

The Sanlam Monthly Bonus Fund in pre-retirement solutions

By Nombuso Nzama, Business Development Manager

FACT! Most South Africans are not saving enough towards their retirement. When you consider how early in their life most people start working, they do not take advantage of the time they have left to invest for their retirement (which can be anything from 40 to 45 years!).

Research has shown that it is not only about the amount of money that an individual saves up before retirement. It is also about when you start saving and how consistently and regularly you are saving.

A lack of financial discipline will greatly compromise one's comfortability and affordability levels which will mean:

1. You will have to scale back on your standard of living, and
2. You may need to defer your retirement by working longer in order to grow your savings.

Unfortunately at this stage of your life, time will no longer be on your side.

Benefits of saving in pre-retirement solutions

Pre-retirement options, including a retirement annuity fund and preservation funds, preserve your savings by "locking you in" until the minimum age of 55 years, thus removing the temptation of accessing your hard-earned savings before you formally go on retirement.

Many people do not quite understand that the earlier one starts saving towards retirement the more they will benefit from the power of compounded returns over time, since the dividends and interest earned inside retirement and preservation funds are exempt from tax; and in addition, you do not pay capital gains tax on the growth earned on your investment.

It is also important to remember that at retirement there is no tax on the amount that is transferred to a post-retirement product, such as a living annuity.

Just like a retirement annuity fund, preservation funds are also protected from creditors, which

means that creditors will not be able to take from your savings.

Combining the Monthly Bonus Fund with pre-retirement products

Unfortunately, market volatility is something no one has control over, and portfolio managers are always making tactical asset allocation decisions to manage this risk as best as possible.

Thankfully, the Glacier platform now offers the Sanlam Monthly Bonus Fund, which when combined with pre-retirement products, protects investors against short-term market volatility by smoothing out investment returns and provides guarantees on payments. This is especially important for investors nearing retirement.

The Monthly Bonus Fund, managed by Sanlam Investments, is an investment portfolio designed to generate returns from a diverse portfolio of local and offshore assets. It is a regulation 28 compliant fund with a moderate risk profile.

The returns of the underlying investments in the Monthly Bonus Fund are strategically distributed to investors through monthly bonus declarations. These bonuses reduce the volatility (fluctuation) of returns over time and cannot be negative.

How is it done?

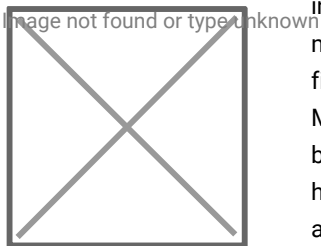
A portion of the returns is held in reserve during periods of strong fund performance, and distributed during periods of poor performance. By doing this, investors don't experience the volatility they might otherwise experience in regular market-linked portfolios; thus achieving a smoothed-out return profile.

An ideal solution

The Sanlam Monthly Bonus Fund, combined with pre-retirement investment options, is an ideal solution for conservative investors seeking competitive real returns in the form of monthly bonuses, and is ideal for investors seeking more certainty regarding their retirement benefits, regardless of market conditions. To benefit from this solution, investors must remain invested in the fund for three to five years.

The Monthly Bonus Fund can be accessed on the Glacier platform via the Personal Portfolios Retirement Annuity and Personal Portfolios Preservation Fund solutions.

Nombuso Nzama



Nombuso joined Glacier as a business development manager (BDM) in May 2016. She is tasked with maintaining and retaining existing intermediary relationships; increasing retention of existing investment business; and continually seeking to attract new business. Reaching targets and maintaining profitability are central to her day-to-day objectives. Her 10 years' experience in the financial services industry has been gained working for Investec Private Bank, RMB Asset Management and STANLIB in various support roles to sales consultants. Her varied skills have been acquired as a fund research analyst, and BDM in the multi-manager space. Upon completing her Master's degree, she joined the National Treasury in the role of deputy director, and looked after the Department of Trade and Industry for just over a year. Nombuso holds a Bachelor of Commerce degree in Economics and Econometrics (University of Johannesburg, 2005), an Honours degree in International Trade and Finance (University of Johannesburg, 2007) and a Master of Commerce degree in Development Economics and Policy Making (University of the Witwatersrand, 2015). Nombuso is currently studying towards a Postgraduate Diploma in Financial Planning through Milpark Business School.

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