

# Retiring on a shoestring

By Roenica Tyson, Investment Product Manager

Retirement should be a time for new adventures – spending time with loved ones, finding new hobbies and working through your travel bucket list.

For investors planning to retire in 2020, or those being forced into an earlier retirement, the picture may have changed, with investors seeing declines in the value of their retirement capital following the recent market correction.

During the first quarter of this year the average balanced fund\*, a typical choice for retirement annuity and pension fund allocations, declined by -14%. Investors' allocation to more conservative\*\* mandates lost -8%.

Many investors still have time on their side - or can opt to delay retirement. If they stick to their investment strategies and persist with contributions, comfortable retirement is achievable. But what about those starting this new chapter this year?

Also read: [Retiring in a Storm](#) | [The comeback is better than the setback...](#)

## Don't lock in the losses

While recent losses and continued volatility and uncertainty may tempt you into abandoning growth assets, cash may not be king. When transferring your retirement assets into a living annuity, stick with your investment strategy. And when transferring from a retirement annuity or preservation fund, the process is often seamless, which ensures you stay invested and don't miss the recovery.

## Limit the amount of income taken from your living annuity

Large drawdowns (the amount of income taken) early in your retirement can further hurt your already depressed retirement capital. Limiting drawdowns and cutting back on non-essential spending can help to maximise capital to participate in recovering markets.

Invest your 1/3<sup>rd</sup> wisely

If you access the one-third of your retirement fund that you may take as a lump sum at retirement, ensure that this is invested prudently. You may need this capital to supplement your retirement income or cover increasing medical expenses later in retirement.

Also keep in mind that any further growth on this capital is taxable, so ensure you optimise tax on this portion of your capital.

Financial planning continues in retirement

Allocating your retirement capital, or a portion thereof, to a living annuity does allow some flexibility into retirement. It is important to engage with your financial adviser to design and manage a dynamic retirement plan for you. These experts will know how to best position your portfolio for recovery, or when it may be a good time for you to consider converting to a life annuity, where you secure a guaranteed income for life.

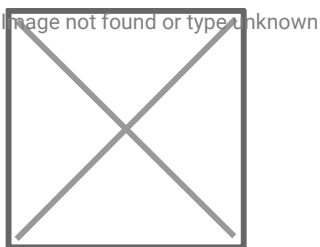
Stay close to the experts

Conversations with your financial adviser are now more important than ever. There are many considerations and decisions to make – not all of them financial. A qualified financial adviser can look at your particular situation, taking into account your goals and wishes, and advise you accordingly.

“Retirement is wonderful if you have two essentials – much to live on and much to live for.” – Author Unknown

*\*as measured by ASISA Multi-Asset High equity category and \*\* ASISA Multi-Asset Low equity category; source Morningstar.*

Glacier Financial Solutions (Pty) Ltd and Sanlam Life Insurance Ltd are licensed financial services providers



## Roenica Tyson

Roenica joined Glacier in August 2014 as an Investment Product Manager. She holds a BCom degree from the University of Stellenbosch and is a Certified Financial Planner (CFP®) and CFA® charter holder. Roenica started her career in 2006 at Allan Gray and subsequently worked at Momentum and Boutique Investment Partners in various product and investment roles.

**This document is intended for use by clients, alongside their financial intermediaries.** The information in this document is provided for 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 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](mailto:client.services@glacier.co.za) | Tel +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 | Web [www.glacier.co.za](http://www.glacier.co.za) | Reg No 1999/025360/07

Licensed Financial Services Provider | Glacier Financial Solutions (Pty) Ltd. is also a Licensed Discretionary Financial Services Provider FSP 770, trading as Glacier Invest | Sanlam Multi-Manager International (Pty) Ltd. | A member of the Sanlam Group

Private Bag X8 | Tyger Valley 7536 | Tel +27 21 950 2600 | Fax +27 21 950 2126 | Web [www.smmi.com](http://www.smmi.com) \*|\*Reg No 2002/030939/07

Licensed Discretionary Financial Services Provider, acting as Juristic Representative under the Glacier Financial Solutions FSP 770  
Glacier International is a division of Sanlam Life Insurance Limited

Sanlam Life Insurance Ltd. | Email [life@sanlam.co.za](mailto:life@sanlam.co.za) | Tel + 27 21 916 5000 / 0860 726 526 | Fax +27 21 947 9440

Reg No 1998/021121/06 | Licensed Financial Services Provider