



WOOLWORTHS GROUP RETIREMENT FUND

MAKING THE DIFFERENCE TO YOUR RETIREMENT

MEMBER NEWSLETTER

November • 2014

HOW TO SAVE MONEY THIS FESTIVE SEASON

FIVE EASY STEPS TO CURB YOUR SPENDING (AND SAVE FOR YOUR RETIREMENT)

SOUTH AFRICANS TEND TO HEAD TOWARDS THEIR RETIREMENT BLINDFOLDED.

WITH ALL THE CELEBRATING IT IS EASY FOR YOUR SPENDING TO GET OUT OF CONTROL.

MAKE THE CHANGE NOW!

1. SET A BUDGET

Impulse buying is quite common over the festive season and **having a budget** can help you stick to what you can afford.

Decide on the following:

- How much can you afford?
- Who do you want to buy gifts for?
- How much do you want to spend on each person?

Simply **make a list** of who you will be buying gifts for, how much you are planning to spend on each person **and then stick to it!**



2. USE CASH INSTEAD OF CREDIT

Pay cash and **avoid being charged interest** on credit card purchases and buying on account. This will also help you to not accumulate debt. It is better to spend money you have budgeted for, than spending money you don't actually have.

3. SHOP AROUND

You can **save money by researching and comparing prices**. Use the internet or make a few phone calls. Also look out for sales and specials on the items that you want.

4. CHOOSE YOUR ACTIVITIES

At this time of year there are family get-togethers and many social events. Before you know it, the costs add up. To make it more affordable, you can **choose cheaper alternatives**, such as picnics or meals at home where guests contribute a dish. A walk in nature also costs very little.

5. THINK OF OTHER GIFT IDEAS

Not everyone expects a purchased gift. Some people may prefer a personal photo or a batch of homemade biscuits. When it comes to receiving gifts, it is really the gesture that counts.

WHAT TO DO WITH THE MONEY YOU SAVE

Savings 1 – pay off any debt you have – credit cards, a car loan, your mortgage, or any accounts. You will save on interest and be a step closer to being debt free.

Savings 2 – put the extra money towards your retirement. Remember the power of compound interest.

“SAVING TODAY FOR FINANCIAL INDEPENDENCE TOMORROW”

ARE YOU A LATE STARTER?

THE BEST RETIREMENT PLANS INVOLVE STARTING EARLY AND SAVING. UNFORTUNATELY MANY OF US ARE WAY BEHIND IN OUR RETIREMENT PLANNING. HOWEVER, EVEN IF YOU ARE 50 AND WOEFULLY UNPREPARED, YOU'RE NOT ENTIRELY OUT OF LUCK. WHAT CAN YOU DO? WELL, A LOT.

HERE ARE SOME TIPS FOR LATE STARTERS:

1. BE AGGRESSIVE

Starting late means you'll need to be more aggressive in how much you save. The old "save 10% of your income" guideline will not be enough. If you're carrying any high-interest debt, such as credit cards, aim to pay these off quickly, as it will restrict your ability to save.

2. BE RISK TOLERANT

Playing it safe and investing in slow-growth vehicles can only work when your money has decades to grow. But if you're late to the party, the best retirement plans will involve taking on more risk (but not unreasonable risk).



3. BE CREATIVE

Unless you're currently collecting a hefty paycheck, it might be hard for you to imagine how you'll save a lot of money in a short time span. So set aside some time to brainstorm ways of spending less and bringing in more.

You can accomplish a lot by cutting costs, such as weaning yourself off your DSTV or forgoing your holiday abroad. Think, too, about how you might generate more income. A part-time job might be an unwelcome thought, but you can generate income by getting a job that may even be fun to do. Or think even further outside the box, perhaps taking in a boarder for a while, downsizing your home, or selling an extra car.



4. BE PATIENT AND DISCIPLINED

It's great that you're finally thinking of your future and taking some critical steps now can make a huge difference in retirement. But it won't happen overnight, and you need to maintain discipline. If you somehow manage to save a small sum in your first year, that might not seem life-changing, but over a decade it will all add up. You need to remain committed to your long-term goal.

5. BE FLEXIBLE

Finally, accept that you might need to delay retirement for a few years while you bulk up your nest egg and delay paying for health care on your own. Be flexible in your goals, too. You may have wanted to save millions before retiring, but you may find that you can do just fine on less. Be prepared for surprises and unexpected developments too.

TAKE ACTION TODAY, AND YOU WILL THANK YOURSELF TOMORROW.



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Let us know if you want us to cover particular topics, if you would like to know more about something, or want to raise a concern. We'd like to hear from you!

Fund queries: For more information about the Fund or for Fund queries, you can contact us on **021 407 2699**

Email us: jennywolhuter@woolworths.co.za

Or write to us at: Woolworths Group Retirement Fund, PO Box 680, Cape Town 8000

WWW.WGRF.CO.ZA

