

TOPIC

Converting retirement savings into a reliable income stream through annuities, dividend payments, and investments



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A glimpse of retirement

Do you recognize this person?



OR



Facts about retirement

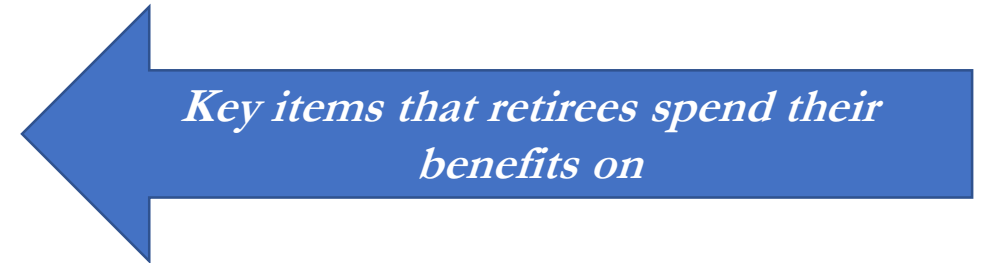
- ✓ Majority of working people only contribute to mandatory schemes.
- ✓ Majority of working people with access to their savings or retirement benefits utilize them for emergencies & before the retirement age.
- ✓ It is possible to live longer in retirement than one's working life.
- ✓ Children may not be able to support you in retirement due to the rising costs of living and scarcity of employment opportunities.
- ✓ You're more likely to support your adult children in retirement.
- ✓ The biggest worries in retirement are poverty, poor health and loneliness.

Facts about retirement

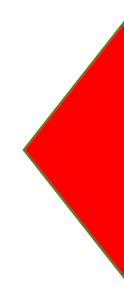
- ✓ All employee benefits will cease once you retire.....medical insurance, group life, group personal accident, office car, fuel, airtime, travels e.t.c
- ✓ More people are opting to stay in the city after retirement.
- ✓ 85% of retirees deplete the retirement funds in less than 3 years of receiving the funds.
- ✓ Retirement planning takes into consideration not only assets and savings but future expenses, liabilities and life expectancy.

Facts about retirement

| Items planned to spend benefits on | Frequency |
|---|-----------|
| Food | 212 |
| New clothes & footwear | 24 |
| Healthcare | 200 |
| Buying Land | 428 |
| Education | 522 |
| Repayment of loans & other credits | 53 |
| Rent | 61 |
| Leisure, holiday, celebration and parties | 4 |
| Building/Improving a house | 388 |
| Investments (Business, Agriculture, Trade, Services, Manufacturing etc) | 357 |
| Buying Vehicle/Motor Cycle | 28 |
| Other | 36 |



Key items that retirees spend their benefits on



**Less than 5%
Achieve
Financial
Independence
after retirement**



- 1** Education
- 2** Housing
- 3** Income replacement for subsistence

Planning for retirement

- ❖ The accumulation phase is very key
- ❖ Consistency in saving is key
- ❖ Choosing a safe and highly rewarding investment plan is key
- ❖ Discipline is key – Do not use retirement funds for emergencies or development purposes.
- ❖ Take risks earlier in life and opt for safer options as move towards retirement.
- ❖ Do not plan to start a business in retirement – You don't have the skills.
- ❖ Reduce your debt as you approach retirement.

Planning for retirement

Some of the options available for accumulation of funds for retirement are;

- 1) NSSF – Both mandatory and voluntary savers.
- 2) Employer retirement benefits schemes
- 3) Personal retirement schemes
- 4) Insurance policies
- 5) Fixed assets as land, property e.tc
- 6) Financial markets - Unit Trusts, Fixed deposits, government securities e.t.c



Options available at retirement

The key focus should be creating reliable income streams that are safe and able to sustain the retiree for a foreseeable period of time.

Options should provide peace of mind with no fear of losing money.



Annuities

What is an Annuity Plan?

It is a contract between an insurance company and an individual to provide income for a lifetime.

An annuity plan gives the member peace of mind and is safe.

The risk of out living retirement benefits is taken on by the insurer.



Annuities

What does one need an Annuity Plan?

- ✓ Have an accumulated amount of money.
- ✓ Identify a provider.
- ✓ Discuss the benefits offered by the plan with the insurer.
- ✓ The plan requires one to be at the retirement age – usually starting from 50 years.



Annuities

Why should you take out an Annuity Plan?

- ✓ Guaranteed income for life
- ✓ Minimum guarantee payment period.
- ✓ Client “customization” of their income stream
- ✓ Fixed or variable payments – Escalation option to cater for inflation.
- ✓ Peace of mind/ stress free income
- ✓ Expert financial and post retirement advice

Can a plan guarantee
my dreams?

Can it generate a
second income?



Other Options

- 1) **Income draw down – Pays out benefits in a phased manner with a known end date. A draw down can range from 10 to 20 years.**
- 2) **Government securities – Retiree can choose to live off income earned by government securities over a period of time.**




Thank you

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