

# Worried you'll outlive your money? You're not alone

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Planning for your golden years can seem challenging ...



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**Planning for your golden years can seem challenging ...**

How do you plan for an event that may be so far in the future? How do you know how much money you will need to invest today, for a better retirement outcome tomorrow? And how do you avoid many people's biggest fear ... outliving your money?

**Sanlam BENCHMARK Survey outlines four major trends that will impact your retirement savings:**

1. **Increasing longevity:** the average South African is living longer
2. **Unemployment issues:** mean that most university graduates only have 18 years of gainful employment during their careers
3. **Restrictive Regulation 28:** hampers maximum savings ability
4. **Digital age:** set to educate and empower non-financial savvy people

**The key question is WHAT NOW?**

Viresh Maharaj, chief marketing actuary is available to share valuable insights and provide guidance as to how your readers can take positive steps towards building an investment plan that will provide peace of mind to them in later years.

**Improved longevity**

Top among the emerging trends as the 'new normal' for retirement savings – is improved longevity, according to the 2016 Sanlam BENCHMARK survey. Longevity combined with poor savings outcomes will force fund members either to delay their retirement or continue working after their planned retirement date.

Retirement funds will in future have to cater for those who continue working until they are 70 or 80 years of age, for those who have fewer 'pay cheques' to work with and for those who prefer a flexible contribution rate.

**18 years of active contribution to the economy**

Elias Masilela, Executive Chairman: DNA Economics and National Planning Committee Commissioner announced as part of the survey results that South African university graduates only had 18 years of active contribution to the economy – as it would take three to five years for them to find gainful employment.

Structural issues such as tough economic times, low employment levels and low savings levels add to the complexity. Against this backdrop the traditional 'save 15% of gross salary for 40 years' retirement methodology is proving difficult to achieve.

Take a look at the infographic below illustrating the 'new normal' of retirement:

# Four insights shaking up retirement

Four big insights from South Africa's leading retirement research (Sanlam's BENCHMARK Survey) will deeply impact retirement savings into the future.

## Insight 1

### Longevity

Life expectancy increased by 20 years from

**1950-2015**



## Impact

People are now working until age

**70-80**



## Insight 2

### Unemployment

**18 YEARS:**

the average length graduates contribute to the economy - "as it takes three to five years for them to find gainful employment" Elias Masilela Executive Chairman, DNA Economics and National Planning Committee Commissioner.



## Impact

The old saving retirement methodology

**15%** of the gross salary for **40** years

is now difficult to achieve, new models for saving are needed.



## Insight 3

### Digital Evolution

Poor communication in the retirement space could be solved by technology.

**37%**

of funds willing to consider robo-advice - in conjunction with a financial advisor.



## Impact



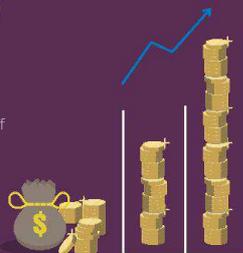
Funds that fully embrace digital communications - by using modern digital tools - will empower their members to better plan their retirement.

## Insight 4

### Regulation

**Regulation 28**

caps the percentage of a fund member's accumulated capital that can be invested in different assets classes - causing concern.



## Impact

This is unnecessarily restrictive, and impacts investment returns.



of retirement funds opposed the regulation, up from 15% in the previous year's survey.



\*Source: Sanlam BENCHMARK Survey 2016