

Combining the classic with the contemporary for effective retirement income solutions

In their presentations at the [2020 Life Investments Summit Webinar](#) held on 6 and 7 August, experts at Glacier unpacked the combinations that may result in the best retirement income solutions for your clients. Each combination is carefully considered, based on clients' individual requirements, whether they are about to retire or have been in retirement for some time.

A quick glance at our experts' presentations

Research and investment analyst, Dean de Nysschen at Glacier Research in his presentation, 'Navigating unprecedented markets', unpacked the tumultuous markets conditions of late. What has surprised analysts was the speed and not necessarily the magnitude of the COVID-19 related sell-off. He noted that this prompted a 'dash for cash' and how investors' behavioural biases are often amplified during extreme market environments, as was the case earlier this year.

He recapped asset flow trends, and whether investors move from riskier assets to income funds makes sense given the current environment. He provided reminders that risk assets should provide better returns than cash or SA bonds over the long term, and that investors can learn from historical data, regardless of how unprecedented conditions may seem. He emphasized that economic conditions are presently very different to what investors have experienced historically, and the need to look beyond cash to generate real returns. [View presentation](#)

Shawn Phillips, research and investment analyst at Glacier Research, in his presentation, 'Why does the rate change on a weekly basis?', looked at all the factors that are taken into consideration when life annuity rates, which are used to determine the income payable, are calculated.

These rates depend on the prevailing interest rates at purchase and the expected term for which income is payable: the higher the interest rate is at the time of purchase of the annuity, the higher the income will be, while a shorter expected income payment term (in other words, a shorter life expectancy) will also lead to a higher income. Age and gender are other factors that are taken into account as they influence life expectancy, with women generally living longer than men.

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Endowments still offer a good investment, noted Linda Blom, business development manager at Glacier, in her presentation titled 'Discretionary Product Options and Advantages' in which she specifically focused on products that provide growth. She reminded attendees of the benefits of endowments:

- no executor's fees are applicable if a beneficiary has been appointed;
- they provide liquidity in an estate;
- they provide protection from creditors;
- they could have tax benefits;
- investors can make regular tax-free withdrawals after five years.

Linda also highlighted the Glacier Cash Option – a cost-effective “parking facility” for funds waiting to be invested elsewhere, or for investors looking for a low risk, cash-type investment. The investment choices within the Cash Option are varied, with access to income funds, interest-bearing funds and even a global equity fund. Furthermore, Glacier offers structured investment solutions– five-year investments linked to the performance of various global indices, which offer full capital protection and the prospect of enhanced returns. The current structure, the Glacier Sustainable World Enhancer (GSWE) is set up in a sinking fund policy and underwritten by Sanlam Life Ltd. The GSWE opened for investment on 11 August and closes on 16 September 2020.

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In a separate presentation, Linda highlighted the various retirement income solutions and their advantages. She examined the Glacier FlexiGuarantee, which is underwritten by Sanlam Life Ltd, and which combines a living annuity with a life annuity, meaning investors get a guaranteed income during retirement for the rest of their lives from the life annuity component, as well as a changeable income from the living annuity component, ensuring they get the best of both worlds in retirement. [View presentation](#)

Siba Mgijima, business development manager at Glacier, in her presentation 'Discretionary income solutions', explained different discretionary options one could consider for pre- and post-retirement income. She highlighted that on a voluntary life annuity, factors such as gender, age and single or joint lives are taken into account, and these have an impact on the size of the income. She outlined the features and benefits that ultimately support the best possible discretionary income for clients. [View presentation](#)

Yusuf Moosa, business development manager at Glacier, framed some considerations for creating the optimal retirement annuity strategy for each client, taking into account their unique financial and personal circumstances.

He believes using combinations of solutions is key to creating the optimal strategy, especially where clients haven't saved enough, when the economic and political environment is unfavourable, and for living annuitants that have reached an income ceiling. [View presentation](#)

The advantages of combined retirement annuity solutions were echoed by Sherwin Govender, business development manager at Glacier, in his presentation titled 'Why combinations are good to use'. He stressed that there isn't one product that ticks all boxes for investors, as their needs and wants often are at odds with each other when it comes to solutions. [View presentation](#)

Waldette Stoffberg, business development manager for Glacier explored some useful examples as she presented the case for discretionary combinations. With the Glacier Cash Option, investors can derive liquidity while the Glacier Investment Plan provides income flexibility, while the Sanlam Wealth Edge Endowment Plan offers tax-efficiency, growth and optional protection.

She emphasised that harnessing the core competencies of individual solutions produces better results. [View presentation](#)

Rainier van der Nest, business development manager at Glacier, also reiterated the importance of combinations. He demonstrated one of Glacier's digital tools, developed to enhance the advice process and the design of optimal solutions.

In his presentation, Rocco Carr, business development manager at Glacier, noted that combining retirement income products can bridge the gap between clients' needs and their income stream management, which has become critical. The reality is that many clients in their 60's typically:

- have not saved enough for retirement;
- care for parents and/or children; and
- retire too soon or are forced to retire.

He demonstrated how certain combinations could help manage future income streams.

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Vusi Thembekwayo, author, global speaker, thought leader and venture capitalist, concluded the Webinar by outlining what it could mean to lead at the edge of chaos, the opportunities that exist, and how to turn clients into brand ambassadors.

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