

EASY TIPS

on how to build for retirement



You may have wondered at what age you need to start saving for retirement. The simple truth is that the moment you start earning money, you should think about saving for the future. You want to save at least twelve times your salary before you retire. This might be more or less depending on when you plan to retire.

The earlier you start, the less money you'll need to contribute, thanks to the power of compound interest. Unfortunately though, saving is one of those things we rarely think about until it's too late. Knowing what you're meant to do, and actually doing it, are two very different things.

The results of the 2015 Sanlam Benchmark survey revealed the following alarming statistics about South Africans:



Added to this, many of us are facing a situation in which we may have to support our own retired parents, while also providing for our children, and trying to reduce our spending, all at the same time.

SO, WHAT'S THE SIMPLEST WAY TO START SAVING?

1 Have a plan

A written plan helps you to focus on concrete goals, so speak to a financial advisor to help you create a plan that is perfect for your needs. You need short-term and long-term savings.



2 Pay yourself first

Paying yourself first is the most important habit you can develop. So spend what is left after saving, and not the other way round.

3 Don't go for lifestyle over savings

You should never live to the full capacity of your income – or worse, create debt to improve your lifestyle. You need to have available capital for your investment activities.



5 Go automatic

Arrange your finances so that every month certain actions take place that automatically grow your assets without any decisions or extra effort on your part. Such as creating a debit order to a savings account or increasing your contributions to your retirement fund.

4 Don't procrastinate

If you wait just six years to get started and your assets grow at 12% annually, you will have half as much money when you retire compared to starting today. So start today.

6 Make the commitment

Successful retirement planning requires you to provide the necessary resources to reach the goal. Don't set yourself up for failure by under-committing or committing too little, too late and expecting miraculous returns.

7 Don't touch!

A pile of savings that is easy and pain-free to reach is an easy solution to life's troubles. And that's a bad thing. The rule is simple: when you build a nest egg, don't touch it for any reason whatsoever. Just let it grow and grow until you are financially free.

8 And finally: NEVER GIVE UP

You might not have known all of this when you were younger. You might be 50 years old and have not saved anything or have saved very little. Remember: it is never too late to start. Every little bit helps. No matter where you are on your journey, don't put off this important action. Save, save, save. As much as you can. Whatever you can.



MY 4 STEP SAVINGS PLAN

| What I need to do | <input checked="" type="checkbox"/> |
|---|-------------------------------------|
| Make an appointment with an accredited financial advisor. (Contact your bank, insurance company or www.fpi.co.za for contact details.) | |
| Create my budget to see where I can save. Every little bit helps. (Start off with just R50 if that is all that you have!) | |
| Set up an automatic debit order to a savings account (short-term savings), and/or contribute more to my current retirement fund (long-term savings). (You need both short and long-term savings.) | |
| Don't touch my savings when I leave my employer. (If you take your retirement savings in cash before retirement you will have to start saving from scratch.) | |

YOUR FUTURE IS CREATED BY WHAT YOU DO TODAY.