Retiring soon?

It pays to think ahead.

Nearing Retirement (5-10 years before your retirement date)

You need to start thinking about the minimum income you and your dependants would need to retain your basic quality of life. Things like:

ACCOMMODATION | FOOD | CLOTHES | MEDICAL EXPENSES | TRANSPORT

A general rule is that you need to receive at least 70% of your final salary as a pension.

For example:
If your final salary at retirement is about **R20 000**, ideally you would want to aim for a pension of at least **R14 000** (70% of **R20 000**).

At Retirement (Determined by your Fund rules)

Depending on the Fund to which you belong, you may be able to do the following with your retirement benefit:

- You may take all or part of your money in cash when you retire from the Fund.
- You may use all or part of your money to purchase an annuity.

Remember:
The more you take in cash, the more you will pay in tax, and the less you will have available to purchase a pension.

Purchasing an Annuity (Pension)

When you retire, probably the most important decision you make will be which annuity (pension) you choose. Here are the two general options to consider:

Life Annuity	Living Annuity
Your monthly pension is guaranteed for life.	Your pension can be changed every year (between 2.5% and 17.5% of your capital).
The insurer will determine the investment strategy of the underlying investments.	The choice of underlying investments rests with you and your advisor.
Various options are available and differ from insurer to insurer.	Capital goes to your beneficiaries if you die.
The insurer takes on the investment risk. Your monthly pension is guaranteed.	You take on the investment risk.
Your choice is final and cannot be changed.	You can transfer to a Life Annuity at a later stage.

Speak to your Fund representative or accredited financial advisor before making any decisions.
Remember, knowledge is power – an informed decision is the best decision.