



CAN RETIRING EARLY BE A REALITY?

First things first – for many of us, it’s crucial that we earn a salary and contribute to a retirement savings vehicle for AS MANY YEARS AS POSSIBLE. The rising cost of goods and services means that we are all having to tighten our belts and brace ourselves for the long haul.

For those of us who are fortunate enough to be able to consider retiring a few years before our normal retirement age, it can only be achieved with careful planning.



YOU NEED TO KNOW HOW MUCH YOU NEED

Many financial professionals agree that you need to have saved roughly 200 times your final monthly salary, if you want to enjoy a retirement lifestyle that matches your current lifestyle.

So, if your final salary is **R20 000** a month, you'll need **R4 000 000**.

BUT this is based on a retirement age of 65 – if you retire early, you will likely need more. A better way to put it, is that your monthly pension will need to be **AT LEAST 70%** of your final salary.

So, if your final salary was **R20 000**, your pension needs to be **AT LEAST R14 000**.



INVEST ACCORDING TO YOUR TIME HORIZON

Most retirement fund members in South Africa are invested in a default life stage investment model, which moves their money into less and less risky portfolios as they approach their normal retirement age. If you are planning to retire early, this means your money might be invested in a portfolio with a risk profile that doesn't match your planned retirement date.

Be sure you check this, and make a decision regarding where you should be invested, with the help of your financial planner. **More on this below!**



FINANCIAL NAVIGATION – YOU NEED A GOOD GUIDE!

The help of a qualified financial advisor is critical to your financial well being. They can help you with all the aspects of your plan.

- **Setting realistic goals:** Assessing the exact amount you need to have saved, in line with lifestyle and the time you have left.
- **Developing a unique strategy:** Creating an investment portfolio that is suited to your risk tolerance, time horizon, and financial objectives.
- **Managing inflation:** Helping you to protect your savings from the effects of rising inflation.
- **Making the most of tax rebates:** Minimising your tax burden through strategic financial decisions.

Speak to your fund's benefit counsellors if you need a referral to a financial advisor, or visit www.fpi.co.za - the website of the Financial Planning Institute of Southern Africa.

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