Looking back and moving forward

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Do you ever find yourself longing for the "good old days"? Maybe you miss the quieter Sundays when most businesses were closed, or a time when you weren't constantly reachable by phone. Life felt simpler—less traffic, fewer regulations, and no endless news cycles filling us with worry. Back then, we weren't glued to our phones, did not worry about financial updates or were bombarded with "can't-miss" investment opportunities (many of which turn out to be scams!).

It's natural to feel nostalgic, especially as we get older, but here is the real truth – the past always seems better because we already know how it turned out. At the time, people faced just as much uncertainty as we do today. We crave certainty, but the future will always stay unpredictable.

Was the past really better?

Some South Africans do look back at previous decades as a time when our country flourished, but let's put a few things in perspective. Life in the early 1900s was far from easy:

- Life expectancy was barely 40 years;
- Infant mortality was shockingly high – one in ten babies didn't survive;
- Most people had no access to modern healthcare, with diseases like tuberculosis and polio running rampant;
- Basic infrastructure like roads, electricity, and clean water was a luxury, not a given.

Fast forward to the 1950s:

- Life expectancy had improved, but healthcare was still limited for most of the population;
- While the economy was growing, many lived in extreme poverty with little access to education or employment opportunities;
- Food security was a challenge—fresh produce was seasonal, and refrigeration was a privilege, not the norm.

Yet, by the 1970s, people looked back at the 1950s as a great era. Why? Because by then, they knew that the biggest fears of their past such as wars, economic collapses, and social unrest had not completely derailed any progress. The pattern continued into the 1990s, with many reminiscing about "simpler times" before the uncertainties of democracy. Today South Africa, despite problems with our railway and port infrastructure, is more developed with better access to information, technology, financial services, and global opportunities.

The illusion of control

With the power of hindsight, the same thinking applies to investing. After the 2008 global financial crisis, the JSE (Johannesburg Stock Exchange) offered some of the best investment opportunities in decades. However, at the time most investors were too scared to take any action. Every year since then has brought its own set of risks and uncertainty:

- 2010 with its global debt concerns and PIG countries (Portugal, Italy and Greece);
- 2015 when the "Nenegate" scandal sent shockwaves through our local markets;
- 2020 with COVID-19 that caused global panic and a major sell-off, but markets rebounded strongly.

Looking back, it's easy to see that long-term investors benefited. What is our lesson? Every period had its challenges, but those who stay invested through uncertainty often reaped the financial rewards. Do we perhaps have an illusion that we could perfectly predict, or control the future? Instead, we need to develop the mindset and strategies to handle unpredictability and ambiguity.

"Remember, son, these are your tax-free years. Make the most of them."

Progress we often overlook

For investors, there is an important cue: the past feels safe because we know how it turned out. Morgan Housel says: "*The past always seems better than it was; the future is never as bad as we fear.*"

The future, while uncertain, is shaped by the same resilience and innovation that have always propelled us forward. So, rather than getting stuck in nostalgia or fear, let us have a look at the positive outcomes:

- Healthcare has dramatically improved—South Africa's life expectancy has climbed from around 53 years in the 1950s to over 64 years today, despite challenges like HIV/AIDS. Diseases that were once deadly are now preventable or manageable;
- Technology has transformed our life. There is no need to stand in long queues at the bank, we can video-call family overseas for free, and groceries can be delivered to our doors within an hour;
- Financial markets reward patience – even after down-turns, diversified investments grew our wealth over time.

Plan for the future by being tax smart

Small steps, like taking advantage of tax-friendly investments, build a secure future. With the tax year-end approaching, now's the time to take advantage of tax-efficient investment opportunities. Retirement accounts offer **immediate income tax benefits**, protect individuals against estate duties, and help keep long-term savings intact. On the other hand, Tax-Free Savings Accounts (TFSAs) have a lifetime limit of R500 000 and doesn't reset upon lumpsum withdrawals.

Let's raise a glass to fond memories of the past, but stay focused on the present and optimistic about the future. Continuous, but incremental (albeit small and unnoticeable) progress is on our side!