

A renewed outlook on income

Neal Sinclair, business development manager at Glacier, provided a fresh analogy regarding compulsory and optional income solutions.

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Every investor is different with a unique lifestyle and income needs, and Neal likens the financial planner to a carpenter, who uses the tools and techniques at their disposal to craft a customised solution for every client.

While Sanlam and Glacier present the 'workshop' for financial planners, our products and expertise present the set of 'tools' that can be used to create customised solutions. These tools include, amongst others, unit trusts; tax-free investments; investments with guarantees or fixed terms; and offshore investment plans. They are designed to inspire the financial planner to create compulsory and optional solutions for clients. Tax efficiency is a bit like wood glue and the rich, luxurious finishes represent the service that underpins delivery of the solution and delights the client.

Many of our optional solutions enjoy the benefits of the Section 10A tax exemption, and in the compulsory space, combining products helps to find the 'perfect fit' for your client with specific income needs.

Optional solutions could include:

- Sanlam Income with Capital Preservation Plan
- Optional Life Annuity
- Fixed Return with Income
- Stratus Guaranteed Income (term annuity)
- Investment Plan
- Endowments
- Tax-free savings account

Compulsory solutions could include:

- The Sanlam Income with Capital Preservation Plan
- Living Annuity
- Compulsory Life Annuity

- Investment-linked Lifetime Income

Neal emphasises that it never is about one product being better than another. Importantly, products could work together in combination, to meet the needs of each individual client, whose retirement income needs, like their taste in furniture, is unique.

He illustrates this through examples where the income needs of three very different clients are addressed along with other needs and objectives when combining solutions effectively.

Each scenario requires a different perspective and approach, but the following questions help, among others, to craft the perfect fit:

- What are the financial and budgeting skills of the individual?
- What bridging income is needed until their retirement income kicks in?
- What expenses do they need to cover?
- What liquidity is required for emergencies?
- What guarantees should be built into the solution?
- What are the legacy requirements that they have?
- How can short-term and long-term debt be catered for?
- What tax efficiencies can be built into the solution?
- What retirement income is required?
- What estate planning is required?

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