



INVESTMENTS

# Retiring with PPS Investments

# Funding your retirement

Throughout your career, you've worked towards securing a comfortable lifestyle for you and your family. As you approach retirement, it becomes important to consider how you will maintain this lifestyle and provide for your future financial security once your career ends.

# What to consider before you retire

## People are living longer

Due to medical and technological advances, people are living longer than ever before. The current life expectancy for a South African professional is 83 years of age, significantly higher than the country's average life expectancy of between 59.1 and 63.1 years of age.

This means that your retirement savings may need to last longer than you think.

## Inflation will erode your buying power

By the time you retire, you'll probably be living in a more expensive world. What may be enough to fund your retirement in today's terms may therefore be insufficient in future.

## Example:

When planning for your retirement, it is important to consider the impact that inflation will have on your future costs of living.

	Price in 1990	Price in 2014	Projected price in 10 years time
	R1.20 per loaf	R11.29 per loaf	R21.19 per loaf
	R1.23 per litre	R13.41 per litre	R25.17 per litre

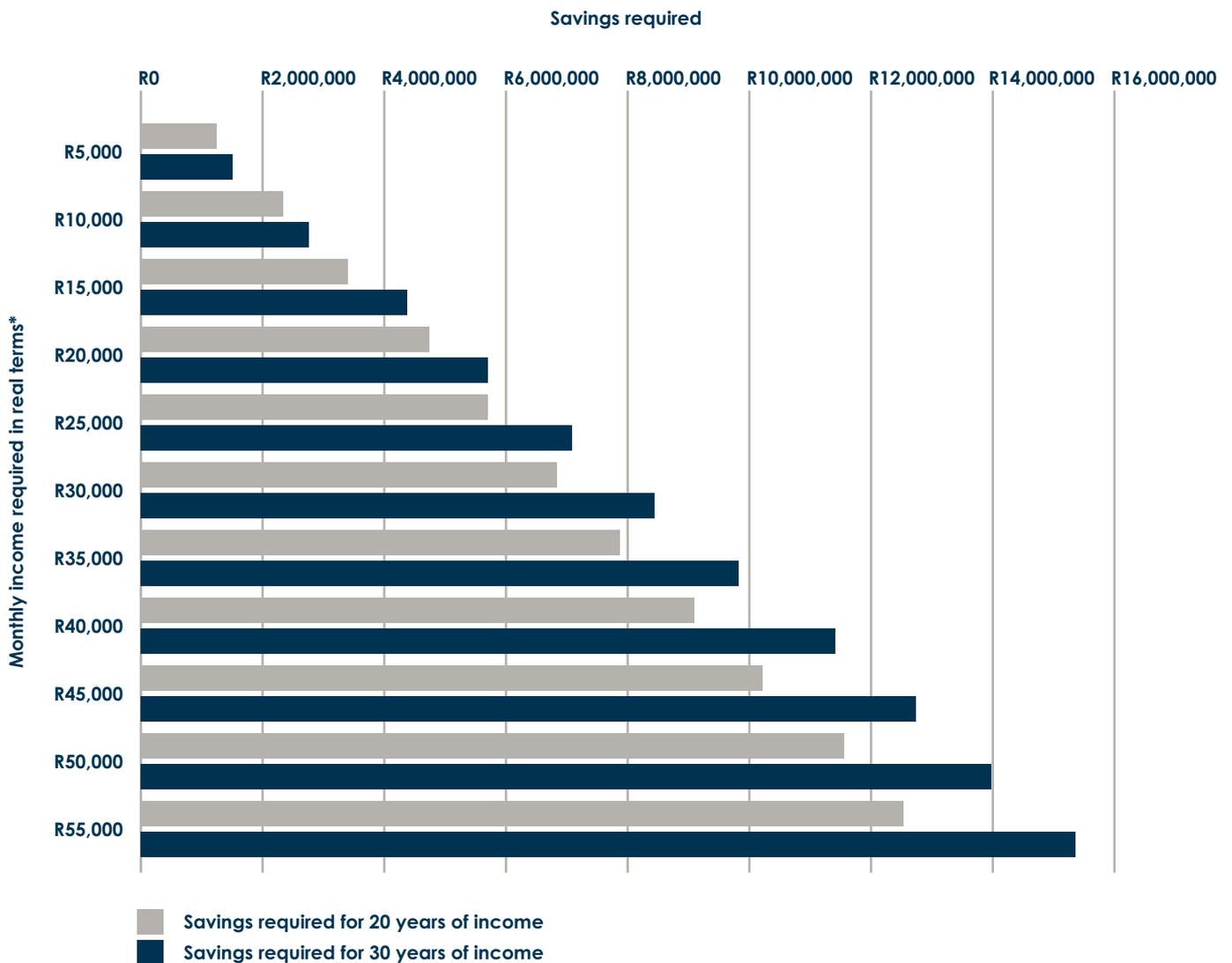
Projections based on a CPI inflation rate of 6.5 p.a.%. Bread prices from Statistics SA; Petrol prices from Department of Energy (RSA)

# How much will I need

Now is a good time to think about what your monthly spending requirements in retirement will realistically look like. You should also consider large, ad-hoc expenses (such as annual holidays) and a reasonable amount to set aside as an emergency fund.

Assuming that you reinvest your accumulated retirement capital to generate further returns accounting for inflation the amounts below may serve as a good approximation.

## Savings required when purchasing a Living Annuity:



Calculation based on investment growth of 10% p.a. and inflation of 6.5 p.a.%.  
 Taking into account advice fees of 0.57% p.a. (incl. VAT) and PPS Investments administration fees (incl. VAT).

\*Real term refers to the value of your monthly income required taking inflation into account.

# How to make the most of the time you have left

You still have time to make a difference.

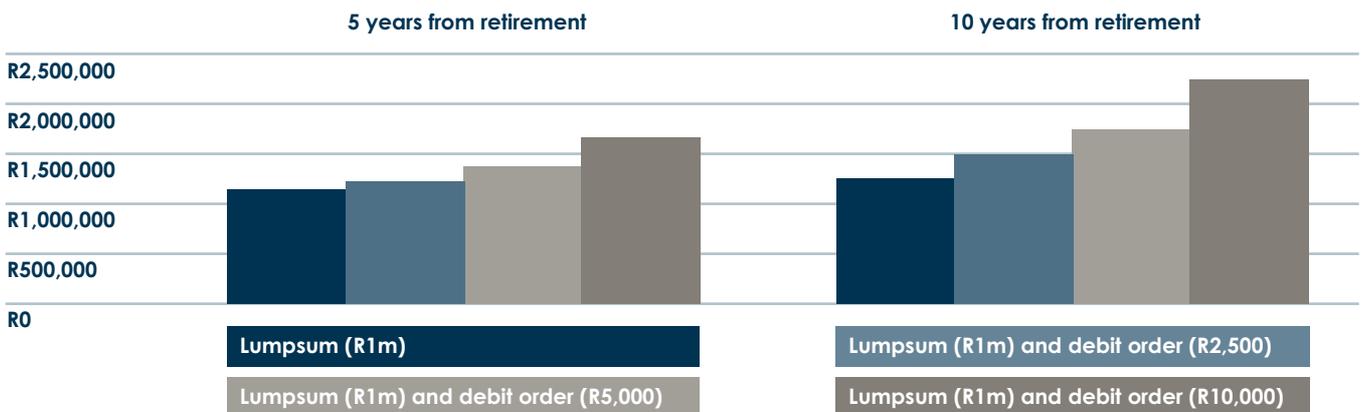
## 1. Save more

Start by investing any additional amounts you can:

- Large, once-off amounts (lump sums) such as proceeds from the sale of an asset, payouts from existing investments or bonuses; and
- Monthly amounts (debit order investments), which you can make available by cutting down on non-essential expenses.

## Savings accounting for inflation

Consider the difference an additional monthly debit order of R2,500, R5,000 or R10,000 can make to a combined retirement portfolio lumpsum of R1,000,000. The graph below illustrates the comparative growth that may be achieved by making additional monthly contributions.



Calculation based on investment growth of 10% p.a. and inflation of 6.5 p.a.%.  
Taking into account advice fees of 0.57% p.a. (incl. VAT) and PPS Investments administration fees (incl. VAT).

## 2. Draw maximum benefit from existing investments

Your investments should offer:

- Competitive fees: Fees erode your investment returns, so it's important to keep these as low as possible;
- Flexibility: As your risk profile changes, you may choose to amend your investment portfolio and should ideally be able to do so without cost; and
- Transparency: You should clearly be able to see which fees you're paying and how much each fee amounts to, for easy comparison with other product providers.

# At PPS Investments

- We charge no initial investment fees.
- We offer a competitive annual administration fee, which drops when the combined value of your investments with us exceeds R1,500,000.
- We charge no transaction fees.
- All our fees are fully disclosed to you.

## What to consider when you retire

If you are invested in a retirement fund, you will likely use at least a portion of your investment proceeds to buy an annuity, which will provide you with retirement income.

### **You can pursue further investment growth**

The PPS Living Annuity allows you to draw a retirement income while reinvesting your capital to target further growth:

- A selection of unit trusts is available for investment.
- You choose your level of income (2.5% - 17.5% of your investment value annually).
- You choose how frequently your income is paid (monthly, quarterly, bi-annually or annually).
- You can amend your income payments annually to manage your retirement capital.
- Any capital remaining after your death is paid to your beneficiaries.

As investment capital is not guaranteed, this product is suited to investors who are willing to assume greater control in managing their savings in exchange for the potential for continued investment growth.

# As a PPS member, you have a unique retirement asset

Once you retire from your PPS Insurance products, the profits you've accumulated over the course of your PPS membership become accessible via the Vested PPS Profit-Share Account\*.

The Vested PPS Profit-Share Account allows you to:

1. Reinvest your profits to generate further returns;
2. Supplement and prolong other retirement income by making withdrawals as you need to; and
3. Continue sharing in PPS profits attributable to PPS Investments.

When you invest in both the PPS Living Annuity and your accumulated profits have become available through the Vested PPS Profit-Share Account:

- \* You may benefit from lower investment fees, as ongoing administration fees are based on your combined investment values and reduce once your investments exceed R1,500,000 in total;
- \* You stand to increase your ongoing profit share, as this is based on the total amount you have invested with PPS Investments; and
- \* You are able to manage these savings together and make your capital last longer.

## You can

1. Supplement your retirement income with withdrawals from your Vested PPS Profit-Share Account. This will keep withdrawals from your PPS Living Annuity lower.
2. Make withdrawals from your PPS Living Annuity until you can no longer draw the income you need, and then supplement your income with withdrawals from your Vested PPS Profit-Share Account. This will allow your accumulated profits to remain invested for longer.
3. Make withdrawals from your Vested PPS Profit-Share Account until your profits are depleted, and then use your accumulated retirement savings to purchase a PPS Living Annuity. This will allow your accumulated retirement savings to remain invested for longer.

\*Members with qualifying products share in the profits of PPS.

## What to do next

Contact us for more information. See details on the back of this brochure.

# Get in touch

If you would like professional assistance in planning for your retirement, please consult your PPS Investments accredited intermediary. If you do not have an intermediary, you can contact us directly and we will put you in touch with a qualified PPS Investments advisor.

The PPS Investments Client Service Centre is available on 0860 468 777 (0860 INV PPS) or at [clientservices@ppsinvestments.co.za](mailto:clientservices@ppsinvestments.co.za), Mondays to Fridays between 08:00 and 17:00.

[www.ppsinvestments.co.za](http://www.ppsinvestments.co.za)

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