



## WOOLWORTHS GROUP RETIREMENT FUND

MAKING THE DIFFERENCE TO YOUR RETIREMENT

# MEMBER NEWSLETTER

QUARTER 1 • 2020

# REDUCE YOUR EXPENSES!

SPENDING A SMALLER PERCENTAGE OF YOUR SALARY IS AN EXCELLENT WAY TO ACCUMULATE MONEY FOR YOUR RETIREMENT (AND TO GET OUT OF DEBT)

You can and should spend less money and own fewer physical possessions, so that you can live with increased financial freedom as well as a smaller environmental footprint.

- 1** You will be able to get yourself out of debt. When you retire, being debt free can make a huge difference to your finances.
- 2** If you consistently invest and grow what you save, you could have enough money to retire comfortably and to maintain the lifestyle that you want.



## USE LESS AND MAKE A DIFFERENCE

**There is an increasing trend to use less. By using less, you not only save money, but will also help to save the planet.**



However, most people are piling on debt and living beyond their means. Approximately 1.7 billion people

worldwide belong to the 'consumer class' – people characterised by diets of processed food, a desire for bigger houses, more expensive cars, higher levels of debt, and lifestyles devoted to the accumulation of non-essential goods.

In this newsletter, we share better and cheaper ways of doing things. Thrift should be seen as liberation rather than deprivation.

No matter where you are on your financial journey, it is possible to save

money. Sometimes all it takes is that first step in the right direction to get things moving in your favour.

**REMEMBER, EVERY SMALL CHANGE YOU MAKE ADDS UP – AND OVER TIME, THE IMPACT IS HUGE.**

You may be tired of ending every month with no idea where your hard-earned money went. These tips on reducing your expenses could be exactly what you've been hoping for.

THINK BIG. START SMALL. ACT NOW!

# LIVING WITH LESS

## HERE ARE SOME HELPFUL WAYS TO REDUCE YOUR EXPENSES AND LIVE A SIMPLER AND BETTER LIFE

THIS IS THE YEAR OF CUTTING DOWN YOUR COST OF LIVING AND ACCELERATING YOUR SAVINGS.

Some of these tips may take just a few minutes, while others require a bit more effort. Still, they're all very simple – and anyone can do them. Go through the list and find those that apply to you and implement them from today. When you do, you will find that you're saving more money than you ever thought possible.

**SET GOALS – TRY AND SAVE AT LEAST 30% OF YOUR INCOME.**



### 1 Eat at home

Plan ahead and cook your own meals. Dining out can be a huge drain on your finances.

### 2 Close your clothing accounts

Pay off and close your clothing accounts and stop buying new clothes. Buy second-hand if you can, which is also more eco-friendly.

### 3 Reduce your utility bills

Electricity and water have a big impact on your monthly costs. There are many ways to reduce these costs – such as having a short shower instead of a bath and switching off your geyser some of the time.

### 4 Change your travel habits

Swap your current travel habits for more cost-efficient ones such as walking, using public transport or carpooling. Plan your daily travel to avoid making unnecessary trips. Reduce your spending on fuel and vehicle maintenance.

### 5 Buy in bulk

Buying in bulk is often cheaper. But only buy the things you would normally buy.

### 6 Cut out costly habits

For example, have coffee at home instead of your daily R25 cappuccino (this will save you over R5 000 a year).

### 7 Cut down on drinking alcohol

Going out to drink and having drinks with dinner all add up. Reduce the amount of alcohol you drink and you will see significant savings.

### 8 Choose quality over quantity

Buy quality items – you may spend more now, but they will last longer.

### 9 Optimise your TV and internet subscriptions

For example, trade DSTv for Netflix and you will save monthly (if you want to watch sports, go to a friend's house). Ask your internet provider if there are any promotional rates and shop around. You could save over 20% on your monthly fees.



### 10 Do you really need it?

Only buy things that you have planned to buy. Also, wait a few days before bigger purchases – after a while you may no longer want them.

### 11 Save on your cellphone bill

Rethink your cellphone plan. Are you paying for more than you use? Shop around. Use WhatsApp for calls.



### 12 Switch brands

Use similar products that are cheaper than your usual brands. This also applies for generic medication. You won't notice a difference, except to your pocket.

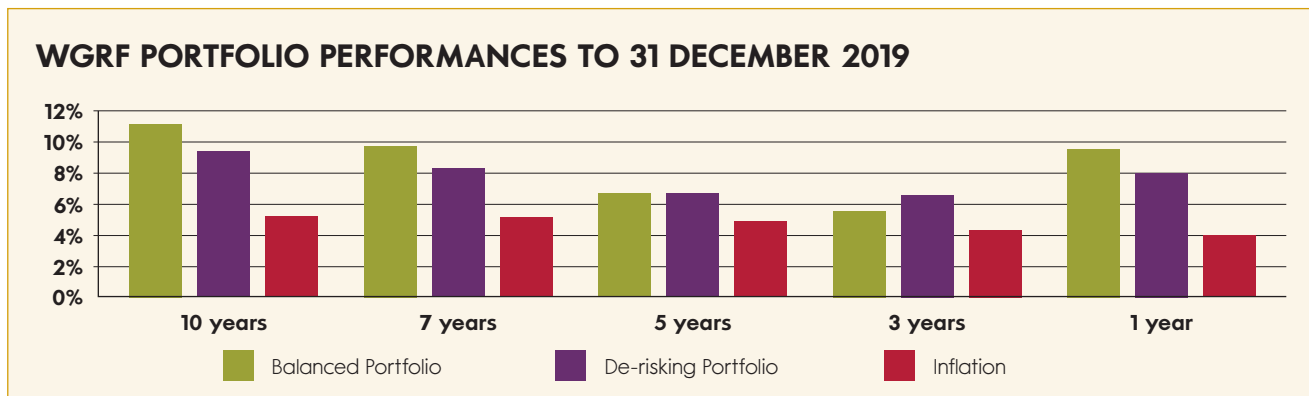
### 13 Compare insurers

Shop around for insurance quotes and optimise your cover. Companies competing for your business will often quote you a lower rate.

### 14 Research before buying

Compare prices before making bigger purchases such as computers, appliances, cellphones, furniture, etc. You can do this online using websites such as PriceCheck.

# PORTFOLIO PERFORMANCE



**Over the long term (10 years), the Fund’s investment performance continues to be good, meeting the relevant objectives.**

After the poor investment returns resulting from the challenging economic environment in 2018, there was a pleasing improvement in 2019, resulting in much more encouraging one-year returns (shown on the far right in the graph above).

THERE IS SO MUCH GOING ON IN THE NEWS, BUT IN THE LONG RUN, HOW MUCH OF IT REALLY MATTERS TO YOUR RETIREMENT SAVINGS?

## GLOBAL DRIVERS IMPACTING THE ECONOMY

The impact of the 'trade wars' (new import tariffs or taxes being put in place) between the USA and China was reduced when a 'Phase 1' deal was reached.

After the United Kingdom election results, Brexit finally became a reality and the UK exited the European Union in January 2020 – although many details are still to be negotiated.

Both international and domestic financial markets reacted favourably, ending 2019 on a positive note, only to be unsettled almost immediately by the emergence of the coronavirus in China, followed by its spread to many countries. The uncertainty regarding the coronavirus and its full economic impact has dominated news headlines and is being felt across all financial markets.



## SOUTH AFRICA HAS ITS OWN SPECIFIC CHALLENGES

Domestically, despite a slight reduction in the political uncertainty of the past two years, turning around the low and slowing economic growth remains essential to creating desperately needed work opportunities and to addressing the pressing social issues. Eskom’s ongoing struggle to meet the electricity demand also continues to disrupt economic activity.

## WHAT IS THE BEST APPROACH?

- 1 Appreciate that there are dedicated experts looking after your retirement fund savings.**  
We may all enjoy the news and expressing our opinions, but professional, experienced investment managers and advisers make the best investment decisions for the Fund. They filter out the 'noise', determine the opportunities and take advantage of these. Access to such expertise is a significant advantage of investing in a retirement fund.
- 2 Manage your short-term expectations.** Expect markets to be affected by 'noise' in the short to medium term and don't be alarmed if last year's good returns are not repeated.
- 3 Keep your eye on the future prize** – a reasonable retirement delivered by long-term returns. Don't be distracted by short-term fears and avoid making knee-jerk decisions which could put your retirement savings at risk.
- 4 Trust the plan.** The Fund has a carefully considered investment strategy in place to achieve your long-term investment objectives. The Trustees monitor the strategy and are committed to overseeing its disciplined implementation and ensuring that your retirement savings are never unduly exposed to unrewarded risk.

**REMEMBER THAT THE BASIC RECIPE FOR SUCCESSFUL RETIREMENT IS TO SAVE AS MUCH AS POSSIBLE, AS EARLY AS POSSIBLE, FOR AS LONG AS POSSIBLE.**



# HOW TO INVEST AND SAVE

## SOME USEFUL INVESTMENT VEHICLES TO HELP YOU SAVE

**Take out a retirement annuity (RA) in addition to your pension fund and get tax back.**

A retirement annuity is a tax-effective investment vehicle ideal for those who want to supplement their pension.

**Open a tax-free savings account and you will not be taxed a single cent on any of the returns on this investment.**

Tax-free savings accounts are part of the government's drive to encourage people to invest and save more for their future. You can save up to R500 000 tax-free and it will grow with compound interest.

**Save in a unit trust. This medium-term savings vehicle is ideal for putting money aside for your children's education.**

A unit trust is an investment portfolio that is managed as a collective investment scheme and is divided into equal parts or 'units'. Unit trusts buy you shares in a fairly safe portfolio along with those of all the other participants in the trust.

**For short-term savings, save your money in a money market or fixed deposit account. This is ideal for lump sums.**

A money market account is an interest-bearing account at a bank. Most money market accounts pay a higher interest rate than a regular savings account, but also come with restrictions that make them less flexible.



## SAVING WITHIN THE FUND

**Make Additional Voluntary Contributions (AVCs) to your pension fund.**

You can make additional voluntary contributions (AVCs) to the Fund each month that will boost your Fund Credit in the Fund. This can be done in a tax-efficient way. Your AVCs will be invested in the same portfolio as your Fund Credit. The AVC form is available on Imbizo or on our website.

For TCOE you can **increase your contribution to the pension fund** via the Modelling Tool which opened in October 2018.

**REMEMBER** Speak to a **qualified financial adviser** to help you consider your options. Getting financial advice is highly recommended.

## THE VALUE OF GOOD ADVICE

The value of getting financial advice from a qualified financial adviser should not be underestimated and is highly recommended. Speak to a financial adviser to help you consider your options.

Contact Alexander Forbes Individual Advice Centre (IAC): **Tel: 0860 100 444** or **Email: [iac@aforbes.com](mailto:iac@aforbes.com)**



**WOOLWORTHS GROUP  
RETIREMENT FUND**

MAKING THE DIFFERENCE TO YOUR RETIREMENT

**Fund queries:** For more information about the Fund or for Fund queries, you can contact us on **021 401 9300**

**Email us:** [MuneebAllen@woolworths.co.za](mailto:MuneebAllen@woolworths.co.za)

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

**[WWW.WGRF.CO.ZA](http://WWW.WGRF.CO.ZA)**