

We can help you **know how much to save for retirement**



Do you know how much money you should be saving for retirement?



In order to retire with the **same lifestyle** that you have before retirement, you need to have saved enough money (known as retirement savings or capital) to buy a pension that will give you about 75% of your salary at retirement. **This percentage is known as your Salary Replacement Ratio (SRR).**

Your SRR measures **how close your retirement income (or pension) will be to your pre-retirement income (your salary).**



An **SRR of 75%** means your retirement income will be **75% of the income you were receiving before you retired.**

If you earned **R10 000 per month** before retirement, an SRR of **75%** will be **R7 500.**

Why is it important for you to know your Salary Replacement Ratio (SRR)?



Knowing your current SRR provides you with **some guidance on whether you are on track with your retirement goals.**

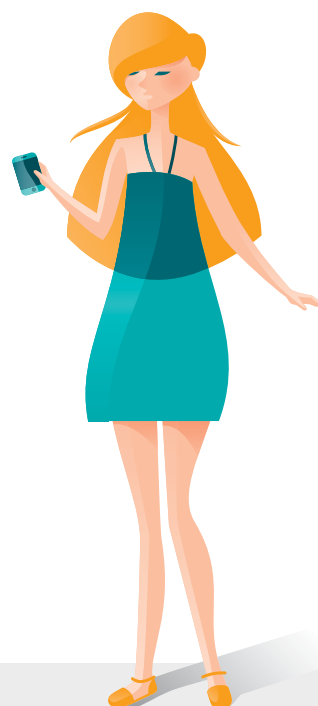
When you retire, you will use your retirement fund to buy an annuity (pension). This will pay you a monthly income.

There are two types of annuities:

A life (or guaranteed) annuity and a living annuity.

You can buy any kind (subject to the minimums set by the insurer who provides the annuity).

The FNB Umbrella Fund's management board have an annuity strategy which is based on your Salary Replacement Ratio (SRR). You can choose to purchase the trustee-choice annuity or to consider an alternative annuity.



What is the SRR?	Trustee-choice annuity	How it works	Benefits	Disadvantages
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SRR > 75%	FNB Living Annuity	<ul style="list-style-type: none"> • An investment product where you decide how to invest your savings • You decide on the amount of income that you will take from the product which is expressed as a percentage of the investment. • Annually, you can change the amount of income that you want to drawdown from the product. • Income can be taken; monthly, quarterly, semi-annual or annually. • In the event of your death, your remaining savings will be paid to your beneficiaries or your estate 	<ul style="list-style-type: none"> • Flexibility to choose the income you need (minimum and maximum draw-down percentages may be prescribed) • Participate in the markets (potential to increase income if the markets do well) • Nominate beneficiaries to inherit what is left of the capital when you pass away 	<ul style="list-style-type: none"> • Risk of losing capital in the event that markets fall • Risk of drawing down on your capital if you have not saved sufficiently • Risk of running out of savings before death forcing you to rely on other savings or the state
SRR is between 50% and 75%	FNB Hybrid Option	<ul style="list-style-type: none"> • 50% FNB Living Annuity and • 50% FNB Lifetime Income Plan 	<ul style="list-style-type: none"> • Benefit when the markets are doing well while enjoying the protection of a guaranteed minimum income if markets take a downturn • The remaining capital in the living annuity can be inherited by beneficiaries 	<ul style="list-style-type: none"> • As this is a combination of both annuities, the same disadvantages will apply as indicated above and below.
SRR < 50%	FNB Lifetime Income Plan	<ul style="list-style-type: none"> • Provides a guaranteed monthly income for life • The monthly income will increase by inflation on a yearly basis 	<ul style="list-style-type: none"> • Income will not reduce due to poor market conditions • You can add a spouse who will continue to receive an income after your death • A minimum payment period can be guaranteed (if you pass away before the period has ended, your beneficiaries will inherit the income) 	<ul style="list-style-type: none"> • Your dependants will not inherit anything when both you and your spouse die • As the policy is written upfront, you can not change it once it's in effect



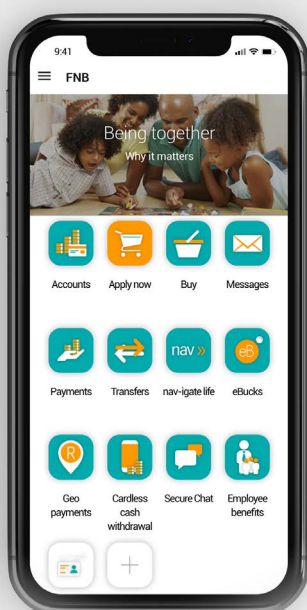
Where can you find your Salary Replacement Ratio?

Our easy-to-use **Salary Replacement Calculator on the FNB App** helps you to project what your Salary Replacement Ratio is based on how much you are currently saving in the FNB Umbrella Fund.

Finding it on the App:

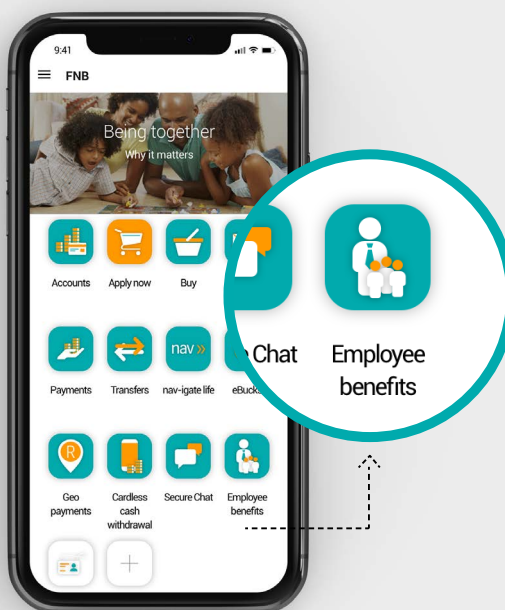
Step 1:

Log into the **FNB App** (for help to download the FNB App, call 087 575 0362)



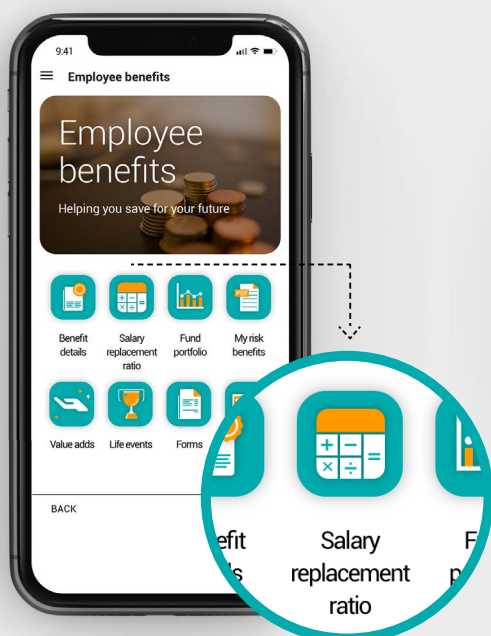
Step 2:

Click on the **'Employee Benefits' tab**



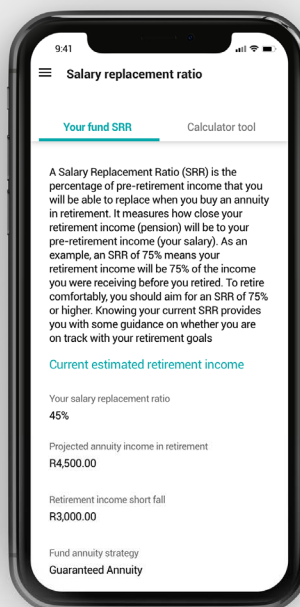
Step 3:

Click on **'Salary Replacement Ratio'**



Step 4:

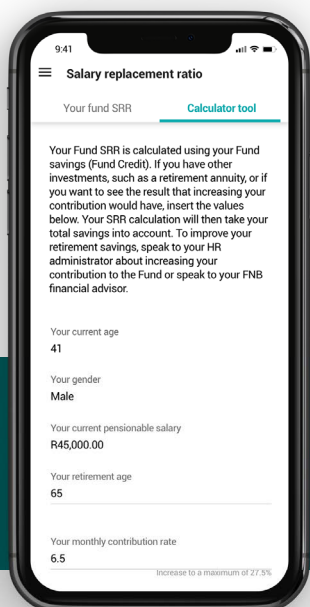
You will get to the **'Your fund SRR'** page



Your **individual Salary Replacement Ratio** will be worked out based on your **FNB Umbrella Fund savings** (Fund Credit). It takes into account certain variables such as your retirement age, your annual pensionable salary* and your contribution rate.

* Your **Annual pensionable salary** is a percentage of your guaranteed package as agreed with your employer and reflected in your contract of employment. This is the final amount on which contributions and benefits are calculated.

Taking other investments or variables into account.



If you would like to include other investments, such as a retirement annuity, in your SRR calculation, or if you would like to see what result increasing your contribution would have on your SRR, click on the **'Calculator tool'** option and amend the variables.

You can also view your SRR and use the calculator tool **via online banking**, by clicking on the **Employee Benefits** tab.



Remember that to retire comfortably, you should aim for a Salary Replacement Ratio (SRR) of 75% or higher.

How can you increase your Salary Replacement Ratio if it is below 75%?

Please **speak to a financial advisor** to discuss some of the options below which you can consider:

- 1 Ask your employer if you can **increase your contribution percentage each year, especially at salary increase time**. Increasing your monthly contributions is a great way to increase your savings and benefit from compounding growth rates. Even increasing by half a percentage each year makes a big difference.
- 2 Consider other **investment options** such as a Retirement Annuity (RA) or a tax-free savings account. Set up a monthly debit order so that money is automatically added to these accounts. This money will grow over the long-term due to compound interest and be tax efficient.
- 3 When you receive a **bonus**, add it into the fund as an additional voluntary contribution. This can make a substantial difference to your retirement outcome.
- 4 **When you change jobs, keep your retirement savings invested**. If you cash in your savings, you'll have to start from scratch, and you will then need to make up for this by contributing even more. You will also most likely pay tax on the money you take out the fund. By transferring to your new employer's fund or to a preservation fund, you will save yourself the immediate tax payable and benefit from growth over time.
- 5 You can choose to **delay your retirement** for a few years in order to be more financially ready to retire.



If you do not have the FNB App or online banking, please contact the FNB Advice Suite on **087 736 8941** or email **financial_advisory@fnb.co.za** for more information.

Terms and conditions apply. Note that the values used in calculating your salary replacement ratio are based on the current assumptions on the market conditions. Future market conditions are uncertain. The actual salary replacement value is based on your contributions towards your retirement savings, performance of your underlying investment portfolio, fees, taxes and your income drawdown percentage at the time of retirement. FNB cannot be held liable for the variances in the projected salary ratio and the actual income at retirement. FNB recommends that you speak to a professional financial planner to help you prepare a retirement plan and review the plan regularly so you can remain on track with your retirement goals.