

A TALE OF TEMPTATION

WHY TAKING IT ALL IN CASH WILL COST YOU!

For some of us, retirement seems too far in the future to be concerned about now. *Why should we be concerned when there are still so many years ahead of us to save the money we need?* It's this exact thought process that often leads to people taking their savings in cash years before retirement. And just to be clear... **IT IS A VERY RISKY CHOICE.**

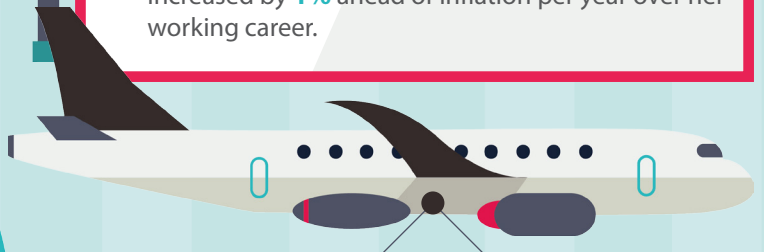
*When you retire, you would want to carry on experiencing the same standard of living you enjoy now, wouldn't you? **WELL, THE FACT IS:*** If you don't make informed money decisions today, like allowing your money invested in a retirement vehicle to grow over a long period of time, then your future might not be as rosy as you expect.

A SHORT STORY ABOUT HOW TAKING IT ALL IN CASH WILL COST YOU IN THE END



1 Julia started her dream job at the age of **25**. She and her financial advisor decided that she would contribute **12%** of her salary towards retirement every month.

2 Over the first **20 years** of her career, she consistently received returns above inflation. Her salary also increased by **1%** ahead of inflation per year over her working career.



3 When she eventually retired one day, she was expected to have around **9.6** times her annual salary saved up. This would have ensured her roughly **70%** of her final salary as a monthly income, during her retirement years.



4 At the age of **45**, Julia had already saved a substantial amount of money. And with **20 years** to go before retirement, she decided to cash in her retirement savings to go on a fancy overseas holiday.

5 After coming back from her holiday, her financial advisor informed her that she would now have to contribute **35%** of her salary (**ALMOST THREE TIMES MORE**) for the next **20 years** to get back to where she was before.

DO YOU THINK YOU WOULD BE ABLE TO GET BY WITHOUT 35% OF YOUR SALARY EVERY MONTH?

Despite all the warnings, early withdrawals remain one of the main reasons most South Africans aren't able to maintain their standard of living in retirement. In fact, the percentage of South Africans likely to take their retirement savings in cash when they resign has almost doubled over the last four years.

When it comes to saving for retirement, there are no short cuts. Invest wisely, contribute as much as you can afford to, get advice, and resist the temptation to dip into your retirement savings!



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