

RETIREMENT PLANNING

Don't turn down your perfect life

If you had to fast-forward to retirement, would you be earning an income that would match your idea of a perfect life? Or would it be a harsh reality check?

Glacier by Sanlam's latest FutureFWD campaign has a powerful message: Few people save enough for their retirement...and most of them realise it too late. Many people don't realise they actually have two salaries: their current one, and the one they'll have when they retire. Glacier created the social experiment to find out if some people's idea of a perfect life matched the life they'll be able to afford once retired.

How the campaign worked

Through the campaign, Glacier offered three South Africans with great careers and lifestyles something they've always desired – a perfect life. The one they'd always imagined living for the rest of their lives.

Customer support manager Josephine Mbire, civil engineer Deon Koch and communications manager Karin Henriques embarked on the Glacier by Sanlam FutureFWD journey to find out what was in store for them in retirement.

Once their perfect life was revealed to them on screen, they were each handed a salary to make it a reality. However, the salary offered was far below what they actually needed to live their perfect life.

The amount was, in fact, calculated from their actual retirement savings and shown in today's monetary value. Needless to say, they declined the offer. But it was revealed early enough for them to do something about it.

The perfect life

Mbire's passion has always been to travel and enjoy the outdoors. "I know that I definitely wouldn't want to be 65 and living off that amount. Knowing what I know now makes me want to plan properly and chase after my dreams even more."

Koch's retirement salary wasn't close to what he had anticipated. "I'm spending more than that on a non-perfect life right now," he commented. "My dream of learning how to make shoes in Italy or playing the sitar in India means that I'll need to get professional advice in terms of saving."



Henriques said the number in her envelope was "liveable", but it's not her dream. "I just realised that I want so much more. I will have to work harder to get that number up because the days of retiring at 60 and not doing anything have long gone. We realistically have to plan until the age of 90."

Reality check

Jaco-Chris Koorts, an actuarial consultant at Glacier says, "We

all have an idea of retirement and how we see ourselves in the future, but are often unrealistic when it comes to knowing just how much we need every month to enjoy the life we want. That is why we launched this campaign and our online calculator – to highlight the importance of knowing today what your monthly retirement salary will be, and to help South Africans understand exactly what they'll have every month in today's value, at retirement.

"The calculator tries to quantify a very difficult concept, which is your retirement income. It does this by taking into account the capital amount that you have saved for retirement thus far, as well as the contributions you are making and probably will make in your career until you retire."

Prepare now for the years ahead

Many people will spend 30 years or more in retirement. This means that funds saved up over a 30- to 40-year working career will need to last as long – or even longer – to see the person through retirement. This year's Sanlam BENCHMARK Survey once again highlighted the need for more awareness around saving

enough, and starting early enough. When asked if they had advice for those still working, many of the respondents reiterated this fact, wishing they had started earlier.

Koorts warns that this is a classic mistake. "No matter how small your initial contributions are, these are the ones that count the most because of the impact of compound interest over time," he says.

Contributing to a retirement fund or retirement annuity offers tax advantages for investors too. The tax advantages can effectively subsidise up to 41% of your retirement salary.

Koorts continues, "Last year's first successful FutureFWD retirement campaign saw three young South Africans paired with three retirees to help them learn the realities of retirement. Hopefully this experiment and Glacier's new online tool further drives home the importance of saving from a young age. Our three subjects all need to reassess their savings in order to live their perfect lives when they retire, and this tool enables them, and other South Africans, to tailor their savings and retirement contributions while there is still time."

Glacier believes the financial services industry has a responsibility to create awareness and also to educate investors and ensure that they have the information they need to make informed decisions together with their financial adviser. The company aims to do this as creatively and engagingly as possible so that the message resonates strongly with all South Africans.

Glacier offers a range of discretionary investment options, a retirement annuity, as well as post-retirement income solutions. ■



Jaco-Chris Koorts
Actuarial consultant
at Glacier by Sanlam