



THE POWER
OF INDEPENDENT ADVICE

IN THIS ISSUE

“ *Planning for retirement requires careful consideration of many factors. To navigate the options and decide what will be best for your circumstances and requirements, consult a qualified, experienced advisor to guide you.* ”

FOR MORE INFO CONTACT US
www.brenthurstwealth.co.za

BRENTHURST RANKED TOP
BOUTIQUE WEALTH MANAGER
IN SA 2020 INTELLIDEX
PRIVATE BANK AND
WEALTH MANAGER AWARD

JHB (HQ)	+27 (0) 11 799 8100
JHB (SANDTON)	+27 (0) 10 035 1391
PTA	+27 (0) 12 347 8240
CAPE TOWN	+27 (0) 21 418 1236
BELLVILLE	+27 (0) 21 914 9646
CLAREMONT	+27 (0) 21 418 1236
STELLENBOSCH	+27 (0) 21 882 8706
PAARL (VAL DE VIE)	+27 (0) 21 882 8706
MAURITIUS	+ 230 5843 5215

RETIREMENT SAVINGS FOR EVERY LIFE STAGE

By Marise Smit, Certified Financial Planner® at Brenthurst Wealth

Saving for [retirement](#) remains a very important, if not the most critical, component of an overall financial plan. Yet many people delay getting a proper retirement plan in place, or save too little, or not at all – *for retirement or other financial needs* – as the many reports reviewing the [SA savings culture](#) has shown for decades.

Some have retirement saving strategies in place, but do not really review it regularly or pay attention to the investment vehicle they chose for retirement or worse, take a look at the long term returns they are achieving with whatever investment they have in place.

THE INVESTOR'S AGE – OR STAGE IN LIFE – REQUIRES STEPS REGARDING RETIREMENT.

This is a guide of what to consider. The most important thing to do is to not delay getting a plan in place or adjusting an existing plan to current realities.

IN YOUR 20S, FOR MOST THE START OF WORKING

Start with a savings plan aimed at retirement from your very first pay check. If the company you work for has a pension plan in place, be sure to join that. If not, find another investment vehicle, for instance a **Tax Free Savings Account** or **Discretionary Investment Portfolio**, and set up regular contributions with an annual increase of that contribution.

Many financial planners suggest saving 20% of your monthly income. At the start of a career this may seem like a lot but do aim for this if at all possible. The longer you save for retirement the bigger the benefit you will gain from the power of [compounding](#).

- ⇒ **Aim to save at least 10% of monthly income.**
- ⇒ **Investigate tax efficient options for saving for retirement.**

- ⇒ **Consider different investment options.** RA's are very popular but [may not be the best choice](#) in all instances for all individuals.
- ⇒ **Do not be too afraid of taking risks, time is on your side.** Many investors shy away from investing in stock markets as they are uncertain about the ups and downs markets are known for. But over the long term it has outperformed other investment options by a wide margin.
- ⇒ **Diversify with offshore market exposure for a wider range of investment opportunities than what the local market offers.**

IN YOUR 30S, TIME TO GET SERIOUS

IN YOUR 30S, TIME TO GET SERIOUS. If your 20s flew past and you either did not save or saved only a little without a proper strategy in place, in your 30s it is time to step up the effort.

The aforementioned goal of saving 20% of monthly income should now be considered in all seriousness. Still too much? Maybe up the 10% of the previous decade of your life to 15%. Sounds impossible? It always does. It requires discipline and focus and a very long hard look at your budget. Now that your salary may be a bit higher, the desire to upgrade your lifestyle – like buying a new car or moving to better accommodation – may be very strong. Delay that upgrade or even resist it altogether.

- ⇒ **Aim for saving 15% of monthly income.**
- ⇒ **If you change jobs do not cash in what you have saved towards your pension.**
Transfer it to the pension plan of your new employer or engage a financial advisor about alternative investment options. *Your future self will thank you.*
- ⇒ **Understand where other savings goals – for instance for children's education – fit into your finances.**

IN YOUR 40S, WATCH YOUR SPENDING

Careers typically gain traction at this life stage, often translating into higher salaries, perhaps additional corporate benefits ... and new lifestyle expenses.

- ⇒ **Do not reduce saving for retirement for lifestyle expenses.**
- ⇒ **Keep to the 20% of monthly income savings goal.**
- ⇒ **Contribute all or parts of any bonuses or other windfalls (like a refund from the tax man) received to your retirement savings plan.**
- ⇒ **Review your current investment for retirement.** Do not only focus on the total amount, investigate the returns achieved on what you have contributed, be sure to understand the fees.
- ⇒ **Take the time to find out if pension rules or even legislation have changed that may require you to adjust your current investment strategy.**



IN YOUR 50S, IT IS ALL ABOUT WHAT YOUR RETIREMENT SPENDING WILL BE

At this stage you may think you do not feel like retiring at 60 or 65 and will continue working beyond that. So, thinking too much about what lies ahead is not a huge priority. It should be.

The company you work for may have strict rules about retirement age. Or an unexpected event like the company asking people older than 55 to retire early for commercial reasons may occur. Get your actual retirement plan in place, beyond the contributions you are making (which must be maintained).

- ⇒ **Estimate what your likely expenses in retirement will be.** So many people focus on a fixed amount that they think they will need to retire comfortably. For some total savings of R2 million will be enough and for others R15 million may be too little. The focus should be on expected expenses in retirement.
- ⇒ **Be sure to consider the impact of inflation on costs that are hard to reduce or avoid, for instance medical aid, housing expenses (which includes utility charges).**
- ⇒ **Start thinking about downsizing. Smaller car, smaller property, etc. While still working lowering expenses on these items could release more money to add to contributions to retirement funds.**

IN YOUR 60S, BE PREPARED FOR LIVING LONGER

YOU MAY LIVE LONGER THAN YOU THINK. Global life expectancy has increased steadily over the past 65 years. [The World Economic Forum](#) expects people in many countries to live to 80 and beyond. Which means those who stop working or earning a regular income at age 60 will have to support themselves with savings for 20 (and likely more) years. Consider that 40 years ago people celebrating their 100th birthdays made national news. The United Nations recently estimated that the number [people who will live to 100](#) will increase to 537,000 this year.

- ⇒ **If you can continue working beyond 60 or 65, consider doing just that. Or start researching alternative ideas for a regular income once officially 'retired'.**
- ⇒ **Do not withdraw too much from your retirement spending or you will outlive your money.**
- ⇒ **Keep a very close eye on expenses. The impact of inflation must always be factored in.**
The average inflation in many countries, SA included, has come down in recent years but the inflation of expenses like medical aid and utilities – key expenses in retirement – are well above the national averages. The problems of SA electricity provider Eskom are well publicised and the increases in the costs of electricity are likely to continue at rates above inflation for several years.
- ⇒ **Make use of special offers for pensioners wherever possible.** Many retailers have so-called 'pensioners days' where regular goods are offered to retirees at reduced prices. Many municipalities offer reduced rates for utilities and in some instances for rates and taxes for retired individuals.
- ⇒ **Considering the expected longer life span, do not cash all investments out of higher risk investments like investing in the stock market.** In the current low interest environment moving all money saved to cash related instruments for interest income may not be the best option. Keep some money invested in funds or shares to have access to the higher returns these investments have delivered for decades.

Planning for retirement requires careful consideration of many factors. To navigate the options and decide what will be best for your circumstances and requirements, consult a qualified, experienced advisor to guide you. Read more about [retirement planning](#).

Please do not hesitate to contact any of our highly qualified financial ADVISORS at our offices countrywide. READ MORE >> [WEALTH MANAGERS](#)

ADVISOR PROFILE: MARISE SMIT, CERTIFIED FINANCIAL PLANNER®



MARISE joined the Brenthurst team in April 2015. She is an experienced CERTIFIED FINANCIAL PLANNER® with a demonstrated history of working in the financial services industry.

She is a strong finance professional with a B.Com in Investment Management and B.Com (Hons.) in Financial Management from the University of Pretoria. She also completed her Postgraduate Diploma in Financial Planning from the University of the Free State.

Marise is a member of the Financial Planning Institute of South Africa and is fully qualified to give advice on all investment matters.

Email: Marise@brenthurstwealth.co.za | Phone: + 27 12 347 8240 | Mobile: +27 72 795 3604

BRENTHURST OFFERS FULL FOREX SERVICE

- ✓ Residency and work permits.
- ✓ Company and trust structures and setup.
- ✓ Appointment of trustees and directors and registered offices.
- ✓ Administration of companies, payroll and statutory returns
- ✓ Commercial and residential Investment property
- ✓ Foreign exchange transfers and SARS tax clearance
- ✓ Opening of Mauritius bank accounts without having to be present in Mauritius, with a choice of currency

OUR QUALIFIED FOREIGN EXCHANGE CONSULTANTS ARE:

Yolande Butchart

YButchart@brentwealth.mu

Suzean Haumann

Suzean@brenthurstwealth.co.za

Karen Munodawafa

Karen@brenthurstwealth.co.za

BRENTHURST SERVICE OFFERING:

INVESTMENT PLANNING
RETIREMENT PLANNING
OFFSHORE INVESTMENTS

WILLS & ESTATE PLANNING
TAX PLANNING
FOREX SERVICES

LIFE / BUSINESS INSURANCE
EMPLOYEE BENEFITS
GLOBAL PROPERTY

Johannesburg	+27 (0) 11 799 8100
Sandton	+27 (0) 10 035 1391
Pretoria	+27 (0) 12 347 8240
Cape Town Waterfront	+27 (0) 21 418 1236

Claremont	+27 (0) 21 418 1236
Bellville	+27 (0) 21 914 9646
Stellenbosch	+27 (0) 21 882 8706
Val de Vie Estate	+27 (0) 21 882 8706
Mauritius	00 230 5843 5215

BRENTHURST WEALTH RANKED BEST BOUTIQUE WEALTH MANAGER IN SOUTH AFRICA 2020

Brenthurst Wealth Management is an authorised financial services provider (Reg No: 2004/012998/07) FSP No.7833. This e-mail and any file attachments transmitted with it are intended solely for the addressee(s) and may be legally privileged and/or confidential. If you have received this e-mail in error please destroy it. If you are not the addressee you may not disclose, copy, distribute or take any action based on the contents hereof. Any unauthorised use or disclosure is prohibited and may be unlawful. The view and opinions expressed in this e-mail message may not necessarily be those of the management of Brenthurst Wealth Management (Pty) Limited.