



Retirement Fund  
**ISASA**

## Annual Health Check *on your Retirement Planning*



# Will you be able to replace your salary with a decent pension income at retirement?

Just as you would go to the doctor to get an annual check up on your health you should do an annual health check on your financial planning for retirement. The best time to do this would be when you receive your annual benefit statement from the Fund at the end of May 2024.

*Caring about your financial future*



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## **Your benefit statement contains a RAG (red, amber, green) status**

that is based on default assumptions, to indicate if you are on track to be able to replace 75% of your income at retirement with a pension.

**Please Note** that this only takes into account your savings in the Fund and does not include any other savings that you may have outside of the Fund. It also does not take into account any tax payable at or during retirement.

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**In general, a reasonable target is to have a monthly pension that is around 75% of the monthly salary**

you were earning just before retirement (for instance, a pension of R15 000 per month if you were earning R20 000 per month before retirement). This is known as the **replacement ratio**.

**Green** means you are on track to reach the target of 75% or more,  
**Amber** means you are expected to reach between 50% & 75% of your monthly pensionable salary and  
**Red** means you are only likely to secure a pension less than 50% of your monthly pensionable salary.

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# What can you do to improve your retirement planning status?

If you have an Amber or Red status (your replacement ratio may be less than 75%) you need to start saving more.

This can be done by:

- ***Paying extra*** money into your Fund (making additional voluntary contributions), or
- ***Saving an additional 1%*** of your pensionable salary between now and retirement, or
- ***Deferring your retirement*** - Working as long as possible, which may mean continuing to work after your retirement date, if your school approves this, or
- ***Investing extra savings*** in an individual Retirement Annuity, Tax free savings account or other savings products outside of the Fund

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# Use the Retirement Needs Calculator

available online via:

<https://secure.mycorporatebusiness.tro.oldmutual.co.za/>

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# Ability to replace your salary at retirement (Replacement Ratio)

Your final retirement capital (accumulated fund credit at retirement) will be influenced by many factors over the years, these include:

- **Level of** contributions to your fund;
- **Investment growth** on your assets;
- **Inflation**; and
- **Change of employer** where your fund investments were not preserved.

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