

Retirement is not the
end of the world

.....
It's life redefined



If you couldn't afford to do something whilst you were earning a monthly income, what makes it affordable once you are no longer earning and dependent on a pension or annuity draw? Sanlam's benchmark survey states that 80% of retirees fail to achieve their retirement goals. Although the survey is silent as to why this is so, our work with groups of individuals that are planning retirement certainly shows that almost all of them have grossly underestimated the amount of money that they will need for basic living, never mind doing anything like going on cruises, overseas trips and the like.

Salary-earners are fairly limited when it comes to making large capital gains. Hopes and dreams are nice. Clear goals are much better. They are invaluable tools that we use to get through life and achieve what we really want, but unless you have earned an extremely good salary and have been seriously diligent about building up retirement capital, there will still be fairly significant limitations on what you will have the financial freedom to do before the bucket gets you.

Stratagem does not give financial advice. Our mission is to provide solid, independently-based knowledge that will enable our learners to understand and interpret the financial advice that they will receive from a financial advisor.



Stratagem training services focuses on improving business outcomes through the development of financial skills and competencies.

www.stratagemtraining.co.za

info@stratagemtraining.co.za

6 Things you can do

1 Live while you're alive!

Set aside a little money for doing bucket list stuff while you are earning and do that stuff now, while you still can. Leave the less important stuff for post-retirement. It will be great if you can do it, but not the end of the world if you can't! **Don't backlog or defer all your fun dreams until retirement.** Who knows what your state of health might be? Will your spouse still be with you? Will you have the money to do it?

2 Essentials first!

Try and find a balance between what you are saving for retirement now and spending on living spending now. Give some serious thought to what you are spending your money on now – essential vs. non-essential spending. You will be surprised how much money we waste on stuff that we really don't need!

3 Let the Tax Man help!

Set yourself a target to put away at least 20% of your salary or gross income, whichever is the greater, into retirement funding. Don't just settle for what your employer has decided for you. Remember, you can invest up to 27.5% of salary or taxable income, whichever is the greater, in retirement funding and have that whole amount rank as a deduction from taxable income each year. This is capped at a maximum of R350 000 in any tax year, but any excess can be carried forward. Note: The 27.5 % will include your contributions to provident or pension funds, company contribution towards provident or pension funds as well as your contributions to Retirement Annuities.

4 Plan now for then!

Retirement is the beginning of a new life. It's a transition from one form of day-to-day living into another, which can be equally rewarding, fun-filled and successful. Don't wait until it arrives and then start planning. *Plan now.*

5 Hang in there!

Don't retire early – if you have a choice. Unless you have significant financial resources, early retirement is something to be avoided if possible. If it is unavoidable because of retrenchments or voluntary separation, and you are well short of the normal retirement date, you have to look at ways of continuing to earn as well as preserving your retirement money until your originally planned retirement date.

When you retire, for example, at age 55, you will walk away with roughly half of what your retirement fund would have been worth at age 65 and you have given yourself 10 years longer to live on no salary or employment income.

6 Never, ever give up!

If you think things are looking bleak, don't give up! Your options may be limited, but there will always be alternatives for making money and saving some of it.

Keep on earning!

Try and keep on earning something in your post-employment years. See "[How much is Enough](#)".

You can't do it alone!

Find a good independent financial advisor who can do a proper needs analysis for you and structure your investing according to your specific needs and goals.

Stratagem does not give financial advice. Our mission is to provide solid, independently-based knowledge that will enable our learners to understand and interpret the financial advice that they will receive from a financial advisor.