

Saving for retirement requires a positive mindset

By Neal Sinclair, Business Development Manager

I've just turned 42. That's 13 years from retirement age – wow time has flown! If I think back to my 21st birthday, it feels almost like yesterday. And if I think about my attitude towards life back then, and especially when it comes to things like saving for retirement, everything seemed so simple. I felt invincible. I felt I would never get old. Retirement planning was something I had to worry about in my 30s.

So if I knew then what I know now, what would I do differently?

Firstly, I would start saving early, even if it was a small amount. You have the power of time and compound growth on your side. After all, it was Einstein that said compound growth he considered to be the eighth wonder of the world.

As a parent you could give your child a boost to retirement savings, by doing a small lump sum contribution to a retirement annuity (RA) to get them started. Imagine the power of compound growth over 50 years – and they can start adding to the investment once they're able to.

A positive attitude towards saving

Develop a positive attitude towards saving. Don't make it a grudge purchase. Develop a positive attitude towards retirement. Let it be something you look forward to and plan to enjoy. Have a plan for what you're going to do when you retire.

Have discipline and regular savings will be a major factor in saving successfully for retirement.

Understand and make use of the tax benefits of saving via an RA. After all, it is the most tax-efficient investment vehicle you can use. You get a tax deduction on contributions made to the RA, and all dividends, income and growth is exempt from tax.

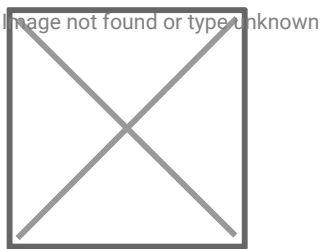
Stay exposed to growth assets

Allocate as much of your investment as possible to growth assets as allowed by Regulation 28. Time is on your side.

Ensure the product provider you select allows for flexibility. You should be able to change your contributions as and when life happens, without being penalised by your product provider.

Have an emergency fund, so you don't need to stop or dip into your allocated savings.

Lastly, take an active interest in your budget. Draw one up and try and stick to it. It will be a useful tool to help you save.



Neal Sinclair

Neal Sinclair joined Glacier as a business development manager in June 2011. In his portfolio, he is the custodian for broker services in the Johannesburg region. His role involves engaging intermediaries on all aspects of the Glacier value proposition and to create opportunities to help them and enhance the services they provide through holistic financial advice. Neal's career in financial services kicked off in 1997 when he joined Fedsure. He later moved to Momentum and then Sanlam. Neal holds an Advanced Certificate in Financial Planning (NQF Level 6).

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