



Fin-Ed

Free Financial Education
for Our Community

CAN I RETIRE AT 55, 60 OR 65?

Your retirement age is not just a number –
it's a financial decision.

The real question is:

***“Will my money last for the rest
of my life if I retire at that age?”***



RETIRE AT 55

- ✓ More time to enjoy life
- ✓ Your money must last much longer
- ✓ Greater impact of inflation



RETIRE AT 60

- ✓ Access to most retirement funds
- ✓ Balance between saving and income
- ✓ Income needs to last 25 to 35 years



RETIRE AT 65

- ✓ More time to build your savings
- ✓ More investment growth
- ✓ Greater financial flexibility

THE THREE NUMBERS THAT MATTER MOST



1 YOUR CAPITAL

How much have you saved?



2 YOUR INCOME REQUIREMENT

How much will you need each month?



3 YOUR LIFE EXPECTANCY

How long will your money need to last?



PLAN TODAY. RETIRE WITH CONFIDENCE.

A personalised retirement analysis can show you whether you are on track.



Plan your future,
together.

Can I Retire at 55, 60 or 65?

Many people spend years asking themselves a simple but important question:

"When can I afford to retire?"

For some, the dream is to retire at 55 and enjoy an early retirement. Others aim for age 60 or 65, while some continue working well into their seventies.

The reality is that retirement is not determined by your age, it is determined by your financial readiness.

The real question is not:

"Can I retire at 55, 60 or 65?"

The real question is:

"Will my money last for the rest of my life if I retire at that age?"

Retirement Is a Financial Decision

Many people focus on a specific retirement age because it feels like a milestone.

However, two individuals who retire at age 60 may have completely different financial outcomes.

For example:

- One person may have accumulated R10 million in retirement savings.
- Another may have accumulated R2 million.

Although they retire at the same age, their ability to generate sustainable income will be vastly different.

Your retirement age should therefore be determined by your financial position rather than a number on a calendar.



What Happens If You Retire at 55?

Retiring at 55 can be attractive.

You may still be healthy, active, and able to enjoy hobbies, travel, and family time.

However, early retirement creates a significant challenge:

Your money must last much longer.

A person retiring at 55 may need their retirement capital to provide income for:

- 30 years
- 35 years
- or even 40 years

This dramatically increases the pressure on retirement savings.

In addition, retiring earlier means:

- Fewer years available to contribute towards retirement savings.
- More years of drawing income from investments.
- Increased exposure to inflation.
- Greater risk of running out of capital later in life.



What Happens If You Retire at 60?

For many South Africans, age 60 is a practical retirement target.

At this age:

- Retirement annuities become fully accessible.
- Many employer pension and provident funds allow retirement.
- There is still sufficient time to enjoy an active retirement.

Retiring at 60 generally provides a better balance between accumulating capital and drawing income.

However, the same question still applies:

Can your investments generate sufficient income for the next 25 to 35 years?

What Happens If You Retire at 65?

Age 65 has traditionally been regarded as the standard retirement age.

The additional five years between 60 and 65 can have a surprisingly large impact on your financial position.

These extra years may provide:

- Additional retirement contributions.
- Additional investment growth.
- Fewer years requiring retirement income.
- Increased retirement capital.

For many people, delaying retirement by only a few years can significantly improve the sustainability of their retirement income.

The Three Numbers That Matter Most

When determining whether you can retire, three key numbers are more important than your age:

1. Your Retirement Capital

How much have you accumulated?

This includes:

- Retirement annuities
- Pension funds
- Provident funds
- Preservation funds
- Unit trusts
- Tax-Free Savings Accounts
- Other investments

The larger your capital base, the more income it can potentially generate.

2. Your Income Requirement

How much money will you need each month?

Many retirees underestimate their future expenses.

Your retirement budget should include:

- Medical aid
- Household expenses
- Vehicle costs
- Insurance
- Holidays and leisure activities
- Inflation adjustments

The higher your income requirement, the more capital you will need.

3. Your Life Expectancy

Modern retirees are living longer than previous generations.

A healthy retiree may need to plan for:

- Age 85
- Age 90
- Age 95

Or even longer.

This means your retirement plan may need to support you for three decades or more.

A Simple Illustration

Consider two individuals who each require R30,000 per month after retirement.

Person A

Retires at 55
Expected retirement period:
35 years

Person B

Retires at 65

Expected retirement period:
25 years

Both require the same income.

However, Person A's retirement capital must last an additional ten years.

As a result, Person A may need significantly more retirement capital to achieve the same level of financial security.



The Biggest Retirement Mistake

One of the most common mistakes is retiring because you have reached a certain age rather than because you are financially prepared.

Many people focus on retirement as an event, in reality, retirement is a long-term financial journey.

Retiring too early without sufficient capital can lead to:

- Reduced income later in life.
- Dependence on family members.
- Financial stress.
- Running out of money during retirement.

So, Can You Retire at 55, 60 or 65?

The answer is:

Possibly.

But your retirement age should be determined by your financial readiness rather than your desired retirement date.

The only way to know with confidence is to perform a detailed retirement analysis that considers:

- Your current investments.
- Future contributions.
- Expected investment returns.
- Retirement income requirements.
- Inflation.
- Tax implications.
- Life expectancy.



Final Thoughts

Retirement planning is not about choosing an age, it is about ensuring that your investments can support the lifestyle you want for the rest of your life.

Some people can comfortably retire at 55 others may need to work until 65 or beyond.

There is no right or wrong retirement age—only the age that is financially sustainable for you.

The sooner you understand your retirement position, the more opportunities you have to improve it.



FinEd – Empowering Better Financial Decisions Through Education

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