Adfinity Financial Services

Financial Informer

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secure your financial independence

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Spilled Milk

Regret aversion is an emotional bias that makes people delay or avoid choices because they dread the feeling of being proven wrong. In everyday terms, it is the urge to stand still rather than risk responsibility for a mistake. In investing and personal finance, that stance can be as costly as a bad call, since inaction is in itself is a choice with consequences.

Investors are not only motivated by gains and losses; they also try to dodge the sting of decisions that later look mistaken, and that motive can steer behaviour in powerful ways.

Why it matters now

Uncertainty is constant for investors, and recent months—along with upcoming elections—fit that pattern. Markets swing, interest rates shift, inflation lingers, and global developments keep volatility elevated. In that setting, many people freeze, worried that any move could be the wrong one.

It is common to see investors who understand they should review portfolios, boost retirement savings, add international diversification, or raise risk to hedge inflation, yet put those steps off for years. The blocker is rarely knowledge; it is the fear that a decision could later be judged as incorrect. This tendency becomes especially clear after sharp market falls, when those who lost money (or had poor experiences with a prior advisor) grow reluctant to re-enter markets, anxious about repeating the error.

Is it FOMO?

Regret aversion describes the habit of avoiding choices that might trigger future remorse, driven more by emotional comfort than by dispassionate analysis. Behavioural finance splits regret into two types:

- Errors of commission: pain from acting and later wishing you hadn't.
- Errors of omission: pain from not acting and later wishing you had.

Studies suggest that, in the near term, people tend to dread errors of commission more, which nudges them toward inaction.

Audit yourself

Ask yourself:

- Have you waited to invest because you feared a market drop?
- Have you kept a losing position because selling would mean admitting error?
- Do you delay key financial choices for fear of picking wrongly?

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- Have you skipped a meeting with an advisor because you were unsure what changes would be proposed?
- Do you often wait for "the perfect moment" before acting?

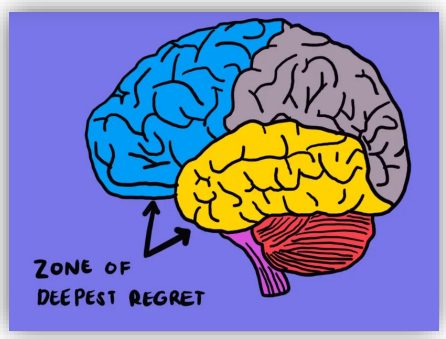
If several resonate, regret aversion may be shaping your financial behaviour.

Origins of the behaviour

Disliking being wrong is human nature. When weighing investment choices, many picture the discomfort of a bad outcome, and that imagined regret can feel overwhelming. Kahneman and Tversky's Prospect Theory helps explain the pattern: losses hurt more than equivalent gains feel good, so the prospect of future disappointment looms large. Social pressure can intensify the effect, as people worry about how family, colleagues or friends might judge a decision that turns out poorly.

How does it effect your portfolio?

Regret aversion often surfaces after market declines, when investors who suffered losses shift to cash and then stall on reinvesting, fearing another drop. It also appears with lagging holdings: investors hold on to losing shares because selling would force them to concede that the original call was mistaken.



Why it happens

Support for the emotional component of regret aversion can be found in neuroscientific studies, which suggest that anticipated regret's powerful influence on future decisions is a function of our emotional pathways in the brain. One study associated regret aversion with increased activity in the orbitofrontal cortex and the amygdala, a connection that is believed to be highly involved in emotional processing.

Moreover, as Daniel Kahneman and Amos Tversky's renowned prospect theory states, people are more sensitive to negative than positive events. With regret manifesting in negative emotion, we learn over time that this is an aversive outcome and seek to eschew the possibility. As with many cognitive biases, our preferences are derived from how we *feel* about a prospect rather than what we think about it.

Regret aversion is likely to be even stronger in decisions with significant consequences, such as health and financial decisions. While we may factor in regret when choosing between menu items at a restaurant, this regret will likely not loom as much as the potential regret of choosing the wrong house, for example. This makes regret aversion a non-trivial bias, as it can impact high-stake decisions.

Aside from its influence, the ability of the bias to help or hinder depends on the context. Regret aversion can increase positive health-related behaviours, but also result in irrational decision-making in investing.

Regret aversion is also believed to be a mechanism that we use to avoid cognitive dissonance. A theory developed by American psychologist Leon Festinger in 1957, cognitive dissonance refers to the way in which individuals strive to avoid the discomfort that arises when there are inconsistencies between their decisions and the outcomes. By trying to predict how we'll feel about the future outcomes of our current decisions, regret aversion may help us to avoid potential cognitive dissonance.

Six to Life

Six reasons why Life Insurance is essential. The right policy can protect you and your family financially when needed most. It's important to have a secure financial plan to ensure the well-being and stability of your family, even when you're no longer there. Life insurance gives you the ability to look after your loved ones if something should happen to you.

No matter how well you've planned your future, death and disability have no respect for our calendars, life goals or vision boards. Tragedy can strike at any time, and you don't want yourself or those you love to be stuck in a difficult financial situation.

Although the terms and technical details can make it intimidating to compare the products available, life cover is an important part of your insurance portfolio, so you should take the time to understand the different options available.

3 types of life insurance

There are 3 different types of life insurance. You can decide which one suits your needs best by weighing up the terms of each against your preferences, lifestyle and financial resources.

1. Whole-life insurance

Whole life insurance offers indefinite cover, meaning that it will cover the whole term of your life or until you decide to cancel your policy.

2. Loan protection insurance

Loan protection insurance covers a specific amount that decreases over time. For example, if you take out a personal loan, loan protection insurance will cover the outstanding balance of your loan should you pass away, become disabled or be diagnosed with a dread disease and no longer be able to pay your instalments. These policies normally pay your creditors directly. Or you can choose to take out life insurance that will pay out to your estate, which your executor will then use to pay off any debts before distributing the remaining money to your heirs.

3. Term insurance

Term insurance covers you for a specific period. With this kind of insurance, you will have cover from the start of the policy until the term ends. Once the policy reaches its end date, it will be terminated.

Why life insurance should be part of your budget

1. It protects those you leave behind

Life insurance is a way to ensure that your family is provided for when you are no long-

Essential Life Insurance Terminology

Long-term insurance can sometimes seem confusing, with its array of specialised terms and jargon. Here we demystify the glossary of terms commonly used in long-term insurance.

Long-Term Insurance

Let's start with the basics. Long-term insurance, also known as life insurance, provides financial protection to individuals and their beneficiaries in the event of death, disability, or critical illness. It offers coverage for an extended period.

Premium

The premium is the amount of money policyholders pay at regular intervals, such as monthly or annually. It ensures that the policy remains active, allowing the insurance company to provide coverage and benefits as agreed upon.

Policyholder

A policyholder and life insured are not always the same person. The life insured is the natural person who is insured under a specific policy against certain claim events, whereas the policyholder is the natural or juristic person in whose name the insurance policy is held. For example, a company may own the policy which insures the life of a key person, or a wife may own the policy where both husband and wife, as well as the kids, are insured under the policy.

Beneficiary Nomination

A nominated beneficiary is the person or entity designated by the policyholder to receive the insurance benefits upon the life assured's death or a qualifying event, such as disability or critical illness. A crucial aspect of estate and succession planning involves ensuring that your beneficiary nomination accurately reflects your wishes, leaving no room for confusion during the estate administration process. By tailoring beneficiary nominations to the specific policy or investment, financial advisors can effectively reduce estate costs and ensure a smooth, efficient inheritance for their loved ones, free from delays.

Death Benefit

The death benefit in a Retirement Annuity is the sum of money paid out by the insurance company to the designated beneficiary upon the policyholder's death. The first R550 000 payable at death from a pension, provident or retirement annuity fund is tax-free. This applies to the aggregate of all retirement fund lump sums received over the member's lifetime.

Cash Value

Cash value, also known as surrender value or policy value, is the savings component of certain life insurance policies, such as whole life or universal life insurance (life-long cover). It grows over time through investment returns and can sometimes be accessed by the policyholder during their lifetime through policy loans or withdrawals.

Surrender Charge

A surrender charge, also known as a withdrawal charge or surrender fee, is a fee imposed by the insurance company if a policyholder decides to terminate or surrender their insurance policy before a specified period. It aims to recover some of the costs incurred by the insurer during the initial years of the policy.

Claims

In the context of a life insurance policy, "claims" refer to requests made by the beneficiaries or policyholders to the insurance company for the payment of benefits after the insured person's death. When the insured individual passes away during the policy's active period, the beneficiaries, who are designated by the policyholder, can submit a claim to the insurance company. The claim process involves providing necessary documentation and information to support the validity of the claim, such as a death certificate and policy details.

er around, which is especially important if you have children or other dependants. Proper life insurance can secure your loved ones' financial needs, from day-to-day expenses to long-term investments, and will spare them added financial stress while they're grieving.

2. It leaves a legacy for your heirs

Even if you have no other assets to pass on, life insurance can create an inheritance to leave to your family. When you take out life insurance, you can nominate beneficiaries and divide the money between them to ensure that all of them are financially more secure. You can also have the money paid into a trust to take care of your children's education or leave the money to your nearest and dearest as capital to start a business to support the family.

3. It can help pay off debt

Your estate can use part of your life insurance cover to pay outstanding debts, whether they're store accounts, personal loans and credit cards, or home loans and vehicle finance. This is especially helpful if you don't have loan protection insurance. Being able to pay off the loan right away will allow your heirs to remain in possession of the home or car. If you don't have a funeral plan, your family may need to borrow money to arrange your funeral. Although life insurance takes a little longer to pay out than funeral cover, your life insurance can still help your loved ones settle funeral debt faster.

4. You can make your retirement more comfortable

Term insurance generally has lower premiums than whole-life insurance, freeing up more money to invest towards your retirement. Some insurance policies also offer annual payouts, which you can add to your retirement investments.

5. It protects your business

Life insurance isn't there only to protect your family. Policies like buy-and-sell insurance, for example, cover the life of anyone who's essential to the running of your business. Should you die unexpectedly, your business partners can use this cover to buy out your shares at a predetermined price without any fuss so that the proceeds can be added to your estate and paid to your heirs.

6. You can get cover for disability and critical illness

Some life insurance offers cover for disability and critical illnesses, which means that should you become disabled or be diagnosed with a dread disease that leaves you unable to work, you'll still receive an income. Be sure to discuss this with your financial advisor to ensure that your cover includes everything that you need.

The Wizard of Lies (2017) — The Madoff Scandal Exposed

True Story Director: Barry Levinson · Starring Robert De Niro, Michelle Pfeiffer · Available on HBO Max

The dark truth behind the largest Ponzi scheme in history. Robert De Niro plays Bernie Madoff with chilling precision. For decades, Madoff promised his clients steady returns of 10–12% per year — and simply paid old clients with new clients' money. Total damage: an estimated $65 billion.

The film focuses heavily on the human toll of the fraud. Madoff's sons, his wife, the friends who lost everything. It shows that financial crime doesn't just destroy wealth — it destroys lives.

Taxing Transfers

Navigating the real estate market in South Africa requires a sharp eye for hidden costs, none of which sting quite as much as transfer fees.When purchasing a property, buyers frequently calculate their bond repayments down to the last cent, only to be blindsided by the substantial cash lump sum required by the South African Revenue Service (SARS) and conveyancing attorneys before ownership can legally change hands.

For most of us the purchase of a house is likely to be our most expensive ever purchase. But the listed price you see on a sales brochure or website does not tell the full story of how much you will need to pay up when buying a house in South Africa. In addition to a deposit towards the purchase price, there are also transfer costs (and bond registration costs if the purchase is being funded by a mortgage bond). The transfer costs consist of transfer fees (the legal fees paid to the conveyancing attorney handling the transfer from the seller to the buyer) and – for properties valued at over R1m – a potentially hefty amount of tax called "transfer duty".

Property taxes: a historical perspective

Property tax is likely the oldest basis of taxation in history and even predates coinage: Egypt is thought to have first levied direct taxes on property in around 3000 BC and used the taxes to build grain warehouses and pay for building the pyramids. Because there was no coined money at that time, the taxes were collected in the form of harvest yields, other property, or labour.

Transfer duty is one of the oldest taxes levied in present-day South Africa and derived from the Dutch model. It was introduced in the Cape of Good Hope in 1686 and was originally referred to as the "40th penny" - because of a 2.5% tax rate at the time.

Taxes on the acquisition (or other alienation) of immovable property (i.e. property transfer taxes) are commonly found in countries across the world. In traditionally Common Law countries (i.e. those with a largely British heritage), such as the United Kingdom, USA, Canada, Australia and New Zealand, these taxes tend to be levied as a stamp duty on the deed of sale – usually at rates below 2%. In Civil Law countries (i.e. countries with a European continental heritage), such as the Netherlands, Belgium, France and Portugal (and their colonies), these taxes are more akin to South Africa's transfer duty and are usually levied at relatively high rates (in many instances exceeding 6%)

How much is Transfer Duty?

Our current Transfer Duty Act became law on 1 January 1950. The Act replaced diverse provincial laws relating to transfer duty which applied at the time. The rate levied works on a sliding scale and is amended from time to time. Currently Transfer Duty is levied on sales where the value of a property exceeds R1.2m; the rate starts at 3% on the value exceeding R1.2m and increases on a sliding scale.

Transfer Duty Breakdown (as at 2026)

The calculated transfer duty for each property value is based on progressive tax brackets:

Property Value	Transfer Duty Payable	Effective Tax Rate
R1,000,000	R0	0.00%
R2,000,000	R33,786	1.69%
R3,000,000	R107,356	3.58%
R4,000,000	R217,356	5.43%
R5,000,000	R327,356	6.55%

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New, updated edition of this best-seller! This bestselling property book has been updated to include the most current tax requirements and the latest developments relating to the local property market. Author and property expert Jason Lee sets out every step of the property-investing process, including how to find the right deals, how to negotiate and finance a property, and whether to hold on to or sell a property for financial gain. This book focuses on some of the professionals' best-kept secrets, such as how to utilise agreements of sale, property investment structures, financing options and key economic factors influencing the property cycle. Most importantly, it explains how to make money in both rising and falling property markets. Making Money out of Property in South Africa is a must-read for any first-time property purchaser or investor, as well as for experienced investors looking to polish their skills.

When is Transfer Duty levied?

Transfer Duty is a tax levied on the value of any property which is acquired by way of a transaction or otherwise. Most cases involve the acquisition of immovable property by way of an agreement of sale. But it also applies to other forms of transaction such as donations and exchanges. Transfer duty is also paid if there is a renunciation of rights to property: for example, if a right of way servitude or a usufruct over a property is cancelled in favour of the owner of the property, transfer duty is payable by the owner on the amount of the enhanced value of that property as a result of the removal of the restriction.

What constitutes "property" for the purpose of Transfer Duty?

Property includes:

- Land and buildings;
- Real rights in land, such a usufruct and servitude (but not leases and rights in terms of mortgage bonds);
- Rights to minerals or rights to mine for minerals;
- A share or interest in a "residential property company" i.e. a company or close corporation whose assets consist primarily of residential property;
- A contingent right to residential property held by a discretionary trust (not a special trust), where the acquisition of the right is in consequence of an agreement for consideration in relation to property held by that trust; or accompanied by a change in the debt or security structure of the trust; or accompanied by a change in the trust's trustees (i.e. where someone acquires rights to a property by "buying" and restructuring the trust which owns the property; and
- A share in a share block company.

When and by whom is Transfer Duty payable?

Transfer Duty is payable by the person acquiring the property, within six months of the date of acquisition.

On what base amount is Transfer Duty levied?

Transfer duty is payable on the highest of the following values in respect of the acquisition of "property":

- the amount of the consideration (price) payable (where consideration is payable – such as in a sale); or
- the "declared value" (where no consideration is payable – such as a donation or exchange); or
- the "fair value".

"Fair value" means the fair market value of that property as at the date of acquisition. In an arm's length transaction between two unrelated parties, the consideration payable by the purchaser will generally be representative of the fair market value on which transfer duty is paid. However, in the case of related parties the sale price could likely be less than the property's value (e.g. a "friendly" sale by a parent to a child). In transactions between connected (related) parties, SARS insists on estate agent's valuations being submitted with the transfer duty return.

The principle is that transfer duty is calculated on the value of the property not the price.

Are any property transactions exempt from Transfer Duty?

The good news is that not every transfer attracts Transfer Duty. The following are some of the transfers which are exempt from duty:

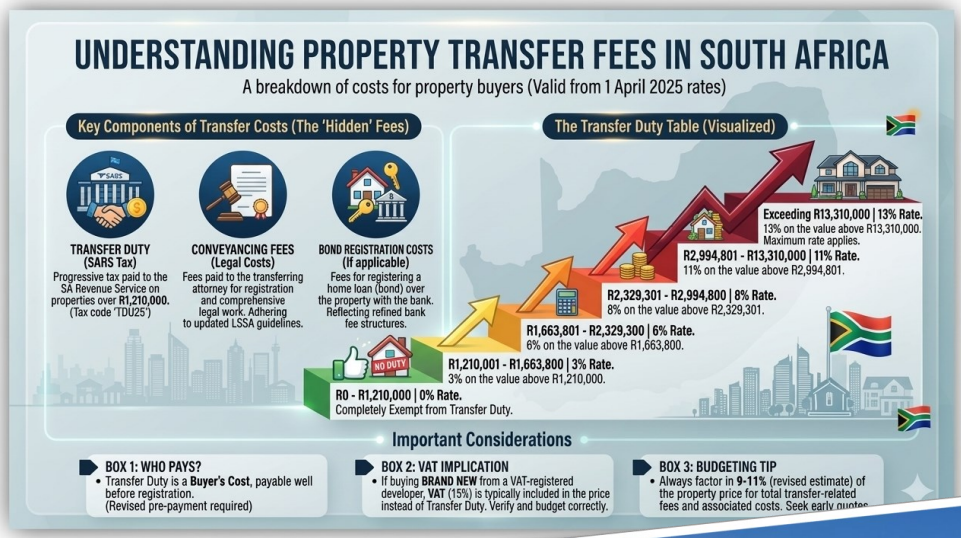
- acquisitions by Government, municipalities and public benefit organisations
- inheritance of fixed property by heirs or legatees
- acquisition of property in the case of divorce, regardless of the marriage regime (including civil unions or same-sex partnerships)
- rectification of registration errors (where property is being transferred to rectify errors made in a previous transfer)
- transfers of trust property by trustees of a trust to a trust beneficiary (where the beneficiary is related to the founder of the trust)
- where VAT is levied on the sale (e.g. the sale of a property by a VAT vendor in the course of their business - the purpose of this exemption is to ensure that

a transaction is not subject to both VAT and transfer duty)

What happens if a party is behind with their taxes?

SARS uses property transfers in an effort to ensure that, where applicable, the parties concerned are on register for the various taxes and that their tax returns and tax payments are up to date. The transacting taxpayers will therefore be informed, through this process, of any non-compliance regarding their own tax affairs, and will be given the opportunity to rectify matters. As part of the recovery process, a conveyancer may be appointed as a withholding agent to pay SARS from the proceeds of the sale – usually within five days of the receipt of funds relating to the transaction.

By its very nature the purchase of a property is complex and costly and buyers are advised to seek appropriate financial and legal advice before concluding the deal.



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Buying a R700 million home in South Africa requires paying a historic amount in property transaction costs. If a buyer purchases the Casablanca Mansion for its full asking price, the absolute bulk of the transaction cost comes from the SARS Transfer Duty (the government property tax).

The total estimated transfer transaction cost comes out to roughly R90.8 million, assuming a cash purchase.

Additional Estimated Legal & Admin Fees

Beyond the government tax, the buyer must settle administrative and conveyancing fees to finalize the title deed transfer:

- Conveyancing Attorney Fees: Conveyancing fees follow the recommended guidelines set by the Law Society of South Africa (LSSA). While the sliding scale normally caps off or tapers for massive amounts, an ultra-luxury transfer of this scale is heavily customized. Attorneys will typically negotiate a bespoke fee with the client, but standard LSSA scaling puts baseline fees at R200,000 to R300,000+ (excluding 15% VAT).
- Deeds Office Lodgement Fee: Paid directly to the Deeds Registry for processing the name shift. Under the current adjusted schedule, high-tier properties max out the standard tier caps at roughly R8,000 to R10,000.
- Disbursements & FICA: Minor charges (postage, fraud checks, rates clearance certificates) usually total around R3,000 to R5,000

*The most expensive publicly listed house currently on the market in South Africa is the ultra-luxury Casablanca Mansion located on Geneva Drive in Camps Bay, Cape Town, listed at a staggering **R700 million** (approximately $35–$37 million)*