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FOR PROFESSIONALS
SINCE 1941

RETIREMENT RULES OF THUMB

Capital rule of thumb

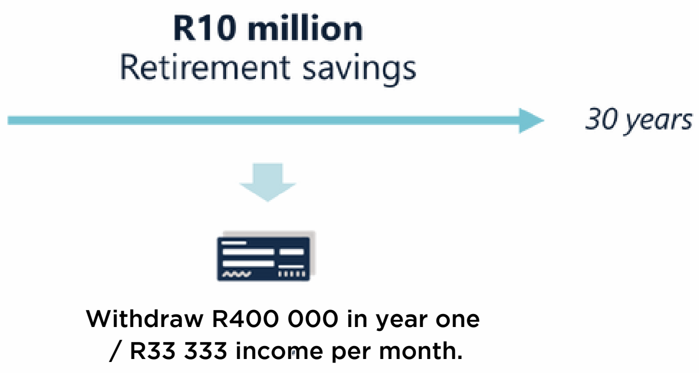
- You will need R1 million saved for every R5 000 income you want to draw at retirement.
- You need between 10 and 15 times your final annual income, i.e. your last year of work's annual salary x 15.

Link to source

4% Income rule of thumb

- You draw no more than 4% of your capital to ensure 30-year longevity protection. The capital needs to be invested in a market-related portfolio of equity and bonds to have inflation and draw-down protection on capital.

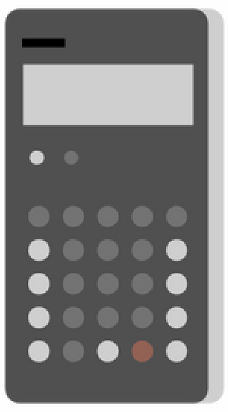
Link to source



Expenses rule of thumb

ADD

- Security village levies
- Increased healthcare costs
- Travel
- Leisure activities/ entertainment



REMOVE

- Retirement fund contributions
- Bond instalments
- Potentially a second car

Working years until retirement rule of thumb

- Saving rules of thumb for retirement: 15% from age 25, 22% from 30, 42% from 40 and up to 59% if you start at 45*.
- Put differently, by 45 years old, you should have saved up to three times your salary; 55 years old, seven times your salary saved; and 65 years old, saved as much as 11 times your pre-retirement salary.

Link to source
Source *Allan Gray

Contact your PPS-accredited financial adviser or wealth manager to assist you with your retirement plan.