

Sound financial lessons for children (and parents!)

May 24, 2016 | by Contributor | with 0 Comments

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Financial awareness starts from a young age – but that doesn't mean we should ever stop learning lessons from our elders

In fact, focus groups of people under 35 conducted as part of the 2016 **Sanlam BENCHMARK Survey** revealed that many young professionals have taken their parents' or older relatives' experiences and retirement outcomes to heart when it comes to their own planning for retirement. Those who had witnessed financial difficulty were more likely to be extremely strict with their own savings – often ensuring savings were deducted via debit order as soon as their

While the **Sanlam BENCHMARK Survey** focuses on retirement savings, there is a lot that parents can do to start encouraging the right financial behaviours in their children today. Saving for retirement, and savings in general, are much like planning a car journey – but one where we need to keep encouraging children to ask the question “Are we there yet?”!

Your journey to healthy retirement savings

Healthy your retirement savings with the best support and advisory you need on your car could just be the start for a healthy retirement. Ask for the Sanlam Employee Benefits team to take BENCHMARK on board to help you plan between caring for your car and caring for your retirement funds.

Scenario 1: Make sure your retirement has a destination
Just as you wouldn't want to get left behind a destination, you don't want to get left behind your retirement savings. It's important to know where you're going with your savings and work together to get there.
FACT: 56% of pensioners retirement funds still live in their pension funds. However, it's important to know where you're going with your savings and work together to get there.

Scenario 2: Keep your retirement savings well serviced
Just as it's vital to service your car every few thousand kilometres, it's also essential to service your retirement savings. Get your financial adviser involved to make sure you are contributing enough to your retirement to reach your goals.
FACT: Pensioners are reducing contributions by average 20% to save more cash now for the enjoyment of their retirement savings.

Scenario 3: You can't retire on empty
Just as your car won't be without fuel, your retirement won't be without funds. Get your retirement well serviced and you'll be able to enjoy your retirement. It's important to know where you're going with your savings and work together to get there.
FACT: 56% of South African pensioners have higher expenses than income.

Scenario 4: Keep driving toward retirement, reinvest your funds
Just as when you get your car, you use the funds to fill it up and drive it, you use the funds to invest them. It's important to know where you're going with your savings and work together to get there. It's important to know where you're going with your savings and work together to get there.
FACT: 56% of those who withdrew the withdrawing from their funds reported doing so less than 10%.

Make sure you have a destination

Many of us find it difficult to set a target for retirement savings, as it can be difficult to estimate how much you will need to save to achieve financial independence in retirement. That doesn't mean we shouldn't try.

Getting into the habit of setting savings goals from an early age is already a good start – once a child has a good grasp on the future value of money through simpler exercises like saving for a bicycle, this can form the foundation for better understanding the more difficult concepts of saving for a future income in retirement.

Keep your savings well serviced

The simple exercise of saving towards a reward like a bicycle can also assist children to get in the habit of keeping track of and monitoring their savings.

Savings charts that show how much progress has been made towards a goal are an easy visual way to get children excited about savings. In the future, the role of the savings chart is played by a financial advisor that can help you track progress towards your retirement goal.

You can't get to your goal on empty

Setting up savings accounts for longer-term goals for your children can be a good way to start them on a sound financial path. The **Sanlam BENCHMARK Survey** 2016 showed that 48% of South African retirees currently experience a shortfall between income and expenditure on a monthly basis. Starting your children on a path to financial wellness begins with building a healthy relationship with money and savings.

Keep driving towards your goal

Being tempted by immediate spending and as a result not preserving retirement savings when leaving a company is one of the biggest mistakes members make.

In fact, 48% of those who withdrew their retirement savings said they regretted doing so later in life.

Simple savings exercises can help children understand the value of saving for a better outcome in the future versus spending their money on immediate and typically short-term wants. Again, savings charts can assist as you can visually show your child the value of adding their pocket money or chore money to their savings for a bigger goal, compared with spending that money immediately on things like ice cream.

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