

RETIREMENT PLANNING

Still lots of living to be done

South Africans aren't saving enough. They aren't saving enough for the economy – our national savings rate stands at 15.4% of GDP compared with 50% in China and 30% in India, according to the South African Reserve Bank. And they aren't saving enough for retirement – findings from the 2015 Sanlam *BENCHMARK Survey* show that close to 70% of retired South Africans aren't able to maintain their standard of living in retirement.

The 2015 Sanlam *BENCHMARK Survey* revealed that 31% of South Africans either extend their working years or find another form of income during retirement. However, these statistics are still not convincing many people to save.

This is why Glacier by Sanlam elected to take a different tack. In its #FutureFWD retirement campaign, Glacier paired three sets of younger South Africans with retirees who had provided for their retirement. The aim was to galvanise South Africans into action by allowing them to experience retirement first-hand.

The campaign message was clear: there is lots of living to be done later in life, but financial means are essential to make this happen.

Roenica Tyson, investment product manager at Glacier, explains: "Our objective was to increase awareness among investors of the need to save as early as possible. The campaign caught people's attention, and we know that some of the people who followed it will never look at retirement the same way again."

The retirees (aged from 56 to 69) were shadowed for six weeks by younger participants (aged 29 to 42). Tyson says there was much to learn from both retirees and their 'shadows'.

1. You'll want to do a lot of living after you stop working

Spending time with sprightly older people showed the younger participants that life doesn't end at retirement. But with all of them inadequately prepared for retirement, they face the possibility that they will not have enough later on.

Says Bailey Schneider, one of the campaign's young influencers: "#FutureFWD has opened my eyes to a world after work. I don't want to have to work forever because I didn't make the right financial decisions. I want to invest wisely and save properly. This project was my first time even thinking about retirement. I have set up a savings account that earns better interest and am looking into retirement annuities."

While all have resolved to start immediately, they should have started much younger. "Now

they'll need to either save more or take on additional risk by investing in funds with a higher exposure to growth assets," says Tyson.

2. Never take your eyes off your savings

One of the retired participants, Sarah Ravenhill, started saving for retirement at age 13. An unusual move, Ravenhill's goal was to retire at 50. She enjoyed the benefit of compound interest for decades and kept a close eye on developments in retirement products and in the financial pages. Even so, she remains actively involved in her retirement investments.

According to the *BENCHMARK Survey*, financial planning for retirement is sorely lacking, with only a quarter of South Africans expected to maintain their standard of living in retirement. "Thinking about retirement once or twice during a lifetime is not enough. Active management of a retirement portfolio and informed investment decisions are a critical part of the process, as is forming a partnership with a financial adviser who will act as your compass along the way," says Tyson.

3. Medical issues will likely impact retirement

One of Tommy Blake's key learnings during retirement was to pay careful attention to his health. Blake had a cancer scare and found that the medical costs put strain on his retirement savings. Even though cancer can strike anyone, Tommy wishes he'd paid more attention to his health when he was younger so that his physical wellbeing was as good as it could be. Tommy's health scare made his 'shadow', Thoban Jappie, realise that he is not young anymore and that he needs to make exercise a priority. The campaign has seen Jappie start saving funds for retirement by putting a fixed



Top left: Sarah Ravenhill and Bailey Schneider paragliding
Top right: Tommy Blake keeping fit and **bottom right:** Blake hits the road in his cobra
Bottom left: Wine aficionado Michael Olivier takes pride in his wine collection

The #FutureFWD 'couples'

- Bailey Schneider (32), a radio personality and lifestyle blogger, and Sarah Ravenhill (56), a retired tourism entrepreneur
- Thoban Jappie (42), an entrepreneur, and Tommy Blake (65), a retired physician
- Candice Bresler (29), a public relations executive and food blogger, and Michael Olivier (69), a former restaurateur and wine aficionado

amount aside in an account that will remain untouched until he needs it.

Tyson concludes: "In our view, the financial services industry has a responsibility to educate investors and ensure that they have the information they need to make informed decisions together with their financial adviser. And our aim is to do this as creatively and engagingly as possible so that the message resonates strongly with all South Africans."

Glacier by Sanlam offers a range of retirement annuities and discretionary investment options, together with post-retirement income solutions. ■

Roenica Tyson is an investment product manager at Glacier.