

How to live a long, happy, prosperous life in retirement

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Retirement planning is so much more than catering for your financial circumstances. It requires a plan for your financial portfolio and your life portfolio. The longevity revolution in South Africa (we're living, on average, 30 to 40 years longer than our ancestors 150 years ago), comes at a price. In a recent webinar hosted by Glacier by Sanlam, Steve Vernon, president at Rest-of-Life Communications, provided some things to consider if your plan is to live a long life and prosper in retirement.

1. Life is uncertain, and the length of your life, even more so.

Steve suggests estimating your lifespan. There are websites with questionnaires that can help you do this that take into account your health history and that of your parents. Remember, your expected lifespan can only ever be an estimate, but it's interesting, for number of reasons, to gauge how long you are likely to live.

2. Lengthen your retirement planning horizon.

Retirement can last 20 to 30 years or even longer. This points to longevity risk – the risk that your retirement savings will run out before you die. Your retirement income needs to last as long as you do and should exceed your expenses.

3. Decide when and how you will retire.

Are you thinking about early retirement? Will you retire completely at 60? Will you start partial retirement which means continuing to work part-time? Will you delay retiring for another few years and continue to contribute to your retirement savings? All of these decisions have financial as well as social consequences and whatever you decide will have an impact on your retirement savings and the life you live.

4. Choose a financial adviser that really is a life coach.

In helping you plan your retirement, your adviser needs to have an acute understanding of your financial *as well as* your emotional needs. They should be able to advise, inform and coach you through some or all of the following:

- Inflation, market movements and underperformance of funds
- Death of your spouse
- Loneliness
- Unexpected expenses such as repairs and emergencies
- Medical expenses or frailty
- Family disruptions
- Cognitive decline

Your adviser should help you build a financial portfolio as well as a life portfolio.

5. Spend safely.

In retirement, you need to know where your sources of income will come from – the guaranteed pay checks as well as the variable ones. This means making critical decisions around a guaranteed life annuity, a living annuity with invested assets and customised combinations of these. Life is uncertain and things can go wrong – a holistic plan takes into account all likely (and seemingly, unlikely) life and financial scenarios in retirement.

The guaranteed income portion needs to cover your food, healthcare and dwelling – the expenses that cover the basics of life. With this portion of your income, you will need to establish if it increases, how often and by how much, and if it covers your spouse.

The variable portion – which may go up or down, depending on market movements and performance – needs to cover everything else. These are expenses that allow you to truly enjoy your life, like going to the gym, taking holidays or spoiling your grandchildren.

In planning your income, you need to know what strategy will help you panic less, when times are tough. This may mean that you adjust withdrawal amounts annually in line with market performance.

6. Appreciate that retirement could be so much more than surviving physically or financially.

Retirement offers many opportunities that may have been difficult to pursue during your working

years. Travel abroad is one example, but there are also opportunities to find a purpose beyond the career you are leaving behind. Community involvement, volunteering and sharing the many skills that you have acquired over your lifetime, are also worthy pursuits. Now, you have the time to live your best life.

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