



# MORE PRESERVATION MORE OF THE TIME

Did you know that the average South African changes jobs on average between 4-6 times during their lifetime. Very often cashing in their retirement fund benefits along the way. This creates a scenario where many members of retirement funds end up in their final jobs before retirement and having only 10 years or less of savings for retirement.

**Research has shown that in order to retire comfortably at age 60, you need to save at least 17.5% of your salary, for at least 35 years, invested largely in growth assets (such as shares). The savings period is extremely important. Every time you change jobs and take the money in cash to spend, you are shortening the savings period.**

Facing retirement with only 10 years worth of savings is one of the main reason why the average member of retirement funds in South Africa can only replace about 30% of their salary with a pension income when they retire. This means that if you were earning R30 000 per month before retirement – your retirement capital would only be able to buy a pension income equal to R9 000 per month.

In order to retire comfortable you need to accumulate a fund credit (retirement capital) of between 12-17 times your final annual salary. If you are earning R30 000 per month (R360 000 per annum) before retirement you need to have saved between R4.3 million (12 times) and R6.1 million (17 times) in order to receive a comfortable pension.



**LEARNING**  
UNDERSTANDING  
ENGAGING  
READING  
COMMUNICATING  
KNOWING



**PLANNING**  
SAVING  
CALL TO ACTION  
GROWING  
INTERACTING



**LIVING**  
PEACE OF MIND  
RELAXING  
CONTENTMENT  
CREATIVITY



**PRESERVING**  
INVESTING  
DEBT FREE  
FINANCIAL ADVICE  
COMFY NEST EGG

## MORE WAYS TO RESERVE WEALTH

1. **The easiest way to preserve your benefits is** to become a Paid-up member or Preserver member of the Fund. When you resign you don't withdraw your money from the Fund. It remains invested in the portfolio it was invested in, prior to your resignation, and it will continue to grow until you decide to retire and claim the money.
2. **You may transfer the benefit tax-free** to a Preservation Fund of your choice.
3. **You may transfer the benefit tax-free** to the Fund of your new employer.

## NEED MORE CONVINCING?

- ✓ **If you work for 35 years** you ONLY have 420 pay days to save for your retirement, make each of these pay dates count.
- ✓ **Your retirement savings in the first 10 years of your working life** (i.e. assuming you contribute for 35 years), could contribute towards 50% of your pension as a result of compound interest. Cashing in your first 10 years of savings could reduce your pension income by 50%.
- ✓ **When you cash in each time you change jobs**, you reset your retirement savings journey and start from zero again.
- ✓ **The new contribution level you need** (post cashing in) to retire well, will jump by a significant amount (you will now need to save more than the recommended 17.5% of your salary).

## MORE MEMBER SUPPORT

For more financial advice, information regarding preservation of benefits and/or the Fund Select Annuity (default annuity/pension) **you can call or email the following:**



**0860 388 873**



**[memberssupportservices@oldmutual.com](mailto:memberssupportservices@oldmutual.com)**



**PENSION SCHEME  
and PROVIDENT FUND**

# ISASA

Independent Schools Association of Southern Africa

**APRIL 2022**

## TAKE MORE ACTION

- ✓ **Preserve your benefits** every time you change jobs.
- ✓ **Establish what percentage of your salary** you are saving each month - if this is less than 17.5%, make additional voluntary contributions to the Fund or save outside of the Fund.
- ✓ **Don't retire early** as the full benefit of compounded interest (interest on interest) kicks in when you are older and earning a higher salary.
- ✓ **Learn about the Fund's investment portfolios.** If you still have ten years to go before you retire you should make sure you are invested in a portfolio with a high exposure to equities (to ensure the best possible growth).
- ✓ **Learn about the various ways** in which you can preserve your benefits.
- ✓ **Make sure you are debt-free** before you retire.
- ✓ **Make sure you find a reliable accredited financial adviser** to help you create a plan for retirement.

## MORE LIVING AFTER RETIREMENT

**With proper planning and a disciplined approach to saving**, you can build more of a nest egg for retirement and have more fun in your golden years.

**MORE LEARNING PLANNING LIVING PRESERVING**