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"To secure a comfortable retirement, it is crucial to save as much as you can afford while earning an income.

This practice ensures that you can maintain a desirable life-style once you stop working.

Investing during your working years is the key to building sufficient finances for your retirement."

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DECADE-BY-DECADE: HOW TO SAVE FOR RETIREMENT

By Charize Beukes - Financial Planner, Brenthurst Wealth Pretoria

As a financial advisor, I am laser-focused on helping my clients achieve their long-term financial goals. Often, one of the biggest hurdles is not the lack of finances for sufficient savings, but rather a misunderstanding of the journey that you're on.

As with any journey, you need to travel through points B, C, D and so on to get from point A to point Z. And what do you do when going on a trip? You plan. Otherwise, you might get lost.

The same principle applies to your financial journey. The easiest way to explain what to expect and what to do along this journey is to look at key milestones in your life, specifically life stages as you age.

By taking a decade-by-decade approach, I work alongside my clients to build wealth in a way that is manageable and tailored to their specific situation.

The early years

In your 20s, it is crucial to start investing early. I know it can be tempting to put this off until you feel financially stable, but the truth is, time is on your side at this stage. This is not only because of the **power of compound interest**, but more so the extensive time horizon which allows you to recover from market setbacks.

That means you can ignore short-term market fluctuations and focus on investing in quality companies that should withstand the test of time. In your twenties, investing is less about quantity, than it is about quality. Investing a little money wisely will take you much further than investing a large amount in the wrong place.

You can start saving for retirement by investing in a retirement annuity (RA) or a tax-free investment. These products come in handy when it comes to tax planning and estate planning later in life. Another priority at this age is to start building your emergency fund. Having at least 3-6 months' net income set aside goes a long way to helping you ride out any rough patches.

Your blossoming career

As you move into your 30s, your income will probably grow, providing more opportunities to maximise your retirement savings. In addition to working on growing your retirement fund, it's essential to continue building your emergency fund to keep pace with current expenses.

At this time, you should also start to consider estate planning and life insurance policies to protect your family and assets in the future. Ensuring you have plans in place in the event you pass away may send shivers down your spine, but not planning properly can lead to family disputes, assets landing in the wrong hands, lengthy court litigation processes and expensive estate taxes.

Beyond looking to the future, you also need to keep an eye on your current lifestyle. It's easy to start over-spending as your income increases, leaving you living from payday to payday. You can avoid lifestyle inflation by setting clear financial goals, working with a financial planner to prioritise your goals and spending wisely on assets that grow in value. Flashy cars, extravagant holidays and luxuries do not fall into this category.

The roaring forties

When you reach your 40s, you may have significant investments across various asset classes, but this decade comes with its own unique financial challenges. Expenses such as schooling and tertiary education quickly add up and the best way to prepare it is to start an education fund for your children as early as possible. You might be tempted to dip into your retirement savings to pay for these expenses, but that is definitely not recommended.

This decade is also an excellent time to start paying off high-interest debt and creating a stable foundation for building wealth. It's impossible to build wealth when you're paying off more on interest than you're saving, and cutting debt payments takes you one step closer to financial independence. Needless to say, you should continue to save for retirement and ensure you have a solid emergency fund set aside.

The nifty fifties

By the time you reach your 50s, you're likely to already have made significant progress towards achieving your long-term financial goals. However, this doesn't mean that you're out of the woods quite yet. Close and regular liaison with your financial advisor will ensure your investment portfolio remains balanced and that you're maximising your retirement savings.

At this time, it might be wise to shift the balance of your investments away from risky growth assets into more stable income funds. The exact balance and investment types should be discussed with your financial advisor who can help you to make sure your savings keep up with inflation, without taking on too much risk.

Now is also a good time to review life insurance policies, beneficiary nominations and your will to ensure that everything is in order should the unthinkable happen to you.

The golden years

Finally, when you reach your 60s, it's time to enjoy the fruits of your labour. If you remained diligent and dedicated to your long-term financial plan, you should finally be able to retire and enjoy a comfortable pension.

HOWEVER, EVEN IN RETIREMENT, IT'S IMPORTANT TO KEEP AN EYE ON YOUR FINANCES AND CONTINUE WORKING WITH A FINANCIAL ADVISOR TO ENSURE YOU'RE MAKING THE MOST OF YOUR INVESTMENTS.

I'm sure that you'll agree that viewing your investment journey from this perspective removes the fear and uncertainty. It's much easier to see the way forward and assess whether you're currently in the right place because you have a plan in place. Use this to your advantage to stay on track and avoid wandering off the path.

ADVISOR PROFILE: CHARIZE BEUKES | FINANCIAL ADVISER

BCom: Accounting Science | SAIPA | BComHons: Management Accounting | PGDip: Financial Planning



Charize joined the Brenthurst Wealth team in April 2021 as a Financial Advisor under the direct supervision of Maria Smit CERTIFIED FINANCIAL PLANNER®.

She obtained her BCom (Hons) in Management Accounting from the University of South Africa (UNISA) and has been working in the finance industry for over 10 years.

Charize is registered with SAIPA as a Professional Accountant and Tax Practitioner. She recently completed her Class of Business and Postgraduate Diploma in Financial Planning through the University of the Free State and is currently enrolled to write the CFP board examination.

Charize is fully qualified to provide advice on all financial matters.

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"Do not save
what is left after spending;
instead spend
what is left after saving"

Warren Buffet

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