

YOUR MONEY SORTED



IS YOUR NEST EGG ENOUGH?

By LETITIA WATSON

Send suggestions for topics and requests for info to yourmoney@you.co.za. We may answer your questions in this column but won't reply personally.

We all want to live long lives. But will your retirement funds last as long as you? Take steps now to make sure they do

OLD, OLDER, FLAT BROKE?

If you save just enough money to last for the first 15 years after you retire it means you probably expect to die before you're 80. But what happens if you live to 90 or more? Talk to your financial adviser and find out how much money you'll get when you retire – and how much you'll pay in tax. What will your monthly income be when you retire? Exactly how long is that nest egg going to last you?

WORK, WORK, WORK...

Work for as long as long as you can. Retiring from age 55 to 65 is way too young if you're going to live another 30 or 40 years, Brian Butchart of Brenthurst Wealth says. If you can't retire later, you should make alternative income plans. For example, see how your skills could be applied in part-time, freelance or short-term contract jobs. Spend less and save more. And live a simpler life after retirement.

MAKE A PLAN

Start now. Have a professional investment plan drawn up. Take into account projected income and lifestyle needs – and the possibility that you could live to a ripe old age. Talk to your fund manager or expert adviser so you don't invest too conservatively and forfeit good growth. If you're already retired, don't start living like a king when investments improve. Keep your income level at a fixed percentage which automatically increases as the investment's value grows.

ANNUITY WITHDRAWALS

Most people with life annuities run the risk of exhausting their capital by withdrawing too much as a monthly income, Peter Dempsey of the Association for Savings & Investments SA (Asisa) says.

According to Asisa, life annuity policy holders withdrew an average of 6,59 percent of their capital as income last year, whereas the average rate should be closer to 5 percent.

5 QUESTIONS ABOUT RETIREMENT FUNDS

- 1** How do I know the adviser is licenced? Ask them for proof. You can also check their accreditation at the Financial Services Board (FSB).
- 2** Do fees make a difference? Yes, investment and advisers' fees can make up a big chunk in the long term. So compare similar products and advisers' fees.
- 3** Why must my investment growth keep pace with inflation? By ensuring this happens, your investments retain their buying power, even when products and services get more expensive.
- 4** What's the biggest mistake to avoid making? Don't withdraw your pension when you change jobs.
- 5** How can I adapt my lifestyle? Buy an affordable car, for instance, and save the instalments you'd be paying on a more expensive vehicle.

200 PERCENT OLDER BY 2050

Worldwide, the number of people who live to age 60 and older is growing by 3,26 percent annually, the United Nations' 2015 population survey shows.

People can now live up to 135, says Rudi Westendorp, professor at the University of Copenhagen. But many don't live life to the fullest as they think they're already elderly when they reach 50.



TIP! If you're a woman, you must save even more than a man. On average women live four to five years longer than men.

GET MORE HELP HERE

- Asisa, asisa.org.za.
- Institute for Financial Planners, fpi.co.za, for independent, accredited advisers.
- FSB, fsb.co.za

*Forty is the old age of youth;
fifty the youth of old age*

— FRENCH WRITER AND POET VICTOR HUGO