

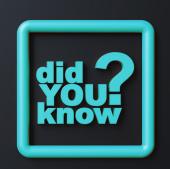
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Did you know?

You can predict how much your monthly income may be when you retire. This can help you to plan ahead for your retirement needs.

Unfortunately, the reality is that very few employees belonging to retirement funds – as few as **6%** - manage to save enough in their working lives to enable them to retire comfortably without a substantial drop in their standard of living.



It is common 'retirement wisdom' that your first monthly income in retirement should be at least 70% of your final salary just before retirement, so that your standard of living after retirement does not fall dramatically after you retire. However, few of us manage to avoid this fall in living standards.

As a retirement fund member, you need to ask yourself some important questions to determine how much you may need as a retirement income when you retire, in order to maintain the lifestyle that you are used to:

- Will you have paid off all your **debts** by the time you retire?
- Will other people be **depending** on you financially after you retire?
- Do you have an **emergency fund** for unexpected expenses?
- Do you have any retirement dreams that will **cost extra** to fulfil?
- Which of your expenses will **decrease** (e.g., transport, education, appliances) and which will likely increase (e.g., medical, security)?
- Have you drawn up a **budget** (in today's cost terms) of what your minimum monthly expenses will be in your first year of retirement?
- > Have you considered the possibility that you might live for a very **long time** after you retire?

Once you have answered all these questions, the best thing you can do is have a look at your **Member Benefit Statement** – which you receive at least once every year.

On your Benefit Statement, you will be able to see:



How much retirement savings you have currently.



How much retirement savings you are likely to have accumulated by the time you retire – an illustrative value of your **projected retirement savings**, based on realistic assumptions.

Liberty Corporate has made its **Retirement Benefit Projection calculator** available to assist you with calculating the projected future value of your retirement savings when you retire, and whether these savings are likely to be sufficient to meet your future retirement needs. This calculator also provides an estimate of the expected retirement income your retirement savings may generate.



To make use of the calculator, please contact your Fund Financial Adviser.



Remember

You have the option to make **additional contributions** towards your retirement savings. A little extra today can go a long way over the long term, thanks to the magic of **compound interest.**

Find out more: https://csuf.libertv.co.za/Documents/Taxation-and-AVCs.pdf



Understand what 'compound interest' means:

Compound interest helps your savings grow over time, because you start to earn **interest on the interest** you've already earned, for as long as you keep your money invested. Think of it like a snowball rolling downhill, getting bigger and bigger as it goes.

Find out more: https://csuf.liberty.co.za/Documents/compound-interest-liberty.pdf

As an added bonus, the money you contribute towards your retirement is tax deductible. You can contribute up to **27.5%** of your taxable income (to an annual maximum of R350 000) towards your retirement and receive a tax deduction on your contributions. Any excess contributions over and above the 27.5% or R350 000 will be available for a tax deduction in future tax years.

If you would like to make use of this opportunity to contribute more, ask your employer to deduct an Additional Voluntary Contribution (AVC) from your salary and pay it over to your retirement fund.

