

Blueprint for a comfortable retirement: early planning and careful asset allocation

When it comes to retirement planning, the adage "the early bird catches the worm" holds true. **Zaheer Bhikha, Executive Head of Product Development at Glacier by Sanlam**, explains the importance of distinguishing your needs from your wants to ensure a comfortable retirement.

Understanding your needs

Strategic planning is the key to achieving financial security after you retire and involves breaking down your financial needs into different categories. Zaheer outlines three primary considerations:

- 1. Your immediate needs require a guaranteed income stream.**

The first category is for your immediate needs, including essential expenses such as rent, food, and healthcare. Securing a guaranteed income stream is crucial to meet these needs throughout retirement. You should explore conservative investment strategies to ensure a high level of certainty in receiving a steady income for as long as you live.

- 2. Discretionary spending allows for your wants.**

The second category is reserved for discretionary spending, encompassing non-essential expenses like upgrading your car or going on a holiday. Unlike immediate needs, discretionary spending allows for a more equity-based investment strategy. This approach considers market fluctuations and can be tailored to your risk tolerance.

- 3. Complete discretionary spending relates to your surplus assets.**

The third category involves surplus assets, representing savings and bequests. These assets can be allocated to a living annuity or an endowment. This category accommodates the uncertainty of how long you will live, allowing for flexibility in managing savings.

Once you have established your needs, it's crucial to analyse the expected profile of each expense category over time. Key considerations include whether expenses will increase in line with inflation, the duration for which income is needed, and your overall financial outlook.

Matching your needs with suitable investment vehicles

Selecting appropriate investment vehicles is the next step in retirement planning. Depending on the expected profile of expenses, you can consider various financial instruments. As the length of one's life is unknown, for essential living standards, Zaheer recommends conservative investment options. For discretionary spending, a more dynamic and equity-based strategy may be suitable, while surplus assets offer room for strategic planning based on an individual's financial goals.

Ensuring a fulfilling retirement

The ultimate goal of retirement planning is to ensure a fulfilling and financially secure life after leaving the workforce. By breaking down expenses into distinct categories, understanding their expected profiles, and aligning them with suitable investment vehicles, you can navigate your retirement years with confidence.

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About Zaheer Bhikha



Zaheer joined Glacier on 1 May 2022. He is responsible for Glacier's solutions strategy and the team of product managers that supports business development within Glacier. He will ensure that the company has a solution set that meets the needs of all of Glacier's markets.

Before Glacier, Zaheer spent five years at the Liberty Group South Africa, where he was the Head of Investments and Direct Distribution. In this role, he was tasked with developing relationships with pension funds, large corporate companies and institutional clients with a view to growing the company's market share.

Over the past two decades in the financial services and investments industry, Zaheer has honed his skills and expertise as an actuarial specialist and in various management roles at Alexander Forbes, Liberty Life, KPMG (UK) and Momentum Employee Benefits.

Zaheer holds a Bachelor of Economic Sciences degree in Actuarial Science and Mathematical Statistics from the University of the Witwatersrand (2002).