

## FOR IMMEDIATE RELEASE

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### **Are you ready to retire?**

#### ***What you need to know to make the best of it***

A friend going on retirement within a month was asking her colleagues pertinent questions. These got me thinking about the many predicaments some of our members face.

*Is one ever ready to retire? How and when do I plan for retirement? How do I save for retirement when I am hardly making ends meet? What should I do two to three years before I actually retire? What should I do with my time whilst on retirement? What should I do with my lumpsum?* These questions prompted me to offer an outlook view in an attempt to reflect and advise members.

There are a few certainties in life and retirement is one of them. Retirement is a sure deal and one day or another, we all have to retire, most notably, not from life but from our professional jobs. It is instructive to understand that one must live now, for worrying does not take away tomorrow's troubles, it takes away today's peace, but planning certainly ensures a future comfort zone.

Retirement can be a scary, stressful and uncertain period as one is unsure of what lies ahead, but with proper planning and preparation, retirement can without any doubt be a period of enjoyment, relaxation and harvesting what you have been ploughing for many years. Retirement offers the gift of time to do the things that matter most to you. While our happiest years may be in retirement, the transition is not always a walk in the park. A good plan happens by design and not by accident and therefore planning for retirement and doing your homework in advance to know what you are retiring to, not just what you are retiring from, is essential. If it is important for you, you will find a way. If not, you'll find an excuse.

### ***How and When do I plan for Retirement?***

One of the best things you can do for your financial future is to invest in yourself thinking long-term. This can be done in a number of ways. Retirement is the next stage after working and it is advisable to plan for it immediately after starting to work. Like any good plan, a retirement plan should be in writing, simple, achievable, realistic, time bound and you can start by **setting Goals**. Where are you going to live or retiring to i.e. village, city? Are you going to manage a small business and earn an extra income? Are you going to travel around the world and go on that cruise that you always wanted but never had the time or money to do?

Secondly, **gather Information** on the various retirement and saving options available i.e. pension, retirement annuities, unit trusts, bonds, etc. Thirdly, **analyze information** how much do you need and will you actually have for your retirement. Thereafter, **determine ways to meet your retirement goals** – Your employer funded scheme / pension alone might not be sufficient and supplement that by saving additionally. And finally, **implement and review** by taking action and reviewing your plan regularly. Change and adjust your retirement plan as you go and remember to keep your goals in mind. Where necessary, get help from an accredited service provider / financial coach to assist you on this journey.

### ***How do I save for retirement when I am hardly making ends meet?***

Resources are never enough and it is indeed very difficult to equitably balance present and future needs but any saving, however small, and made consistently over a long time, can make a huge difference. How much money is enough to retire on? I recommend replacing about 70% of your pre-retirement income to sustain the same lifestyle after you retire. That means if you earn 100,000 per year, you should aim for at least 70,000 income in retirement. Not all of this income will need to come from your savings. Some may be from rental income, social security, consulting etc. The reason you don't need to replace 100% of your pre-retirement income is that when you retire, you are typically able to eliminate certain expenses. Such as you'll no longer have to save for retirement (obviously), you might spend less on commuting expenses and other costs related to going to work etc.

### ***What should I do with my time whilst on retirement?***

Retirement does not mean being idle but can be considered as that time when you stop living at work and begin working at living. This can then mean re-inventing oneself, learning new skills and hobbies, volunteering in the community, travelling and living out your passions. Now that you have the time, that hustle that you were doing on weekends and holidays to supplement your income can now be turned into a profitable retirement business to supplement your pension. Ideally, this should already have been established long before you go on retirement.

### ***What should I do 3 – 5 years before I go on retirement?***

Now that you are close to retirement, *you can start by requesting a latest benefit statement or a quotation from your Retirement Fund.* This details the retirement benefits that you should expect i.e. lumpsum and monthly pension. It also helps to ascertain all the other benefits that the employer offers, for example, post-retirement medical aid benefits, re-location expenses, etc. as these will help you to work out your retirement budget effectively. Also take note of your private retirement savings to ensure that you have a holistic view as this will help you to plan better.

*Pay off your debts so that you are debt free by the time you go on retirement.*

*Consider your current and retirement living costs.* What extras will you be paying that you are not paying now and which expenses will be reduced? Your transport costs will for example reduce since you will not be driving to work every day. Ensure that your budget is realistic and written so that you can revisit it regularly.

In summary, you can estimate the monthly retirement income you need to generate using this formula:

*Monthly income required = Estimated retirement expenses – Monthly retirement income from other sources.*

A few months before you retire, *contact your Human Resources office* and establish all the forms and the required supporting documents that needs to be submitted to your Fund as this will surely ensure that your benefits are paid timeously.

Remember to keep a Retirement Journal / Notebook handy where you write down and bring your plan to life.

### ***What should I do with my lumpsum?***

I am of the view that retirement is a blessing and those fortunate enough to reach retirement age have many options to exercise. In Namibia, we should consider ourselves fortunate as, legally, the lumpsum or one third received at retirement is still tax free, irrespective of the amount. In other countries, the lumpsum is proportionally taxable.

A lumpsum is that windfall that should be used sparingly and in accordance with one's retirement plan. Personal circumstances differ, but ideally a lumpsum should be used to settle debts that could not be paid off whilst working, do minor house renovations, travel and a portion should be re-invested for future use. Ideally, the mortgage bond should already have been paid off by the time one retires.

*What I know for sure is that retirement is not a destination but a journey.* For some people, this might be a long journey as with medical advancements people are living longer. The world is changing and our working years are reducing and our years in retirement are increasing. I know a member who has been on retirement for 37 years and this is longer than the years that she has worked. She started working at the age of 25, worked for 35 years and retired at 60. She is now 97 and lives happily at a village, rearing chickens, growing vegetables and looking after her great grandchildren. It is therefore important to plan and make provisions for this important journey and chapter in one's life.

In conclusion, to make the most of your retirement years, be sure to prioritize what **"PUSHES"** you to age well because an individual who **"PUSHES"** well tend to age well: –

- Has a sense of **Purpose**
- **U**ses time to work, help others, go to events and/or participate in activities
- **S**ocializes with friends & family; spends time with others
- Practices **H**ealthy behaviors
- **E**xperiences gratitude
- Focuses on **S**trengths and abilities

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