

Why saving for your retirement is important

Most of us start working in our early twenties, full of dreams and plans for a bright future. For most of us this is the first real encounter we have with financial planning and all of a sudden we are required to be responsible for our finances.

During our school years most of us are not exposed to financial matters. We are only exposed to basic education but are not taught how to manage our money. As adults, we have to learn as we go along and since there was no basic financial literacy, it often leads to a long and complicated relationship with money.

We learn that saving for retirement is essential. We come to realise that on our payslips there is a portion of money allocated to retirement savings. The aim of this saving is to ensure that this money will assist us during our retirement years. But when we are young, retirement seems like a life time away and there are more immediate needs to be met. Ideally, we should be receiving advice that tells us that it is always best to start saving for retirement as soon as one starts earning a salary.

Without financial education there's the risk of getting ourselves into high debt and we start thinking about accessing our retirement money. The apparent accumulated large sum locked in our retirement fund can surely assist us in getting out of this immediate and looming "temporary fix" called debt. We start thinking of ways to get our hands on this money by for example, resigning from our jobs.

The option to cash out a pension and take a lump sum payment can be tempting. But if we understood, we would know that it is far better to remain em-

ployed and continue to build our retirement nest egg so that we can rely on pension benefits that will largely keep pace with inflation for the rest of our lives after retirement. This can only happen if we belong to defined benefit funds such as the Government Employees Pension Fund (GEPF).

GEPF is a defined benefit fund which means that the pension benefits are paid as annual pension (payable monthly) that is guaranteed for life. The GEPF has a solid track record of safeguarding the value of active members' retirement savings

and protecting pensioners against inflation.

GEPF affirms that the well-being of all of its members and pensioners is the reason why it exists and encourages members to save while they are still working so they can be adequately provided for in retirement.

What are the benefits of retiring with GEPF?

The benefits of retiring with GEPF are many and include a lifetime pension for the pensioner and access to benefits such as, spouse/lifetime partner pension, orphan's and qualifying

children with disabilities and the funeral benefit which do not come from the member's pocket. Furthermore, members who resign also lose essential benefits such as medical benefits.

The primary role of GEPF is to protect the wealth of its members and pensioners by safeguarding their retirement benefits through proper administration and prudent investment. GEPF has paid pension increases that largely compensate pensioners for inflation and, where necessary and affordable, catch-up increases too.

Saving for retirement is essential if we want the freedom to enjoy our retirement years. We may have started our working lives without understanding the benefits of saving for retirement but if we want to retire comfortably as public servants we must ensure that we work for as long as possible and retire with GEPF instead of resigning even when this may look like the best option, especially when faced with immediate and pressing financial needs and challenges.

To find out more about GEPF benefits contact

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