

RFIN REVIEW

MARCH

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24

NEWSLETTER

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OUR RETIREMENT
RESPONSIBILITY





EDITOR'S

FROM THE RFIN TEAM

CORNER

Nesting For The Future: Planning For A Golden Retirement Together...

Welcome back to the first edition of the RFIN REVIEW for 2024!

As we embark on the year, 2024 kicked off with a bang, much to its adage of twenty-twenty-more, with some significant activities taking place in the Retirement fund industry in Namibia.

The most tragic event a country could ever face is losing a President while in office. Sadly H. E. Dr Hage G. Geingob succumbed to illness and the entire nation mourned the loss of a true Namibian Leader Hero who not only led the country but also played a key role in the fight for Namibian Independence. We remain blessed and honoured to have been led by such a remarkable leader who set the bar on social wellness high for the country to follow.

The strong, peaceful nature and stability of our political system ensured the smooth transition of power to H. E. Nangolo Mbumba who has not faltered or crumbled under the pressure of serving the Namibian Nation and ensuring the legacy of the work started by H. E. Dr Geingob is continuing with the same level of passion and vigour in rooting out corruption and promoting social welfare.

This is truly a lesson the Retirement fund industry can learn as we undergo the transition from the Pension Funds Act of 1956 to the, albeit not in force yet, Financial Institutions and Markets Act 2 of 2021.

Similarly, the leadership of the Retirement Funds Institution has undergone some changes, with the reduction of directors approved in the 2023 Annual General meeting, we are currently serving the industry with 4 strong and insightful female leaders as our Board of Directors.

Structurally, the RFIN leadership has also embarked on the strategic initiative to combine the Committees into 2 committees being the Audit, Finance and Risk Committee, with Ms. Sabrina Jacobs as the Chairperson, the Legal, Governance, Training, Strategy and Marketing Committee being Chaired by Ms. Saima Pokolo, and the Institution being steered by Ms. Yvette Mtolo-Phiri, more on our directors later in this edition.

One significant annual event was the budget speech delivered by Hon. Ipumbu Shiimi the Minister of Finance and Public Enterprises. In the delivery of his budget speech, we saw the minimum of the taxable income being lifted to N\$100,000 from the previous N\$40,000 which means that everyone earning below this amount would not be liable for income tax. The tables are yet to be published in the Gazette for payroll systems to be updated and implemented. The budget tabled amounted to an increase of 12.4% on the previous year's budget to N\$100.1 billion. Hon. Shiimi focused on the stimulation of the domestic demand, accelerating investments and productive public inf-

rastructure as the nation continues to cultivate fiscal prudence. These activities call for all Namibians to play their part in the development of the economy, and the payment of taxes as responsible citizens of the Country we call home.

In the words of Benjamin Franklin: there are two certainties in the world: death and taxes." I wish to add a third certainty to this being the "certainty of change". We live in a constantly evolving and changing world with the speed and rate of change has become faster than ever before with the aid of technology.

With that said, the Regulator has issued proposed changes to the Regulations under the current Pension Funds Act which seem to be a transition between the existing landscape and the new landscape that FIMA would eventually introduce. As part of the consultative approach, the Regulator has called for input to the Regulations, although not mandatory, and the industry has grasped this opportunity to make valuable input in conjunction with our counterparts in the long term and investment industry, the Namibia Savings and Investment Association (NaSIA). A joint submission was therefore formulated and submitted to the Regulator for their consideration.

The lack of the implementation of the FIMA has also caused some level of uncertainty in the industry, especially pertaining to the Standards and Regulations under the FIMA, but this would not come as a surprise to the industry when the effective date is announced since the Act has already been published in the Government Gazette and work can already go into preparing for the readiness and gearing up for FIMA. We see the same levels of uncertainty that prevailed under the Administration of Estates Act, albeit to a lesser extent, but with the correspondence and back up from the industry we were able to app-

roach the policy makers and get our message across to the benefit of clarity and information for our members.

Once FIMA comes into force, the Standards would be open for another round of input and commentary, and true to the RFIN vision, we shall once again facilitate the sessions to gain the input from the industry at such time in order to raise concerns and propose amicable workable solutions to the major issues we might face from a practical perspective.

One constant continued from the previous year was the RFIN training sessions, following on from the November 2023 sessions, RFIN hosted the first training session for the year in March so look out for some feedback and pictures in the next rendition of the RFIN Review. We had a healthy mix of new and seasoned Trustees and consultants attend and we were all able to leverage and learn from each other and refresh information we might even have taken for granted with Trustees having served on the relevant Boards for many years. In addition, the Committee appointed to be responsible for the Conference or annual flagship retirement fund event will be sure to build on the success and remarkable content of the R3 Conference of 2023.

This forms part of the new strategic initiatives for the year ahead and we urge members and the public to stay tuned as we reveal some snippets of the process of planning and hosting this event later in the year. This comes with the quarterly training for the year, of which the training schedule and plan has been circulated and the Annual General meeting will surely ensure for a productive meeting as we always engage at this forum on matters of common interest.

As a commitment to our Members, we have also engaged the Namibia Employers Federation on the National Pension

Fund and shall be sharing details as these emerge through this collaboration. RFIN feels that it is important for the voice of the Retirement Fund Industry be heard and considered through these consultative sessions and that the model to be followed eventually has as little possible impact on the industry at large.

NAMFISA also hosted their quarterly industry session which ensured for a very good attendance and some networking opportunities, resulting in prudent relevant deliberations with the Regulator. As customary, RFIN tabled the matters raised by the industry beforehand and that led to some insightful feedback on the back of the block submission of rule amendments which NAMFISA has undertaken to consider in the event of urgency or impact to members of the fund.

Looking at the work started in 2023 already and carried over to the new year, we anticipate the first draft report from the Ministerial Technical Advisory Committee on FIMA and more specifically Regulation 5.10 pertaining to Compulsory Preservation, and many of you might have been interviewed in this regard by the independent researcher. As soon as information is available in this RFIN will inform the industry and keep all abreast of the developments made. The Windhoek consultation sessions are still to be held, and we urge everyone to please join the sessions if possible and ensure that your message is heard, RFIN will surely be there as a member of the Committee. The Committee is therefore set for the Khomas region consultations between the 12th and the 14th of April 2024 at various locations as these are the sessions expected to be the best attended sessions. We urge all members and Trustees to join or do written submissions through the RFIN Office on office@rfin.com.na or directly to the Secretariat at fima@mfpe.gov.na before the 17th of April to allow for the

complete consolidation of all written, verbal and researched information into a report for the Committee to review and for the Minister to consider. Once the logistic details are made available, RFIN will issue a notice on the web page and social media handles to inform the members and public of these important sessions.

RFIN remains grateful for the unwavering support from the industry and call on all industry players to contact us in the event of any topic of discussion where we might be able to add value to the discussion or provide input of any nature, we always welcome engaging with members on the interests of the industry and future of the members we serve.

This edition contains some key insights from thought leaders and experts in the industry such as Dean Izaaks and Afra Schimming-Chase, who always ensures for a refreshing read and wealth of knowledge. Afra aims to break the “black tax” cycle and provides some valued insights in how we can plan appropriately for retirement so as not to rely solely on the next generation for support in retirement. On the other hand, Dean explains and unpacks the impact of living longer and how this impacts the levels of savings we need to cater for in retirement which is known as the longevity risk and most long-term insurers monitor this as part of their risk mitigation process. The power of compounding and interest attached thereto is another aspect of the article by Dean that is not to be missed.

We are looking forward to the remainder of the engagements with the industry and the Regulator to ensure that RFIN remains the voice of the industry and advocates for the wellbeing of our members.

Until next quarter, please stay blessed.

The RFIN Team

PRESERVATION OF RETIREMENT BENEFIT REGIONAL CONSULTATIONS

WHAT'S THE PROPOSAL?

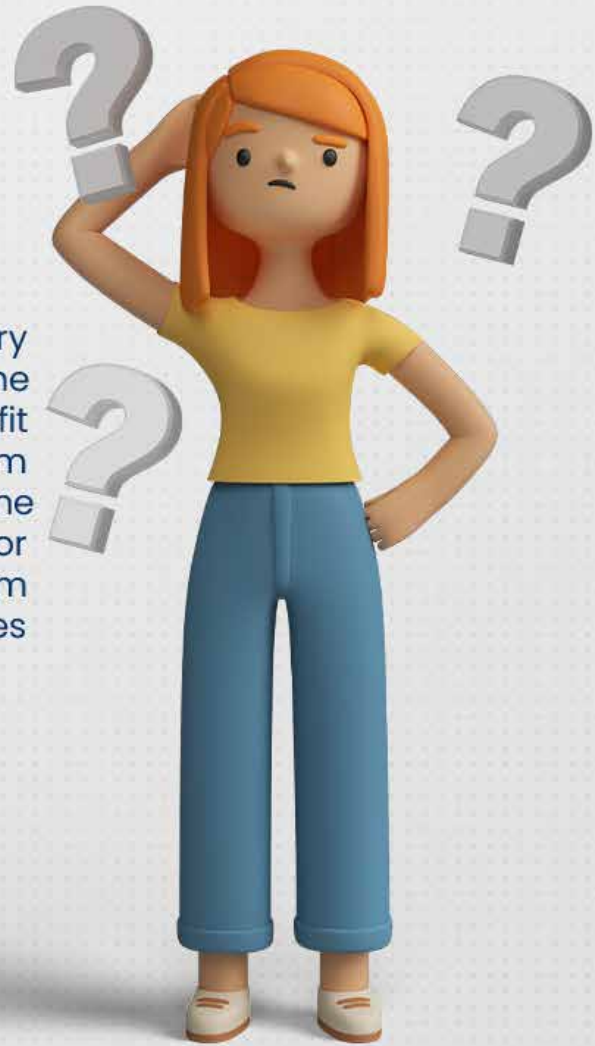
The government is considering a compulsory preservation of retirement benefits plan. The amount of a member's early withdrawal benefit to be preserved equals 75% of the minimum individual reserve (fund credit) in respect of the member as at the date of early withdrawal or such greater percentage of the minimum individual reserve as the member specifies upon early withdrawal.

YOU can have a say in this!

#SayIT #RetireWithPurpose

For more information:

fima@mfpe.gov.na
www.mfpe.gov.na



TAC
TECHNICAL ADVISORY COMMITTEE
ON CHAPTER 6 OF THE
PRESERVATION OF RETIREMENT BENEFITS



Ministry of Finance
& Public Enterprises

KHOMAS REGION PUBLIC CONSULTATIONS SCHEDULE ON THE PRESERVATION OF RETIREMENT BENEFIT

FRIDAY 12 APRIL 2024

10h00 – 12H00 Mercure Hotel (Safari Hotel)

SATURDAY 13 APRIL 2024

10H00 – 12H00 Groot Aub - Groot Aub Primary School, Kitchen Hall

10H00 – 12H00 Dordabis - Dordabis Community Hall

10H00 – 12H00 Tobias Hainyeko Constituency - Maxwillili Comunity Hall

10H00 – 12H00 Moses Garoeb Constituency - Consituency Office Hall



BY DEAN ISAAKS

THOUGHT LEADERSHIP

Let Only Your Hair Be Grey During Retirement

According to Macrotrends, the world life expectancy has increased from 45.5 years in the 50's to where it currently stands at 73.2 years. What this means is that people are living for much longer and we need to take this into account when estimating how much savings and investments we'll need to survive after retirement. Putting one's short-term pleasures above your best long-term interest can have detrimental effects on the quality of life you get to live in your grey years and the unfortunate truth is that most people out there realise this too late.

There is unfortunately no one size fits all when it comes to investing and it all comes down to each investor's risk and return profile, or rather your ability and willingness to take risk vs the returns you are seeking. The fact of the matter is whether you live a modest lifestyle or not, the earlier you start thinking about retirement, the better off you will be when you reach that point in your life.

There is a famous quote in investing that says: "There is no such thing as a free lunch". I am here to tell you today, that



Source: Arysteq/Bloomberg

Figure 1: Investment Portfolio Example

the power of compounding is a loophole that is free to all. We're all aware that consistency is the key to success so adding that to the power of compounding is a sure recipe for superior returns. To explain this in a much easier way, I think it would be best to use an example. If you started your investment journey 50 years ago and invested N\$100 in the S&P500 Index, that investment would have grown to N\$21,480 at the end of February 2024. Keep in mind that this is a once off investment that was never increased or withdrawn from. This is the power of compounding. Now take that same investment and add an additional N\$100 every month without any withdrawals and your investment would have grown to N\$2,667,044. This, is the power of consistency and compounding! (see Figure 1)

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Most people out there usually think of returns as an absolute number or percentage but the one thing we're all exposed to is the effects of inflation. Whether it's the price of bread and milk, how many units of electricity you get for the same N\$100 at the end of the month or the price of a new car vs 10 years ago – inflation is real and more so now than ever before, at least in my lifetime. Inflation has the potential to wipe out your returns and hence the reason it is more important to view returns on a relative basis and in real terms. The real rate of return is the annual percentage of profit earned on an investment, adjusted for inflation. Here is where absolute return funds come into play and as the name suggests it aims to beat inflation, regardless of the direction of the market. At Arysteq, our Real Return Fund looks at various diversification strategies to ensure that your investment gives you the best risk adjusted return relative to inflation. Over the last year, our fund has returned 11.8% vs Namibian CPI at 5.0% (end February 2024) which shows the power of investing in a well-diversified fund across different sectors, asset classes, geographies and currencies.

Risk means more things can happen than will happen – Elroy Dimson.

It is important to note that returns only tell half of the story, so let's turn to risk. Managing risk in your portfolio may be the most important thing in the investment world but to do that, you need to be able to understand it, recognise its existence and be able to control it. I recently finished reading "The Most Important Thing" by Howard Marks (American investor and writer, and the co-founder and co-chairman of Oaktree Capital Management) and he quite cleverly covers each of these aspects succinctly in three respective chapters. In chapter 5 he uncovers "understanding risk" in which he concludes that "investment risk is largely invisible before the fact - except perhaps to people with unusual insight – and even after an investment has been exited". What this essentially means is that even if your investment turns out to be highly successful, that doesn't necessarily mean the risk of loss was low or didn't exist, it merely didn't occur. While it can be argued that risk is subjective, hidden and unquantifiable – it is generally accepted that "riskier" investments fluctuate more than "safer" investments, which is something that can be measured using the Sharpe Ratio (which looks at a portfolio's excess return above the "riskless rate" vs the standard deviation or volatility of the returns).

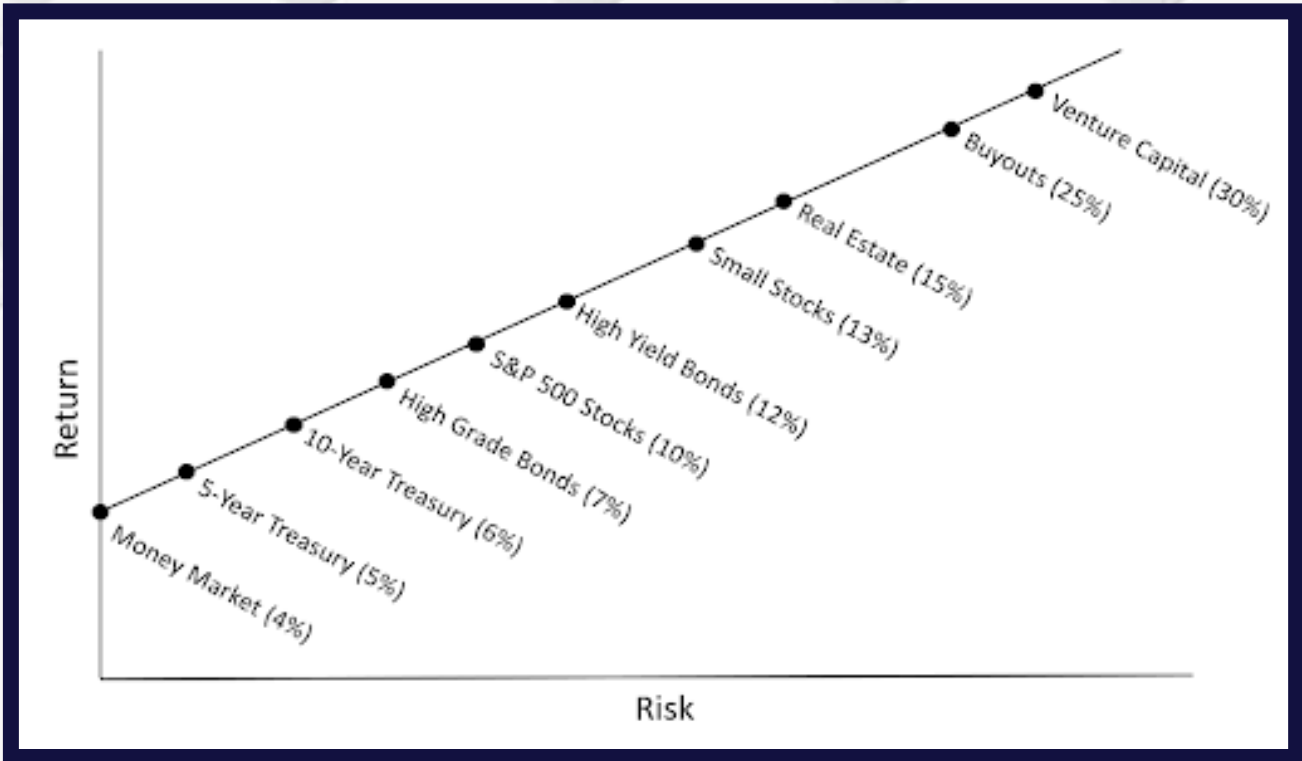


Figure 2: Investment Risk Spectrum

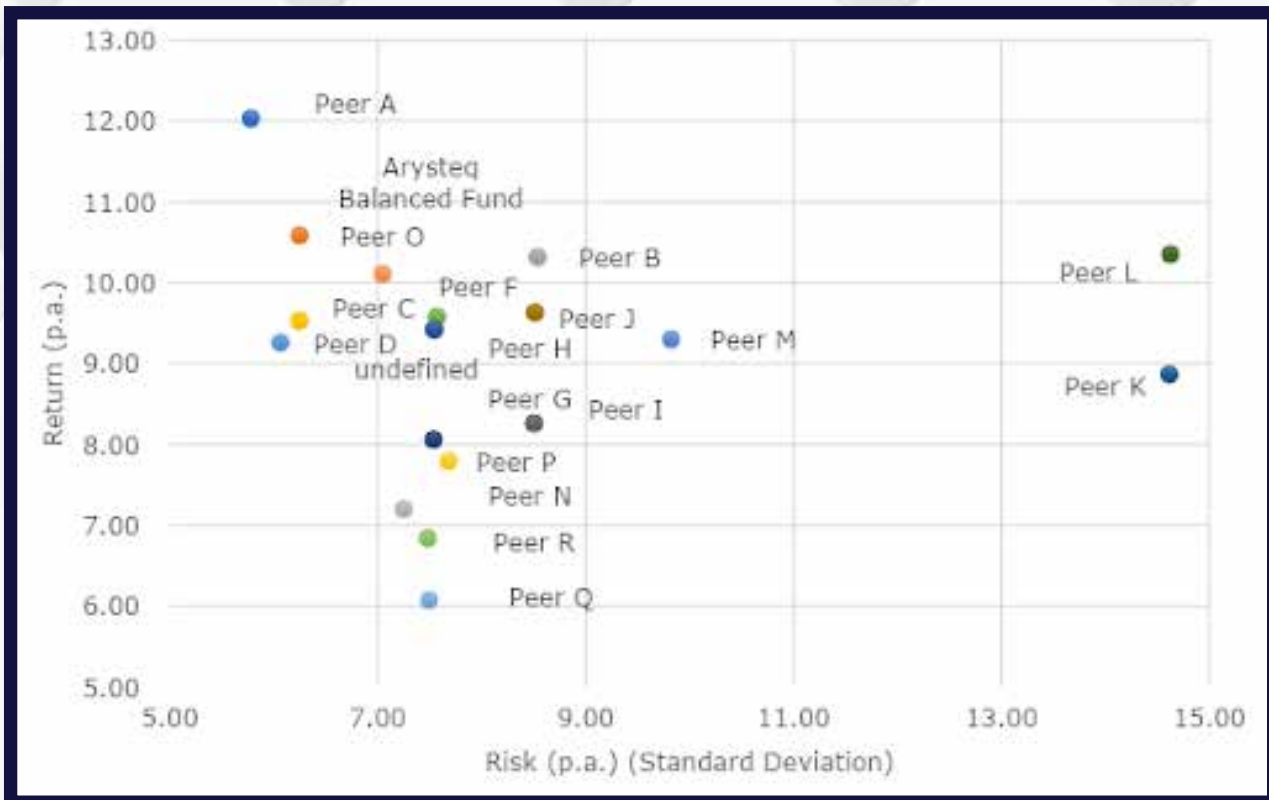
To be able to control risk, you need to be able to recognise it. Risk means uncertainty about what outcome will occur and about the possibility of loss when the unfavourable ones do – Howard Marks.

Recognising that risk exists in almost all aspects of investing, is just as important. Different asset classes vary in the level of risk they can add to your portfolio so it is important to recognise the impact that this can have on your risk adjusted returns (see Figure 2). When markets are in an upward trend, everyone seems to forget the notion of risk but this is exactly when investors should be more risk averse and apply more professional skepticism. Paying too high a price for an asset with no margin of safety, unknowingly increases the risk of a particular asset even more. When investors are less worried about risk, we have too much money chasing the same investments which ultimately leads to more risk and the potential for lower returns. This is all too true at present with the situation across the so called Magnificent 7, which is a group of high performing and infl-

uential technology companies in the US market (Apple, Microsoft, Amazon, Alphabet (Google), Tesla, Nvidia and Meta Platforms). While we can agree that some of these businesses are of high quality, the lofty levels they are currently trading at begs the question whether all investors have appropriately considered the risk involved.

When you boil it all down, it's the investor's job to intelligently bear risk for profit. Doing it well is what separates the best from the rest – Howard Marks

This leads us directly into controlling risk. Generating superior risk adjusted returns is the ultimate goal in investing. The important thing to realise is that risk may still be present, even if you didn't incur any losses. The problem here is that when losses start to occur, it is inevitably too late. This intro is captured all too well in Nassim Taleb's book: *Fooled by Randomness*, in which he states: "Reality is far more vicious than Russian roulette. First, it delivers the fatal bullet rather infrequently, like a revolver that would have hundreds, even thousands



Source: Arysteq/Morningstar

Figure 3: Risk vs Return Scatterplot – 3 Years ended 29 February 2024

of chambers instead of six. After a few dozen tries, one forgets about the existence of a bullet, under a numbing false sense of security. Second, unlike a well-defined precise game like Russian roulette, where the risks are visible to anyone capable of multiplying and dividing by six, one does not observe the barrel of reality. One is thus capable of unwittingly playing Russian roulette – and calling it by some alternative 'low risk' name." Let that sink in.

At Arysteq we spend a lot of time on risk management. We focus our attention on our client's needs and delivering superior risk adjusted returns. Figure 3 proves just that and indicates how the Arysteq Balanced Fund has performed top quartile at the end of February 2024, ranking 2nd best in class against its peers. Our approach follows an assessment of risk first, in which we aim to have a fine balance between risk and returns. Not only do we seek a sufficient margin of safety when it comes to our investments, we also focus a lot of time and energy on ensuring adequate diver-

sification when rebalancing, and place a large emphasis on our quality assessment. We all aim to retire comfortably one day and a good balance between risk and return in our portfolios is what will get us there. Saving for retirement is not something that should be pushed down the road of "wait and see", but rather meticulously planned with the right investment partner by your side.

Article by:
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Manager - Arysteq Asset Manage-
ment (Pty) Ltd

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× × BOTSWANA × PENSION SOCIETY 08 MARCH CONFERENCE 2024

RFIN had the opportunity of attending the BPS conference for 2024 and had the privilege of speaking at the gala dinner in the evening of the conference on the topic the role of the Board of “The role of Trustees in ensuring adequate investments in volatile markets ensuring fund performance and discharging the governance duties”.

× A true mouthful to speak on but essentially it boils down to not making emotional and short-sighted decisions when markets are not performing the way the Board of Trustees anticipated, and for how long should the Board consider riding the wave of the market before capitalizing on the losses and moving to a new product as the fiduciary duty of a trustee entails.

The topic for the conference was “bridging the retirement gap” and as is customary the speakers of the event went in detail of how they would be able to utilize various techniques in terms of allowing for a dignified retirement for the members of funds.

The Speakers, panel discussions and various engagements ensured for a well convened conference with stalls that created major networking opportunities for industry players. The attendees at the conference amounted to roughly 300 attendees and nothing short of excellent in total. The experience of the Botswana hospitality and level of engagement was second to none. Botswana is currently experiencing the major shift in the pension market from the default defined benefit to the defined contribution schemes in the industry.

Like Namibia, Botswana is also currently contemplating the introduction of a national pension scheme, as they term it, and are experiencing the same levels of regulatory challenges and obstacles as Namibia is contemplating. The social challenges experienced in the Botswana society and population is very similar to the those faced by Namibians with the high level of unemployment and the lack of financial education amongst the public causing uncalled for negative effects in the population and burdens to the state which must care for the goodwill of the citizens of the country.

The Botswana industry is currently also investigating allowing the members to make their investment choices in the funds and are faced with the difficulty of ensuring that prudent and proper financial advice is provided to members so that they understand the implications of such decisions on their long-term saving.

The RFIN speech concluded with the quote of the infamous Warren Buffet stating that:

“The stock market is a device for transferring money from the impatient to the patient.”

Here are some pictures of this remarkable event:



SPONSOR STALL



BOTSWANA PENSION SOCIETY



GALA DINNER EVENT



Author of the Book: "Retire Rich with a Pension Fund" Mr. Batlhalefi Phale

BOTSWANA PENSION SOCIETY

CONGRATULATIONS

BOARD REAPPOINTMENTS



BOARD CHAIRPERSON
MS. YVETTE MTOLO-PHIRI



VICE-CHAIRPERSON
MS. SABRINA JACOBS



DIRECTOR
MS. SAIMA POKOLO



DIRECTOR
MS. AINO SHIIKI

OUR RETIREMENT
RESPONSIBILITY





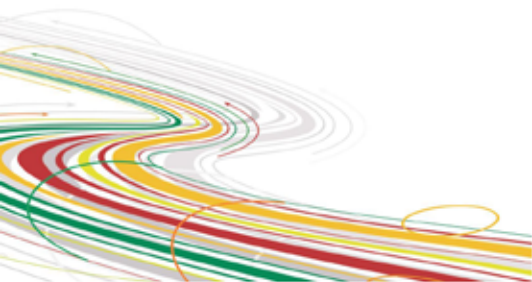
Financial Literacy Initiative

WHO WE ARE

The Financial Literacy Initiative (FLI) is a national platform to enhance financial education for individuals and micro-small- and medium sized enterprises. The FLI consists of more than 30 Platform Supporters from the Namibian public, private and civil society sector working in a coordinated effort to improve the financial capability of all Namibians. The FLI was launched by the Ministry of Finance with the support of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) on 12 March 2012.

OUR VISION

// Improved quality of life and a narrowed economic divide achieved through financially capable, assertive and well-protected Namibians. //



BUSINESS Finance

YOUTH ENTREPRENEURS (18-35 years)

FLI aims to increase financial management skills for youth entrepreneurs through simulation-based trainings. These give participants practical knowledge by learning hands on in areas like costing, pricing, budgeting, short and long term financial planning, bookkeeping, saving, spending, purchasing, banking and taxes.

MICRO ENTERPRISES

Business finance trainings for micro-entrepreneurs take a simulation based approach in order to give participants a holistic experience as it offers all participants an opportunity to learn by doing. These trainings target business owners in the informal market.

INFOHUB

Finding suitable financing for your business now at your fingertips. How you may ask? By simply completing a form on the FLI's Infohub, you will be directed to suitable financial products near you
<http://www.fli-namibia.org/infohub/#1>

START-UPS

We aim to nurture start-ups by creating an environment which inspires sustainable entrepreneurship. The Start-up Festival and other initiatives targets start-ups in Namibia to celebrate new ideas, explore funding and make Namibia a home for start-ups.



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Facebook: www.facebook.com/finlitnam

Twitter: @flinamibia

Youtube: www.youtube.com/finlitnam

FLI OBJECTIVES

- Namibians are better financially educated and capacitated to make informed financial decisions throughout their lives.
- Namibians are able to choose and appropriately use the best financial products and services for their specific needs.
- Namibians understand and act upon their rights and responsibilities within the financial sector; they know about and make use of the appropriate resource mechanisms.
- FLI projects are monitored and evaluated in terms of their efficiency; the FLI actively promotes and conducts research in the area of financial literacy.

PERSONAL Finance

EMPLOYEES

We believe, financial wellness is just as important as physical wellness. FLI's Financial Workplace Wellness Programme targets employees from all sectors to produce a workforce that is capable of making sound financial decisions. Financial Wellness officers can also be trained to execute the financial wellness programme within their respective organizations.

+264 (0)61 209 2297

MINIMUM WAGE EARNERS

FLI cooperates with organizations working with minimum wage earners with the aim to equip them with skills in basic personal and business financial management.

+264 (0)61 209 2297

EARLY CHILDHOOD DEVELOPMENT (3-5 years)

The FLI aims to leave a lasting impact in the lives of Namibians and we believe the best way to achieve that is to reach out to children during their most formative years. In an attempt to build a basic foundation for sound financial management, the FLI partners with the Ministry of Gender Equality and Child Welfare to identify and equip early childhood educators with the required skills and material to include financial education in their curricular.

+264 (0)61 209 2296

PRE-YOUTH DEVELOPMENT (6-13 years)

The initiative is mandated to make provision for financial education to the young in primary schools. Young people are often faced with challenges when making financial decisions hence this program aims to enhance financial literacy in a fun, practical and playful manner.

+264 (0)61 209 2296

GENERAL Public

Feeling left out? Wait, there's more! To ensure everyone is catered for, young and old, FLI has developed a number of educational materials reaching as many Namibians as possible. FLI booklets are reader friendly and available in different vernacular. These are available at FLI offices for free and are distributed at FLI's regular outreach activities. All material are available for download on our website. Want to learn about your financial behaviour? Take the quiz now at

<http://www.fli-namibia.org/quiz/>



Financial Literacy Initiative

THE FLI

A NATIONAL PLATFORM
to enhance FINANCIAL
education



MINISTRY OF FINANCE



BY AFRA SCHIMMING-CHASE

RETIREMENT 101

Financial Planning for Retirement: Setting Goals and Creating a Strategy

“Who is going to pay for your future?”; is not the most familiar question for the young professional who just started their career. Between the ages of 20 and 30, a future at retirement seems far off and almost impossible for many, to imagine. For the individual nearing 55 – 60, (sometimes earlier), this question resonates deeply, an acute reminder of the importance of planning for retirement (your future).

The last thing most of us want is to be at the mercy of the earnings of the children we raised, or the social grants offered by government to ensure a modicum of dignity to the years of life that are meant to represent the best of life. Nevertheless, for a very sizeable portion of the population, being at the mercy of family, and/or the State is the most probable and certain future, in fact, scores of Namibians deal with conflicting priorities relative to their finances, at times stemming from prioritising the needs of others, who find themselves dependent on, in some cases, the one source of income that a family has to share. We give this state of affairs a name, but that is not the focus of this particular article. Suffice it to say that retiring well is statistically proven to be a reality for a select few.

So, what does it take? Is it possible to plan for and settle into a comfortable retirement? What does that look like? What are the actionable steps every (working) individual should take, in their

circumstances to secure the most dignified future (retirement), where the fruits of your labour are applied in a manner that allows you to experience a lifestyle that represents your greatest desires.

It helps to have a vision of where you see yourself, whether at retirement in future, or relative to shorter-term goals. In essence, having an idea of what truly matters for you and then prioritising these dreams is key to justifying the sacrifice of some of your current earnings, in support of a sometimes long-off future.

It starts with a conscious commitment from the first employment, to put away a little for your future. To enable you to pay for your future. It’s a consistent discipline that has carried the test of time in ensuring that the future is as bright as the present. It requires giving up, now, the use of some of your money, in favour of an uncertain but most probable future, of up to 30 years or more without a regular source of income from labour.

You are never too young to plan your future, considering a life in retirement, what’s your vision, how do you see yourself spending your days, what opportunities do you see yourself fulfilling in favour of which you would design a financial strategy that prioritises a future retirement? It’s important to consider how much you would need, depending on the age you choose to retire, and a

quick calculation of an exercise on the **how much is enough** www.howmuch-isenough.net website, assuming a final salary of N\$ 1 500 000 (not a lot, I concur), requires capital of N\$ 15 000 000, to retire at age 60 and live a similar lifestyle until the average age of easily 78 – 82 life expectancy, if not longer. This rudimentary calculation assumes a certain rate of growth for your funds as well as taking into account inflation, amongst others. It is a worthwhile snapshot in time as impetus to taking action on future goals. The simplest manner, to my mind, to meet your retirement goals is through an investment strategy that prioritises what matters most to you, and for which you are willing to commit an amount, regularly, to achieve your set retirement goals. That includes considering what type of medical insurance you may need, where you would live, your monthly expenses and other commitments. For the daunted by the exercise, making use of a percentage of current income in future terms is an alternative.

For most individuals, a useful tool to create a strategy for retirement, is founded in the use of the bucket strategy, first introduced by wealth manager Harold Evensky in 1985. Originally serving as a basis for a sustainable retirement, it proposes having 3 different buckets of varying risk and value, each with a defined purpose, depending on when you estimate you would need the money. As such it is split across the entire investment spectrum and considers, short, medium and long-term goals, providing a strategy to ensure that at all times, before and after retirement there are funds available to deal with the everyday bills, unexpected emergencies (short-term); have resources available to make much needed renovations to your home in future, or fund your child's education (medium-term); the money you have set aside for your future (retire-

ment), and the money you want to leave for others (long-term). In other words, this strategy could be characterised by: today money – tomorrow money – beyond money, the trio as coined by Evan Lucas in his book, *Mind over Money*.

The benefit of the bucket strategy, to plan for retirement as well as for a balanced financial plan during retirement, is that it makes meeting the goal of at least 70% of your final income in retirement a possible reality. It presupposes that your third bucket is provisioned as early as possible, to take full advantage of tax relief options, time in the market, compound interest and funded by growth assets that although subject to volatility in the short to medium term, have been known to outperform income type assets in the long term. This strategy also recognises the need of separating the types of funds that fund each goal/strategy. Recently, Namibians received much needed relief relative to contributions for approved retirement funding vehicles and study policies for their own children, setting the tax deduction from income at a maximum of N\$ 150 000 per annum up from the previous N\$ 40 000 annually. This is an additional incentive to plan for retirement. However, it is not enough to take action on the investments to fund retirement, even more critical is managing behaviour as markets go up and down which invariably is a reality most of us experience a few times in our lifetimes. Each bucket covers a set purpose and provides peace of mind, knowing that funds are available to meet an urgent need, a goal not too far off, and for retirement. Having a bucket per grouping of goals, also helps to provide more comfort to those resisting planning for their future (retirement), knowing that they are taking care of what matters most for them, in a set of conflicting priorities, consciously selecting those they

intend to commit to, whilst ignoring placing value on less important, not as fulfilling places where money may go. Conventional wisdom dictates that 15% of your monthly income should fund your retirement, put away consistently over a period of 40 plus years, irrespective of employment changes, preserving all transfers at termination of employment, giving you 60 to 70% replacement of your final salary at retirement, for your living needs for about 30 years. Creative thinking though, perhaps as an antonym for conventional wisdom, proposes to prioritise what matters most to you, and if experiencing good years in your future retirement is a goal within that meaningful space, the financial effort should be rewarded by superior returns over the long-term. It does require the willingness to take some level of risk, and at any age of retirement, ensuring a healthy portion (as defined by age and life expectancy) in growth assets is set aside to secure a sustainable income that outlives your retirement, rather than you running out of money in retirement. It also requires time, the commodity that enables your investment to grow interest on interest through the power of compounding over a series of periods. And it is again Evan Lucas who makes the point in, *Mind over Money*, “[that]...*having the ability to see how your money is working for you across time will give you the feeling described in the Journal of Personality and Social Psychology – ‘the feeling that your life – its activities and habits – are self-chosen and self-endorsed.’ In other words – financial autonomy.*”

In conclusion, planning for a comfortable retirement, is possible when the efforts are focused around maximising the value for retirement. Start with a clear idea of what matters most for you, provide for different scenarios and ages at which you want to enjoy the best of

your life. Continue with consistent behaviours that support the achievement of your investment strategy, as in the words of Andrew Bradley in *How Much is Enough*, “The Difference between success and failure is not how investment markets behave – we know they generally do well over the long term – but how investors behave.” In life, as in retirement, everything is a give and take, and what a privilege to prioritise the rest of your life, your future, in a meaningful way, for you.

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