Fin-Ed

Free Financial Education for Our Community

HOW TO RETIRE WITHOUT RUNNING OUT OF MONEY

The Real Secret Isn't How Much You Have – It's How You Use It

Plan smart.
Protect your future.

Invest wisely.
Grow with confidence.

Live fully.
Today and tomorrow.

Retire well.
Make your money last.

Retirement is a journey.
Let's make sure you enjoy it.

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How to Retire Without Running Out of Money

The Real Secret Isn't How Much You Have – It's How You Use It

One of the most common questions people ask when approaching retirement is:

"How much money do I need to retire?"

While this is an important question, it may not be the most important one.

A better question might be:

"How can I make sure my money lasts as long as I do?"

Many retirees focus entirely on accumulating wealth before retirement but spend very little time planning how that wealth will generate an income for the next 20, 30, or even 40 years.

The truth is that retirement is no longer a short chapter at the end of life. Advances in healthcare mean that many people today can expect to live well into their 80s and 90s. While this is wonderful news, it also means that your retirement savings may need to provide an income for longer than you spent paying off your home or raising your family.

The Biggest Retirement Risk Nobody Talks About

Most people worry about stock market crashes.

Others worry about inflation.

Some worry about medical expenses.

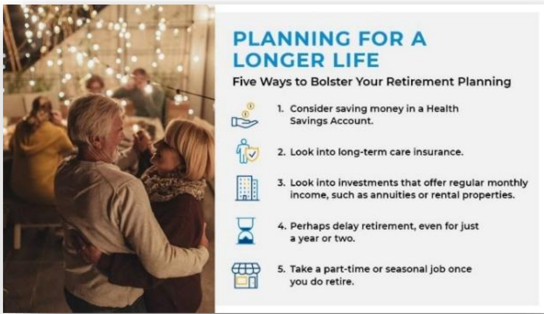
While all of these risks are important, the greatest risk facing retirees is actually **longevity risk** - the risk of living longer than your money lasts.

Running out of money at age 85 after retiring at 65 means

yourretirement capital lasted 20

years.

Unfortunately, you may need it to last 30 years or more.



Retirement Is a Journey, not a Destination

Many people view retirement as a finish line.

In reality, retirement is the start of a new financial journey.

During your working years, your focus is on accumulating assets.

During retirement, your focus shifts to preserving capital while generating a sustainable income.

This requires a different mindset and often a different investment strategy.

The 5 Factors That Determine Whether Your Money Will Last

1. How Much You Withdraw

The amount you withdraw from your investments each year is one of the most important factors affecting the longevity of your capital.

Many retirees assume they can withdraw whatever income they require and simply hope the investments keep pace.

Unfortunately, mathematics does not work that way.

The higher your withdrawal rate, the greater the pressure placed on your capital.

As a general rule, withdrawals above 8% per annum often place significant strain on a retirement portfolio, particularly when inflation increases are added each year.

A sustainable income strategy seeks to balance your lifestyle needs with the long-term preservation of capital.

2. Investment Returns Matter

Retirement capital that remains entirely in cash may feel safe, but it often creates a different problem.

Inflation slowly reduces purchasing power over time.

A loaf of bread, a litre of petrol, or a medical aid contribution that costs R100 today may cost significantly more in ten or twenty years' time.

For this reason, retirees still require exposure to growth assets such as shares, property, and balanced funds.

Retirement is not the end of investing, in many ways, it is when investing becomes most important.

3. Inflation Is the Silent Wealth Killer

Many people underestimate the impact of inflation.

At an inflation rate of 6%, prices double approximately every 12 years.

This means that an income of R20,000 per month today may need to become R40,000 per month in the future simply to maintain the same standard of living.

A retirement plan must therefore not only provide income today but also allow that income to grow over time.

4. Market Volatility Requires Patience

Markets do not move in straight lines.

There will be years when investment returns are excellent and years when markets decline.

One of the biggest mistakes retirees make is becoming overly conservative after a market correction.

History has shown that markets recover over time.

A well-diversified portfolio is designed to navigate these periods while still providing long-term growth.

5. Having a Plan Is More Important Than Having a Number

Many people become obsessed with reaching a specific retirement amount.

R5 million.

R10 million.

R15 million.

The truth is that no magic number guarantees success.

A successful retirement depends on the relationship between:

- Your available capital.
- Your required income.
- Your life expectancy.
- Your investment returns.
- Inflation.
- Taxation.

Two people with exactly the same retirement savings may experience completely different outcomes depending on how their retirement income is managed.

Common Mistakes That Cause Retirees to Run Out of Money

Withdrawing Too Much Too Soon

The first few years of retirement are often the most dangerous.

Large withdrawals early in retirement can significantly reduce future growth potential and shorten the lifespan of your capital.

Keeping Everything in Cash

While cash has an important role, excessive exposure to cash can result in your money losing purchasing power over time.

Ignoring Inflation

Many retirees budget based on today's expenses without considering how costs will increase in the future.

Failing to Review Their Plan

Retirement planning is not a once-off event.

Your circumstances, investments, expenses, and objectives change over time.

Regular reviews help ensure your plan remains on track.

What Does a Successful Retirement Look Like?

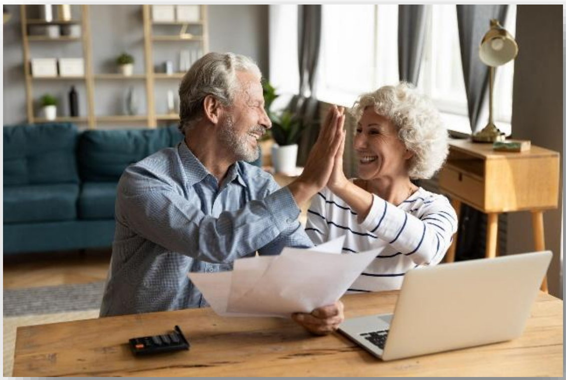
A successful retirement is not necessarily the one with the largest investment portfolio.

It is the retirement that provides:

- A sustainable income.
- Peace of mind.
- Financial independence.
- Flexibility to adapt to changing circumstances.
- Confidence that your money is likely to last throughout your lifetime.

Ultimately, retirement planning is not about dying with the most money.

It is about using your money wisely so that you can enjoy the life you have worked so hard to build.



The Bottom Line

Retiring successfully is not about finding the perfect investment or achieving an impossible level of wealth.

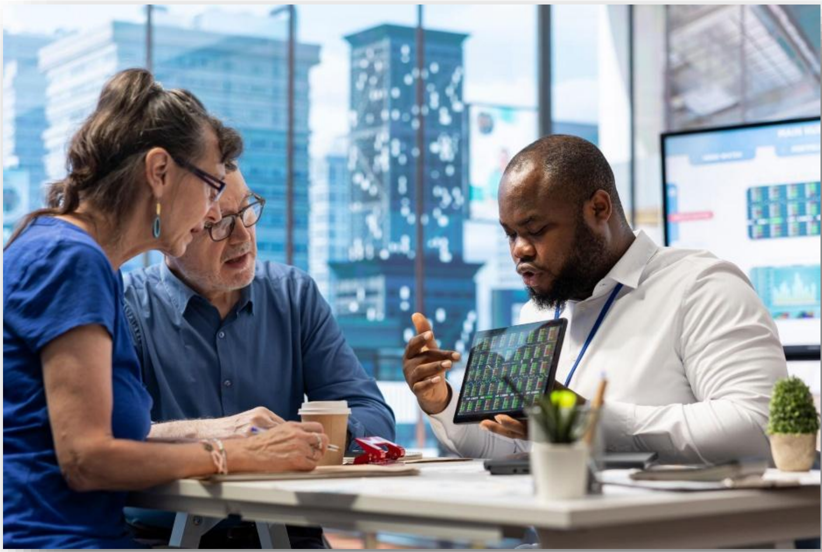
It is about creating a realistic plan that balances income needs, investment growth, inflation, and longevity.

The goal is simple:

To ensure that your money lasts as long as you do.

When retirement planning is done properly, you can spend less time worrying about your finances and more time enjoying the freedom that retirement was meant to provide.

Fin-Ed Tip: The question is not "Can I afford to retire?" The better question is "Can my retirement income sustain the lifestyle I want for the rest of my life?" The answer lies in proper planning, not guesswork.



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