

## **BEYOND RETIREMENT:**

# A GAME-CHANGING INCOME STRATEGY

## **Review your strategy regularly so your Income** supports you for life.

Financial planning during retirement is an ongoing process. As part of that process, reviewing your retirement income source from time to time is necessary especiallay as you grow older. Most importantly, you have to be sure that your income will support you throughout your lifetime.

If you're invested in a living annuity, it has many wonderful advantages, but often as life unfolds and you move from one life stage to the next, those benefits may become less attractive, or income security may simply become more important. Did you know that it is possible to switch from a living annuity to a life annuity during retirement if necessary?

Making the right decision about your income can shape your financial well-being throughout retirement and it's important to discuss your needs for income flexibility vs certainty, capital growth and preservation of legacy with your financial planner.

Let's take a look at the major differences between a living annuity and a life annuity.

Life annuity vs
Feature
Income Guarantee
Longevity Risk
Flexibility
Investment Control
Inflation Protection
Capital Access
Estate Planning
Cost Structure
Market Risk Exposure
Tax Treatment

### In summary

The benefits of a life annuity, especially with regard to income security, may start outweighing the benefits of a living annuity - such as flexibility to choose your own income level and potential investment growth - as one grows older. Speak to your financial planner about the possibility of switching to a life annuity to protect your income stream and ensure that your income will sustain you for the rest of your life.

accept any liability whatsoever for any direct, indirect or consequential loss arising from the use of, or reliance in any manner on the information provided in this document. For professional advice, please speak to your financial intermediary. Glacier Financial Solutions (Pty) Ltd. | A member of the Sanlam Group | Private Bag X5 | Tyger Valley 7536 | Email client.services@glacier.co.za | Reg No 1999/025360/07 | Licensed Financial Services Provider Sanlam Life Insurance Ltd. | Email life@sanlam.co.za | Tel + 27 21 916 5000 / 0860 726 526 | Reg No 1998/021121/06 | Licensed Life Insurer, authorised Financial Services Provider and registered Credit Provider (NCRCP43)









living annuity: a com	parison
-----------------------	---------

Life Annuity	Living Annuity
Guaranteed income for life, regardless of market performance	No guarantee – income depends on investment returns and drawdown rate
Covers you for life – you can't outlive your income	No guarantee – income depends on investment returns and drawdown rate
No flexibility – fixed terms once annuity is purchased	Full control over investments and annual income drawdown (within legal limits)
No control – managed by insurer	You choose or manage how the capital is invested
Optional with escalating income or inflation-linked annuities (at a cost)	Possible through growth assets, but not guaranteed
No access to the lump sum after purchase	No access to lump sum withdrawals except if below threshold
No capital left to heirs (unless with guarantee term)	Remaining capital can be left to beneficiaries
Simple, built-in to the annuity pricing	Ongoing fees for advice, administration, and investment management
None – insurer bears the market risk	High – investor bears full investment risk
Taxed as income	Taxed as income

This document is intended for use by clients, alongside their financial intermediaries. The information purposes only and should not be construed as the rendering of advice to clients. Although we have taken reasonable steps to ensure the accuracy of the information, neither Sanlam nor any of its subsidiaries.