



WOOLWORTHS GROUP RETIREMENT FUND

MAKING THE DIFFERENCE TO YOUR RETIREMENT

SAVING FOR RETIREMENT

STEP 5

SAVE MONEY AND INVEST IN YOUR FUTURE



This is your final step towards saving for retirement. Here we help you to look at different ways to **SAVE AND INVEST IN YOUR FUTURE**. Keep this booklet somewhere so that you can refer to it.

START SAVING NOW. THE SOONER YOU START, THE SOONER YOU GET THERE. CREATE A CLEAR PLAN TO KEEP YOUR SAVINGS ON TRACK.

SAVING MONEY. IT'S ALL ABOUT HAVING A PLAN.

- In order to set yourself free and to live a financially stress-free life, **you need to manage your money effectively – wisely and with discipline.**
- **YOU DON'T NEED TO EARN MORE, YOU NEED TO SPEND LESS.**
- Here we will show you **how to invest your savings** and what you can do to start creating your own wealth and security. The most important thing you can do for yourself and for your family is to **save for your future and for your retirement.**

THINK BIG. START SMALL. ACT NOW!

INVEST IN YOUR FUTURE

Now that you have set a realistic budget (Step 3) and you have shrunk your debt (Step 4), **let's see how you can save the money that you have freed up** – no, it's not for spending!

SAVE FIRST – SPEND AFTERWARDS

- **First set aside the money that you want to save.** Every month, before paying all your bills and other expenses, put money into a savings account or investment. This is much easier than trying to save whatever is left over at the end of every month.
- **Set aside an amount that works for your budget.** This is one of the easiest ways to save. Even small amounts can make a big difference.

MAKE IT AUTOMATIC

Once you've worked out how much you can afford to save each month, set up an automatic payment (debit order) so that the money goes directly into your savings account.



SAVE FOR AN EMERGENCY FUND

It's a good idea to put money aside for emergencies, like big bills on your car, losing your job, or unexpected illness. **Ideally, you should aim to put aside the equivalent of three months' salary**, but every little bit helps when life throws curve balls your way. Keep your 'rainy day' fund separate from your everyday bank accounts.

SAVE INTO YOUR RETIREMENT FUND

Saving for when you will eventually stop working is most important. However, retired people who are now enjoying the benefits of their savings will say that starting early with a regular savings plan was one of the best decisions they ever made.

- As a member of the Woolworths Group Retirement Fund, **you contribute 7.5%** towards your retirement savings. This is paid into your pension fund.
- Along with this, Woolworths contributes **10.5%** into your pension fund.
- **This combined amount is invested** and, over time, will grow into an appreciable amount of money.

DO NOT consider cashing in your retirement savings – if you do, it will have a negative impact on your retirement. When you retire, you do not want to have too little money to live on.

MAKE ADDITIONAL VOLUNTARY CONTRIBUTIONS INTO YOUR RETIREMENT FUND

You can make Additional Voluntary Contributions (AVCs) to your retirement fund. Over time, your savings will grow and you will also reap the benefits of compound interest. You can access your [AVC form here](#).

WHERE TO SAVE

Before deciding on a savings vehicle, **it is important to know what you are saving for.**

Of the many ways to save, these listed below are the most common:



1 SAVINGS ACCOUNTS

A savings account at your bank is one of the most common and low-risk ways to save money for the short term. When you deposit money into your account you are actually loaning it to the bank, which pays you some interest in return. The interest rate is relatively low, so **savings accounts are not the best option for long-term growth.**

2 TAX-FREE SAVINGS ACCOUNTS

When you open a tax-free account with a bank or insurance company, **you can save up to R500 000 (R30 000 per annum) and the interest and growth is not taxed.**

3 STOKVEL

A Stokvel is a savings scheme in which **members contribute a fixed amount of money to a common pool – weekly, fortnightly or monthly.** Members then receive the lump sum on a rotational basis, and they are free to use the money as they wish.

4 FIXED DEPOSITS

Like savings accounts, fixed deposits also pay interest. The difference is that **you agree to leave your money in the bank for a fixed period of time in return for a higher interest rate.** Sometimes you are not allowed to withdraw the money during the term of the investment but in some cases you can, but you will get paid a lower interest rate.



5 BONDS

A bond is like an IOU issued by a government, a council or a company. You loan them money for a number of years and they promise to pay you a certain interest rate – called a coupon. The level of risk involved when investing in bonds depends on who is issuing them. You can sell bonds early but the price does fluctuate. Bonds are also sometimes called fixed-interest investments.

6 SHARES

When you buy a share, you are buying a small part of a company. **If that company makes money, you may be paid a share of the profit, called a dividend.** Like house prices, share prices are generally expected to go up over time and give you a 'capital gain' on your money when you sell. However, share prices can also fall in value. You should aim for a mix of investments, like shares and bonds, to smooth out the ups and downs that typically happen.

7 PROPERTY

Investing in property can give you two sorts of returns – **rental income** and **an increase in the value of the property over time** (called capital gain). It is important to factor in the interest that you have paid on your mortgage when assessing how much money you made on your property.

HELPFUL TERMS

DURATION

Duration means 'how long you want to invest'.

- **SHORT TERM** – 1 to 3 years
- **MEDIUM TERM** – 4 to 9 years
- **LONG TERM** – over 10 years

Saving for an overseas trip in a year's time is a **short-term** investment. Saving for a deposit to buy a house in five years' time is a **medium-term** investment. Saving for retirement is usually a **long-term** investment.

RETURNS

Returns are the money you earn from your investments. To work out the most suitable type of return you want, you need to decide whether you need income or growth.

- Do you want to use the money your investment earns as income to live on for the duration of the investment? If so, it is probably best to put your money where it will earn a guaranteed return, such as in a bank account that pays you a fixed interest for a set period.
- Do you want to reinvest it with the original amount, and grow your lump sum as much as possible? Then you can consider investments that don't guarantee the return from year to year, such as shares.

ASSETS

Investments are often called assets, and different kinds of investments such as bonds and shares are called asset classes.

LIQUIDITY

Liquidity means how quickly you can convert your investment into cash before the end of the investment period.

A high-liquidity investment means you can access your investment at any time. A bank savings account is an example of this. In a low-liquidity investment such as property, it may take time to find a buyer and complete the sales process. Some investments may be 'illiquid' – you can't get your money until a certain date or event, for example retirement.

RISK

The higher the risk you take, the higher the returns you could receive. High risk means you have more chance of your investments fluctuating in value, losing value or failing entirely.

With a low-risk investment (such as a bank savings account), you generally know in advance what return (interest rate) you will receive. Compared to riskier investments, like shares, it isn't very high.

There are two types of risk:

- **VOLATILITY:** The possibility that the value of the investment will go up and down.
- **PERFORMANCE:** The possibility that the investment fails and you lose all or part of our money, or you receive a lower return than expected.

If considering high-risk investments, be sure to balance the risks with other investments in lower-risk areas.



ABOUT YOUR RETIREMENT FUND AND THE BENEFITS

View our online brochure with information about the Woolworths Group Retirement Fund and the benefits.

HOW MUCH HAVE YOU SAVED IN THE FUND?

To find out what your fund credit is, log in to online.alexforbes.com. You will require a PIN and password. Alternatively, please visit PeopleSoft.

THE VALUE OF GOOD ADVICE

We recommend getting financial advice from a qualified financial adviser to help you consider your options. Contact the Alexforbes Individual Advice Centre (IAC): Call **0860 100 444** or email iac@aforbes.com

Fund queries: For information about the Fund, please call **021 401 9300** or email wgrfmbqueries@aforbes.co.za
Or write to us at: Woolworths Group Retirement Fund, PO Box 680, Cape Town 8000

[WWW.WGRF.CO.ZA](https://www.wgrf.co.za)



[Benefit Brochure](#)