Publication: Saturday Citizen (Johannesburg Edition), Business
Date: 24 Sep 2016
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It's never too early to start saving, says lifestyle coach Cohen

Glacier by Sanlam offered three people a chance to live their perfect life and all refused. Using Glacier's Retirement Salary Calculator, they were offered an amount to make this perfect life a reality. All three turned down the offer. What they didn't know was that the amount was, in fact, the amount they'd be paying themselves in retirement. It was calculated from their actual retirement savings and shown to them in today's monetary value. How would you have reacted if you had been part of the #FutureFWD retirement project?

Business reporter

Getting into closer contact with your future "you", and changing your savings habits today, is one of the biggest challenges we face – but it will also create an autopilot to success, lifestyle coach Justin Cohen says.

He's been coaching the three subjects in Glacier by Sanlam's #FutureFWD retirement campaign. All three are experiencing difficulties escaping the inertia of old habits.

It's a common problem, Cohen says. "We've all been there. We all live in the now and don't realise that, with every spending decision we make today, we are borrowing from our future income."

Zaida Essop, head of marketing at Glacier by Sanlam, says we all have difficulty visualising ourselves far into the future.

"When people think of themselves in future terms, they don't think of themselves, but of this 'other' person. That's why they put off taking the necessary steps to secure a successful retirement."

Cohen calls it the "knowing/doing gap".

"Most people are as serious about their retirement savings as they are about their New Year's resolutions. When you look at New Year's resolutions, most people think they will achieve them, but more than 90% don't."

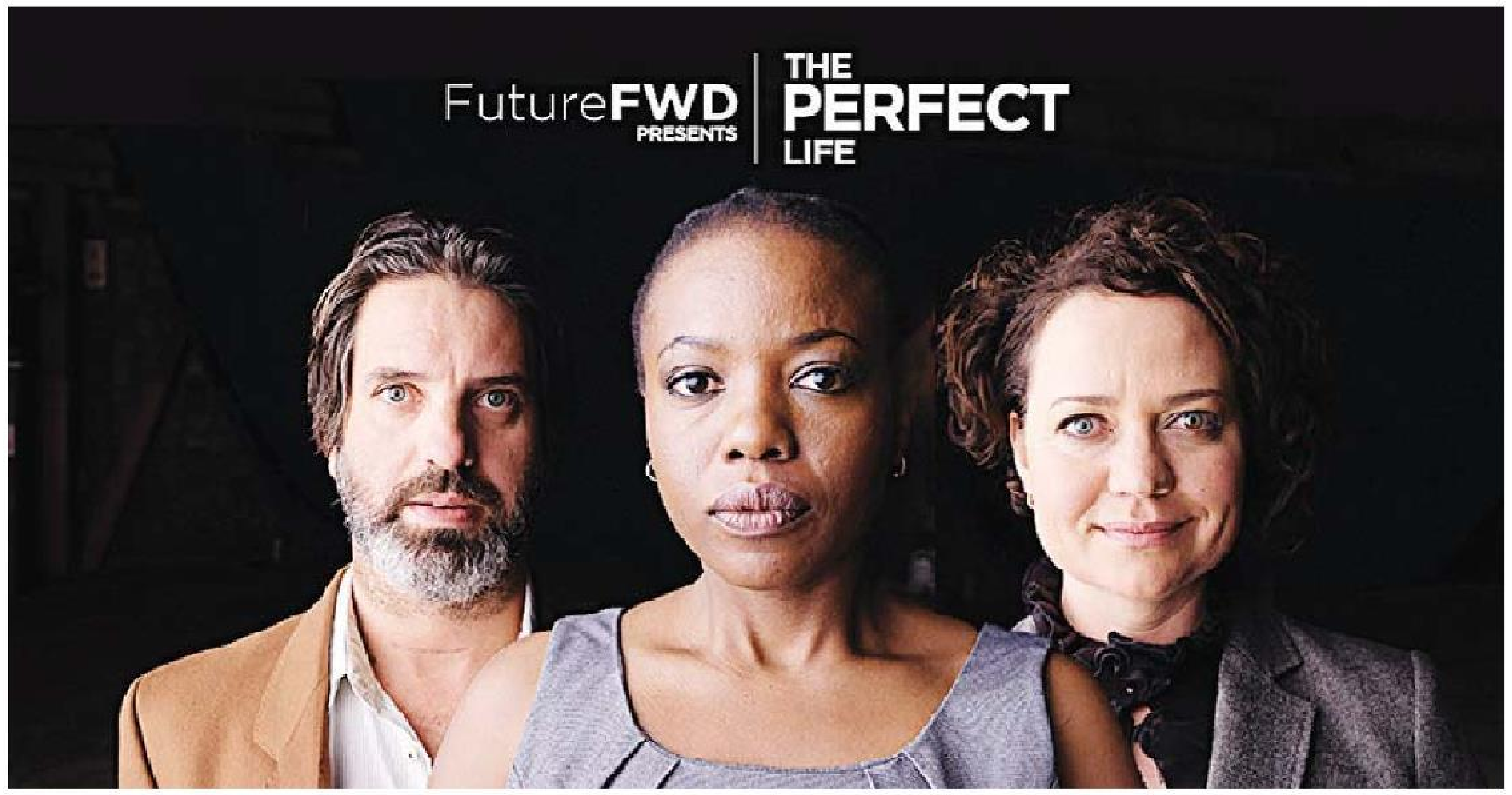
We know and say we need to save and invest for our "golden years", but we don't – and it's not because we lack the knowledge, Cohen says.

Pain and pleasure are the forces that drive motivation.

"We can achieve almost anything if sufficiently motivated, but everyone focuses on pleasure, spending in the moment.

"We have to get a clear picture of what our future looks like in order to work towards it, and to make specific commitments," he says.

That means discarding old ideas of yourself and reconstructing a new self, with new habits and a new future.



Cohen provides two tips to get there:

1. Whenever you are not doing what is important, ask yourself why it's important; and
2. Structure your external environment in a way that reduces the temptation to spend unnecessarily.

Remember that New Year's resolution example: "People generally think it will be easier than it is. And that is why you have to be incredibly motivated. Unfortunately, people often go off track because of pain, for instance when they lose their jobs, get sick, go bankrupt or face eviction.

"We're like a frog in a pot of water that is slowly being heated up as we get older, not realising we're being boiled to death," he says.

"But we need to realise we're simply carrying a grain of sand every day, not building a mountain. Breaking down your goals into doable, understandable bits, is vital," Cohen says.

Essop shared an example that she showed her daughter to illustrate the need to start saving while young and to keep up the habit throughout her life:

Jane and Jack both start working at 25, earning a similar salary which increases by 6% each year. Jane immediately starts saving 15% of her salary while Jack delays the decision. After 10 years Jane stopped saving, but preserved the money.

Jack only decides to start saving from age 40 and contributed 15% of his salary for the next 20 years.

When both turned 60, their savings (which earned a 10% return per year) grew to a similar amount, despite Jane contributing a smaller amount for a shorter period.

So stay invested. Essop turned her savings reality around at a young age by starting to save for an overseas holiday. She never took the vacation, but her daily living experience is transformed because she now has the savings

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>
> **Justin Cohen**
> Lifestyle coach

habit and always has more disposable income available.

So short-term benefits can also help build long-term, positive outcomes.

Tax benefits are an obvious example. We can now save up to 27.5% income tax-free in pension investments. So, instead of handing the money over to the taxman at the end of the year, you can put it into pension savings and still have it at retirement.

"Using all the taxation benefits, the taxman can effectively fund up to 41% of your retirement savings," Essop says.

Cohen emphasises daily positive reinforcement to build up our idea of our future to counteract "future blindness" and the daily bombardment of advertising, encouraging us to spend now.

Tell your friends and family about your savings plans to get them to encourage you and to understand when you don't want "a night out". Input daily messages into your cellphone and start a journal.

Creating the future you want, starts today.