ISSUE 4

THE WEALTH BUILDER

from the Regal Africa Group

A message from the CEO

By Wambui Anne Gaitha

It's the most wonderful time of the year!

Merry Christmas and Happy New Year to each and everyone of you. For me Christmas has always been a time to come together with family and friends and celebrate not just the birth of Christ but also the end of an amazing year.

That's why this edition is about reflecting on the past and planning for the future. We also hope you take advantage of the time you will spend with family to talk about money and pass on some intergenerational wealth wisdom.

Above all else though I hope that you sit back with your loved ones and laugh about the good times and be grateful for resilience through the challenging times.

Happy Holidays from the Regal Africa Group!

Newsletter Highlights

Building Generational Wealth

Five Key Considerations for Your Year-End Financial Audit

Ah, December. It is the month when the aroma of mbuzi choma fills the air and everyone scrambles to find the perfect outfits for their Christmas Instagram post. But as a high achiever, your financial audit looms as an end-of-year to-do. Between holiday parties and planning which side of the family to visit, sitting down with spreadsheets might not sound like fun, but trust me, it's essential. Think of it as giving your finances a festive glow-up before the new year rolls in.

So, where do you start? Here are five key considerations to ensure your year-end financial audit is as rewarding as it is empowering.

Portfolio Performance and Diversification

First up: your portfolio. Is your money working as hard as you are? Reviewing your investment performance isn't just about checking the numbers—it's about understanding what they mean.

This year, the market was booming and my professionally managed funds paid me great interest for most of the year. The value of the USD funds dipped when the currency fluctuations went down but that simply means I need to hold for longer. After a chat with my wealth advisor, I will add real estate and international funds to the mix. The result? A more balanced (and less stress-inducing) portfolio.

Ask yourself: Is my portfolio diversified across industries, geographies, and asset classes? If not, it's time to rebalance. Think of it like your wardrobe—you wouldn't wear sequins to a board meeting, so don't put all your financial eggs in one basket.

Cash Flow Management and Liquidity

With the kind of year we have had I would be surprised if you didn't end up spending more than was planned. For most of us expenses have risen and incomes have reduced due to higher taxes. So how have you accommodated these changes? By dipping into your emergency fund or cutting back on some expenses. This makes sense for the short term but is unsustainable in the long term. To remedy this you must explore new sources of income to increase cashflow.

Let's talk liquidity. Do you have enough cash on hand for life's unexpected curveballs—or, more likely, next year's dream project? Whether it's for a new business venture, a luxury property, or simply staying ready for market opportunities, having cash is key. Consider building avenues to acquire low rate credit and restructuring investments to allow for more short term vehicles.

Tax Optimization

Nobody likes paying taxes, but paying *more* than you need to? Certainly not. Year-end is the perfect time to ensure you take advantage of every available tax break so when June 2025 gets here you are not caught flat-footed.

Maximize contributions to retirement accounts and check how much tax relief you can get from insurance and mortgage payments. Both can reduce your taxable income while building key components of your personal finances. In addition to this pay attention to the taxes withheld when earning interest and dividends over the year to ensure you are not over/undercharged.

Estate and Legacy Planning

This one might not be the most thrilling, but it's vital. Your legacy is more than just assets—it's the values and principles you want to pass on.

A friend of mine shared how her mother's well-thought-out estate plan included not only dividing assets but also setting up a scholarship fund for mandatory financial literacy for every descendant. It was a beautiful way to combine legacy with impact. It also ensures that her legacy of wealth continues across generations.

Check your will, trusts, and beneficiaries to ensure they're up to date. If you haven't already, consider incorporating philanthropy into your estate plan. Giving back feels incredible, and it helps to establish a family tradition of generosity.

Risk Management and Insurance Coverage

Here's the thing about life—it's unpredictable. Ensuring you have the right insurance coverage is like carrying an umbrella on a sunny day: you might not need it, but if a storm rolls in, you'll be glad you're prepared.

And yes there are horror stories of people taking up policies and failing to get paid but that won't be you because you read the fine print. Also, your financial literacy ensures you are not about to get ropped into an endowment policy when what you wanted was life insurance.

Practical Tip: Review your coverage for life, health, property, and liability insurance. Do your current policies align with your lifestyle? Like have you recently taken up sky diving? If not, adjust accordingly.

Conducting a year-end financial audit isn't just a checklist item—it's a way to take control and ensure your wealth works for you. Think of it as a gift to your future self (and yes, it pairs nicely with champagne). well-managed portfolio isn't built overnight—it's a result of consistent care and smart decisions. Here's to starting the new year with confidence, clarity, and a financial plan that's as fabulous as you are!

Ready to kick off your audit?

Start with a conversation with your wealth advisor. Book your one on one audit session today.

Gift a financial audit or a personalized plan

CRITICAL FACTORS TO CONSIDER WHEN INVESTING IN VACATION PROPERTY WITH FAMILY

1. Ownership Structure and Legal Agreements
- What to clarify: Decide on the ownership structure (setting up a company or a family trust).
- Why it matters: This determines how ownership is divided, what happens in case of disputes, and how the property can be inherited.
- Action to take: Draft a detailed co-ownership agreement with a lawyer, specifying each member's financial contribution, decision-making processes, and conflict resolution mechanisms.

2. Financial Contributions and ROI Expectations
- What to clarify: How much each family member will contribute and how profits from rental income or future resale will be divided.
- Why it matters: Misaligned expectations about returns or financial obligations can lead to conflicts.
- Action to take: Create a transparent financial plan, including contributions, revenue sharing, tax obligations, and maintenance costs.

3. Location Suitability
- What to clarify: Identify the best location for both family use and rental potential.
- Why it matters: A vacation home in a desirable area (e.g., Kajiado, Diani, Naivasha, Nanyuki, Watamu) will attract more tourists and offer a higher ROI while also providing a great family retreat.
- Action to take: Research market trends, tourism activity, accessibility, security, and amenities in the chosen area.

4. Purpose and Usage Agreement
- What to clarify: How the property will be used—vacation stays for the family vs. rental to generate income.
- Why it matters: Without clear usage rules, family conflicts can arise regarding scheduling and personal use vs. rental periods.
- Action to take: Develop a calendar system to balance personal and rental use. Agree on peak seasons and blackout dates for family use.

5. Property Management and Maintenance
- What to clarify: Who will manage and maintain the property, including handling rentals, repairs, and upkeep.
- Why it matters: Poor management can lead to property degradation and loss of rental income.
- Action to take: Decide whether to hire a professional property management company or assign a family member to oversee operations, with a clear budget for maintenance.

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Financial Conversations to Have with Family This Holiday Season

When I was growing up Christmas holidays looked so different. All of us would get to “ushago” (upcountry) in the morning with bags of food. Some of us would be assigned to clean the house while the rest prepared the food to be cooked. After almost a day of cooking; all 50 of us, would sit down and eat, laugh, and play. At night the children would be bundled into one of the houses to sleep on mattresses on the floor. There would be many conversations had around the fire but none of them were about the thing that they now fight about the most; money.

So if I learned anything from that, it is that though uncomfortable and difficult I would rather have the conversation because these conversations can help strengthen bonds, align on goals, and maybe even avoid future drama.

To help you start, I’ve pulled together a few financial topics perfect for family discussions over soup or uji—or your beverage of choice. Let’s dive in.

Retirement Planning for Older Parents

Let’s face it: retirement planning can be awkward to bring up with parents. But here’s the truth—it’s better to have these conversations now than deal with surprises later. Is your parents plan to sell off all the 50x100 plots they have bought over the years and live off of that. What will their lifestyle look like after retirement and how much will be needed to maintain that.

Start by asking open-ended questions like,

- How will you spend your time after retirement?
- What does it cost to do the things you need and those you want?
- Do you feel content with your financial situation as it stands now?

If they need help, suggest meeting with a financial advisor to discuss options like annuities or investing. It’s about making them feel supported, not interrogated.

Family Investments/Projects

Families often talk about vacations or new hobbies, but what about collaborative financial projects? Pooling resources can lead to exciting ventures—and shared responsibility.

My mother and her siblings chose to build a home for their parents. However, one brother provided more funds than the others and now that they have passed the home that was once a family home home now belongs to only an individual. This may have been avoided by discussions on roles and responsibilities, clear goals and boundaries. Trust me, nothing ruins a good family dinner like arguing over who gets the house.

Use the holidays to brainstorm ideas and identify everyone’s role. For example, one person can handle research while another oversees finances. Tools like shared saving apps can keep everyone on the same page.

3. Wills and Estate Planning

No one wants to talk about wills during a festive gathering, but it's one of the most important conversations to have. The goal? Ensuring everyone's wishes are understood and documented.

This conversation is especially hard with African parents. They will quote the Bible and ask you why "you want to kill them" but remind them of the wise men of the same Bible who planned for their demise.

Bring up estate planning in the context of legacy. Share your own updates or plans, and encourage others to do the same. If anyone hesitates, remind them it's about preventing future conflicts, not just about assets.

4. Risk Management and Insurance Coverage

Holidays are full of surprises, but financial surprises are best avoided. Reviewing insurance policies and risk management strategies as a family can save everyone headaches down the line.

A family friend learned the hard way when her house was underinsured after a flood. Now, reviewing coverage is a standing agenda item at her family's holiday gathering.

Check that your parents' health insurance is adequate, especially if they're aging. Discuss property insurance and even life insurance for younger family members starting their own families. Framing it as "future-proofing" can make the topic less daunting.

5. Enjoying Family Wealth

Yes, managing money responsibly is essential, but don't forget to enjoy it! If your family is fortunate enough to have wealth, talk about how you can use it to create memorable experiences together.

Splurging on a luxury villa for a group vacation or setting aside funds for family traditions is as much a part of wealth management as spreadsheets and risk assessments.

Use this time to plan something exciting for the upcoming year. Whether it's a shared bucket-list trip or funding a cause that resonates with everyone, focus on experiences that strengthen your bond.

The holidays are the perfect time to reflect, connect, and plan. While financial discussions might not be on your family's usual holiday agenda, they can pave the way for a more secure and harmonious future. The trick? Keep the tone light, the uji flowing, and the conversation solutions-focused.

Ready to dive into these conversations?

Start small—pick one topic from this list and test the waters.

Consider bringing in a financial advisor to facilitate and ensure all voices are heard.

"When we avoid difficult conversations, we trade short-term discomfort for long-term dysfunction"

Peter Bromberg

Wealth Advisory

We work with families to enable them to build and manage their wealth effectively and we ensure that they go through the creating wealth process in an effective manner. We assist our clients in their wealth journey through wealth accumulation, wealth management and wealth transfer

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THE KEY VALUES AND PRINCIPLES TO PASS ON FOR MANAGING A REAL ESTATE LEGACY

You're passing on a significant real estate portfolio! But wait—how do you ensure your heir doesn't turn it into a riches-to-rags story? Managing and growing a large real estate portfolio isn't just about spreadsheets and legalities; it's about cultivating the right mindset and principles.
So, whether your heir is an eager protégé or someone who's only ever thought of "real estate" as something older generations think about, here are **seven key values and principles** to set them up for success.

1. Understand the Assets Thoroughly
Here's a rule of thumb: You can't manage what you don't understand. If your heir isn't familiar with the portfolio's details, they might as well be navigating blindfolded.
I'll never forget my cousin inheriting a rental property only to discover it was occupied by tenants who hadn't paid rent in six months. She had no clue what to do—and trust me, neither did they.
Encourage them to deep-dive into the portfolio. This means understanding each property's location, market value, rental income, and expenses. They should review leases, contracts, and maintenance records, and prioritize building good relationships with tenants, caretakers, and property managers.

2. Prioritize Strategic Property Management
Real estate isn't a "set it and forget it" kind of investment. Good management ensures properties remain profitable and tenants stay happy.
A poorly managed property can bleed money faster than a black-tie gala with an open bar.
If your heir isn't ready to roll up their sleeves, hiring skilled property managers is key. They should set clear standards for maintenance, tenant relations, and financial reporting—and hold their team accountable.

3. Focus on Market Trends and Location Dynamics
Real estate values are all about location and market timing. An heir who ignores trends might miss opportunities or, worse, hold onto properties in areas on the decline.
Think of it this way—owning prime real estate in an up-and-coming neighborhood is like scoring a table at the trendiest restaurant before it's cool.
Stay informed about development trends, regulatory changes, and market dynamics. And don't be afraid to diversify into areas with growth potential; sometimes the best investments are where others aren't looking yet.

4. Maintain a Long-Term Perspective

We've all seen what happens when people chase quick wins in real estate: regret, lawsuits, and awkward family meetings. Teach your heir the value of patience.

My dad once told me, "A property bought today is like a bottle of fine wine—it gets better with time. But if you drink it too soon, it's just grape juice."

Discourage knee-jerk reactions to market fluctuations. Instead, focus on adding value to properties through renovations, or long-term leases.

5. Cultivate a Growth Mindset

A stagnant portfolio is a declining portfolio. Your heir should think beyond maintaining the status quo and look for growth opportunities.

Growth doesn't mean recklessness. It's about making strategic moves that align with a bigger vision.

Encourage them to explore new asset classes, such as mixed-use developments or commercial properties. They should also keep an eye out for acquisitions that complement their existing portfolio.

6. Leverage Relationships and Expertise

In real estate, it's not just what you know—it's who you know. Relationships can open doors to better deals, partnerships, and advice.

Let's be honest, a well-connected heir is more likely to thrive than one who goes it alone.

Urge your heir to build strong relationships with registered estate agents, developers, and community leaders. Additionally, they should consult with legal, financial, and operational advisors to ensure every decision is backed by expertise.

7. Develop a Systematic Decision-Making Process

Decisions driven by emotions are often regrettable—especially in real estate. A systematic approach ensures logic prevails over impulse.

Remember, "gut instinct" might work for picking a new Netflix series, but not for multimillion-shilling investments.

Teach them to establish clear criteria for buying, holding, or selling properties. They can use tools like ROI calculators and insight reports to guide their choices.

Passing on a real estate portfolio is about more than handing over the keys—it's about instilling a legacy of stewardship, growth, and resilience. Equip your heir with these principles, and they'll be prepared to navigate the challenges and opportunities that come their way.

Ready to start grooming your heir for success?

Share this list with them and have a candid conversation about the values that matter most to you.

Consider partnering with a trusted advisor to ensure it thrives for generations to come.

Get your heirs the knowledge they need to manage Real Estate and wealth from the Wealth Academy.

PARENTING AND WEALTH BUILDING: TWO DIFFERENT JOBS THAT REQUIRE THE SAME SKILLS

Ladies, if you've ever juggled parenting and wealth building, you know these two roles feel oddly similar. Both demand your attention, sap your energy, and keep you up at night worrying if you're doing enough. But here's the twist: they're not just similar in chaos; they actually share a surprising amount of strategy.

PARENTING

WEALTH BUILDING

1. You're Playing the Long Game

Remember when your baby refused to sleep through the night? Or when your teenager rolled their eyes for the 1,000th time? You knew you weren't raising a perfect child overnight. Good parenting takes years of nurturing, guiding, and—let's face it—winging it.

The same is true for your financial portfolio. Rome wasn't built in a day, and neither is a fortune. Investments need time to mature, compound interest works best over decades, and the real estate market won't magically turn into a gold mine overnight. In both cases, patience isn't just a virtue; it's survival.

Whether it's a kid or an asset, play the long game. You'll thank yourself later.

2. Consistency is Key (Even When It's Painful)

Whether it's enforcing bedtime or dragging your teenager to family dinners, being consistent isn't glamorous. But those tiny, repetitive actions create structure, security, and eventually (hopefully) a responsible adult.

Saving that 20% of your income, sticking to a budget, and rebalancing your portfolio isn't thrilling. But over time, those little decisions build the financial foundation you dream of.

Show up consistently—whether it's to save for retirement or check your teenager's math homework.

3. You Can't Control Everything (But You Can Adapt)

Parenting:

One day, your toddler loves carrots. The next, they act like you're feeding them poison. Parenting is full of surprises, and the only way to survive is to stay flexible.

Markets crash, interest rates rise, and sometimes your "sure bet" investment turns out to be a dud. Wealth building, like parenting, requires you to adjust when the unexpected happens.

Control what you can (like teaching values or diversifying your investments) and learn to adapt to the rest.

4. You Need a Support System

It takes a village, right? Whether it's grandparents stepping in, swapping tips with other moms, or bribing your nanny with cookies, you can't do it all alone.

Similarly, you need experts in your corner—a financial advisor, an accountant, maybe even a lawyer. And don't forget your emotional support group, the friends who cheer you on when the markets dip or you feel like you'll never hit that financial milestone.

Building anything worthwhile—kids or wealth—isn't a solo project. Get your team in place.

Both parenting and wealth building are about creating something bigger than yourself. Whether it's raising kind, capable children or leaving behind a legacy of financial freedom, the effort is worth it. Sure, it's exhausting, unpredictable, and sometimes makes you question your sanity—but the rewards? Priceless.

And if all else fails, remember this: both kids and money need boundaries, attention, and the occasional time-out.

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