

JUNK STATUS

IT'S HERE. So what now?

WHAT IS A CREDIT RATING?

The easiest way to understand a country's credit rating is to compare it to applying for credit. Most of us have been through the process of applying for a credit card. The bank looks at how much money you are going to earn and whether you will be able to pay back this money or not.

ESSENTIALLY, THE CREDIT RATINGS AGENCIES (S&P AND FITCH) LOOKED AT SOUTH AFRICA'S CREDIT CARD, AND DECIDED THE FOLLOWING:

- They don't like how South Africa is being managed
- South Africa could be managed better
- South Africa isn't being managed as well as it used to be



Therefore, they will be downgrading our credit profile to junk status. South Africa will still be able to borrow money, but our credit will be more expensive than it used to be.

HOW WILL I FEEL IT?



Food, electricity, and petrol price increases.



South Africans will be paying more in interest.



Business confidence declines. This will result in fewer foreign investors.



Jobs will be at risk in various sectors.

WHAT ABOUT MY RETIREMENT SAVINGS?

IMPORTANT: DO NOT MOVE YOUR MONEY BASED ON WHAT MARKETS ARE DOING. Times of financial turbulence are predicted and prepared for by the experts. Retirement fund assets are managed with a long-term view in mind and investment managers are assessed and chosen for their quality, and on the basis of their track records over the long term.