy more of the same stuff for cheaper. That's my view. I know not everyone has the same long-term timeframe and not everyone has the same risk appetite. But if you can just understand market cycles and not let them spook you, and just stay invested, you'll be OK over the long term. Look, make no mistake. You know, it can be scary watching your investments take a nosedive. But that's why it's important to know your time frame and your goals and if your timeframe's long you need to just sort of not open your account. Don't look. Close your eyes, just get through it and keep investing every month knowing that that's your plan and that's your goals and short-term noise shouldn't affect it.

Bruce Whitfield [00:29:49] I think that is absolutely spot on. What's your latest big idea? Do you follow trends? You follow ideas? Do you go to braais and people say, hey, boet you've got to do this? Do you ever fall for that nonsense or do you also use a tune that out?

Stealthy Wealth [00:30:03] Ja, I find the investing trends, sort of interesting, but just purely from a, you know, academic, viewpoint. I don't act on them. I invest in ETFs, which just track markets. And my view is that if any of these trends truly take off, so indirectly, I will end up investing in whichever trends do take over the world. So, it's the same with cryptocurrency. I don't invest directly in any Bitcoin or anything like that. But I do know that if there's any companies that start making good profits out of crypto currencies, then they'll automatically appear in the ETFs that I invest in and I'll get exposure to them in that way.

Bruce Whitfield [00:30:36] Have you made any horrible mistakes? Anything that you regret?

Stealthy Wealth [00:20:39] Absolutely. I call it the sixty-thousand-rand date that I took my wife on. I got involved in some leverage instruments, which is basically taking debt to buy shares. I had no idea what I was doing, but it seemed like a good idea. And I put in about sixty thousand rand. I lost it all within a few months. And then the company that I did it through, they had their one-year anniversary, and I got an e-mail to say they're doing a thing, there'll be some speakers. And I said to my wife, come we're going and we going to make the most out of that 60 thousand rand I lost. And have a good evening out.

Bruce Whitfield [00:31:13] And was it a good evening?

Stealthy Wealth [00:31:15] It wasn't too bad. One of the really good things that came out of that was one of the speakers who spoke that evening. He had a website on investing and after that event I went and checked out the website. And from that website, I actually learnt a lot and it actually put me on the straight and narrow path. So, I consider it school fees and it actually left me better off, I'd say, at the end of the whole experience.

Bruce Whitfield [00:31:35] You see, there's an upside to most things. Stealthy Wealth is his name. He writes a blog. You can find his daily, weekly, intimate thoughts about money on stealthywealth.co.za. Thank you for sharing those thoughts with us on this Discovery podcast.

Bruce Whitfield [00:31:52] Thank you for listening to this episode of Your Money Matters, brought to you by Discovery. Share the podcast and join the conversation on social media with the

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