

Post-retirement income planning

By Rainier van der Nest, Business Development Manager

One of the great challenges currently being faced by a financial intermediary in South Africa is post-retirement planning.

The reason for this is that the average South African only saves about 7% of income, relative to the actual rate that should be 15%. The result of this is that the average South African has got an income replacement ratio of less than 50%, when you're actually deemed ready for retirement if your income replacement ratio is closer to 75%.

How many people achieve this?

Statistically less than 10% of the people in our country achieve that statistic. This creates a problem at the point of retirement as the average person wishes to substitute his income with a similar income, yet the capital that they have to provide that income is not enough. This creates longevity issues and if you add inflationary pressures or market volatility to that, it actually just exponentially creates a bigger problem.

How to deal with this problem

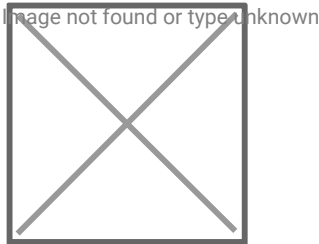
So the challenge is then, how do you deal with a client in that current scenario? Something that we should rather focus on then is income stream management, to try and offer a client a sustainable income over an extended period of time instead of trying to offer the client the highest income in year one, being that similar income to their final pay cheque.

Glacier offers a wide choice of solutions – which can be combined

Glacier is in a good position to actually assist financial intermediaries in that space as we offer a wide range of products that can help and assist both you and the investor. We have our Investment-Linked Living Annuity, our guaranteed life annuities, as well as a newer product called the Investment-Linked Lifetime Income Plan, or ILLI.

All of these products can be used separately, or in combination, and it's when we look at combining these products in the correct way that we can actually offer a client a more sustainable

income over time, which helps you as the financial intermediary to offer something of value to your client and drive the correct advisory process, and also offer your client some level of sustainability in future.



Rainier van der Nest

As a business development manager, Rainier services independent financial intermediaries on the West Rand, the Vaal Triangle and in parts of Sandton in Gauteng. He is also a member of various Glacier Wrap Fund Investment Committees. Rainier believes that it is our responsibility to add value to people's lives and savings, by providing the best possible guidance and advice and doing what is right with the customer in mind. Fresh out of university, Rainier commenced his career in the financial services industry, joining Glacier as a business development co-ordinator in December 2006.

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