



Buy Inflation - Protected Income

When it comes to building and preserving wealth, one of the most effective strategies is to **buy future income**. This approach focuses on **acquiring assets** with the aim of preserving the buying power of your wealth, given that inflation is a persistent feature of the existing financial system.

Inflation and Its Impact on Wealth

In South Africa, the official annual consumer inflation rate has dropped to 2.8%, while in the United States, it has decreased to 2.6%. While these rates are much lower than in recent years, they often fail to align with personal experiences. Many of us encounter higher inflation rates when we consider our own basket of desirable goods and services, which often include items excluded or weighted differently in official measures.

The Number One Wealth Tip: Buy Future Income

Inflation, often described as a "hidden tax," erodes purchasing power over time. The most effective antidote is to use your current earnings to **buy assets that can generate inflation-proofed income**. This means focusing on investments that appreciate in value far ahead of the inflation rate over time.

Types of Assets to Focus On

When implementing this strategy, focus on **ownership assets**. These include:

- 1) **Shares** - Investments in established companies that generate both dividends and capital growth.
- 2) **Businesses** - Profits from entrepreneurial ventures or ownership stakes in profitable enterprises.
- 3) **Real Estate** - Rental income, coupled with long-term appreciation in property value.
- 4) **Capital Assets** - Non-income-producing assets, such as gold or digital currencies, that appreciate over time.

Ownership assets differ from **lending assets**, such as bonds and corporate credit, which provides fixed returns but typically do not keep pace with inflation over extended periods of time, especially on an after tax basis. There is no guarantee that every single investment will outperform inflation, but ownership assets as a class have.

Final Thoughts

Whether you're a business owner with an already-profitable enterprise or a salaried employee building your financial future, incorporating inflation proofed assets into your investment plan is essential. **Buying income-generating assets is the cornerstone of wealth creation.**



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