Will you be ready for the cost of your retirement?

Out of every 100 Ghanaians who reach age 60…

2

Can retire comfortably

23

Must continue working

75

Must depend on SSNIT, charity, relatives

Planning a secure **Retirement** with Databank

Databank
Leadership

PLANNING A SECURE RETIREMENT WITH DATABANK

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Acknowledgement

This book was commissioned to help advance Databank's mission of helping Ghanaians to become financially independent. Our aim at Databank is to provide guidance and encouragement to Ghanaians to help them better prepare for a comfortable, secure and joyful retirement. On behalf of Databank, I would like to express my deepest appreciation to Prof. Stephen Adei, who put the manuscript together, and Mr. Kwaku Bansah, who typed it. To everyone else who has contributed to making this booklet possible, we are grateful.

Mrs. Gillian Hammah
Group Chief Marketing Officer
Databank

Dedication

We dedicate this book to all prospective pensioners (i.e., every worker). Databank Group and its Mutual Funds, particularly Databank Balanced Fund, are dedicated to supporting you in achieving a secure retirement.

Foreword

Databank is committed to helping individuals and corporate bodies save, invest and grow their wealth. An important element of this commitment is to prepare people for a secure retirement. We are proud that we have already helped many ordinary Ghanaians achieve financial independence. We are dedicated to helping many more grow out of poverty and misery in their old age through better management of their finances.

We know that with improved personal financial management and retirement planning, in particular, the ordinary Ghanaian worker and self-employed individual can meet their needs and desires and not dread retirement.

This booklet was created to offer basic education on retirement planning and management of one's money. My utmost desire is that you will partner with Databank to secure a better retirement. We are continually expanding our range of financial products to ensure we can meet your unique investment needs.

Our Balanced Fund, popularly known as BFund, has been designed to meet the needs of investors who want growth with stability, the ideal characteristics for a retirement fund.

Your Chief Servant,

Kojo

Kojo Addae-Mensah
CEO, Databank

Chapters

01 CHAPTER

Great retirement is no longer for a few rich people

Many Ghanaians dread retirement. In the past, it was common for people to swear false affidavits to change their age so that they would not retire at the statutory age of 60. In one case, a twin retired several years before his twin brother, while in another instance a younger brother retired before his older sibling, who was supposedly a few years older than him. These stories happen because many have approached retirement totally unprepared.

The good news is that great retirement is no longer for a few rich people. Thanks to institutions like Databank, the average worker can enjoy secure senior years financially. Better financial and retirement planning while in active service, as well as wise management of money during retirement can get you there.

This booklet is meant to help you join the expanding number of happy retirees when it comes to financial independence.

With the pioneering work of Databank in introducing collective investment schemes (i.e., mutual funds), it is now easy for everyone to invest towards their financial future regardless of income.

Table 1 shows that even with a GHC 100.00 monthly investment, in 20 years one can accumulate as much as GHC 310,965 given an average return of 20% per annum. Even at a rate of 10% one accumulates approximately GHC 80,000. This is not bad for a low income earner!

Table1

Yield of GHC 100.00 monthly investment

	Average annual return						
Years	**10%**	**12.5%**	**15%**	**17.5%**	**20%**	**22.5%**	**25%**
1	1,254	1,267	1,280	1,293	1,306	1,319	1,332
5	7,656	8,131	8,633	9,163	9,722	10,311	10,931
10	19,986	22,784	25,997	29,685	33,912	38,753	44,292
20	71,826	96,771	131,171	178,590	243,886	333,650	456,790
25	123,332	182,516	272,464	409,150	616,587	930,699	1,404,945
30	206,284	337,031	556,656	925,535	1,543,988	2,577,687	4,298,482

What is implied in Table 1 above is that even if you had only GHC 10.00 a month to invest, which is all you need to top up Databank mutual funds, you could still accumulate GHC 24,000 in 20 years at 20% per annum (i.e., GHC 243,886 ÷ 10). Small amount? No! The lump sum of SSNIT's payment to retirees in Ghana has averaged far less than that for low income earners, even after 30 years of contribution.

The story is the same if you make lump sum investments towards retirement. Let's take, for example, a cocoa farmer who can afford GHC 500.00 once a year during the cocoa season. If that farmer puts GHC 500.00 each year into a mutual fund (see Table 2) and achieves an annual growth of 20% per annum, in 30 years the farmer accumulates GHC 590,941. Yes, over half a million Ghana Cedis! If, instead, he had invested a lump sum of GHC 1,000.00 each year, the farmer would end up a millionaire by the time he retires at age 60.

Table 2

Wealth created assuming an annual investment of GHC 500

	Average annual return		
Number of years	10%	15%	20%
1	500	500	500
5	3,053	3,371	3,721
10	7,969	10,152	12,979
15	15,886	23,790	36,018
20	28,638	52,222	93,344
25	49,174	106,397	235,991
30	82,247	217,373	590,941

Investing consistently over the long term in relatively secure investment schemes, like the Databank-managed mutual funds, assures a comfortable retirement for almost everyone. A great retirement is no longer reserved for a few rich people.

Consistency in investing and time will allow compound interest to work for you.

In fact, becoming a millionaire is not a big deal after all. Table 3 shows the monthly investment required to become a millionaire, given an average annual return of 10%, 15% or 20%.

Table 3
Monthly investment required to become a millionaire (GHC)

	Average annual return		
Number of years	10%	15%	20%
20	1,392	762	410
25	810	367	162
30	484	179	64
35	294	88	25
40	180	43	10

(Source: S. Adei, 12 Keys to Financial Success. Accra, Combert Impression, 2004)

The key lessons you should take away from Table 3 are as follows:

- **It is good to start investing early so your money has time to grow** before you retire at age 60. If you are age 40, you have 20 years to accumulate funds for retirement. If you are 20 years, you have 40 years to go.

- **The biggest benefit of investing is the rate of return.** Epack has returned an average of 32.66% per year since its inception, MFund 20.70%, BFund 22.20%, ArkFund 20.58% and EdlFund Tier 1 28.26%, EdlFund Tier 2 25.50%*.

*Aa at June 30, 2017

Please note, however, that in your bid to achieve your financial goals quickly, you do not blindly chase returns. If you do, you could end up exposing yourself to more risk than you would like, and potentially lose some or all of your money. As such, please take time to research the company you are investing in, their track record and their experience in managing money. Don't be afraid to ask tough questions, and make sure you get satisfactory answers.

Don't simply retire from something; have something to retire to.

02

CHAPTER

Why most Ghanaians are likely to face financial challenges as retirees unless they act differently

Until recently, the number of Ghanaians who had a pension scheme were few. In fact, collective investments schemes (otherwise known as mutual funds and unit trusts) were pioneered in Ghana by Databank as recently as the 1990s. Today, Social Security and National Insurance Trust (SSNIT) contributors are less than two million people.

In the past, people looked to their children to take care of them in their old age, but that avenue is not easy to access today. Why? Because many retirees still have children in school or who are just entering the job market and are barely able to make their own ends meet, much less provide financial assistance to their parents. Without proper retirement planning today, people in the informal and self-employed sectors may work until they drop dead or live miserably in their old age.

In Ghana today, the everday worker is faced with issues such as low basic income, lack of personal pensions and collective savings schemes, as well as inadequacy of SSNIT pensions (see Chapter 3). These issues have reduced many formal sector workers to bare existence financially, when they need support most in their old age.

There are a number of attitudes and behaviours that contribute to the phenomena of inadequate preparation for retirement:

- **"Blammania".** The tendency to blame others (e.g., Government, employers, parents, etc.) for the state of one's financial future. This is a major obstacle to a secure retirement, as it causes you to stop taking personal responsibility and planning for your future.
- **OPM (Other People's Money) mentality.** Some hope they can access the resources of rich family members or their children during retirement, and as such put very little away for the future.
- **Consumer debt.** The tendency to "chop" your future income even before it is earned will make the future worse than the present.
- **Short-term mentality.** Many people simply refuse to start preparing for retirement when they start working, because 30 to 40 years seems far off.
- **Get rich quick mentality.** Whether induced by charlatan preachers or the bad practice of people looking to make an overnight fortune through corruption or lottery, many people have come to despise systematic savings and investments because they feel it takes too long. However, remember the phrase: Easy come, easy go.
- **Irrationality and illusion.** Some look to occultism, "sakawa" or "black magic" to give them access to fortune (Source: "Steps to Retirement Planning for the Rich and the Poor," forthcoming).

If one or more of these factors apply to you or someone you know, please note they will all contribute to a miserable life after retirement. The only way to have a secure retirement is to invest towards it. Depending on SSNIT contributions alone, in spite of its positive sides, may not be enough.

A comfortable life after retirement depends on your attitude today.

03

CHAPTER

The workings of the SSNIT pension scheme and why you need "Plan B"

Ghana has one of the best national pension schemes in the world. This is because of the proportion of pre-retirement income paid out as retirement benefits to qualifying contributors. However, the cash is often inadequate.

How the Scheme works

Before the introduction of the Three Tier Pension Scheme by Act 2008 of 1992, employees who had worked for 30 years or more were paid up to 80% of their SSNIT contributions (based on an average of their best three salaried years). Workers at that time could also choose to take a quarter as lump sum and have the pension reduced to 60%. For workers who paid SSNIT conttributions over a period of 20 years, they were entitled to receive up to 50% of their contributions (based on an average of their best three salaried years).

The National Pensions Act, 2008 (Act 766) introduced a three-tier system with employers and employees contributing 18.5%, of which 2.5% goes towards the National Health Insurance Scheme (NHIS) and 5% to a separately managed investment to generate a lump sum on retirement. As a result, new members of SSNIT and those who were less than 45 years at the time of the new law will receive up to 60% of the average of their three highest annual salaries as pension. Under the new law, the minimum years required to contribute to the scheme to qualify for a pension is 15 years.

Why you need a "plan B"

The reality is that the majority of workers who depend on SSNIT may still not have adequate resources during retirement, which is when they will need it most. Here are a few reasons why:

- **Basic salaries tend to be small.** Many employers tend to keep basic salaries low and then bulk up on allowances. This is largely a tax avoidance strategy that is used by both employers and employees alike. However, most of these allowances (if not all) will cease upon retirement, and retirees will have to rely on SSNIT payments. Yet, when you retire and SSNIT calculates your eligible pension, they will only take your basic salary into consideration versus your total remuneration, which would have included allowances. In February 2016, the average monthly amount paid by SSNIT was only GHC 723.18.*
- **Not all companies contribute to SSNIT.** The percentage of companies that contribute to SSNIT as at June 2015 was only 54.5% and payments were made for a mere 45.9% of employees.*
- **Number of pensioners increasing exponentially.** The number of pensioners are also growing exponentially at 10%, while contributors are growing at less than 1%.* If this trend continues, one day – sooner than later – SSNIT may not be able to honour pension payments.

Most contributors to SSNIT will need a "plan B". This will help them invest their way to finacial independence.

Databank provides personal pension plans and mutual fund investments, which are free of taxes and can lead to financial security at retirement.

- Note: To qualify for a SSNIT payment of GHC 723, you would have needed to work for 15 years and earn an average monthly salary of approx. GHC 2,000 per month for at least three of those years.

*Source: SSNIT Monthly News Sheet, July 2015.

Predicting the future isn't possible, but preparing for it is.

04
CHAPTER

Basic steps in personal financial management

The best way to prepare for retirement is by adopting a wise and life-long financial management strategy, of which retirement planning is a part.

Sound personal financial management pillars are:

i. **An emergency fund.** This is supported by basic life and health insurance to take care of the ups and downs of life
ii. **A financial independence agenda.** This can be achieved by saving and investing your way to financial independence as outlined in the rest of this chapter
iii. **A retirement plan.** Refer to chapters 5 to10

The A-B-C's of personal financial management and retirement planning

The A-B-C's of sound personal financial management and retirement planning may be summed up as: A for Positive Attitude; B for Basic financial literacy and C for Commitment to a personal plan towards financial independence and secure retirement.

A - Attitude

Attitude is the most important factor in all successful pursuits – personal financial management is no exception. Two factors should underlie a positive attitude towards financial independence and secure retirement, especially for those under 50 years.

The first is that small sums of monies invested monthly have the potential to create a fortune over time.

The second is that, because of the introduction of collective investment schemes (mutual funds) pioneered by Databank and personal pension funds, every Ghanaian now has access to good investment vehicles in order to achieve financial success.

B - Basic financial literacy

Basic financial literacy is needed to guide you as to what to do. For fuller treatment, you may consult Stephen Adei's "12 Keys to Financial Success" from which the following simple steps are taken:

- **Step 1: Set financial goals.** Set Specific, Measurable, Attainable, Realistic and Time bound (SMART) financial goals such as "I would like to save and invest to accumulate GH¢50,000 in 15 years" or "I want to have a million cedi investment on retirement."
- **Step 2: Figure out how much you must invest to achieve your goals**. Use the table in Appendix A at the end of this booklet to help you figure that out. A rule of thumb is to invest 10% of your income when you start working until you reach age 30. Thereafter, you can add 5% for each additional decade as your starting point (i.e., 15% for 40 years, 20% at 50 years, etc.).

- **Step 3: Get out of consumer debt quickly.** Make every effort to stay out of debt. Debt is a negative investment.
- **Step 4: Pay yourself every pay day.** Following Adei's principle of "Pay God (10%), Pay Yourself (10%) and Pay Your Bills (80%)," develop a culture of putting aside at least 10% of your earnings each month in an investment after paying your tithe, and live on 80% of earnings.
- **Step 5: Let three factors work for you.** Consistency of investing, time and compound interest. These three constitute the power in wealth creation.
- **Step 6: Let your money work primarily for you and not others.** Often, people think they are accumulating for the future when in fact they are only lending their money to others while inflation makes their savings worthless with time. All extra monies in current accounts are in that category and most saving accounts are like that. That is why it is important to put your money into investments that can stay ahead of inflation.
- **Step 7: Invest where money grows.** Money grows when we invest it and achieve good returns. Real growth occurs when that rate of return exceeds the rate of inflation. In that regard, real financial investments start with: Time Deposits (CDs), Money Market Funds, Treasury Bills, Balanced Funds, Equity Funds and buying shares of companies directly from the stock exchange. For regular investments, a safer way is to invest in mutual funds, where there are professionals who oversee your portfolio (see Chapter 9).
- **Step 8: Protect yourself from sudden reverses.** In life, unforseen events happen, and this is why you must protect yourself. Start an emergency fund as soon as you can, buy a basic insurance plan and prepare a WILL to take care of your "behind."

- **Step 9: Get rich slowly.** Avoid speculative actions and the "get rich quick" mentality. Remember the point in Chapter 2: Easy come, easy go!
- **Step 10: Limit the price of financial success.** Don't get rich at the expense of personal integrity, good marriage, family life, fellowship and friendship, or your eternal life. Otherwise, you will simply become a "rich fool."
- **Step 11: Start today.** Talk to an investment adviser. Databank provides them for free.
- **Step 12: Ensure you have a long-term plan for retirement.** Retirement planning is an important part of good personal financial management.

C - Commit to a Plan

It is said that if wishes were realities, beggars would live in castles. Unless you put in place a savings and investment plan, all your dreams will not materialize. In the case of retirement planning, you must not only have a plan but sustain it for all the years until you reach age 60. Then you will discover that "Life begins at 60." (S. Adei)

> ***It is not what we do once in a while that shapes our lives; it is what we do consistently.***

05

CHAPTER

Principles and practice of retirement planning

(with special reference to under 50 year olds)

Retirement planning should begin from the day you earn your first income. That is why you contribute to SSNIT on your first pay. Unfortunately, out of every 100 Ghanaians who reach age 60, only 2 can retire comfortably; 23 must continue working, 75 must depend on SSNIT, charity or relatives*. This is due to the lack of retirement planning.

Why retirement planning is important

- Investing specifically for retirement comes with **special tax advantages**.
- Most people experience a significant **reduction in income** if they depend on SSNIT pension only.
- **Increased health care costs** is normal in retirement years as your strength wanes, and you may have to rely on others for financial assistance if you don't plan properly.
- Newly retired workers who depended on work allowances (e.g., house, car) may find themselves in a financial bind if they have not put the necessary provisions in place **to replace those allowances when they cease**.
- Expenses such as **child care** (reason to avoid pension babies) and parental support may be ongoing at retirement, and you will need to ensure that you are

*An Actuary's Review on Pension Reforms, 2005 financially prepared for it at a time when your income may be less.

- You deserve to **enjoy your retirement** by being financially independent, without having to depend on stipends from your children, who are building their own lives.

Needs faced by many current pensioners

- Inadequate provision of retirement income.
- Lack of residential accommodation. They have to relocate to the village or family home even if that is not what one desires.
- Increased medical expenditure.
- Financial overdependence on others, especially children's remittances.
- Lack of available elderly homes in Ghana. This means that one must arrange for required care at a high cost.

You can avoid most of the above challenges by boosting your retirement finances through a specifically targeted retirement plan.

Three stages in retirement planning

- **Stage 1: Accumulation stage.** This is where you undertake the activities in Chapter 4. Save and invest for your retirement years and clear all your debts in order to retire debt free. Start from the day of your first pay till the day you retire. If you are already working, the next best time to start is now!
- **Stage 2: Retirement time.** Up to 12 months before retirement, you have to take important decisions. These decisions include your personal investments and the

approach with which you will take your personal, employer and state facilitated pensions (see Chapter 7).

- **Stage 3: Managing your money in retirement.** At retirement, you have to still manage your money to earn extra income. You can possibly take on an additional job, or do many things to improve your financial status as a retiree. The good life may begin at 60 (see Chapter 8).

Steps in retirement planning

- **Step 1:** Determine your desired retirement income. Be as realistic as possible in today's terms.
- **Step 2:** Estimate income that will be available to you when you retire:
    - SSNIT pension
    - Employer assisted pension and provident funds
    - Personal pension
    - Money already invested towards your retirement
- **Step 3:** Decide what age you want to retire (60 years ordinarily), how old you are now and the number of years to retirement as a result.
- **Step 4:** Determine how many years you expect to live in retirement (e.g., assuming you will live until age 85 you will be a retiree for 25 years).
- **Step 5:** Use the Databank Retirement Readiness Test (page 20) to estimate how much money you will need to fund your desired retirement.
- **Stage 6:** Figure out the monthly savings and investments required to achieve your retirement goal given an expected rate of return on your investment. Databank officials at any of its offices are ready to help you figure things out. Alternatively you may use Professor Adei's rule of thumb of

10% of income if you are under 30 years, adding 5% for each 10 years you delay.

- **Step 7:** Invest every pay day/month till you reach your retirement age.
- **Stage 8:** Monitor the yield of your investment to ensure that, on the average, you beat the rate of inflation. Also increase pro rata your monthly investments at the same rate as your income increases, in the same way SSNIT pension contribution does.
- **Step 9:** Don't dip into your retirement funds for other needs; provide for those needs separately in parallel savings or investment accounts.
- **Step 10:** Look forward to a comfortable retirement.

Enjoying a great retirement starts with proper retirement planning.

Databank Retirement Readiness Test

			EXAMPLE
What age do you want to retire?		______	60
How old are you now?	–	______	– 34
① **Number of years to retirement**	=	______	= **26**
How much money do you need on a monthly basis (in today's Cedis) to retire comfortably?		______	GHC 2,000
How many years do you expect to be in retirement? (assuming you live until age 85)	X	______	X 25 years
Number of months in a year	X	12	X 12 months
Total amount needed to retire comfortably	=	______	GHC 600,000
Money already invested toward your retirement	–	______	– GHC 5,000
② **Amount of money needed to fund your retirement**	=	______	**=GHC 595,000**
② Amount of money needed to fund your retirement		______	GHC 595,000
① Number of years to retirement	÷	______	÷ 26 years
Number of months in a year	÷	12	÷ 12 months
Monthly savings required to achieve your retirement goal	=	______	**GHC 1,907.05** (at 0% return)

Please note the Monthly savings required to achieve your retirement goal does not yet factor in investment returns.

Monthly savings required if you get an average annual return of:

5% per year
GHC 948.52

15% per year
GHC 189.12

To get help completing the checklist or to learn which investment options are available to help you invest toward your retirement, please visit a Databank branch or partner location (within GTBank). **Databank offers you more choice than any other investment firm in Ghana when it comes to investing toward your retirement. You can start with as little as GHC 50.**

Call 0302 610610 or email info@databankgroup.com to get started.
Also available at www.databankgroup.com

06
CHAPTER

Strategies to recover some lost ground
(If you are 50+)

If you feel inadequately prepared for retirement because you are too close to retirement and you feel that age is not on your side, the following points may come in handy:

1. Do not panic
2. Make sure your SSNIT records are intact
3. Step up your Tier 2 and 3 pension contributions
4. Pay off debt and then use that same amount to boost your investments
5. If you don't have the habit of systematic investing, start with 20% or more of income
6. Moonlight (extra work) and channel all extra earnings into savings and investments
7. Start a side business that will not conflict with work
8. Plant teak trees if you have land (it takes 10-12 years to mature) or other crops. Poultry, piggery, rabbit rearing or vegetable farming are also examples of lucrative past times that may become post-retirement work and a major source of income
9. Write books or articles for newspapers for money
10. Explore continuing to work after 60

11. Start developing post-retirement employable skills (e.g., acquire a Ph.D. if you already have a Masters so you can teach) or learn a trade
12. Make a positive job change if the opportunity arises. You may double or even triple your income
13. Capture all transitional income (per diems, bonuses, etc.) into investments
14. Explore life style change to make life easier
    - **a.** Change of residence. Move from a big house to a smaller one and release equity
    - **b.** Trade down to a smaller, easy to run vehicle
    - **c.** Live on less and love it more
15. Look for non-performing assets to sell or ensure they yield income for you
16. Buy life insurance and health insurance before retirement as things get more expensive thereafter
17. Consult an independent financial adviser (Databank will help you)

If you are persistent, you will get there. Start your retirement plan now and stay consistent.

07
CHAPTER

Some critical decisions a year to retirement

You cannot afford to make the wrong moves as you countdown to your retirement. The following are some vital considerations and actions you have to take twelve months to retirement:

- **Organize your files** so that all necessary personal documents, investments, insurance, land titles, etc. are intact and appropriately arranged.
- **Clear every indebtedness** to retire debt free if possible.
- **Check with the SSNIT office** near you to ensure that all your contribution records are intact.
- **Decide where you will be living** during retirement. This is most important as they have implications for your social life, your access to health care, the possibility of earning some income and above all, your cost of living.
- **Consider trading down** to a brand new Toyota Corolla, for example, if you happen to be in the privileged group of four wheelers.
- **Don't cancel your health insurance** if you have it; if you don't have one make sure your national health insurance is intact. You can subscribe to a private health insurance

before your retire. It gets more expensive as you get older.

- **Make a retirement-specific budget,** as it will likely be different from your pre-retirement budget, though not necessarily cheaper.
- **Build up some cash** to take care of your resettling expenses. The best way is to build up that transitional expense rather than to use a lump sum payment from your retirement benefit.

By far, the most important decision you should make just before you retire is how you will take your retirement money in terms of lump sum and annuity (pension) payments. Consider your official SSNIT pension and provident funds, as well as your own built up resources through mutual funds and other investments.

While there is no best way to do so without taking account of an individual's situation, the following may help you to make up your mind:

- If you have an employer contributed provident fund or such scheme, please use that for short falls in your transitional fund rather than taking a lump sum out of your SSNIT payment. SSNIT will give you the option of 25% lump sum with pension reduced by that. Follwing the implementation of Act 766, this is no longer an issue.
- Your own investments in mutual funds are available for you to draw down on. However, it is advisable to "annuitize" it (i.e., continue to invest it and live on income it generates or get a company that may take it and pay you a monthly sum till you die). You also have the option of withdrawing the income and leaving the principal as legacy.

- You may live for 20 to 30 years after retirement and therefore it is important to ensure that you have a regular income to last that long.
- SSNIT pension will be inflation adjusted. You must make provision for inflation in your other sources.
- You must also note that after 72 years, a surviving spouse will not get anything from your SSNIT payment. It is expedient for you to make sure that your non-SSNIT investments outlive both of you.
- If you still have no WILL, this is the time to do so or you will leave a mess behind you.

Make retirement decisions that will give you a good life after you retire.

08

CHAPTER

Managing your money as a retiree

As I mentioned in the previous chapter, you may live for 20 or 30 years after you retire (perhaps even longer). As such, you need to ensure your money will outlast you and not the other way around. Here are 11 tips to consider:

1. **Make a WILL** to "take care of your behind" if you do not have one. There is no bullet in a WILL to kill you.
2. **Seek to apply marketable skills to continue to earn income** on part-time or full-time basis.
3. **Consider consultancy or setting up an SME**. It may give you a new lease on life.
4. **Delay drawing down on your other three-tier pensions and your own regular savings and investment** if your SSNIT pension can take care of you. This will help you to grow them for a while.
5. **Try to convert as much, if not all, of your end of service benefits and lump sum payments** (Tier 2, Provident Funds, etc.) into annuities or streams of future income.
6. **Do not entertain non-performing assets**: rent even part of the 'big' house, sell the second car, etc.

7. **Balance stability with the need to grow your investments**. Avoid speculation as you can't afford to lose your livelihood in old age. It is better to preserve and grow your investments in money market and balanced funds to take care of inflation.
8. **Consider moving to a lower cost area**. You may live like a king in your village on your pension, but a pauper in Accra.
9. **Take advantage of multiple sources of income during retirement**. Examples include pensions, dividends, continued employment, capital gains from lands, shares and real estate, copyright, rent, directors' fees, consultancy, farming and SMEs. "Life begins at 60" (Adei).
10. **Control your expenditure** on accommodation, transportation, funerals, etc.
11. **Plan to spend more on health, food supplements and helpers** as you grow older

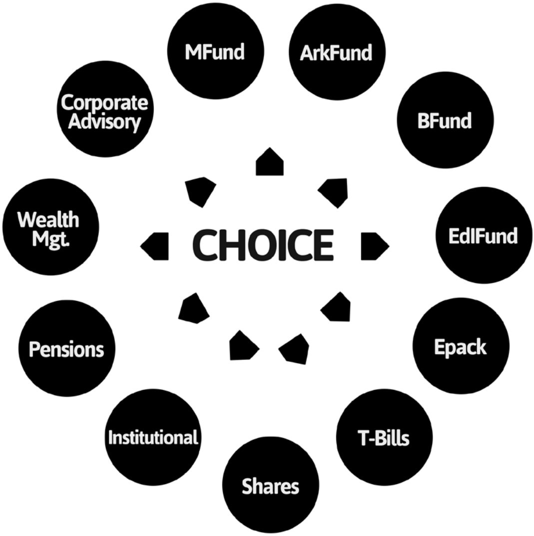
"If you don't get serious about your money, you will never have serious money."

Grant Cardone

09
CHAPTER

Databank: Your one stop shop to comprehensive financial and retirement planning

Databank offers you more
choice when it comes to investing...



Databank investment solutions:

Founded in 1990, Databank is the leading investment firm in Ghana with over 27 years of expertise. Databank is your one-stop shop for investment solutions that can help you achieve financial independence. So, whether your goal is to provide access to quality education for your children, purchase real estate, start or grow your business, or prepare for your retirement, Databank has the investment solutions to get you there.

- **Databank Money Market Fund (MFund).** MFund is a low-risk mutual fund that operates as an investment alternative to a savings account. It is structured to help you meet your short-term financial needs such as starting a business or preparing for unforeseen emergencies. MFund offers you better returns than a savings account, easy access to your funds, and the peace of mind knowing that your investment is protected. It is excellent for managing your money in retirement.
- **Databank Ark Fund (ArkFund).** ArkFund is a balanced mutual fund that allows you to align your ethical considerations with your investments. It accommodates a wide range of investors with varying values by not investing in companies whose activities negatively impact the environment or society. ArkFund offers you the opportunity to make an impact on society while achieving capital growth.
- **Databank Balanced Fund (BFund).** BFund offers you the best of both worlds when investing for long-term needs, especially retirement. You'll get the safety and security of fixed-income investments, combined with the potential for higher returns associated with equity investments.

- **Databank Educational Investment Fund (EdIFund).** EdIFund seeks to help people invest towards financing their educational needs. EdIFund's innovative two-tier structure offers you the complete package when investing towards education: A short-term investment component (Tier 1) for current and recurring educational needs (such as termly fees), a long-term investment component (Tier 2) for future educational needs (such as university fees), and a built-in Life and Total Permanent Disability insurance cover to protect your investment in the event of tragedy.
- **Databank Epack Investment Fund (Epack).** Epack is an equity-based mutual fund that aims at yielding significant returns on investors' capital over the long term through investments in listed pan-African equities with high growth potential. This helps to diversify investor-risk and yields significant growth in the long term.
- **Treasury Bills.** Databank deals in government of Ghana treasury bills and gives you the opportunity to purchase 91- and 182-day treasury bills, 1- and 2-year notes, as well as 3-, 5- and 7-year bonds.
- **Shares.** Databank offers you the opportunity to benefit from free investment advice on the sale and purchase of shares in companies that are either listed on the Ghana Stock Exchange (GSE) or traded over-the-counter.
- **Pension Fund Management.** Databank offers fund management services to Master Trust Schemes (MTS), Employer-Sponsored Schemes (ESS) and Group Personal Schemes (GPS).
- **Institutional Fund Management.** Databank offers fund management for small and large institutions who may have either a benefit/provident fund, endowment fund or corporate fund.

- **Corporate Advisory.** Databank offers advisory services to public and private institutions on a broad range of corporate finance issues. With Databank's team of experts, public and private institutions are able to access capital through the Ghana Stock Exchange (GSE), the Ghana Alternative Market (GAX) or private sources of capital.
- **Wealth Management.** Databank offers you access to customized investment solutions or a range of managed portfolios.

As at the end of 2016, Databank managed over GHC 1.5 billion in assets for Ghanaians. Databank gives investors access to more investment solutions than any other investment bank in Ghana. Visit a Databank office near you – you've got 14 locations to choose from (call 0302 610610 or email info@databankgroup.com for more information).

At Databank we don't tell fortunes, we make them.

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CHAPTER

Next steps

1. **Complete the Databank retirement checklist**. This will help you know how much you need to invest on a monthly basis to hit your retirement goal.
2. **Separate your investment funds from your other savings**. This will prevent you from tapping into your long-term investments to meet your short-term needs. You can use your other savings for more regular expenses and financial emergencies.
3. **Start investing today**. If you have been putting it off for another day, start now. 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 a copy of the retirement checklist or to find out which products are best suited to your investment needs.

Invest wisely. Invest with Databank.

Appendix A
Yield of GHC 100.00 Monthly Investment

	Average annual return				
Years	5%	10%	15%	20%	25%
1	1,228	1,257	1,286	1,316	1,348
5	6,801	7,744	8,857	10,176	11,740
10	15,528	20,484	27,522	37,610	52,193
15	26,729	41,447	66,851	111,570	191,587
20	41,103	75,937	149,724	310,965	671,911
25	59,551	132,683	324,353	848,529	2,327,015
30	83,226	226,049	692,328	2,297,784	8,030,176
35	113,609	379,664	1,704,946	7,567,555	35,454,754
40	152,602	632,408	3,101,605	16,738,488	95,399,008
45	202,644	1,048,250	6,544,503	45,136,640	328,738,015

Appendix B
RETIREMENT SOLUTIONS AVAILABLE AT DATABANK

At Databank, our mission is to help Ghanaians achieve financial independence. A key component in the pursuit of financial independence is preparing properly for retirement. Below is a list of resources that Databank provides to both individuals and institutions. You can locate all of these resources on our website at www.databankgroup.com.

Articles:

1. **Will you retire in peace or in pieces?** Learn five key things to avoid if you want to retire in peace and not in pieces.
2. **Why you should start investing in your retirement today?** Get equipped with key reasons and strategies in investing toward retirement.
3. **Databank retirement checklist.** Calculate how much you will need for your retirement with this handy checklist.

Podcasts:

1. **The role of institutions in retirement planning.** Find out what institutions are doing to promote the concept of retirement planning. The discussants are CEOs, Heads of HR departments, Finance Directors and other key executives.
2. **What you need to know about retirement planning.** Learn about the pros and cons of early retirement with Nii Ampa-Sowa, Databank's Chief Investment Officer.
3. **Why retirement planning matters.** Listen to the views of many Ghanaians on retirement planning with Nii Ampa-Sowa, Databank's Chief Investment Officer and Rev. Daniel Ogbarmey Tetteh, Executive director of Databank Asset Management Services Limited.

Video:

1. **Will you be ready for the cost of your retirement?** Watch this video to know how Ghanaians are preparing for retirement. You won't believe the answers we got.

Seminars:

1. **Free retirement planning seminars.** Databank offers free retirement seminars for corporate organisations. Our free retirement planning seminars seek to educate staff on how to take control of their retirement as early in life as possible.

2. **Databank Leadership Series.** Retirement is a serious matter, and to help every Ghanaian reach financial independence at retirement, Databank organizes the Databank Leadership Series annually to equip potential and existing investors with the right tools for accumulating wealth and preparing towards retirement.

Don't leave your retirement to chance.
Invest wisely. Invest with Databank.

The difference between who you are and what you want to be, is what you do.

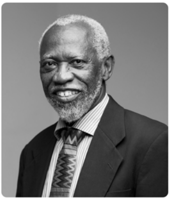
Notes

Notes

Notes

Prof. Stephen Adei

Biography



Professor Stephen Adei (B.Sc, M.Sc. (Dev. Econs), Ph.D (Sydney)) is an expert in Leadership, Public Management, Finance, Economics, Marketing and Marriage Counselling. He is currently the Dean of Arts and Sciences at Ashesi University College.

Professor Stephen Adei has served on several national and international bodies for over 40 years, including Databank Balanced Fund (BFund) Limited. He is the author, co-author and editor of several bestselling books and papers including: *12 Keys to Financial Success, Leadership and Nation Building* and *Secure Retirement for Almost Every Ghanaian.*

As a committed Christian, Professor Adei has served many organizations in voluntary capacities as Deacon, Elder, Chairman and Board Member. He and his wife are co-founders of Ghana Christian International High School. He is married to Georgina and they have four children – Stephen, Eunice, Priscilla and Timothy.

FOR MORE INFORMATION, CONTACT DATABANK AT THE FOLLOWING ADDRESSES:

HEAD OFFICE
61 Barnes Avenue
Adabraka
Accra, Ghana
Tel: 0302 610610
Fax: 0302 681443
Email: info@databankgroup.com

TEMA
Meridian Plaza
Room 201 & 202, 2nd Floor
Community 1, Tema
Tel: 0303 213240, 210050
Fax: 0303 203438
Email: tema@databankgroup.com

KUMASI
Ground Floor
House of Excellence Annex - Adum
PMB, Central Post Office Adum,
Kumasi
Tel: 0322 081483, 080077, 080078
Fax: 0322 029740, 080070
Email: kumasi@databankgroup.com

TAKORADI
SSNIT Office Complex
1st Floor, Room 208
Tel: 0312 023628, 025465
Fax: 0312 021653, 025075
Email: info@databankgroup.com

SUNYANI
Third Floor
GCB building
Sunyani
Tel: 0576 001533, 0577 704516
Email: sunyani@databankgroup.com

Partner locations (GTBank branches)

Accra

- **Airport:** 0577 702012
- **East Legon:** 0577 702013
- **Lapaz:** 0577 739461
- **Madina:** 0577 739462

Osu: 0577 702014

Ashaiman: 0577 702015

Cape Coast: 0577 702016

Tamale: 0577 702017

Tarkwa: 0577 702010

www.databankgroup.com