



South African Savings Institute



FINANCIAL PLANNING FOR OLD AGE – THE IMPORTANCE OF FINANCIAL EDUCATION IN ENCOURAGING RETIREMENT PLANNING ACROSS THE POPULATION

HISTORY



The South African Savings Institute (SASI) is a not-for-profit organization dedicated to inculcating a culture of saving among South Africans. It was founded in April 2001 by The Industrial Development Corporation (IDC), ACSIS (now part of Old Mutual Private Wealth) and inspired by National Treasury.



PURPOSE OF SASI



Saving is an integral part of financial literacy hence the Institute's efforts are concentrated on raising awareness on key concepts of money management; communicating, educating people and helping them manage down debt; ultimately contribute to a financially healthy citizenry.

WHAT WE DO

- SASI are committed to playing a meaningful role in securing sustained growth in the **national savings rate** to enhance the financial health of the nation and the well-being of its citizens.
- **Advocacy work**, such as influencing decision-makers, regulators, legislators and service providers. SASI would like to see the South African Savings rate improve considerably with a savings culture as opposed to a consumer spending culture.



WHAT WE DO

- **Research initiatives** to monitor savings habits and patterns at government, corporate and household levels as well as the commissioning of new research independently or through partnerships.
- Information and **content provision** to assist in the education of all sectors and tiers of society
- Debate is an important aspect of SASI's drive to raise levels of awareness and tackle issues head on. We do this through **networking and the facilitation** of Round Table fora.



WHAT WE DO

- **Promotion**, especially through a concentrated burst of activity during our annual National Savings Month media campaign, Festive season savings campaign to curb reckless spending, teach a child to save campaign and bespoke campaigns with financial industry partners.



SASI PROGRAMMES & INTERVENTIONS



- The SASI Savings Newsletter™ (Quarterly)
- The National savings Month (July)
- Manage Money Program™ (July)
- The Varsity Financial Literacy Campaign (All year)
- The Festive Season Savings Campaign™ (November)
- The Community Financial Literacy Campaign™ (All year)
- The SASI Savings Convention™ (New)
- The SASI Festive Season Expo™ (New)
- The SASI Radio Drama – Savings Literacy™ (New)
- SASI Saving's Research Library™

Ready to retire?



THREE QUESTIONS AT RETIREMENT

- LUMP SUM OR NOT?
- WHO PROVIDES THE ANNUITY?
- WHAT TYPE OF ANNUITY?
 - Life Annuity
 - Living Annuity



Do you stop living at retirement?

Cash outflows
during
retirement

- Food, groceries,
- Petrol
- Medical Expenses
- Risk (life cover, disability cover)
- Bond
- Education
- Entertainment and
- Unplanned expenses



How long are you going to live?



Life expectancy



EXAMPLE

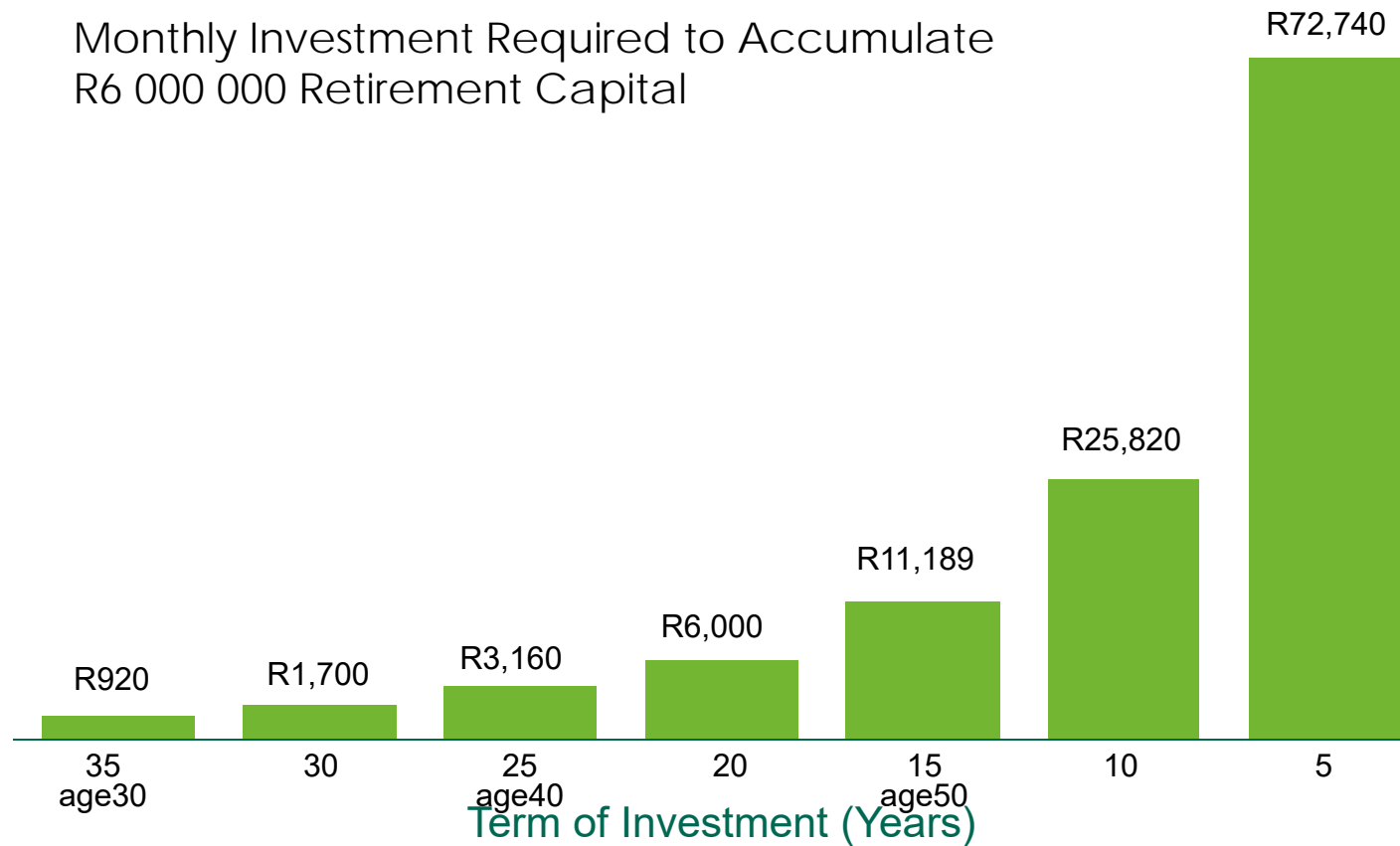
- Annual salary = R100 000
- Age = 35
- Should have achieved 2.0 times your annual salary as retirement savings i.e. R200 000

The objective is to receive an income that will be between 75% to 100% of your last salary.



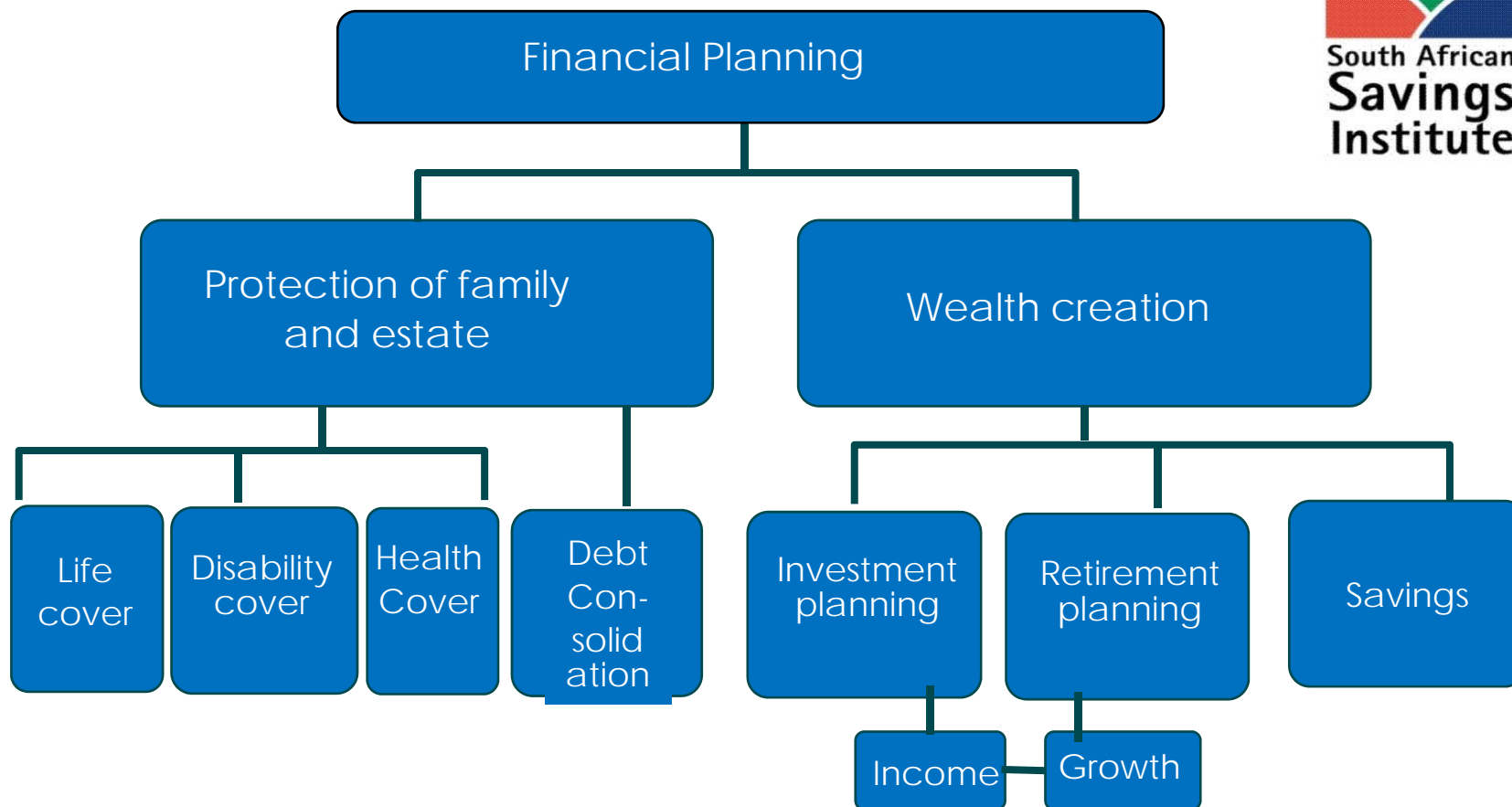
THE INCREASING COST OF DELAY

Monthly Investment Required to Accumulate
R6 000 000 Retirement Capital



Assumptions: Monthly contribution invested at a 12% projection rate, retire at 65 years old

The case for Financial Education



Challenges



- Retirement is experience not event
- Late Start
- Limited Compulsory Saving
- African Customs

Solutions



- Experiences Shared
- Success Examples??
- More Compulsory Saving
- African Customs change



FOR PARTNERSHIP
OPPORTUNITIES

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