

What actually constitutes retirement?

To a large degree the definition would differ from being a single reality, because it is basically a dream in most people's heads and means different things to different people. The commonality would be that we all think we know what we want and will be able to do exactly what we want.

In fact, most people are both delighted and disappointed, because there are pleasant and unpleasant things one has to face, and the ability to deal effectively with any potential adversity lies largely in proper pre-planning.

At what age should you retire?

The decision regarding when to retire is not linked to your pension fund retirement age, if you are a member of one; although that is commonly the mental default ingrained in many older people.

Very often your retirement age is, and indeed should be, merely a pause before you change careers, start your own business or embark on turning the dream of a family business into reality.

When should you stop working?

In short the answer is: When you are no longer able to work. This implies that you will not be working at the same intensity as when you were younger, but that you will retain an interest in exercising your mind (and body) for as long as you can.

The longer you remain active and involved, the longer you remain healthy and happy. I am not suggesting that you work for 18 hours a day as long as you can, but positive involvement equals meaning and dignity in a senior's life.

Some lifestyle issues that can change when you retire:

Sadly there are often a number of issues that tend to change when you reach "retirement age" and these involve your family. You now have a substantial amount of cash available and your issue have more than substantial needs.

You also have the heart of a father or mother, and tend to think emotionally rather than rationally about what options are available to you.

When you retire this is just one of the two main reasons you should find professional well-qualified advice on how to handle your money long term.

The common issues that tend to surface are in fact simple issues that should be talked through so that you can start off on a level playing field. Examples of such issues are:

- Spending enough off-time together (You owe it to yourselves)
- Working through your bucket list (and that of your spouse)
- Understanding that neither of you have guarantees i.r.o. health or longevity.
- Taking account that health issues can erode your capital very quickly.

Understanding that your world will now slowly, begin to shrink over time, and the environment you find yourself in will play an ever larger role from day to day.

Why should you consider retirement accommodation?

Remember the reality of no guarantees above? Retirement accommodation is geared to fill in some of the logistical gaps and happenings which we may overlook in our planning and to aid with problems that arise and become realities in our lives. In fact, many of these things may never happen at all, or can even, at worst, occur before we can get our plan off the ground.

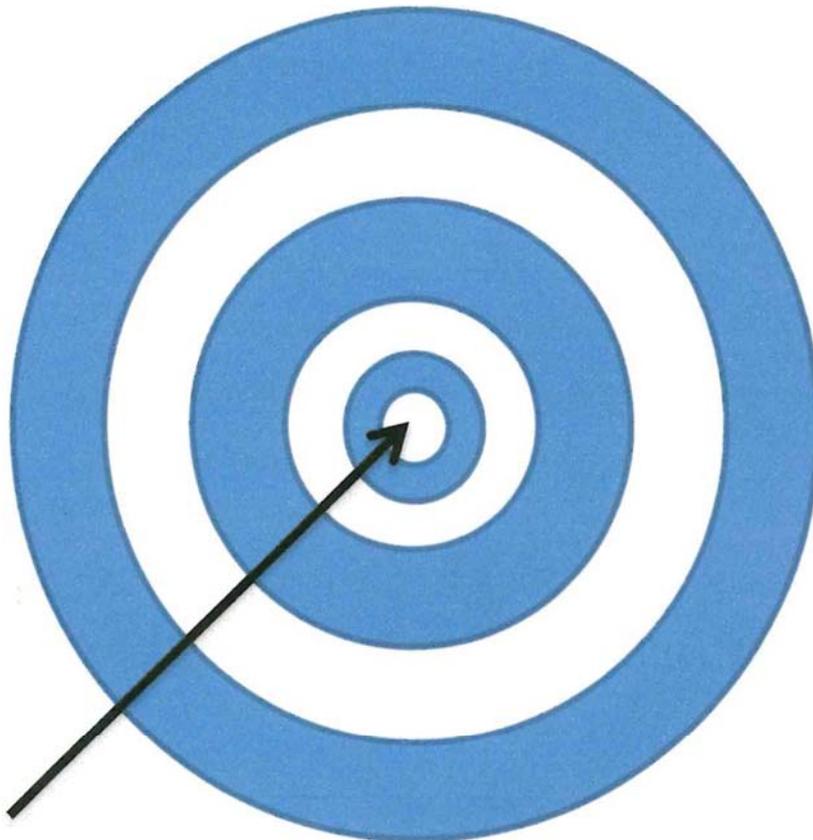
Do not delude yourself – hiring a single person to help out will simply not cut it, and there are a number of other issues (like security) to worry about. This doesn't even taking into consideration what effect a disaster of this type can have when you have to re-arrange your social patterns and probably lose a great deal of social support as well? It most certainly wouldn't be funny.

The onset of diseases like Parkinson's or Alzheimer's which get progressively worse over time, often lead to people withdrawing into a cocoon. This situation is easier to avoid when living in a retirement complex.

Home based care is available from a number of organisations, and there is a lot to be said for this type of option. However the social interaction of being in a

retirement complex cannot be duplicated by making use of home based care on the outside.

The world you live in shrinks as you get to the older phases of life. You don't move about so widely.



The decreasing size of the world you live in as you get older

At first you won't go overseas any more, then you won't travel outside your city, then you only go to the local shops, then you stay in your Village, and then you just remain in your home. Moving about becomes a hassle to you.

When should you go into retirement accommodation?

This question is one of those hardy annuals that can really only be answered by individuals themselves. The underlying principle of the decision however is one that hinges around free or forced choice.

By this I mean that if you are “putting off the evil day” until you are forced by circumstances like your health to move, you are approaching matters with a jaundiced view which will rob you of great deal of pleasure which can be experienced by moving of your own volition.

My wife and I decided many years ago that “when we are that old, we will move into a retirement complex and not burden our family with the worry of “what if’s”. We are over “that age” and the move into a retirement village was quite an adventure for us – we visited many, compared facilities, compared costs like levies, compared types of ownership and looked at the costs of changing our minds if we weren’t happy with our decision.

Don’t wait to be told – you decide for yourself in time and choose accordingly. Maintain your dignity and make your own decisions for as long as you are able to.

Some important Acts regarding retirement, financial planning, accommodation and age.

In South Africa there are a number of pieces of legislation that are of critical importance to senior citizens, and many people aren’t aware of these Acts and the rights and protection provided by them. A summary follows.

Why is legislation (or the lack thereof) important to you in retirement

These basic pieces of legislation form the framework upon which development, residence and ownership of property in a Retirement Village is based, and the framework within which the rights of Senior citizens are protected.

Why is financial planning an essential tool

Most people retire at the peak of their careers, and they have accumulated extensive knowledge in their specialised areas of work. This doesn’t mean, however, that they are automatically qualified to effectively control more money than they have ever had before in their lives. In fact they are at greater risk than they have ever been before

Factors taken into account by properly qualified planners are inter alia the following:

- Longevity
- Health and medical risks
- Emergency plans catering for accidents
- Estate duty
- Planning whilst keeping your Will in mind
- Making sure that there are reserves available for emergencies
- Planning for leisure activities in your budget
- Buffering inflation
- Ensuring your income is adjusted upward every year

What is the difference between an Old Age Home and a Retirement Village?

Practical definitions of the two concepts

In essence an Old Age Home is a facility which normally belongs to a Church, a Trust or a charitable institution that caters for people who have fallen on hard times economically. It is also more often than not a governmentally backed facility. They have strict norms and rules of acceptance relating to income levels, rules of residence etc. and ownership doesn't even come into the picture for residents.

A Retirement Village is an economically viable development that caters for people who have capital available to invest and want to see their money i) purchasing additional living benefits ii) possibly showing a return on their investment and/or iii) requiring a higher standard of support services like specialised medical facilities and a meal service etc. on site.

The choice of a Retirement Village is much like the choice you make when buying a house.

What types of ownership are there?

These are discussed briefly below, but bear in mind that normally when one purchases directly from the Developer as a first time buyer of a unit or house, there is no transfer cost payable to effect registration, whereas when you buy

from an owner who is selling a unit or home after having occupied it, transfer costs most definitely apply.

Basic detail on:

Life right

Share Block

Sectional Title

Individual title

General information.

What facilities should I look for in a Retirement Village / Home / Complex?

Security

Medical

Longevity implications

Social implications

What rights will I relinquish in a Retirement complex?

Provided I am in full possession of all my faculties there is no effect whatever on my independence, my dignity or my right to control my own finances, subject to any commitments I have previously made in terms of longer term planning which will not change at all as a result of moving into a Retirement complex.

Financial preparation and administration of your affairs.

This is probably the single most important facet of preparation for retirement and simultaneously the most neglected and worst managed one. This is because most people look at this imperative from two main points of view which are largely erroneous in most instances – these are that my retirement is a) a personal issue which I don't want to open up about to others, and b) the erroneous perception that I know enough about finances to handle matters on my own.

In fact, it should be abundantly clear that professional assistance isn't a "nice to have", but an imperative.

Ensuring administration of your affairs according to your wishes when you cannot do so

Due to the legal technicalities and involved nature of this subject, involving an attorney is almost not an optional choice. Drafting your Will isn't something that should be done without forethought, because a Will can only be executed as per the terms contained in the signed and witnessed document. Some of the greatest and most enduring unhappiness in family circles has been caused by inappropriately or incorrectly drafted Wills.

One of the shortcomings in South African legislation is the total absence of an Enduring Power of Attorney, which means that a normal Power of Attorney is very often used incorrectly and technically illegally.

Trusts

Some of the main reasons which may motivate the use of this form of entity as a choice to be used could be:

- Protection of assets
- To separate benefit and control
- Estate Duty and CGT purposes
- Enable trading in a separate entity
- Protection of children's interests in the future.

The greatest number of people in the RSA is not au fait with Trusts and their functioning and would require help and guidance in this regard. For this reason an Attorney should be considered as part of your Retirement Planning exercise. It also goes without saying that the Attorney should play a major role with the technicalities of drafting your Will as well.

Organisations and associations you should know about.

There are a great number of organisations which perform specialist functions and which give specialised support in handling the problems and logistics inherent in the various challenges you may come across in life. A list of organisations is attached.

Summary

As long as you have done your homework, no-one should dictate the size of your jersey because that is your decision, not anyone else's.

Always remember – RETIREMENT IS A PROCESS, NOT A HAPPENING.

Be blessed.

Paul Rosenbrock

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