



Dos and don'ts of retirement planning

Don't spend all your income without investing towards retirement

Do not save what is left after spending, but spend what is left after saving"
– Warren Buffet

For many people, meeting day-to-day needs can seem overwhelming to the point where there is no extra money left to invest. Between their expenses and debts, there is little or nothing left for the retirement fund. Some people even do not have enough to get by every month and need to borrow just to make ends meet. This presents a major setback to investing towards retirement. After all, who wants to be saving for tomorrow when today's needs haven't even been met?

Invest before you spend

The average worker's expenditure budget usually caters for food, utilities, bills, etc. while investing is often postponed until after all other needs have been met. What happens is that by the time we take care of our present needs, there is nothing left to invest and we risk not being able to invest enough to finance our dream retirement. Although you may have genuine needs that must be met today, the question to ask yourself is: If you cannot get by comfortably today, what about retirement when you may be living on less than 60% of your basic salary?

Another reason people don't take investing towards retirement seriously is that they believe SSNIT will be enough to cater for their retirement expenses. However, the purpose of your pension payout is to alleviate poverty in old age; not to make you rich in retirement. Besides, SSNIT contributions are calculated on your basic income and the highest you can receive monthly is 60% of the average of your best 3 years.

The key is to invest before you spend, not the other way around. Investing towards retirement has to be both intentional and consistent: you need to include your retirement fund in your budget, so it is catered for each month, and stay committed to investing this amount.

Here are some other practical steps to help you invest towards your retirement

- **Cut down on unnecessary expenses** so that you can save more each month.
- **Live within your means** so that you do not need to borrow all the time.
- **Separate your retirement fund from other investments** to avoid dipping into the fund unnecessarily.
- **Know your Retirement Number** and try to invest at least this amount each month. ([Calculate yours here](#))
- **Automate your retirement investments** (for e.g., using our Direct Debit service) to help you stay consistent.

Start investing towards your retirement today

A comfortable retirement doesn't happen by chance; it takes careful planning and preparation. No matter how much (or how little you think) you earn, you can still decide to invest towards your retirement. It may become too late and more expensive if you keep postponing your investment decision.

Let's help you prepare for your retirement today. Whether it is calculating your Retirement Number, choosing the ideal mutual fund or helping you stay committed, we are ready to assist you. Contact us via phone at **0302 610610** or via email at info@databankgroup.com.

Retirement planning is easy with Databank. **Let's face it together.**

You may be wondering...



Should I focus on paying off my debts or building my retirement fund?



It can be difficult deciding whether to try to pay off your debts or invest towards retirement with what is left from your income. Both are important and you must try to find that fine balance between meeting them. If you have a loan that must be paid off immediately or that has a high interest rate, you can decide to use more of your extra funds to clear it off quickly while still giving something to your retirement fund. You do not want to enter retirement with debt and you certainly do not want to retire without enough in your retirement fund.

Investing a little is always better than investing nothing at all, but remember to clear this deficit anytime you receive any extra cash like gifts or bonuses. And more importantly, see if you can cut down cost on any of your other expenses so that you can have more to invest.

Invest wisely. Invest with Databank.



Download the
Databank Mobile App



 **0302 610610** | www.databankgroup.com



Databank
Leadership