



# Making the best of your post-work life

Preparing for Life After Work

28/07/2020

## OBJECTIVE OF THE WEBINAR SERIES



- Equipping participants to prepare for life after work while in active service.
- Providing information on how to access your pension benefits at retirement and the documentations required.
- Delivering key insights on how to prepare for a healthy and wealthy life.

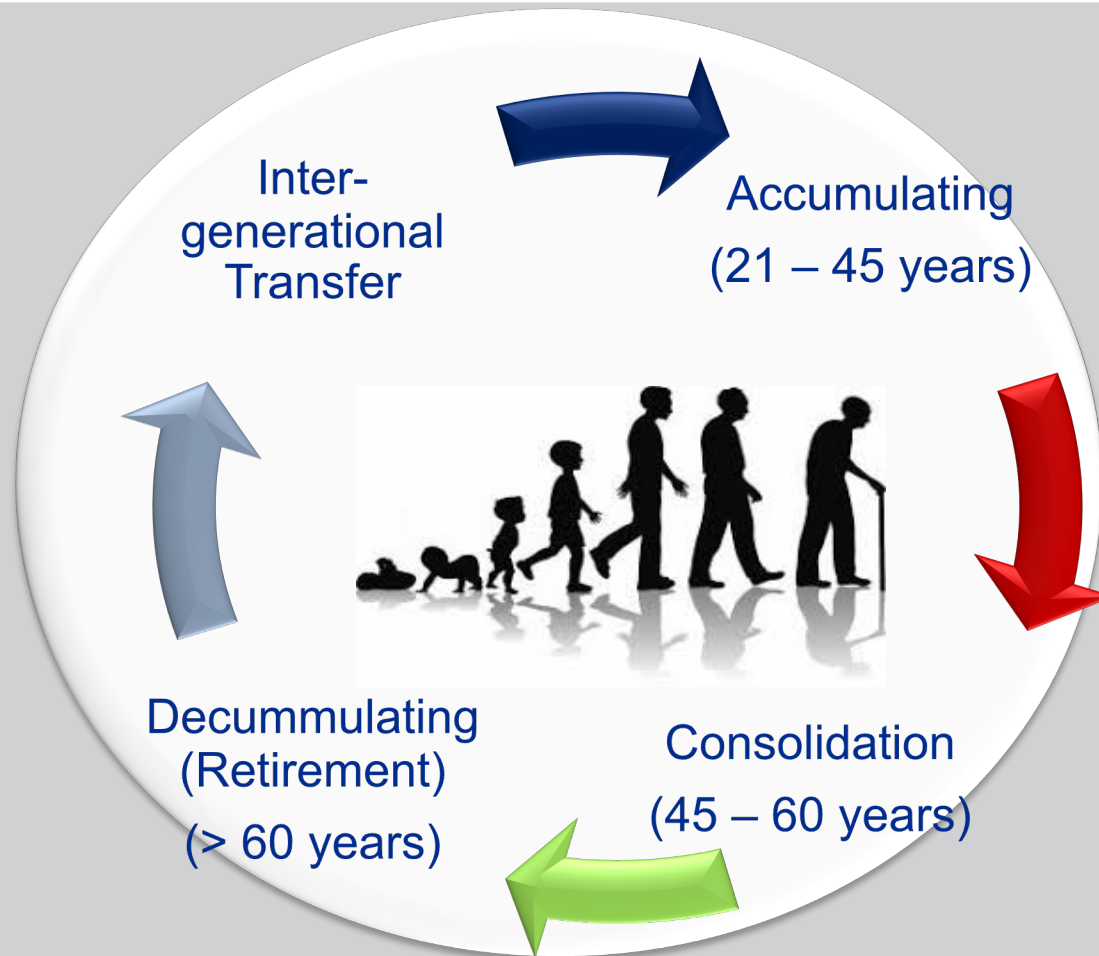


# Financial planning towards retirement

Sola Osunfisan

01

# CONCEPT – THE HUMAN LIFE CYCLE



## Individual Financial Services Needs

1. Banking
2. Savings
3. Investments
4. Pensions
5. Insurance
6. Medical Insurance
7. Wills/Trust & Estate Planning





# ISSUES IN RETIREMENT PLANNING



## Key issues

- ✓ Complicated Retirement planning for low levels income earners
- ✓ Extended Family responsibilities
- ✓ Non-operational social security system that takes care of the aged, etc.
- ✓ Inaccurate average life expectancy for Nigerian workers
- ✓ Nigeria does not have a functioning mortgage system.

# ESTABLISHMENT OF A RETIREMENT PLAN



In drawing up a retirement plan the following should be considered:

- ✓ **When will you retire?** Statutory age for retirement, state of health, desire to pursue other activities or level of financial resources will affect the timing of retirement
- ✓ **What will you do during your retirement?** It is important to plan ahead on how you will like to spend your retirement and prepare yourself mentally and financially
- ✓ **The kind of funds you will need in retirement:** It is necessary to ascertain ahead of time, how much funds you will need in retirement. In determining this, one may gauge his family responsibilities, state of health etc
- ✓ **Source of Fund:** Once you have ascertained your financial requirements in retirement, it is necessary to estimate your income streams to be available in retirement. Where will the required funds come from.



# WHY YOU NEED TO SAVE TOWARDS RETIREMENT

Acquire a safe  
shelter

Maintain standard  
of living

Flexibility to deal  
with life changes

Secures your  
future



Estate  
Planning

Tax benefits

Unforeseen medical  
expenses

Retain financial  
independence



# BENEFITS OF HAVING A SAVINGS PLAN



## Benefits

- ✓ Benefit from the returns on re-investment- 'compounding effect'
- ✓ Provides a way to accumulate substantial income
- ✓ The assets are protected from creditors
- ✓ Helps to deal with transitions smoothly





### **Start early**

- In addition to the monthly contribution to your pension, additional investments should be considered
- The earlier you start saving for retirement, the more money you have when you stop working
- Starting early provides a longer time to invest and optimize returns.

### **Draw up an investment plan**

- Knowing yourself, your needs, goals and understanding your risk appetite will guide you on your investment decisions
- Your investment plan will help you identify the types of products that could be suitable for you
- Reduce your risk through diversification

### **Choose a Fund Manager**

- Has a good track record
- Excellent customer service
- Provides convenience
- Provides value added services
- Is transparent

### **Be open to learning**

- Information is money
- Invest in what you understand
- Create time to read market research, financial journals etc.
- Don't be afraid to ask questions



# FEATURES OF THE MUTUAL FUNDS - OUR TOP PICKS

Fund Facts	Stanbic IBTC Bond Fund (SIBOND)	Stanbic IBTC Guaranteed Inv. Fund (SIGIF)	Stanbic IBTC Shariah Fixed Income Fund (SFIF)	Stanbic IBTC Money Market Fund)	Stanbic IBTC Dollar Fund (SIDF)
<b>Type of Security</b>	Corporate and Sovereign bonds, Commercial Papers and Money Market Instruments	Bonds, Treasury Bills, Fixed Deposits, Commercial Papers, Stocks etc	100% invested in Shariah compliant fixed income securities such as Sukuk, Short term Shariah compliant fixed income securities	Treasury Bills, Fixed Deposits, Commercial Papers etc	Corporate and Sovereign Eurobonds, Commercial Papers and Mutual Funds
<b>Asset Allocation</b>	Min 70%-High quality Bond securities Max 30% -Money Market Instruments	Min of 70% in Bonds, Max of 5% in equities, Max of 30% in Money Market Instruments	Minimum 75.54% in SUKUK bond and cash equivalent of 24.94%	100% in Money Market Instruments	Minimum 75% in Fixed Income instruments Maximum 25% in Cash and Cash equivalent Maximum of 0% - 10% in equities
<b>Risk Appetite</b>	Low to Medium	Low to Medium	Low	Low	Low to Medium
<b>Investment Horizon</b>	Short to Medium term	Short to Medium term	Short term	Short term	Medium to long term
<b>Minimum Investment Period</b>	91 days	NA (90 days for Principal Guarantee)	NA	30 days	182 days
<b>Penalty</b>	20% of the accrued interest if funds are redeemed before 91 days	Not Applicable	N/A	20% of the accrued interest if funds are redeemed before 30 days	20% of the accrued interest if funds are redeemed before 182 days
<b>Redemption</b>	Within 5 working days	Within 5 working days	Within 5 working days	Within 5 working days	Within 5 working days



# *Retirement*

*Are you ready?*





# Benefits of saving with voluntary contribution

Yinka Johnson

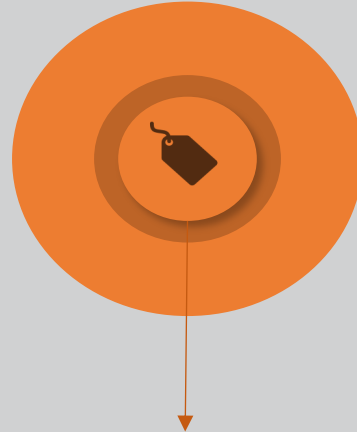
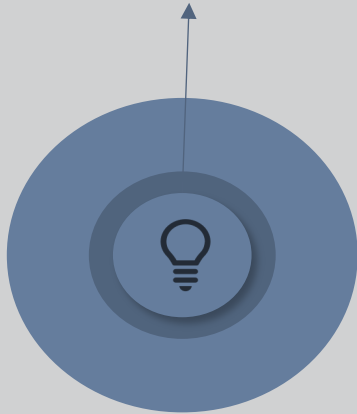
02





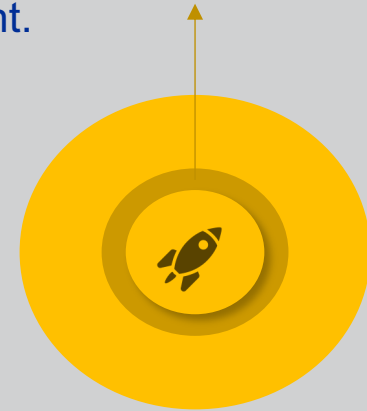
# WHAT YOU SHOULD KNOW ABOUT VOLUNTARY CONTRIBUTION (“VC”)

The Pension Reform Act 2014 allows for employees to make additional contributions into their RSAs. (Act 2014 section 4(3))



The treatment of VC for contributors would be such that the total balance in VC shall be divided into two: 50% shall be contingent available for withdrawal, while the balance of 50% shall be fixed for pension and utilized at date of retirement to augment pension.

Voluntary Contributions are invested in line with PenCom's Regulation on Investment of Pension Funds which allows for variable income and fixed income elements. It is ideal for contributors who want sustainable long term returns and wish to save to enhance their Lump Sum/monthly payments at Retirement.





## VC AS A FINANCIAL PLANNING TOOL

5 years

Monthly Savings	Principal Cont	8%	10%	15%
5,000.00	300,000.00	N367,384.28	N387,185.36	N442,872.54
10,000.00	600,000.00	N734,768.56	N774,370.72	N885,745.08
15,000.00	900,000.00	N1,102,152.84	N1,161,556.08	N1,328,617.62
25,000.00	1,500,000.00	N1,836,921.41	N1,935,926.80	N2,214,362.69
40,000.00	2,400,000.00	N2,939,074.25	N3,097,482.89	N3,542,980.31
50,000.00	3,000,000.00	N3,673,842.81	N3,871,853.61	N4,428,725.39
75,000.00	4,500,000.00	N5,510,764.22	N5,807,780.41	N6,643,088.08
100,000.00	6,000,000.00	N7,347,685.62	N7,743,707.22	N8,857,450.78
150,000.00	9,000,000.00	N11,021,528.44	N11,615,560.83	N13,286,176.16

10 years

Monthly Savings	Principal Cont	8%	10%	15%
5,000.00	600,000.00	N914,730.18	N1,024,224.89	N1,393,286.36
10,000.00	1,200,000.00	N1,829,460.35	N2,048,449.79	N2,786,572.72
15,000.00	1,800,000.00	N2,744,190.53	N3,072,674.68	N4,179,859.07
25,000.00	3,000,000.00	N4,573,650.88	N5,121,124.47	N6,966,431.79
40,000.00	4,800,000.00	N7,317,841.41	N8,193,799.16	N11,146,290.86
50,000.00	6,000,000.00	N9,147,301.76	N10,242,248.95	N13,932,863.58
75,000.00	9,000,000.00	N13,720,952.64	N15,363,373.42	N20,899,295.37
100,000.00	12,000,000.00	N18,294,603.52	N20,484,497.89	N27,865,727.15
150,000.00	18,000,000.00	N27,441,905.28	N30,726,746.84	N41,798,590.73



# VC AS A FINANCIAL PLANNING TOOL

Scenario	Description	Future Outcome at Retirement (50 years old)			
		With No Voluntary Contribution		With Voluntary Contribution	
		Future RSA Balance	Monthly Pension payment after Lump sum	Future RSA Balance	Monthly Pension payment after Lump sum
1	A 40-year old lady with current RSA balance of <b>N10million</b> has a mandatory contribution of <b>N40,000</b> every month and a <b>N20,000</b> monthly VC option for the next 10 years (estimated retirement age) with a projected return of 10% p.a.	N35,264,214.06	N203,526.02	N39,361,113.64	N227,171.12
2	A 35-year old lady with current RSA balance of <b>N5million</b> has a mandatory contribution of <b>N40,000</b> every month and a <b>N20,000</b> monthly VC option for the next 15 years (estimated retirement age) with a projected return of 10% p.a.	N38,848,411.61	N224,212.08	N47,137,818.53	N272,054.07
3	A 40-year old lady with current RSA balance of <b>N10million</b> has a mandatory contribution of <b>N100,000</b> every month and a <b>N50,000</b> monthly VC option for the next 10 years (estimated retirement age) with a projected return of 10% p.a.	N61,332,369.20	N353,977.36	N71,332,369.20	N411,691.96

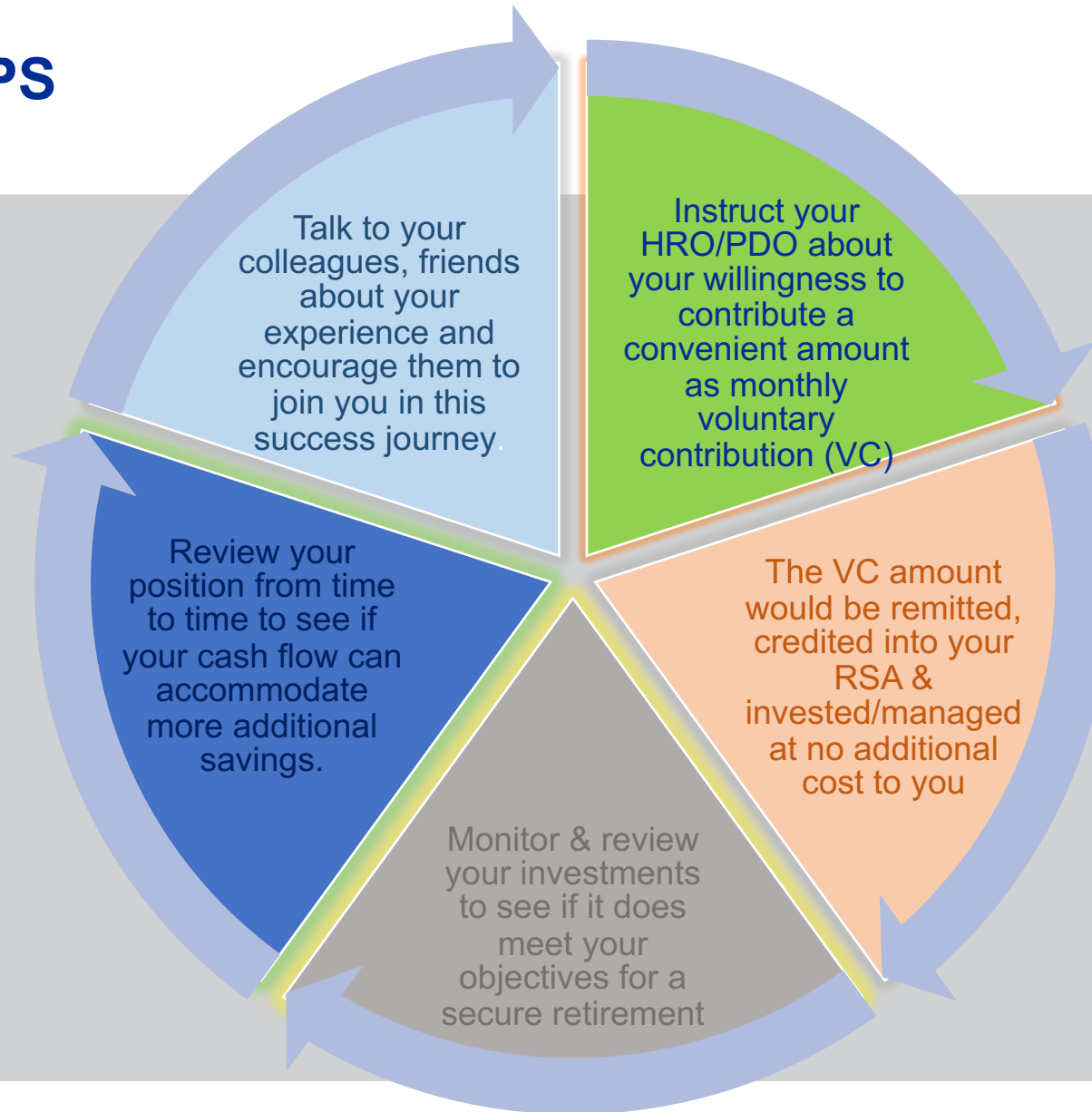
***NB - The output above are subject to variables that changes over time. Hence, the above simulation is not a guarantee of future outcome.***



# INSIGHTS

Nike Bajomo

## NEXT STEPS





# Leaving a legacy by putting a plan in place

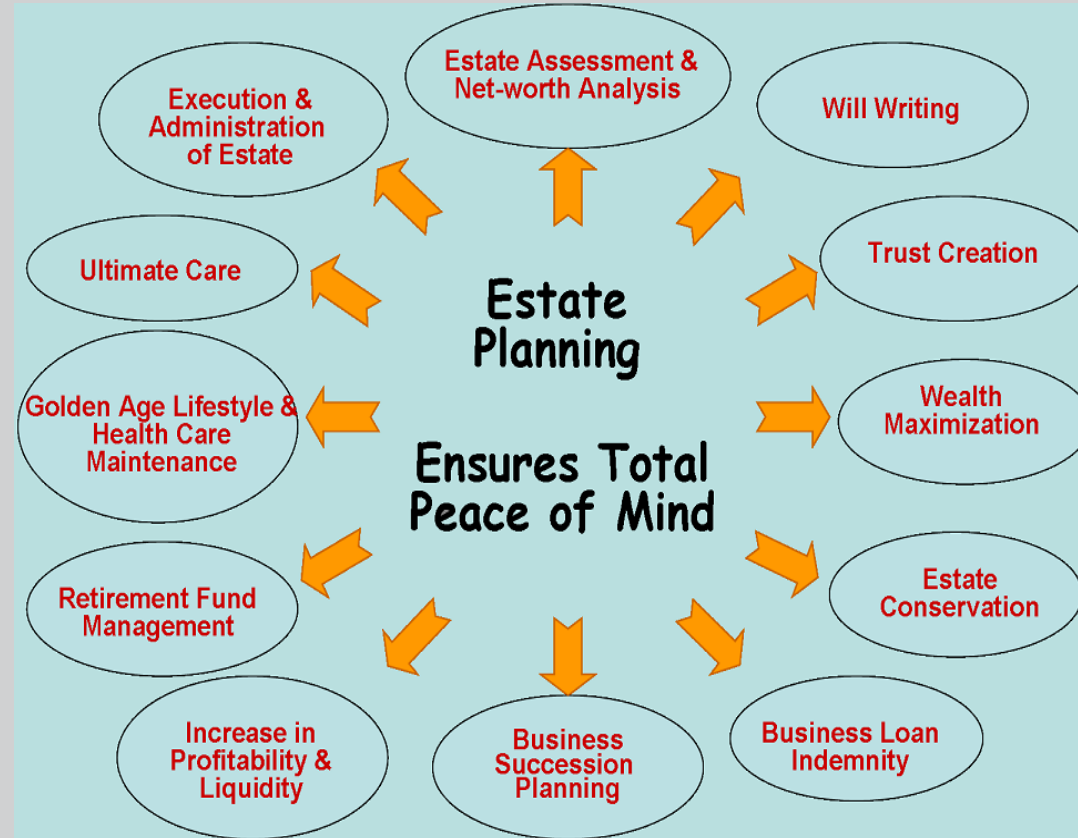
Sola Osunfisan

03



# WHAT IS ESTATE PLANNING?

The process through which a person accumulates assets for later use and conserves these assets for their loved ones.



# OUR ESTATE PLANNING BOUQUET



## Simple Will

SITL Simple Will tied to the balance in an individual's retirement savings account and personal bank accounts irrespective of the pension fund administration or bank while acting as a corporate executor at the passing of the individual

## Comprehensive Will

SITL guides a client through the process of writing a comprehensive Will and executing same while we act as custodian of the Will and Executors of the estate

## Living Trust

SITL acts as Trustees in personalized trust arrangement to meet the specific objectives of our clients

## Education Trust

SITL 's Education Trust ( SET) is aimed at assisting parents/guardians achieve their dreams of an Ivy League education for their children / wards such that they can save up to meet the obligation.



## WHAT NEXT?



- ☐ Ascertain the assets you have and how title is held
- ☐ Review and update your beneficiary declaration form
- ☐ Write a Will to cover pension assets where applicable
- ☐ Take on the required insurance policies
- ☐ Review your current position and speak to us on putting together your preferred estate plan(s)

Put an estate plan in place today to safeguard your hard earned wealth and ensure a seamless transfer to your beneficiaries and or cater for you when the time comes ---- Incapacitation or Death



# THANK YOU

---

Confidential

**StanbicIBTC** ***IT CAN BE™***  
A member of  
Standard Bank Group