

RETIREMENT CAN BE DISAPPOINTING

Most people do not have enough money to maintain their standard of living when they retire and they are faced with a choice between continuing to work or adapting their lifestyle. There are a number of things that can contribute to your finding yourself in this position.

1. **Lack of proper planning** — It is very important to review and adjust your financial plan and goals regularly.

2. **Longevity** — We live longer than our parents, so will probably have more “retirement years”, which means we will need more money when we retire.

3. **The retirement gap** — There is usually a shortfall between the benefits of an employer-sponsored pension savings scheme and what you need to retire on.

4. **Healthcare costs** — Medical inflation is higher than ordinary inflation, and high medical costs can be expected after retirement.

5. **Non-preservation** — The worst mistake you can make is to spend your retirement payout when you change jobs. Reinvest it so that it will remain part of your retirement plan.

6. **Early retirement/retrenchment** — Taking early retirement or retrenchment packages five years before normal retirement means you have to add five years to your retirement years and subtract five years from your retirement savings!

7. **Too little, too late** — Self-employed people leave saving for their retirement too late. This results in too little capital being accumulated for a comfortable retirement.

8. **Poor investment decisions** — Making poor investment decisions when investing your retirement savings and capital can undo the work of a lifetime. Be especially careful of investment scams that target senior citizens.

9. **Increased incidence of life-threatening illness** — Although it depends on the type of fund, an increasing proportion of retirement fund contributions goes to fund death and disability benefits, and less goes towards the investment portion. Your retirement scheme will therefore grow more slowly than expected — and you have to make up for it by putting away a little more each month for your old age.



PLANNING FOR THE FUTURE

Most people dream of a financially secure future. But not everyone who has the income and qualifications to realise that dream is willing to give what it takes: careful planning and a lot of determination.

Start now! Whether you are 20 or 50, you have the ideal within your grasp. Discipline yourself. Once you have found the right risk cover and investment to suit your current needs, maintain it. And as your savings grow and circumstances improve, study new investment options. Get advice! A retirement annuity? An endowment policy? Unit trusts? There are many options to choose from. Build a secure financial future today!

Although some companies sell insurance and investment products direct to the public, most make use of the services of professional intermediaries. Some intermediaries are associated with a particular company while others are independent, marketing the products of a variety of companies.

FINANCIAL SERVICE INTERMEDIARIES AND ADVISERS

Codes of conduct for intermediaries have been prescribed by The Financial Advisory and Intermediary Services Act, 2002 (FAIS) to ensure professional service. The main focus of the Act is to provide a great measure of consumer protection. The Act states that intermediaries must **analyse** your individual needs, provide the information you need to make an informed decision, **recommend appropriate products** and discuss the costs and **financial implications** – in other words, provide you with **professional advice and service**.

It is an intermediary's **responsibility** to ensure that:

- your best interests are served and protected

- you understand the financial implications of your policy or transaction, including the benefits you can expect and repercussions of cancellation or surrender (where applicable)
- you have provided all the information required
- all documentation reaches you within 30 days of issue (where applicable).

Take responsibility for your insurance and investment portfolios, even if you make use of a financial consultant. And deal only with **reputable** intermediaries! The Act also provides for an Ombuds Office to handle client's complaints against improper actions of intermediaries.

Intermediaries

form the **link** between the companies (insurers, JSE, banks etc.) and the consumer (you). Most financial services products are marketed and sold through intermediaries. Intermediaries include financial advisers, insurance brokers, bank officials and stockbrokers.