



INVEST BETTER with BRENTHURST

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Common retirement mistakes include delaying savings, underestimating healthcare costs and relying too heavily on one type of investment. Success in retirement planning depends on starting early, diversifying assets and managing withdrawals wisely.

10 BIGGEST RETIREMENT MISTAKES TO AVOID

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Retirement should be a time for rest, exploration and enjoying the rewards of your working years. However, without proper planning, it's easy to make mistakes that can derail your dream retirement. Let's look at the 10 most common mistakes I've picked up from conversations with retired clients, and discuss how to avoid them.

The reality is that we're living longer than ever before. Life expectancy is projected to continue increasing and, in the future and under ideal conditions, people could potentially live up to 150 years of age. Right now, global life expectancy is already beyond 70 years for men and 75 years for women. The population of people living to 100 years and older is predicted to grow significantly by 2050.

Consider one of the oldest people in South Africa, who lived to be 128 years old. If she had retired at age 65, she would have spent another 63 years in retirement. As people live longer, it's more important than ever to plan carefully for retirement so that your savings lasts as long as you do.

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1. NOT SAVING ENOUGH EARLY ON

One of the biggest mistakes people make is not starting to save for retirement early enough. It's easy to think of retirement as a distant event, but the sooner you begin, the better. Thanks to compound interest, your savings grows faster the earlier you start. Even if it's just a small amount, saving consistently can make a huge difference over time.

One key piece of advice: If you're tempted to cash in your retirement fund when switching jobs, resist that urge. Keep your retirement savings in that same fund, or a preservation fund, instead of spending that money. This is meant to support your future self, so every bit counts. By keeping it invested, you'll benefit more in the long run.

2. IGNORING EMPLOYER-SUPPORTED PLANS

If your employer offers a retirement savings plan – especially one with matching contributions – make the most of it. Many people don't take full advantage of these opportunities. The matching contribution by the employer is essentially free money.

By not maximising your contributions, you're leaving that money behind. Aim to contribute enough to get the full match and take advantage of the tax benefits available.

3. UNDERESTIMATING HEALTHCARE COSTS

Healthcare is a major expense during retirement, and many people overlook just how high these costs become. South Africa's healthcare costs are rising and, if you're not prepared, it could drain your savings.

It's important to take future medical aid premiums, out-of-pocket expenses and possible long-term care costs into account. Planning ahead for healthcare expenses can prevent unnecessary financial stress later and help you maintain a better quality of life.

4. NOT DIVERSIFYING INVESTMENTS

Having all your money in one place is risky, especially for retirement. Some retirees make the mistake of investing in only one type of asset, such as stocks, without balancing their portfolio. Diversification helps spread risk across different types of investments, such as bonds, stocks and other assets.

This mix helps protect against market downturns and ensures your savings grow steadily over time.

5. FAILING TO CREATE A WITHDRAWAL STRATEGY

Once you reach retirement, how you withdraw from your savings is just as important as how you saved. Without a withdrawal strategy, you risk spending your savings too quickly or paying unnecessary taxes.

It's helpful to think about which accounts you'll draw from first, and how to make your savings last as long as possible. This is where professional advice can be very useful.

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6. DELAYING RETIREMENT PLANNING

Many people delay starting their retirement plan, thinking they have plenty of time. But the later you start, the harder it becomes to save enough to live off comfortably during retirement. Even if your savings plan isn't perfect, starting now is better than not starting at all. Begin by setting some goals and saving where you can.

It's also important to revisit your plans regularly and make changes as your life circumstances change. Remember, it's never too late to start, but the earlier you do, the better off you'll be.

7. NOT CONSIDERING LONGEVITY

We're living longer than ever before. Global life expectancy is rising, and many of us can expect to live well into our 80s, 90s, or even beyond. But living longer also means your retirement savings needs to last longer.

A common mistake is underestimating for how long you might need to draw from your savings. If you retire at 65 years, you could need your savings to last for 30 years or more. Planning for a longer retirement ensures you won't run out of money and can continue to live comfortably as you age.

8. IGNORING INFLATION

Inflation is a silent force that can gradually reduce the value of your savings. Many retirees underestimate how much inflation will affect their spending power over time. Your budget might not stretch as far in 20 years' time.

To protect against this, make sure your investments can grow faster than inflation. Growth assets, such as stocks, can help ensure that your money retains its value over time, even as costs rise.

9. NOT SEEKING PROFESSIONAL ADVICE

Retirement planning can be complex. While some prefer a DIY approach, without professional advice you could easily make costly mistakes. A financial advisor can help create a retirement plan that suits your needs and guide you through tax laws, healthcare planning and investment strategies.

Meeting with a professional can help ensure your plan is on track and covers everything you need. Brenthurst Wealth has a wide range of specialist advisors who can help you with everything, from retirement and investment planning through to estate and tax plans.

10. NOT HAVING A BACKUP PLAN

Life is unpredictable, and your retirement should be ready for that. Generally, many people don't create a backup plan for unexpected events such as sudden health issues, economic downturns or family responsibilities.

Having an emergency fund and being flexible with your retirement plans can make all the difference. Prepare for the unexpected so that surprises don't derail your retirement.



WHAT YOU CAN DO NOW

Avoiding these common mistakes can greatly improve your chances of enjoying a fulfilling and financially secure retirement. The key is to start early, plan for the long-term and keep adjusting your strategy as needed.

Whether you're just starting to save or already nearing retirement, it's never too early – or too late – to make informed decisions about your future.

If you're unsure about your current retirement plan or want to make sure you're on the right track, speak to a professional, qualified, experienced financial advisor who can give you clarity. A financial advisor can help you review your retirement goals and adjust your strategy to ensure you're ready for whatever the future holds.



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Dorothy joined Brenthurst Wealth Management in July 2021, focusing on employee benefits and assisting clients with pension and provident fund related administration under the direct supervision of Magnus Heystek. Dorothy has more than 40 years experience in the financial industry across various financial services milieus, with a strong focus on processes relating to various financial products.

She obtained her REGISTERED FINANCIAL PLANNER™ designation in 2010 (also known as the RFP™ designation) through the Financial Planning Institute of Southern Africa (FPI).

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