



# Will you retire in peace or in pieces?

Have you ever heard the saying, “in this world, nothing can be said to be certain except death and taxes.” (Benjamin Franklin) We would like to suggest a third: Retirement!

Retirement is a life stage that we will all reach one day, if we live long enough. It doesn't matter whether you're rich or poor. If you are blessed enough to live past 60 in Ghana, which is the statutory age of retirement, you will know that you are living on borrowed time. The choices you make today will significantly impact the type of retirement you enjoy tomorrow. Simply put, your choices will determine whether you retire in peace or in pieces.

## 5 things NOT TO DO if you'd like to retire in peace

No one should retire in pieces, so here are five common mistakes you should try to avoid as you plan towards your retirement:

### 1 DO NOT put off saving for retirement until later

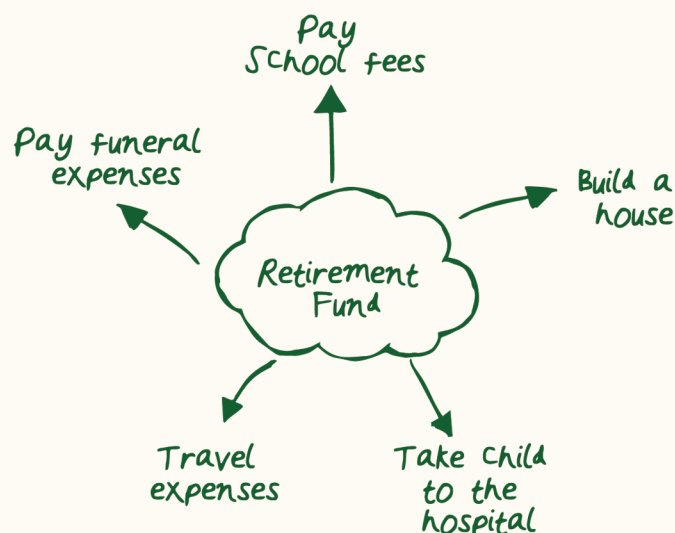
Many people believe retirement is far away and something they can always start preparing for “later.” Yes, if you are in your twenties or thirties, retirement is a longer way off than if you're in your 40s and 50s. However, the earlier you start, the less you will have to put away on a regular basis to reach your retirement goal. Let's look at a quick example of how much you would need to save each month to achieve a goal of GHC 1 million (assuming an average annual return of 15%).

Retirement Goal: <b>GHC 1,000,000</b>				
Years to Retirement	20	25	30	35
Monthly investment required (GHC)	660	304	143	67

As you can see, the earlier you start, the easier and more likely it is that you will achieve your retirement goal.

### 2 DO NOT keep all your money in one account

This is a strategy that many people employ (sometimes not intentionally) as they prepare towards retirement. They've got one account in which they are saving for retirement; paying school fees for children; maintaining the car and house; and taking care of other financial emergencies. If you go down this path, you'll find that your money will never grow at the pace you want to and you risk missing your retirement goal because of how many times you will dip into the account. Retirement funds should always be kept separate and in a place that is not easily accessible.



### 3 DO NOT save all your money in a traditional savings account

Most of us were taught from an early age about putting our money into a savings account at a bank. That lesson has stuck with us throughout the years, and many Ghanaians are trying to build their retirement nest egg through a traditional savings account. Though possible, with traditional savings accounts paying an average of 5% per year, it would take a really long time to get where you want to go. Worse yet, you could find out that you never actually get there because of how much you would need to save to achieve your goal. Let's continue with the example of saving GHC 1 million by age 60 to illustrate this point.

Retirement Goal: <b>GHC 1,000,000</b>				
Average annual return	5.0%	10.0%	15.0%	20.0%
Monthly investment required (GHC)				
<i>If you've got 20 years to retirement</i>	2,423	1,306	660	316
<i>If you've got 25 years to retirement</i>	1,672	747	304	116
<i>If you've got 30 years to retirement</i>	1,197	439	143	43

For the average Ghanaian, it is much easier to save GHC 116 a month than GHC 1,672. However, as a responsible investor, remember that your investment decision should not be based solely on rates, but also on the track record and demonstrated investment expertise of the company you select.

### 4 DO NOT wait for your children to grow up so they can take care of you

Ghanaians have, for generations, looked to their children to take care of them in retirement. The plan was (or still is in some rare cases) to have many children, take care of them so they can grow up and in turn take care of you. Unfortunately for many new retirees, their children are often still in university and living at home, and unable to contribute financially to the household, much less to your retirement. While we believe children should be willing to take care of their parents, it should be a bonus to the preparations you've already made for yourself and not your primary source. It would also be great if you could rather give your children a head start by bequeathing something for them and the grandkids.

### 5 DO NOT think that you will never retire

Often when we speak to people about retirement, the response is, "Oh me, I don't plan to retire." Some intend to move into consulting; others expect to start their own business as they move into retirement. The list goes on and on. It is important to remember, however, that even though you may still be physically and mentally fit at age 60, and even 65, both your physical and mental facilities begin to decline as you reach 70 and beyond. If you have not prepared financially for the years that are still left to come (which could be another 10 to 20 years), the likelihood that your retirement will fall to pieces is much higher. You need to have a plan B.

While we've chosen a more light hearted approach in writing this, retirement is a very serious matter and should not be left to chance. Databank is committed to helping all Ghanaians prepare properly for retirement and we would like to suggest these steps to get you started if you would like to enjoy a peaceful retirement.

#### Databank recommendations if you want to enjoy a peaceful retirement

If you would like to retire in peace instead of in pieces, here are our top recommendations:

1. **Complete the Databank retirement checklist** to learn how much you need to invest on a monthly basis to hit your retirement goal
2. **Separate your retirement funds from your other savings** that you use for more regular expenses and to cover financial emergencies
3. **Start investing today if you've been putting it off for another day.** If you've already started, make sure that you're investing the right amount and doing it consistently.

Please contact a Databank branch near you to get your copy of the retirement checklist or to find out which products are best suited to your investment needs. **Invest wisely. Invest with Databank.**