



Planning for your retirement

Getting old is expensive

Do you have any idea how much money you will need in retirement? Experts suggest 80% of your pre-retirement income is a safe bet¹. In other words, if you make \$100,000 a year working, you should expect to need a pension that amounts to \$80,000 a year. You then need to multiply that by the number of years you will survive after retirement. Assuming you are an

averagely healthy man in Germany or the UK (for example) you can expect to live a little over 81 years. Should you decide not to retire early, you could be working until the age of 65. That leaves 16 years at \$80,000 – meaning you would need a retirement pot of \$1,280,000 (not adjusted for inflation). But that's the average retirement age so you have a 50% chance of living even longer.

Cost of delay

The chart below shows the amount of monthly contribution required in order to provide a pension pot of \$1,280,000 at retirement age 65 assuming an annual growth rate of 6%.

Age at outset	Monthly Contribution Required	Fund Value at 65	
25	\$750	\$1,280,431	\$360,000
35	\$1,500	\$1,293,223	\$540,000
45	\$3,300	\$1,287,836	\$792,000
55	\$8,575	\$1,283,371	\$1,029,000

As you can see, when it comes to retirement funding it pays to start as early as possible. The total cost to a 25 year old starting their pension funding is 65% less than the 55 year old who is aiming to generate the same fund at retirement.²



Make retirement work for you

If you live in one of the world's top 50 countries with the longest life expectancy, then odds are good that you'll live into your 80s². If you're a 45-year old woman, you've got approximately a 1-in-12 chance of living into your hundreds. For a man of the same age, that's a 1 in 21 chance³ and your prospects are getting greater every day – life expectancy is continuing to rise all around the world⁴. But here's the big question: who's going to pay for it?

State pensions are struggling to provide for the longer lives that better medicine and advances in health technology have given us. In the most recent Melbourne Mercer Global Pension Index, only two countries worldwide (Denmark and the Netherlands)

were judged to have "first class" pension schemes⁵. In other words, your national state pension will almost certainly not keep you in the lifestyle to which you have become accustomed.

Do you really want to spend the last 20 to 30 years of your life – or more – living with financial insecurity? For most of us, the answer to that question is an emphatic "no". That's why you need to ensure that your retirement plans are as sound as they can be – and there's no better time to plan for tomorrow than today.

Now is the time to start saving for your retirement or if you have already started saving, to review your investments and contribution levels. If you find you are falling short of what you think you'll need, or you're yet to make a plan at all, then Dominion Capital Strategies might be the perfect solution for you. Speak to your financial adviser today, and find out how we can help you have a comfortable retirement.

¹ <https://www.investopedia.com/retirement/how-much-you-should-have-saved-age/>

² <https://www.cia.gov/library/publications/the-world-factbook/fields/355rank.html>

³ <https://www.marketwatch.com/story/should-we-plan-on-living-to-100-2017-08-28>

⁴ <https://www.usnews.com/news/world/articles/2018-10-16/study-global-lifespan-to-increase-by-2040>

⁵ <https://info.mercer.com/rs/521-DEV-513/images/MMGPI%202019%20Full%20Report.pdf>

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