



UCTRF

# Retirement Seminar

**4 July 2019**

**Penny Fabre**  
**Principal Officer**

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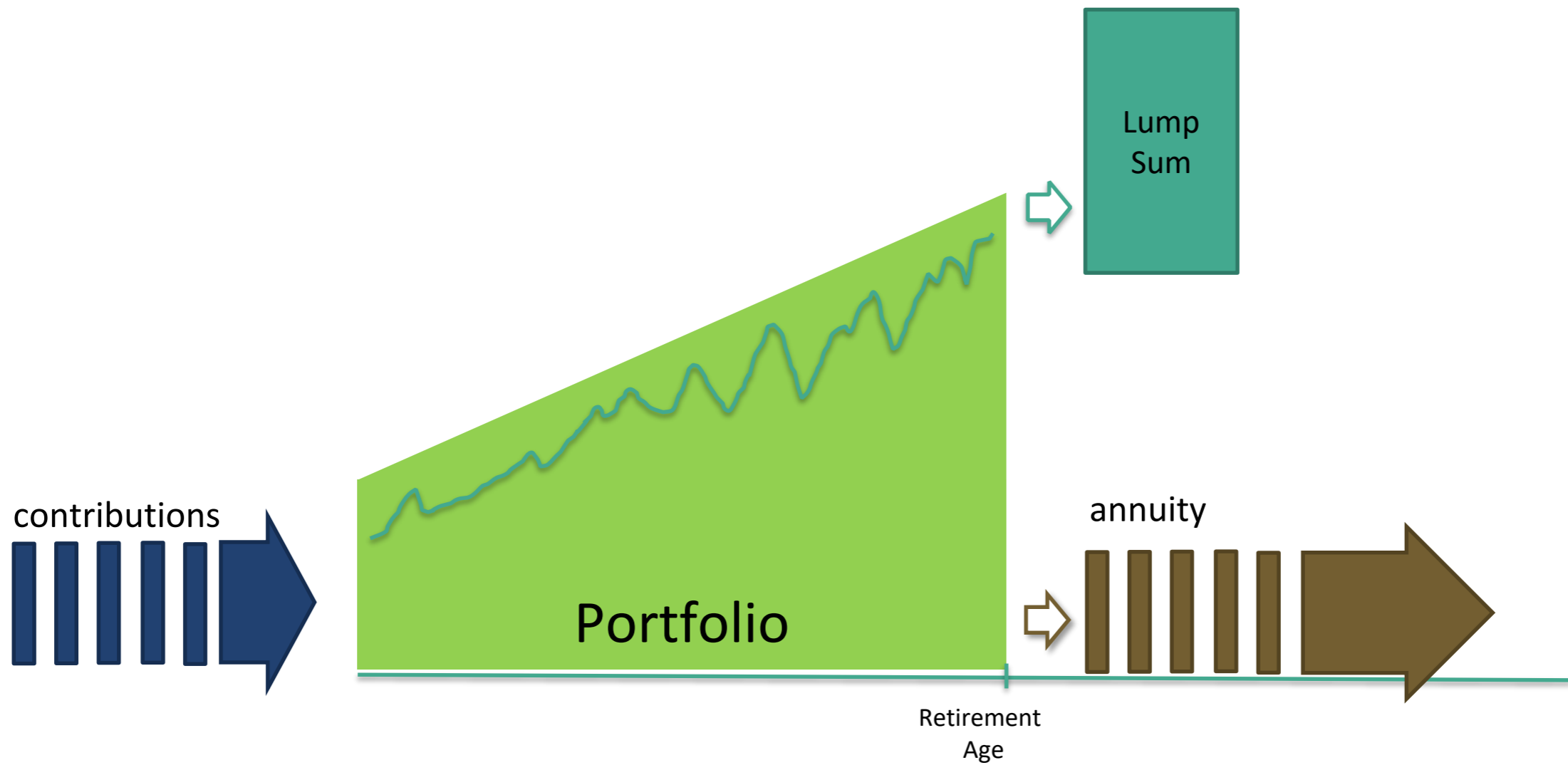


## Who is here?

- How far from retirement are you?
- How long will you have worked at UCT when you retire?
- What DPA % are you on?



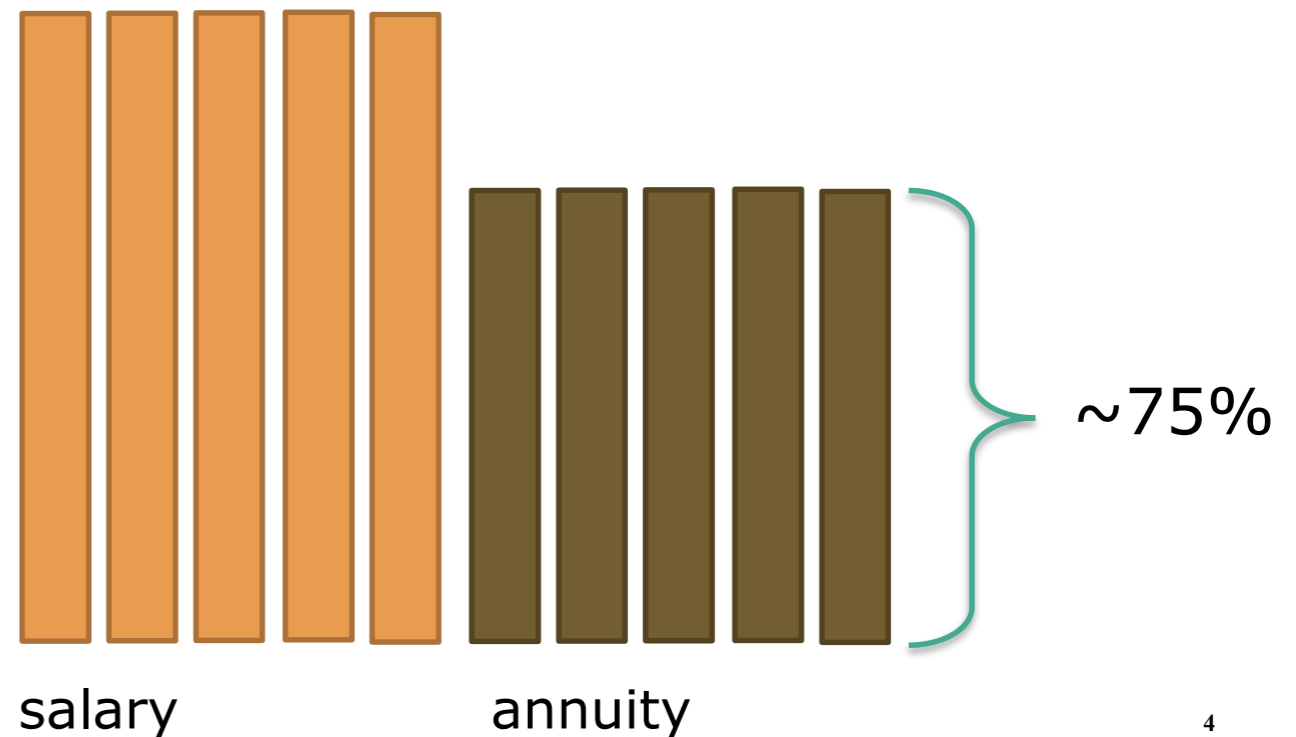
# How does your fund work?





# What are we trying to do?

- Pension of about 75% of salary
- Increasing to keep up with inflation
- Lasting until death
- And even after that for spouse?

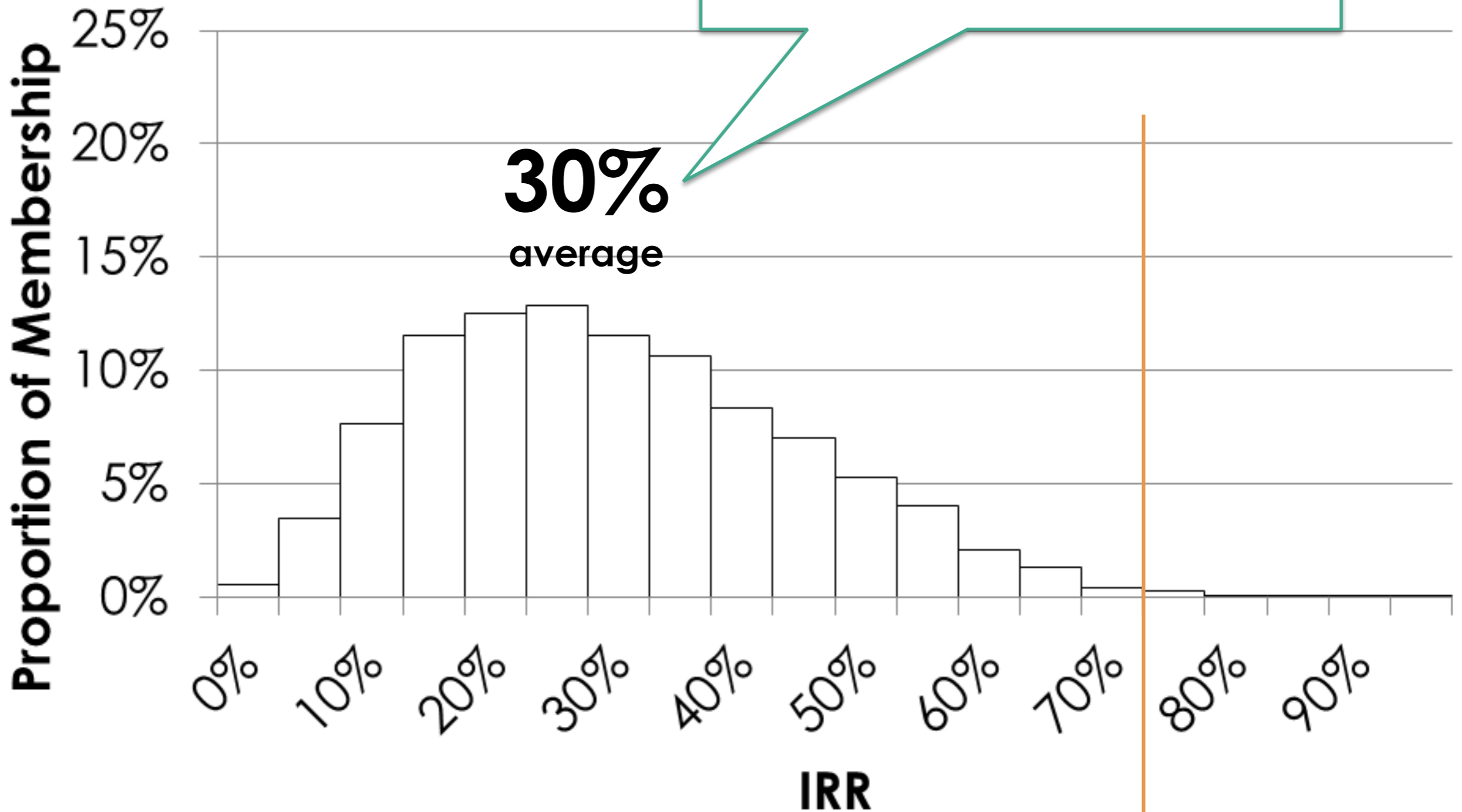


- Are you there yet?

- <https://www.uctrf.co.za/23/L/Retirement-Provision-Calculator>

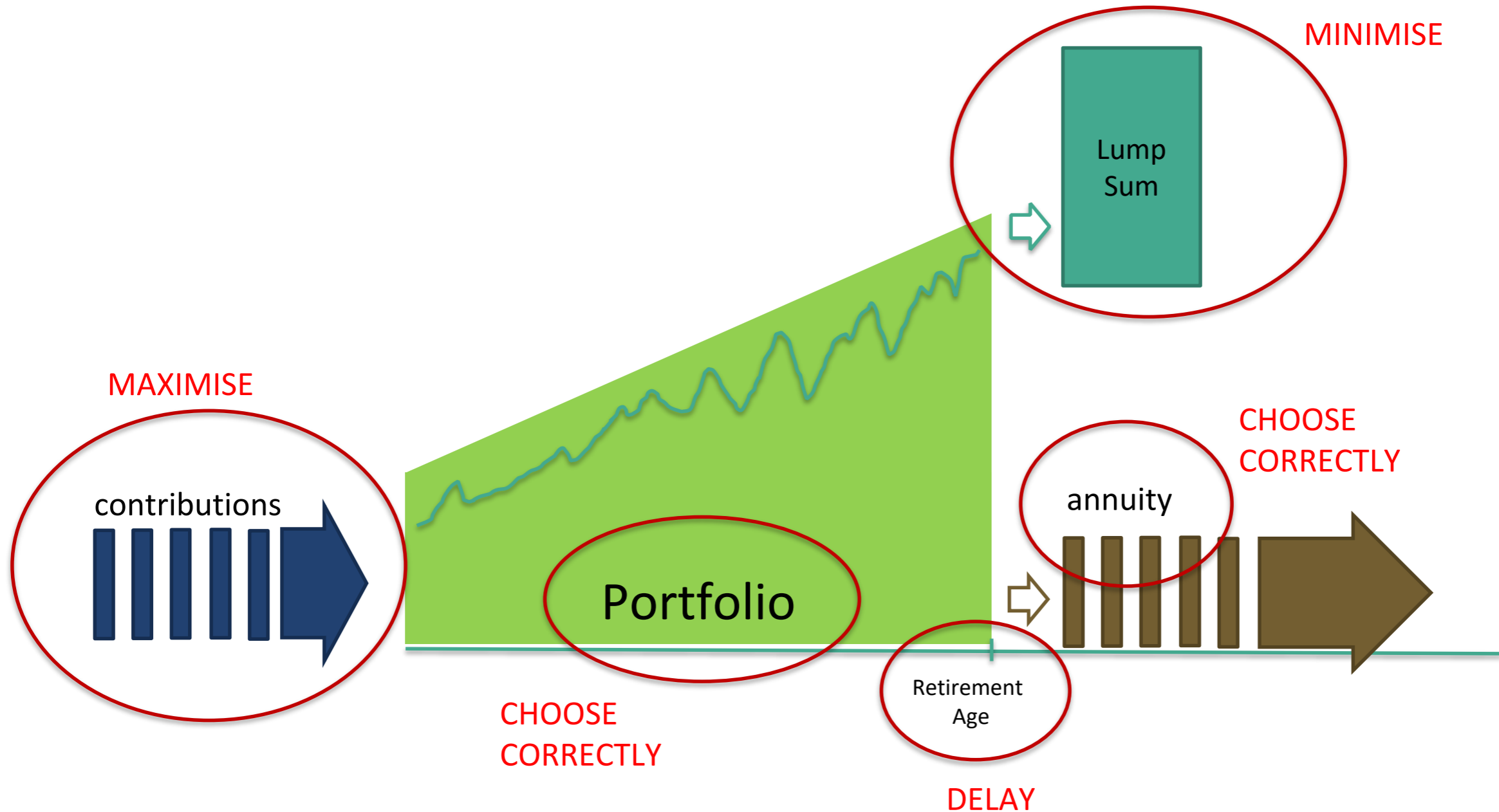


How can you improve?



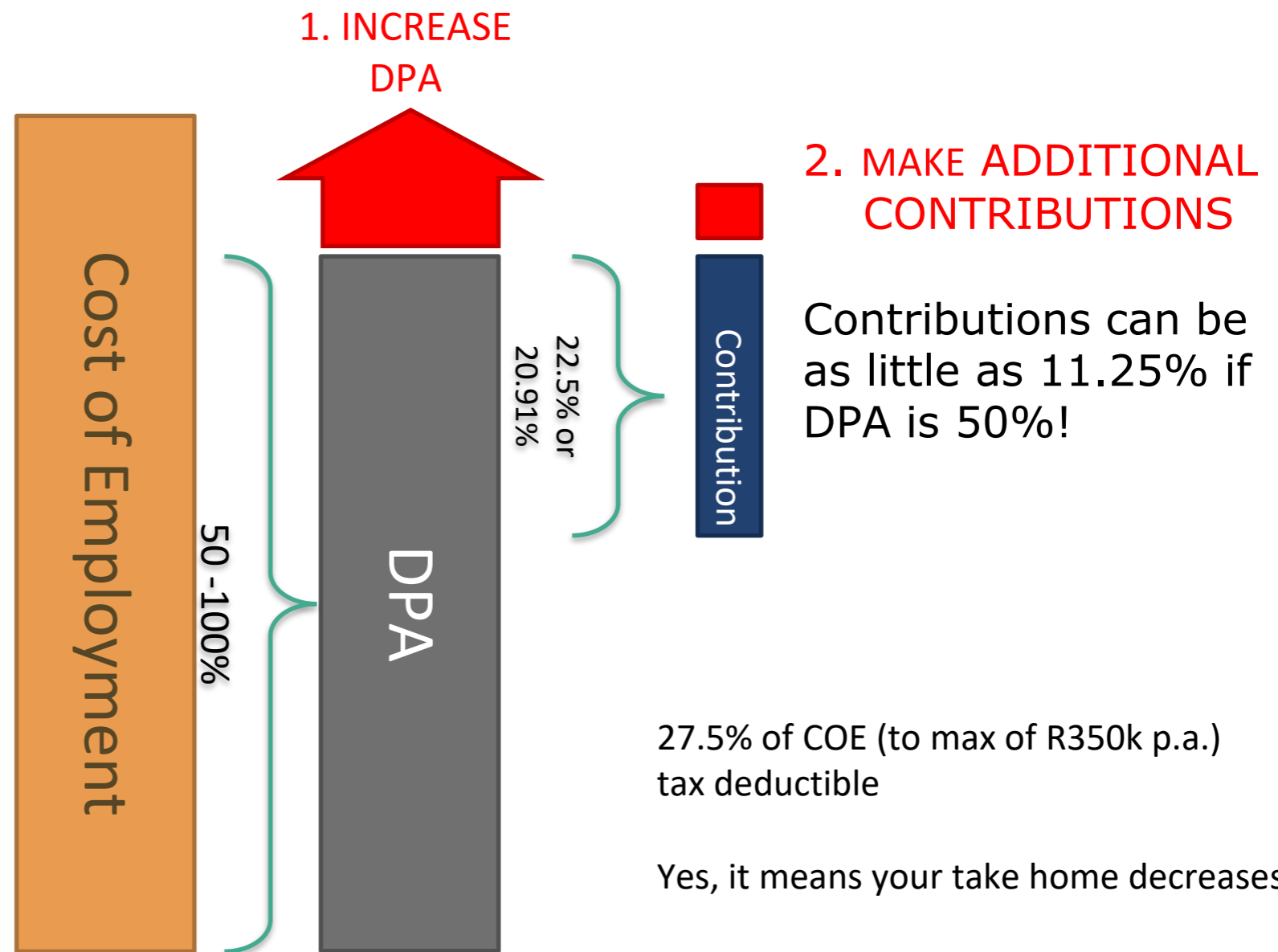
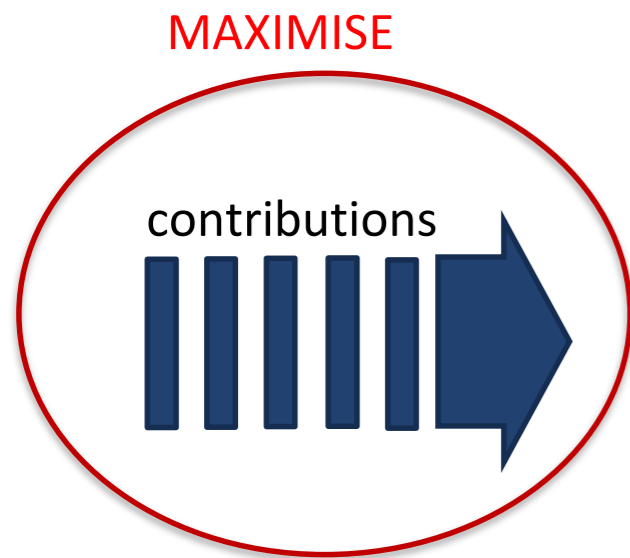


# How can you maximize your pension?



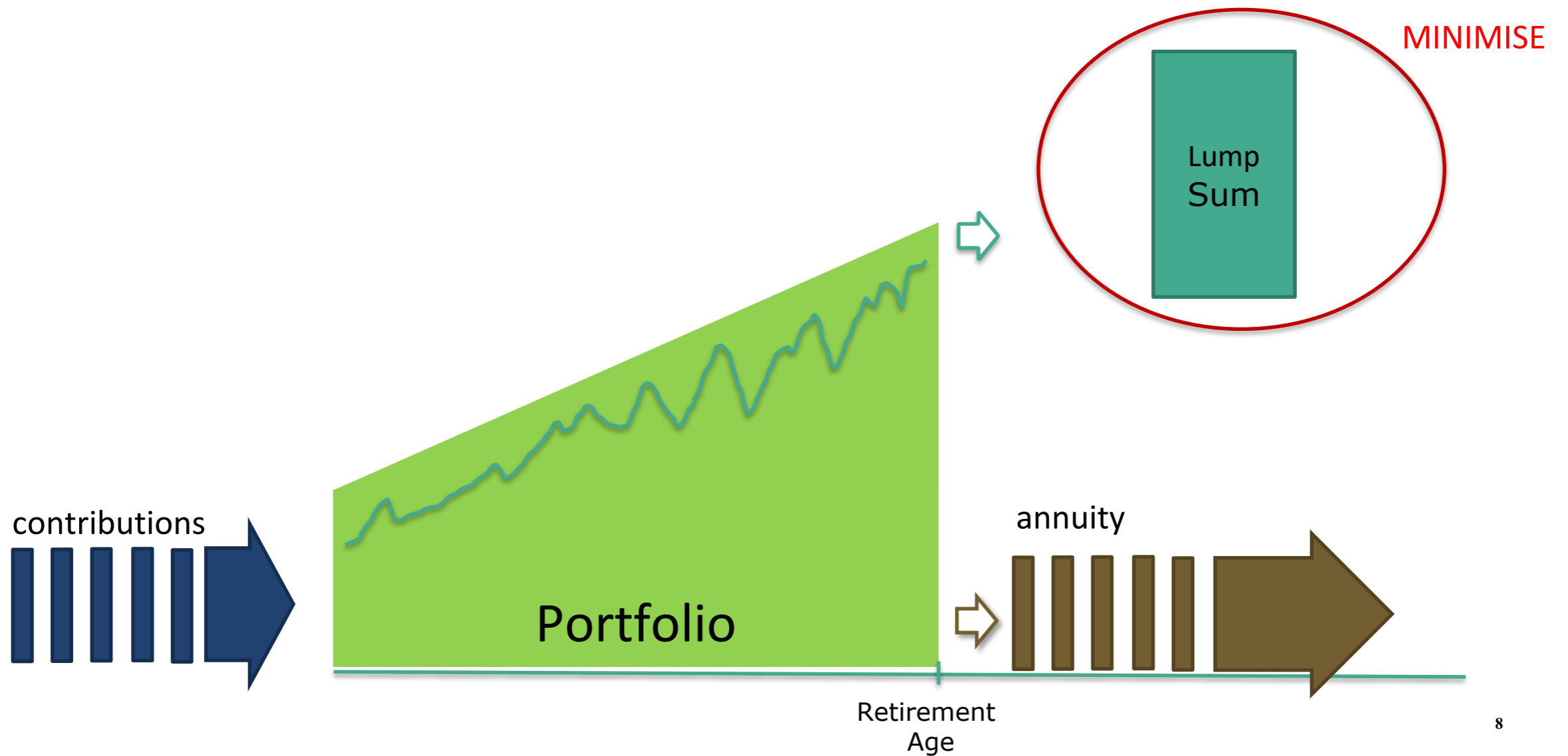


# Maximising contributions





# How can you maximise your pension?



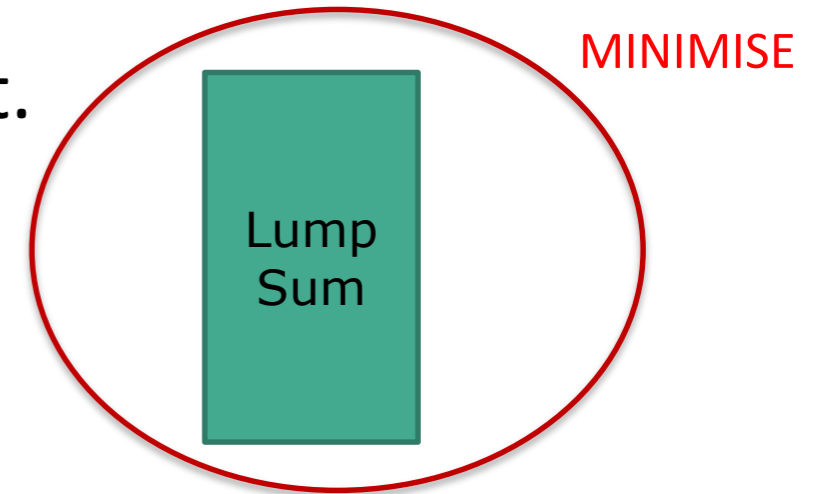




# Minimise Lump Sum

The less you take the more pension you will get.

But lump sum tax rates:



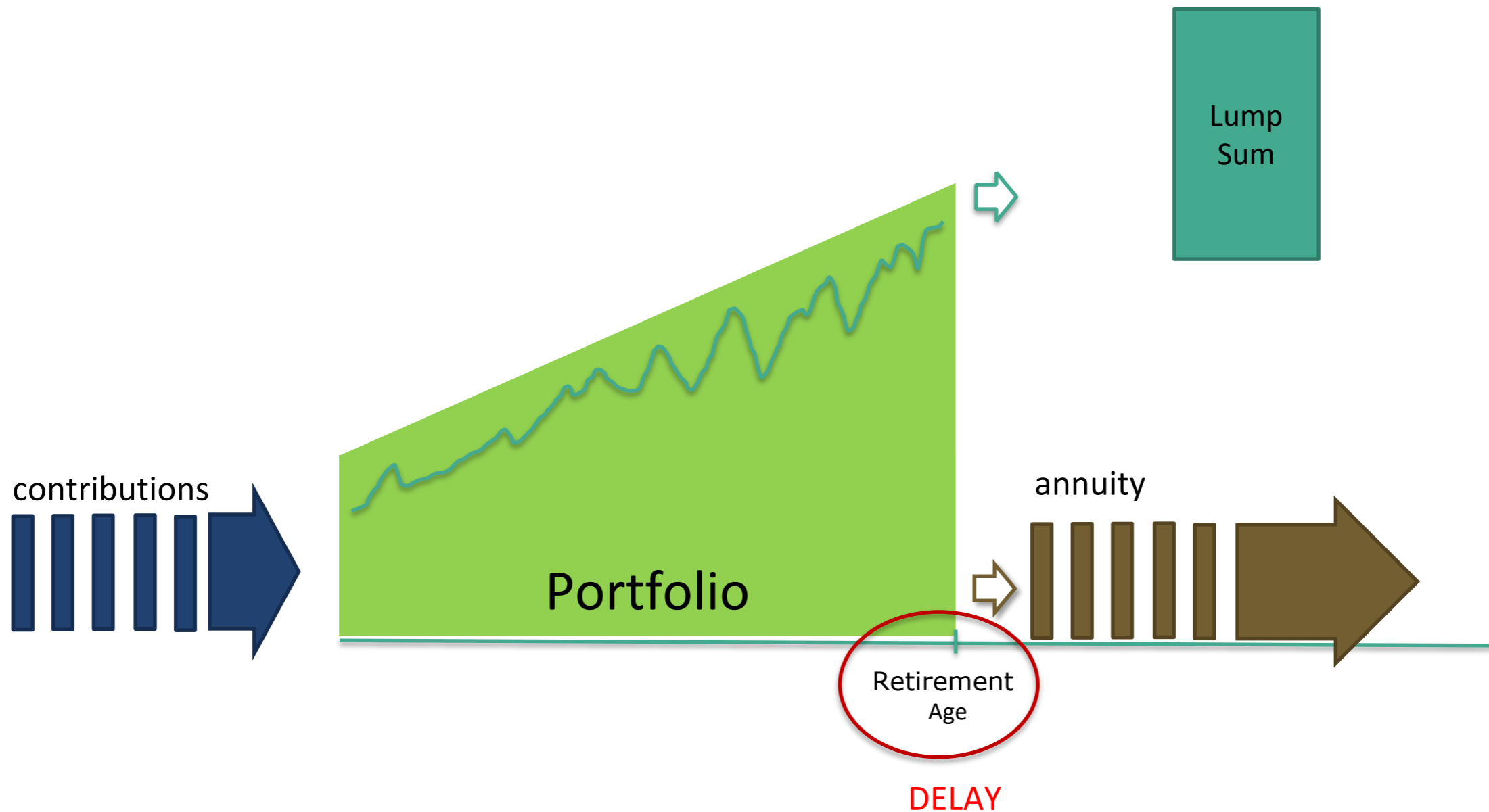
First R500,000	0%
Next R200,000	18%
Next R350,000	27%
Balance above R1,050,000	36%

May make sense to take tax free amount?

Uses: Pay off debt, costs of transition to retirement (like moving), buy annuity which will be taxed at a lower rate...

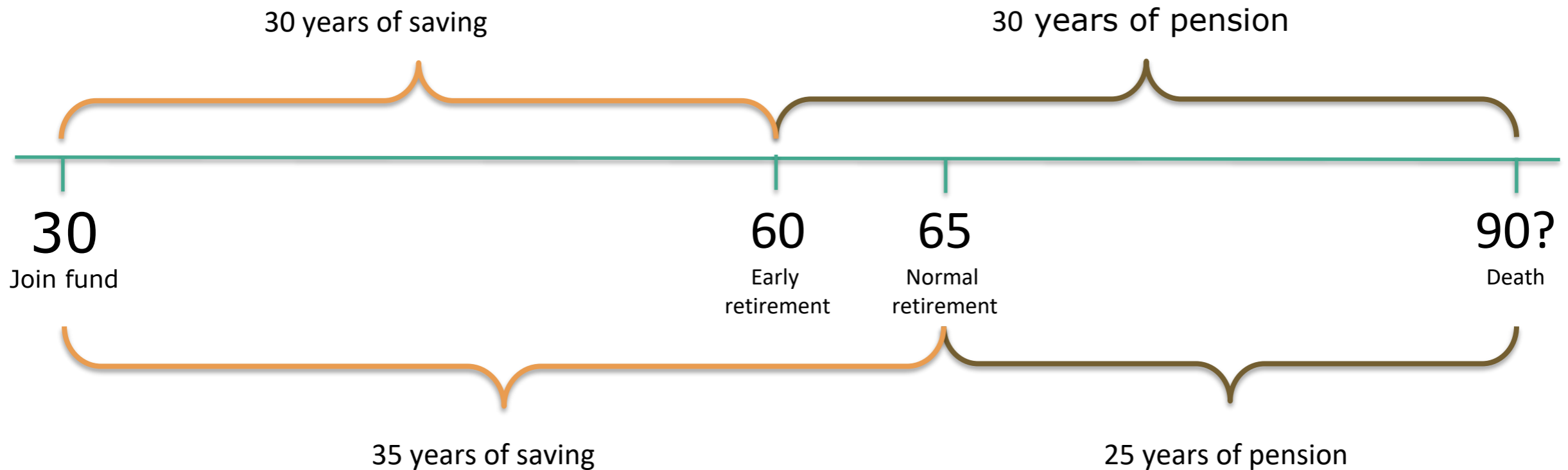


# How can you maximise your pension?





# Retire later, not sooner



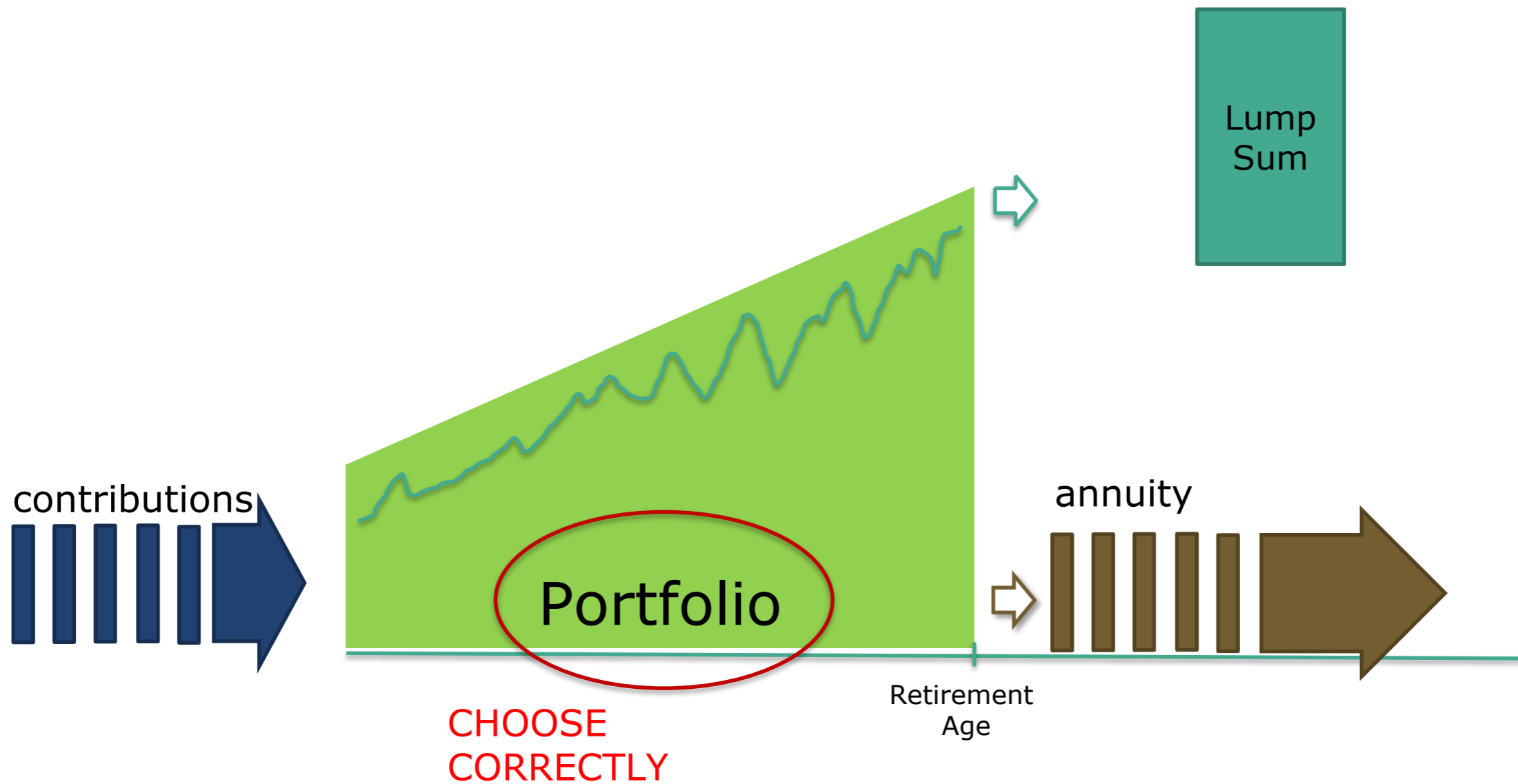
- **Retire at 65 not before**
- You can also keep money in the fund after 65 if you have other income

Retirement Age

**DELAY**

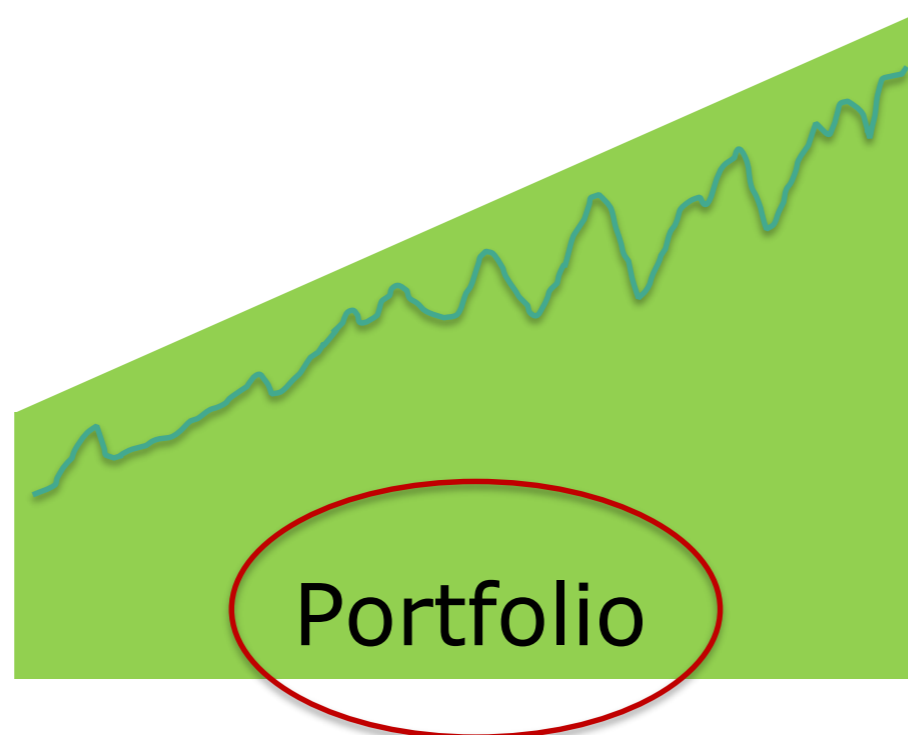


# How can you maximise your pension?





# Choosing the right investment

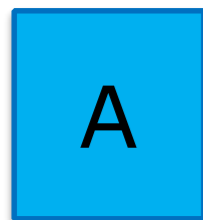


CHOOSE  
CORRECTLY

**DISCLAIMER:**  
**Speak to a  
FINANCIAL  
ADVISOR!**

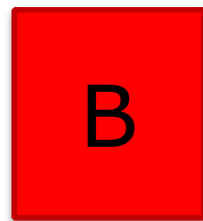


# Investment options



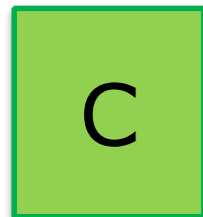
A

**Income Fund: Inflation + 1% target, Low Risk**



B

**Smooth Bonus Fund: Inflation + 3% target, Medium Risk**



C

**Balanced Fund: Inflation + 5% target, Higher Risk**



D

**Shari'ah Fund: Inflation + 4% target, Medium-High Risk**

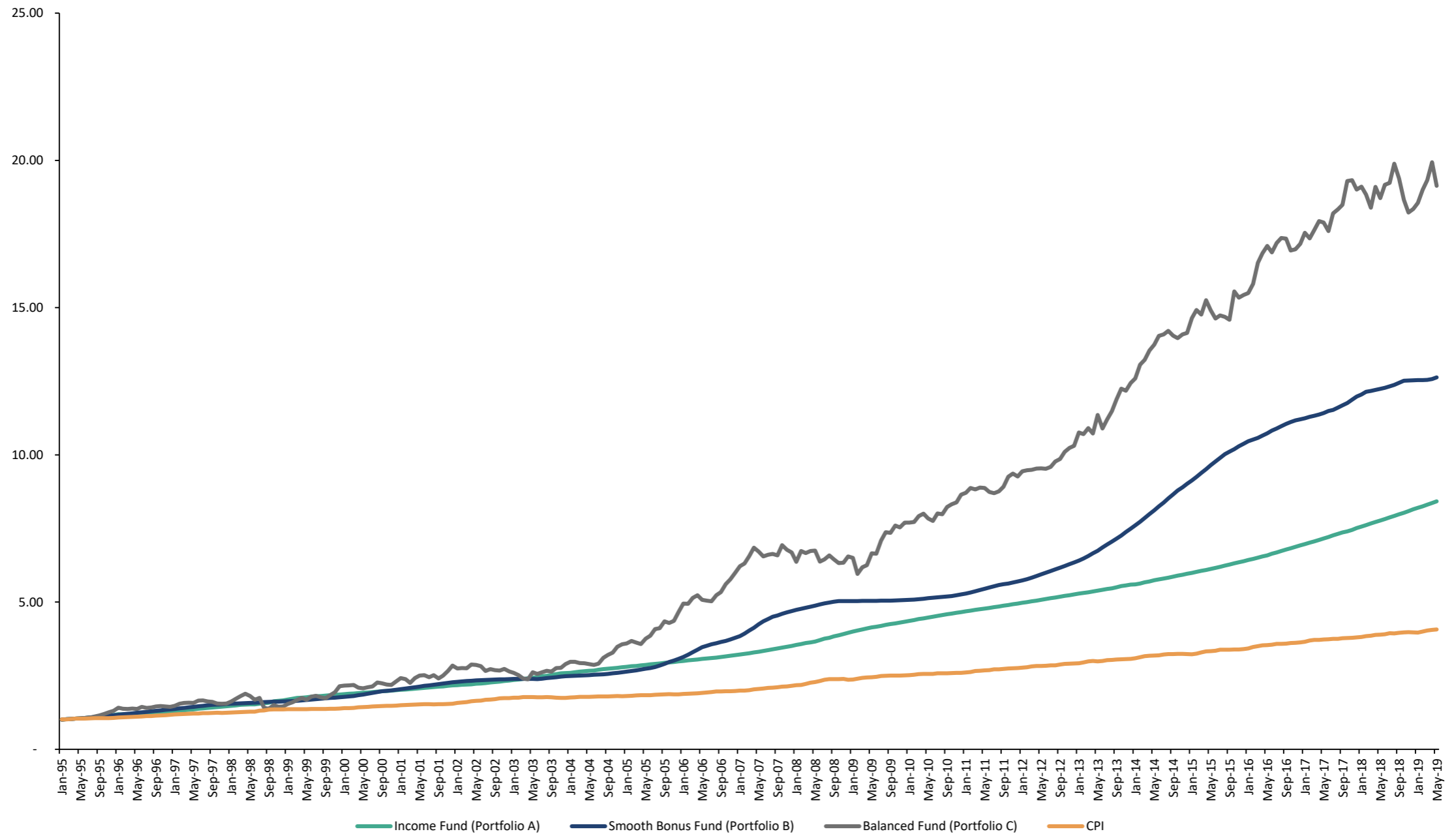


**Life Stage**

<60    60    61    62    63    64



Cumulative return of R1 invested on 1 January 1995





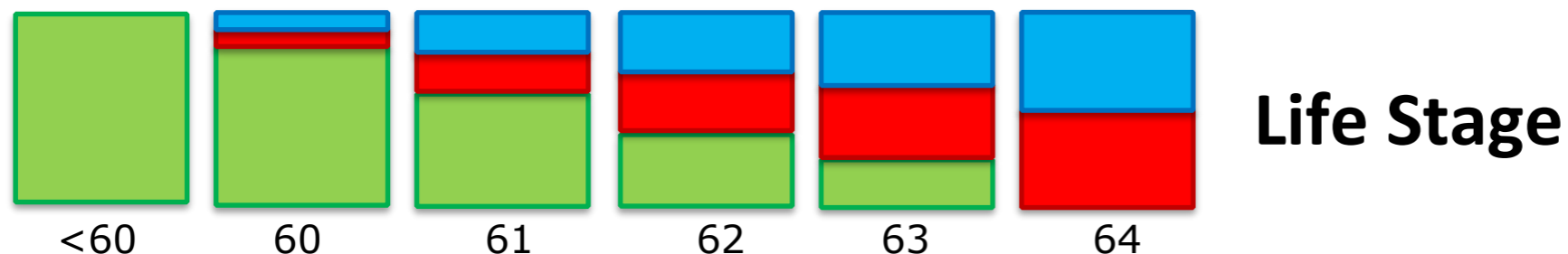
# Life stage model

Good for?

- People who are retiring at 65
- People who want a LIFE annuity

Not so good if:

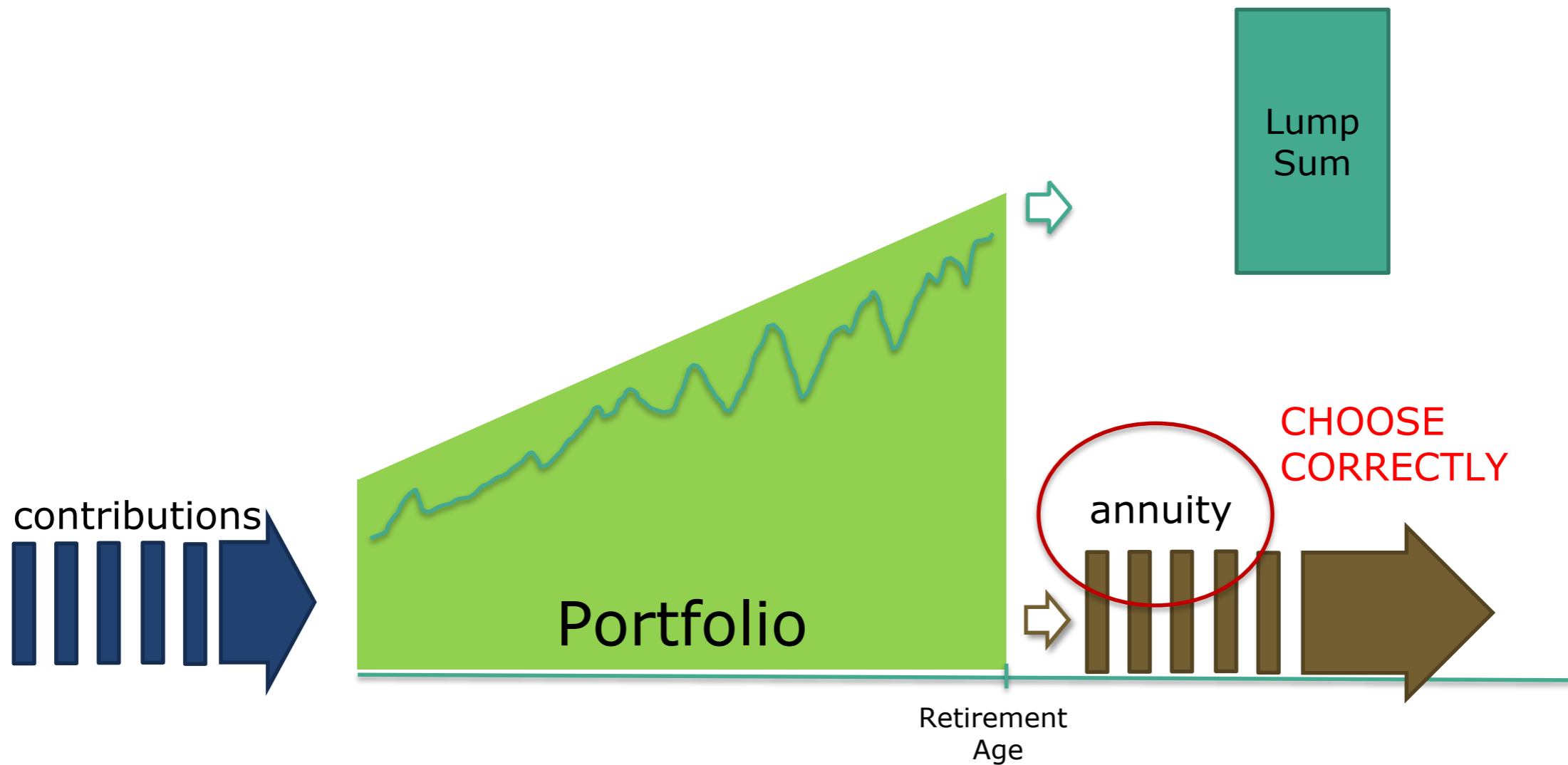
- Want to retire sooner or later than 65
- Want to keep money in the market after retiring







# How can you maximise your pension?

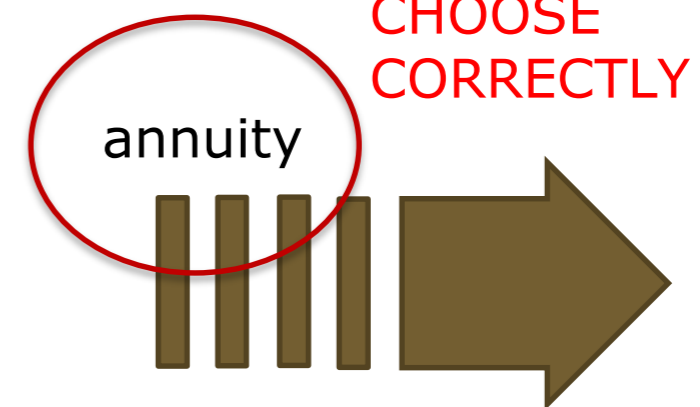




# Annuity Options

LIFE Annuity

LIVING Annuity





# Annuity Options

## LIFE Annuity

- Insurance Policy
- Income as long as you live
- Can't change mind



## LIVING Annuity

- “Bank Account”
- Withdraw money each month until it's gone
- Can change later





## LIFE Annuity



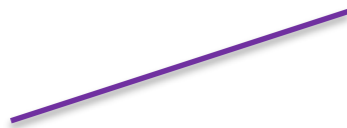
The lower the increases, the higher the starting pension

...  
but inflation catches up!

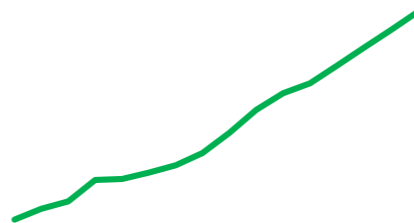
Increases:



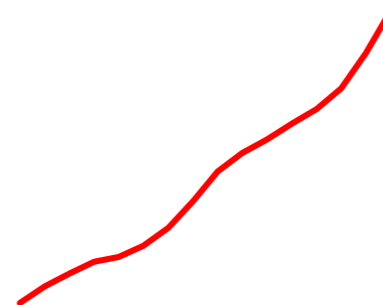
None



Fixed % pa



Inflation linked



With-Profit

<https://www.uctrf.co.za/40/E/Monthly-Pension-Indicator>



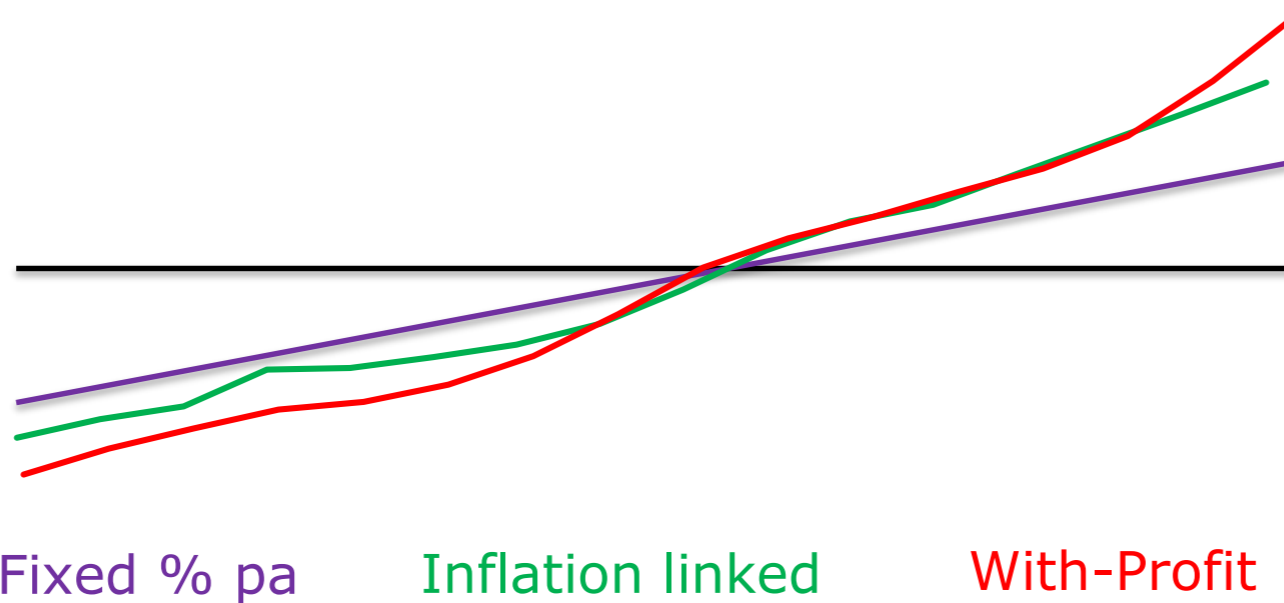
# LIFE Annuity



The lower the increases, the higher the starting pension

...  
but inflation catches up!

Increases:





## LIFE Annuity



Spouse's pension:

*You can choose for your spouse to get a % of your pension after you die.*

- Do you have a spouse?
- Do they have any pension?
- How much extra would they need if you were gone?

**The more spouse's pension, the lower the pension overall.**

Guarantee period:

*How many years after retirement the pension gets paid for regardless of when you die.*

**The LONGER, the lower the pension overall.**



- You choose investments and you can change them
- You choose how much you get per month
  - the more, the faster it will run out
  - min 2.5% of total, max 17.5%
  - you can change this annually
- If you die with money left over, this goes to your dependants
- You can change to a LIFE annuity later!

## LIVING Annuity





- Where do I get a living annuity?

### Commercial provider

- Wide choice
- Higher fees

### LIVING Annuity



### UCTRF

- Stay invested in the UCTRF
- Lower fees



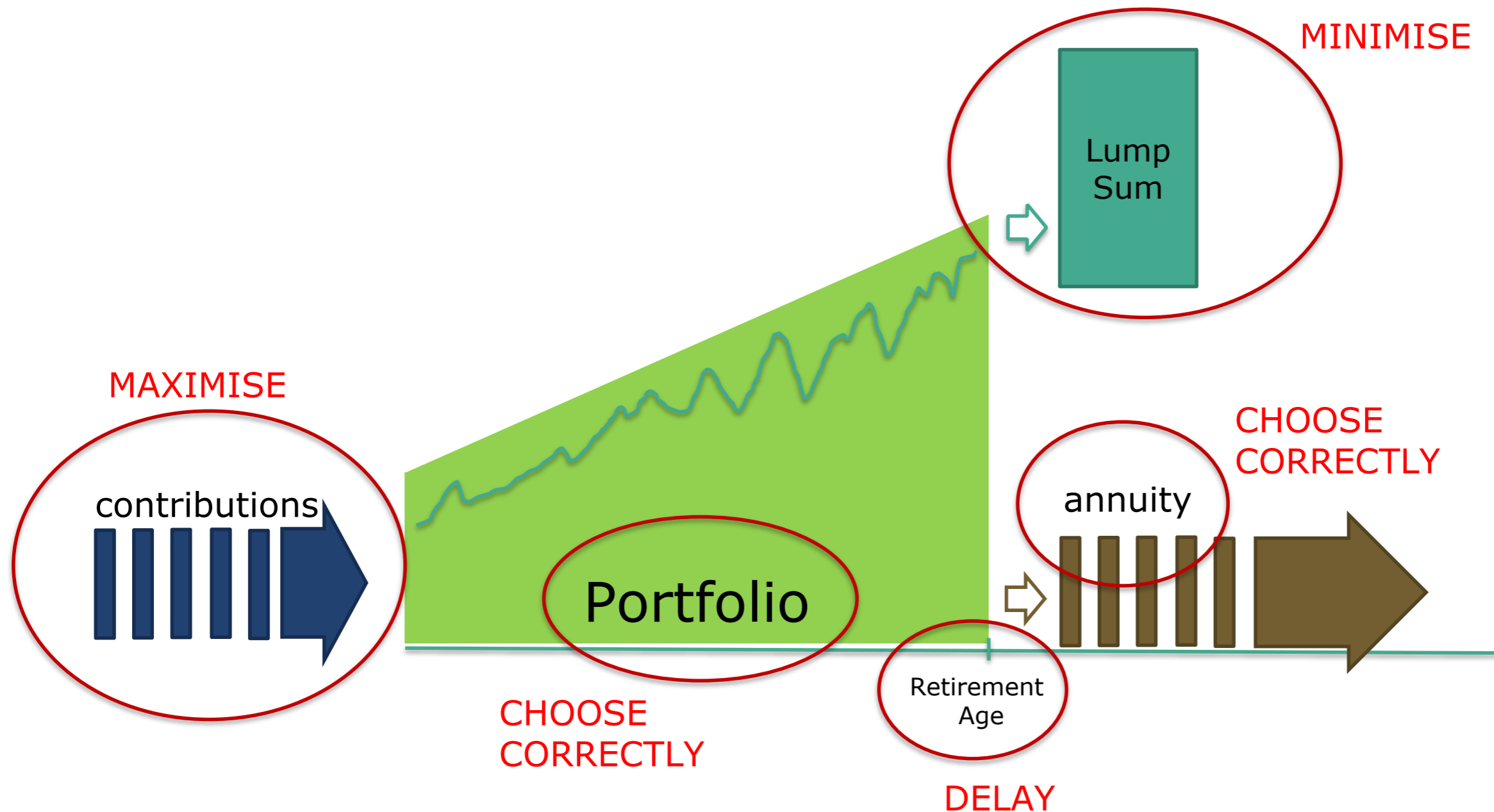


## Some decision criteria

Living annuity if...	Life annuity if...
You have a lot money	You don't have additional funds to fall back on
You really want to leave an inheritance	You don't mind not leaving an inheritance (or have some separate wealth you can leave)
You want to make investment decisions (or have a good advisor)	You don't like making investment decisions
You think you will not live long	You think you are likely to live for a long time (If you qualify for an enhanced Life annuity, this may be appropriate even for those in ill health)
You can cut your expenses a lot, easily	You can't change your expenses easily



# In summary:





UCTRF

Thank you

Questions?

