

## PPS RETIREMENT SUMMIT: PLAN FOR THE RETIREMENT YOU DESERVE

There is a growing realisation that it is important to be financially organised for retirement and that retirement is a lifestyle rather than something that happens when you are 60 years or older.

Those who retire comfortably are those who plan for their golden years, said Ayanda Seboni, PPS group executive for marketing and stakeholder relations. Retirement is an outcome, and you control the input, she reminded delegates at the second annual PPS Retirement Summit held on 28 July. She added that the potential of compound interest should not be under-estimated. "You will never regret not saving sufficiently, consistently and early enough."

In the first presentation at the summit, Taj-Mohamed Badrodien, an investment positioning specialist at PPS Investments, focused on how opportunities must be balanced with the need for risk management and rigorous portfolio construction. It also outlined essential strategies to protect capital while accessing new growth opportunities.

He also pointed out that retirement does not need to be a daunting transition if you partner with the right investment partner. "There are three strategies for building and preserving wealth. The first is to understand your strategic asset allocation, given that different asset classes provide different risks and volatility. The second is to diversify your investments across different asset managers, given that managers should not be selected based on past performance but rather on consistency. Last, be aware of your behaviour in your investment journey. In the current climate of high volatility and rapid market changes, the biggest risk is investors who fluctuate between excitement and panic," explained Badrodien. While fear and anxiety are normal responses to unexpected events, he said it is important not to act on any feeling of panic in a reactive way.

While offshore investments are a sensible part of a diversification strategy as they provide access to different sectors, geographies and companies not available locally, he said many companies listed on the JSE have offshore exposure. A well-diversified portfolio has a good mix of local and offshore investments and various asset classes.

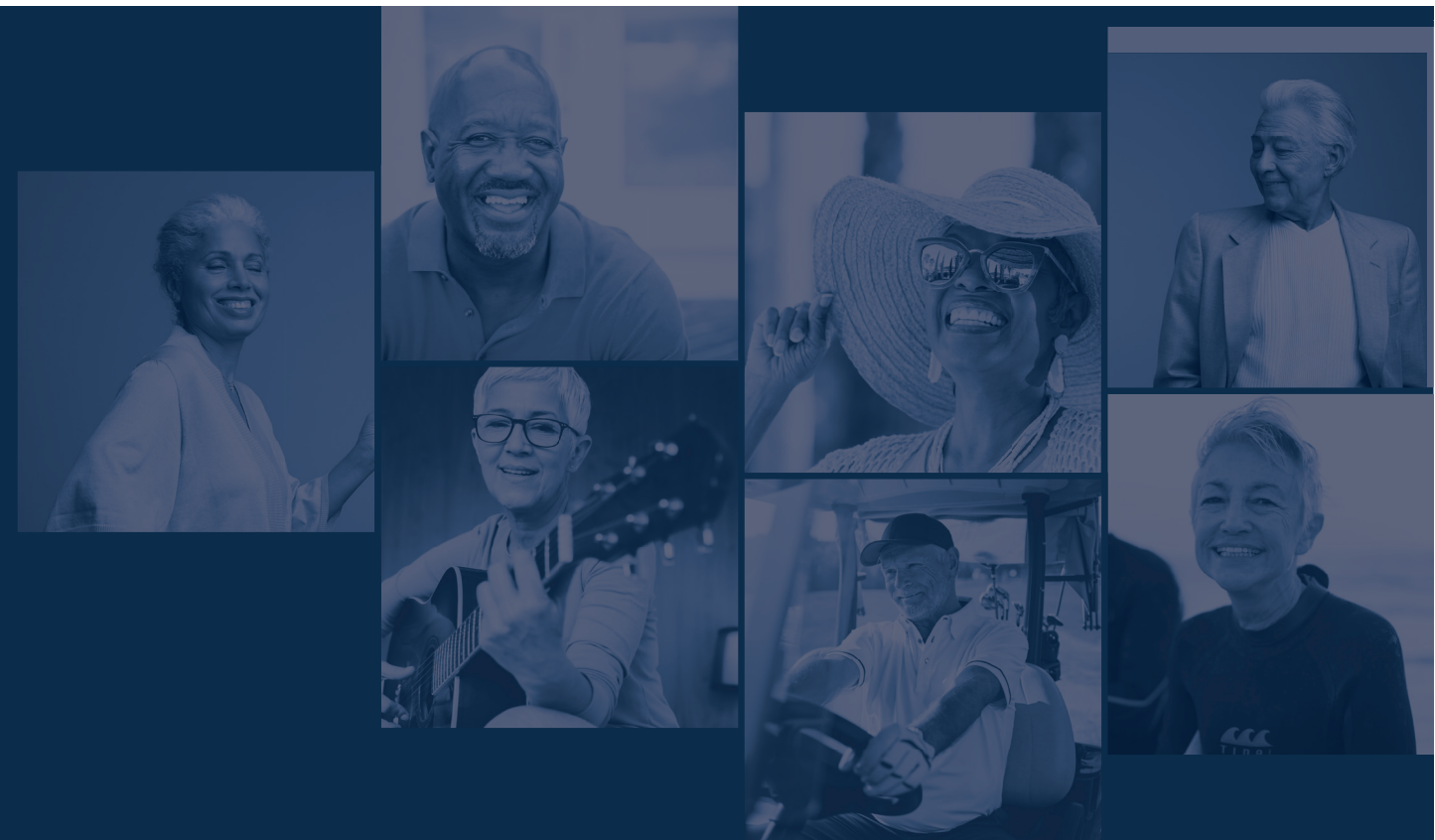
Linda Sherlock, executive head of PPS Wealth Advisory, then discussed how to build capital and prepare for your retirement lifestyle. Not all retirement capital is equal, she warned.

Looking at trends impacting retirement, she pointed to the "sandwich generation" – those supporting both parents and children – staggered retirement, a shift away from full retirement; and a move toward multi-generational living. Different stages of retirement have different costs associated – particularly the last phase – which is typically characterised by higher health care costs, she pointed out.

"Establish how much capital you will have at retirement and your monthly needs, and then work out a budget," Sherlock advised. The later you start saving for retirement, the more you will need to put aside each month to retire comfortably. She also advised getting rid of any debt before retirement, if possible.

Regulation 28 of the Pension Funds Act, she explained, sets limits on where people should invest their retirement savings and applies to retirement annuities, as well as pension, provident and preservation funds. Currently, Regulation 28 limits are a maximum of 75% of retirement savings in equities; a maximum of 25% in immovable property; 30% in international assets excluding Africa; and 40% in international assets, including Africa.

In the third presentation, Richard Carlyle, equity investment director at Capital Group, provided a perspective on global investing. The new perception of global investing is a strategy that prides itself on being able to evolve along with market trends and styles, he said.



"Rising inflation leads to a growing risk of stagflation, with the International Monetary Fund forecasts reflecting increased downside risk," Carlyle said. "Forecasting is particularly difficult right now, although there is a good chance of a global recession. Encouragingly, investors invest in companies rather than economies."

Despite global growth concerns, there are reasons to be optimistic, including a return to a more normal environment and the fact that many economies have bounced back. In an inflationary environment, you need to pick companies with pricing power, he advised.

The keynote speaker at this year's summit was Dion Chang, the founder of Flux Trends, who discussed the boomer economy and life's third age. He defined life's third age as those aged between 60 and 90. He conceded that a retirement age of 60 or 65 is a relic of the last century, explaining that most people are not ready to retire at 60, which means they are looking at starting their own business, becoming a consultant or going back to work. It is time to start reframing the concept of ageing and the elderly, given that most people still have good cognitive abilities in their 60s, he advised.

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**The PPS Retirement Summit was a hybrid event this year allowing delegates to attend in person and online. Visit [www.pps.co.za/retirementsummit](http://www.pps.co.za/retirementsummit) to view a recording of the summit.**

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