



**wealthcoaching** (PTY)Ltd  
planning tomorrow together

**SAVE, SAVE,  
SAVE!**

SEPTEMBER 2015



## Why a retirement annuity?

❖ I get this question a lot..."Would investments, unit trust or shares not be better for retirement savings?" There are a few reasons why the answer is always NO!!!

1. **The main reason:** People cannot leave money alone!! Life is not a smooth ride and it dishes out emergencies every so often. If you save via an investment vehicle, you can access your money at any time. I would still love to meet the person that has not touched their savings when an emergency rears its head.
2. With a retirement annuity you cannot touch the money before age 55, so this ensures that one save's in a **disciplined manner**.
3. Your retirement annuity is **tax deductible!** Yes you will actually get money back from SARS if you have an annuity. If you contribute R 1 000 per month to your retirement annuity and you are on an 18% nominal tax rate you could get R 2 160 back. In other words your contribution for the year was R 12 000, however your net yearly payment could possibly be only R 9 840.
4. Your retirement savings are **protected against creditors**. That's correct if you are in financial trouble creditors cannot claim this money. With other savings vehicles creditors can make a claim on your savings.
5. **Compound interest**, because you are saving over a long period your money will earn interest on interest. If you save a lump sum of R 12 000 once off, in 20 years this will be R 80 000 without adding to it and in 30 years it would grow to R 200 000.



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### Some facts!!

- 31% of South African's have to keep working to be able to live
- 47% are dependent on family or friends to live
- only 6% of people retire comfortably



### So now what? How do we fix this?

- **Start immediately!! You can get retirement annuities from R 200, saving is a habit, just make a start**
- How to know if you are saving enough? There is a few different formulas for this. One would be to aim to save 15 x your annual salary.
- For a more accurate and a monthly savings plan reply to this email or contact our offices at 031 266 3313.

.....As always we are here to assist you with any queries you may have, big or small .....

Until our next newsletter

*Take Care*  
**Sm**ercer