

RETIREMENT PLANNING POLICY

(Dated February 2016)

1. INTRODUCTION

Langeberg Municipality, hereafter referred to as the Council, is committed to ensure that all employees approaching retirement, are guided regarding their financial planning. Retirement is a second life and therefore each one has to plan for a sound retirement.

2. OBJECTIVES

- 2.1 Implement a retirement planning advisory guideline and communicate the content to all employees, unions and management.
- 2.2 Explain to employees that the age at which they want to retire, has a tremendous impact on their retirement security.
- 2.3 Financial representatives from the various Pension Funds must advise employees and provide different projections of their financial security at different ages of retirement.
- 2.4 Provide training to employees about basic personal financial management skills to create an awareness towards saving and planning for future financial security.

3. FUNDAMENTAL PRINCIPLES

3.1 Saving money for retirement.

Establish a culture of saving. The earlier employees start saving, the earlier they will get to start enjoying the benefits of compound interest.

3.2 Life insurance and long term care

Encourage employees to invest in long term care insurance. Approach financial advisors from the various pension funds to present annual workshops where employees can be advised on their pension growth and additional financial provision for retirement (how to invest, how much to invest, how much is necessary during retirement, etc.) Starting at a younger age gives employees more time to accumulate money but with good investment strategies, they can sometimes manage to make enough for a comfortable retirement even with a late start.

3.3 Comfortable lifestyle, enjoying retirement

Retirement planning is the thought and commitment that you put into providing for income and a satisfactory lifestyle for your later years after you leave the work force. Most people will spend an average of 25 or more years in retirement, so careful planning is necessary for this to be a comfortable time.

Retirement planning should begin as soon as employees start their first jobs, but most are too busy raising families to think about something that far away. As soon as they can, they should start investing a percentage of their pay for retirement.

3.4 Investing in a house for retirement

Encourage employees to purchase a house as soon as possible after they start working. Council provides a housing subsidy to employees who are interested in obtaining their own property.

3.5 Planning a second career after retirement or engage in stimulating hobbies

Assist employees to cope with the retirement phase of their lives. Encourage them to get involved with stimulating hobbies, or work part time from home on a consultancy basis. Due to inflation and taxes, many retired people get involved with second careers.

4. IMPLEMENTATION OF THE POLICY

The policy shall be implemented after consultation with the labour unions and the approval of the Municipal Manager.