

UKGCC
UK - GHANA CHAMBER of COMMERCE



PLANNING FOR RETIREMENT



**People's
Pension
Trust**

A better tomorrow

Presentation Outline

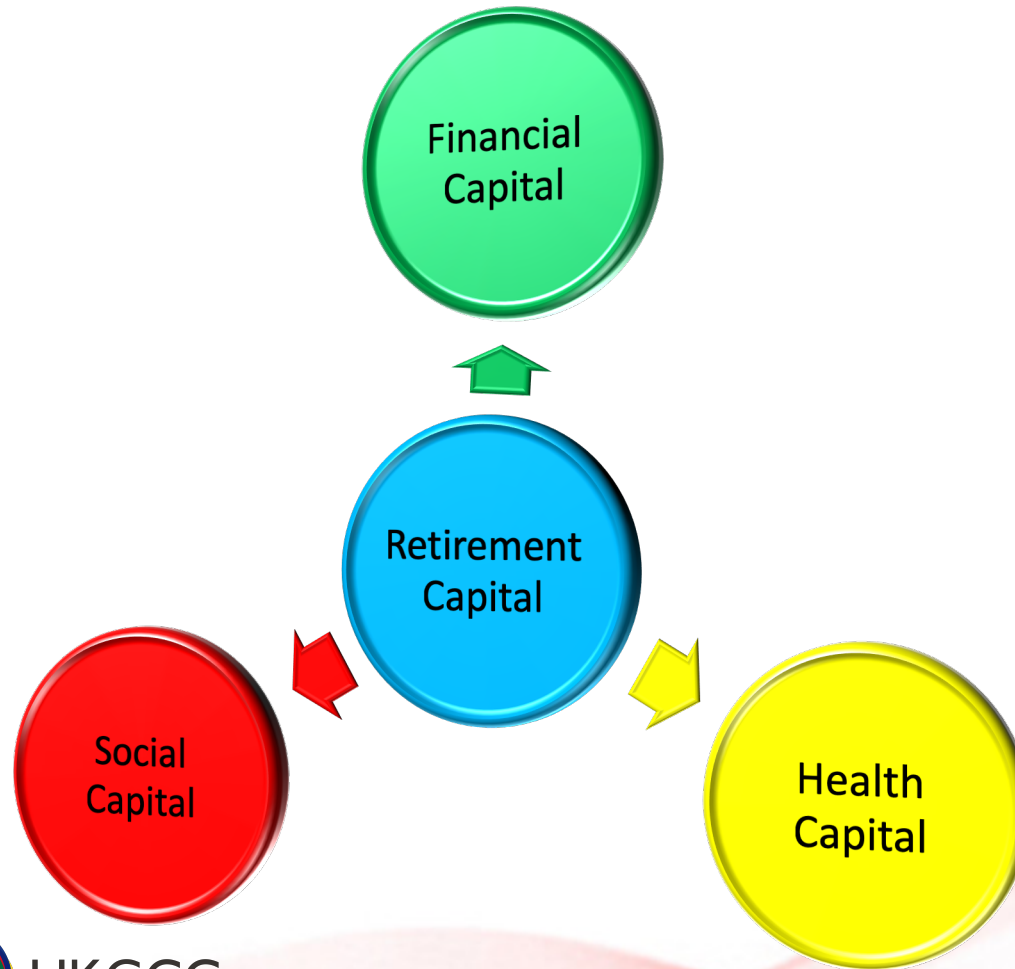
- Introduction
- Categories of Retirement Capitals
- Health Capital
- Social Capital
- Financial Capital
- Conclusion

Introduction



- Retirement planning is process of setting goals for retirement years and, actions and decisions needed for achieving those goals
- People mostly look at just the financial goals
- However, inasmuch as financial capital is very important for retirement, there are other equally important capitals that needs to be addressed.

Categories of Retirement Capital



"Controlling your direction is better than being controlled by it."

~ Jack Welch

Social Capital



Social capital is generated when you invest in your relationships, by being as valuable as you possibly can be in your network.

Social Capital (Cont'd)

- This means, being seen as an invaluable resource.
- In short, **social capital measures the degree of influence which we have through our networks.** It's crucial to your success in business, and to the sense of meaning in your life.



Health Capital



The World Health Organisation (WHO) defines health as ‘a state of complete physical, mental and social wellbeing and not merely the absence of disease or infirmity’
(WHO, 1948)

Health Capital (Cont'd)



A sound mind in a sound body ... By Greek Philosopher Thales

- Health capital is all about your physical and mental investment made to age gracefully.
- In our early ages our lifestyles will definitely show in our old age.

Financial Capital



Financial Capital is not only about money but also being “money smart” (financial acumen).

Financial Capital (Cont'd)

Financial Capital for retirement can be generated from the following sources;

- 1. Under National Pension Act (Act 766)**
- 2. Savings & Investments**
- 3. Assets (Buildings, Land etc)**

Financial Capital (Cont'd)

1. Under National Pension Act (Act 766)

TIER 1	TIER 2	TIER 3
<ul style="list-style-type: none">• To be managed by SSNIT• 13.5% of gross salary• Defined Benefit Scheme• Mandatory	<ul style="list-style-type: none">• To be managed privately• 5% of employees gross salary• Defined Contribution• Mandatory	<ul style="list-style-type: none">• To be managed privately• Enjoys tax benefits• Defined Contribution• Voluntary Contribution

Financial Capital (Cont'd)

Develop Savings Strategy

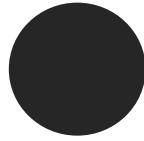
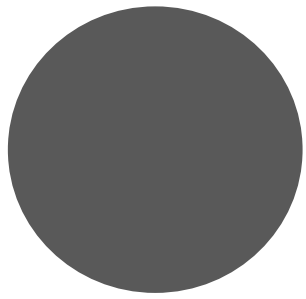
1. Find money for savings and investment;
For example, aim for at least 10% of your current income, increase the amount as you become comfortable with the loss of spending capital
2. Look for ways to save on everyday expenses
3. Build wealth not debt

Assets (Buildings, Land etc)

1. Ensure your assets are easily converted to liquid (cash)

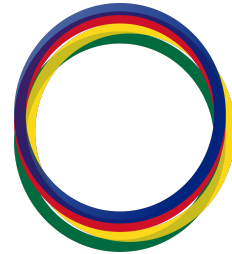
Conclusion

- **Start planning early and ask yourself how and where you want to retire**
- **Plan for the possibility of living longer than you now expect**
- **Create a financial plan**
- **Pay of major debt e.g. Mortgages and other cash flow drains quickly**
- **Look out for other things that brings you joy outside your profession or job.**
- **Build a good network around family and friends**



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PLANNING FOR RETIREMENT PSYCHOLOGICALLY

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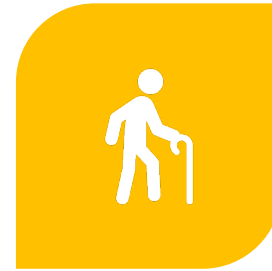
Outline



INTRODUCTION



WHAT TO DO



FIVE STAGES OF
RETIREMENT



CONCLUSION

Introduction

Retirement is a major transition that unfolds over many years, as we go through life we know into the life we will get to know

This stage of life (retirement) triggers intense feelings of excitement and liberation, on one hand, but on the other, fear and anxiety

It can be a leap of faith after decades of routine

Many people are not psychologically ready for retirement even if they are financially capable

Their job has become their identity - “I work therefore, I am, without work, what am I?”

What to do



It is important to think about what would give you a sense of meaning and purpose in retirement



Planning a framework for your retirement should start at least 3 years before retirement date



There is a six to eight-year journey that needs flexibility and resilience



The key to happy retirement is not how much money one has saved but how much plan has gone into it

The Five stages of Retirement - By Ken Dychwald



Stage 1 - Imagination (15 to 6 years preretirement)

- The first stage starts well before one even reaches the retirement day;
- At this stage retirement isn't top on their list;
- There is high expectations of adventure and in the process of saving for this future lifestyle; and
- Some can feel behind in terms of preparation for retirement.

Stage 2 - Anticipation (Up to 5 years Preretirement)



- At this stage is a time of great excitement and hope;
- Financial resources are almost in place, and people begin to spend additional time planning for recreation, new hobbies, family and postretirement careers;
- However, there can be some doubt and worry in people at this stage, as they haven't experienced such a change in life since they began adulthood; and
- This is when people begin to plan more aggressively.

Stage 3 - Liberation (Retirement day & 1 year post retirement)

- This stage marks the official beginning of retirement, or what is referred as the "honeymoon" phase;
- Most retirees on this day, feel excited, relieved and liberated from the worries and responsibilities of their career and day-to-day life;
- People in this stage are fully engaged in the novel opportunities of retirement, such as reconnecting with spouses and families, hobbies, traveling, even starting new businesses;
- Those in this phase find themselves very busy and they believe they will have enough to keep them busy throughout their retirement; and
- However, this euphoria of this stage can quickly turn itself around.



Stage 4 - Reorientation (2 to 15 years post retirement)

- The toughest stage of retirement is reorientation;
- Suddenly there is too much time to spare;
- It's important for retirees in this stage to find a meaningful purpose in life, which is the key to longevity;
- Many can find a purpose, but some get trapped, and they live out a life living without a purpose; and
- This is where depression is at its highest among retirees.



Stage 5 - Reconciliation (16+ years postretirement)

- The last stage of retirement kicks in;
- At this point many retirees are more hopeful and have come to terms with all that retirement has to offer;
- There is lower levels of depression and worry; and
- However, many retirees are more likely to admit to sadness as they begin to confront the end of their lives.



Conclusion



The biggest misconception is that retirement's going to be perfect without any planning or preparation, like something magical will happen.



**Retirement can be a fantastic life stage.
But don't jump into the water before you try to learn to swim.**

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