

OLD MUTUAL SUPERFUND

MEMBER EDUCATIONAL NEWSFLASH – ISSUE 4



ARE YOU SPENDING TOO MUCH AND SAVING TOO LITTLE?

According to the 2016 Old Mutual Savings and Investment Monitor, nearly half of South African households are saving less than they were a year ago!

Are you saving enough? Most of us won't know until it's too late... Its time for a financial check-up.

Regardless of how young you are, how young you feel, or how far away you think your retirement is, a must-do for 2017 is to find out whether you are on track to retire comfortably and to put it bluntly, stop putting off your retirement savings. Instead, you should maximise your retirement saving contributions and plan ahead.

Last year we spoke about the golden rules of saving for retirement – in a nutshell you need to save as much as you can, for as long as you can. The truth is that just belonging to a retirement fund will not secure your financial future – you must make sure that you are making the most of the benefits you have in Old Mutual SuperFund.



AS A MEMBER OF OLD MUTUAL SUPERFUND WHAT CAN YOU DO TO IMPROVE SAVINGS?

- **Increase your savings by making Additional Voluntary Contributions to the Old Mutual SuperFund** - simply contact your Human Resource (HR) department to find out how.
- **Save for as long as possible**, and think carefully before retiring early.
- **Avoid taking your Retirement Savings as cash when you change jobs**, rather keep your savings in Old Mutual SuperFund Preserver, transfer it to a Preservation Fund or to another approved Fund.

REMEMBER, CASHING IN YOUR RETIREMENT SAVINGS HAS SERIOUS CONSEQUENCES.

According to the **2017 Old Mutual Corporate Retirement Monitor**, the number of working South Africans who are likely to cash-in their retirement savings should they have the opportunity, has increased from 19% to 35% between 2012 and 2016. Studies show that this is one of the most **value-destroying behaviours** when it comes to long term savings, as it reduces the impact of compound interest.



ALWAYS CHOOSE TO PRESERVE

Decision-making when you resign, are retrenched or dismissed prior to retirement can be daunting. You have certain options as to what you can do with your retirement savings from your Retirement Fund. You should do your utmost to reinvest your retirement savings.

TWO BASIC CHOICES

TRANSFER TO AN APPROVED RETIREMENT FUND

You can reinvest your retirement benefit by transferring the entire benefit, tax-free, to another approved retirement fund such as:

1. A preservation fund
2. A retirement annuity fund
3. Your new employer's fund

OR

CASH LUMP SUM

You can choose to receive your entire withdrawal benefit as a taxable cash lump sum. You need to think carefully before choosing this option because it could significantly reduce your chances of having a comfortable retirement. The reasons being that your entire benefit is *taxable*, and that you may be tempted to spend what remains after tax rather than reinvest for retirement. If you choose this option it would be advisable to reinvest your benefit so as to keep your retirement capital intact.

GOOD NEWS!

As a member of Old Mutual SuperFund retirement fund, you have access to Old Mutual SuperFund Preserver. The Preserver Preservation Fund is an easy, fuss-free way to reinvest if you change jobs, resign, get retrenched, or are dismissed. Once you are an Old Mutual SuperFund Preserver member, your retirement savings stay intact and you still get to enjoy all the benefits that the Old Mutual SuperFund Preserver offers.

For more information, click here.

THE POWER IS IN YOUR HANDS

While your employer and the Fund will do their best to help you achieve a comfortable retirement, the power remains in your hands. Use the tools provided to you, seek the necessary financial advice from an accredited financial adviser and take the required action to secure a worry-free retirement.

In our next few editions, we will provide you with some food for thought which will help you make those important decisions to ensure that your hard earned retirement savings are well managed. Watch this space...



Contact your accredited Financial Adviser or call our support line on 0860 38 88 73 which can provide you with contact details for accredited Financial Advisers whom you may wish to contact.