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# USE YOUR PENSION BENEFITS AT THE RIGHT TIME



# NAMFISA COMIC BOOKLET: PART 7 | 2020

## Mission

To effectively regulate and supervise financial institutions and to give sound advice to the Minister of Finance.

## Vision

To have a safe, stable and fair financial system contributing to the economic development of Namibia in which consumers are protected.

## Values

### WE ARE COMMITTED TO TEAMWORK

- We create a conducive and enabling work environment
- We have a shared urgency to achieve our vision
- We support each other, treat each other with respect and are collectively responsible for our actions

### WE ARE PASSIONATE ABOUT SERVICE

- We provide quality service
- We provide our service on time
- We are courteous, professional and respectful

### WE ACT WITH INTEGRITY

- We act with honesty, fairness and transparency
- We treat information confidentially
- We act independently and consistently

### WE DRIVE PERFORMANCE EXCELLENCE

- We commit to regulatory and supervisory excellence
- We commit to operational excellence
- We commit to the highest standards of performance

### WE ARE ACCOUNTABLE

- We are accountable to our customers and stakeholders
- We are prudent in the management of our resources
- We take accountability for our decisions

### WE ARE AGILE

- We commit to being adaptable to our changing environment
- We commit to embrace change whilst maintaining regulatory certainty
- We commit to creating innovative solutions

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# CAFE

Now that I have resigned, I can enjoy my pension benefits. Job, lunch is on me. I have money to spend, lots of it!

Thanks Tangeni, but is it really wise to spend your pension benefits, before you reach retirement age?

# CAFE

Don't worry, I'll be starting a new job in June anyway, for now, I'm going to go ahead and plan my birthday party, which will be the biggest, the best!


But my friend, before spending your pension money, pre-retirement planning is extremely important.

Yeah yeah, I'll deal with that later.

# TANGENI'S PLACE


Hey Tangeni, what are you so busy with?

Well, I'm planning the birthday party of the millenium! Plus, I got a new job I will start in a couple of months. We need to celebrate.




That is a lot of invitation cards on your table. But how are you going to fund your party?

I will just take it from my pension, I mean I am not about to retire and I still have more time to save for retirement.



Do you think that's a wise decision? I mean, the experts say you'll need between 70% and 80% of your current pensionable salary to maintain the same lifestyle during retirement. But if you are already spending it now...



Keep your advice to yourself. Why does it seem all my friends are out to spoil my party? Jimmy, don't even come. I'll find new friends.

**A LITTLE  
LATER**

Hey Job, I just came from Tangeni's place and he is planning this huge party.

I tried having a conversation with him, telling him it is not wise to use his pension money.

But maybe he knows what he is doing. We are still young right?

No Jimmy, this money should not be used until one reaches retirement. Trust me, he is going to need that money.

And remember, what NSI buys today, may not be the same in the future. Save for tomorrow.  
No more fancy parties.



**30  
YEARS  
LATER**

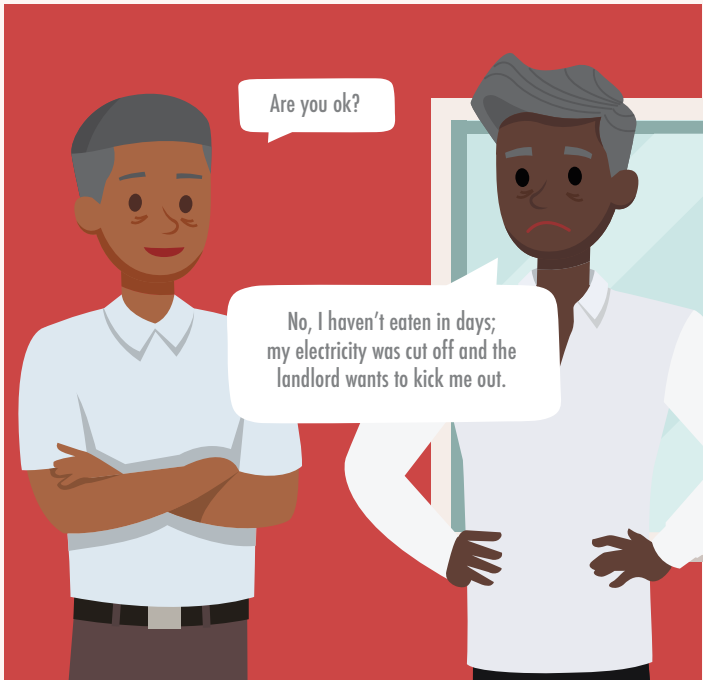


No job, no food, no friends.  
I was a fool to not listen to Jimmy, before throwing a lavish birthday party with my pension benefit. I should go look for them. But maybe they'll laugh at me. What was I thinking?



Good morning old friend. You still look young in your 60's.

You look better than me. Being 62 is not a joke.

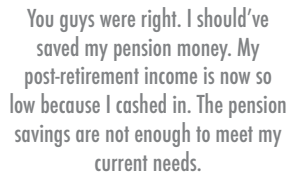


Are you ok?

No, I haven't eaten in days; my electricity was cut off and the landlord wants to kick me out.




But what about your pension benefit?



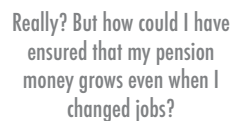
You guys were right. I should've saved my pension money. My post-retirement income is now so low because I cashed in. The pension savings are not enough to meet my current needs.



I'm sorry about that. How can we help?



I told you that time when changing jobs, you should transfer your saved pension money to the new employer's pension fund, to continue growing your pension.



Really? But how could I have ensured that my pension money grows even when I changed jobs?





Instead of cashing in your pension money, you could have left your savings in the previous pension fund or you could have transferred the savings to a Preservation fund or Annuity Fund of your choice.

Thanks guys, for being who you are. Now I know the benefits of preserving retirement benefits until retirement years. Regrettably it is now too late for me.

This is an eye opener, next year its me going for early retirement.



Don't forget that if you withdraw your retirement savings before retirement, the full amount is taxed. If you save until retirement, a third of the pension money will be tax free. When funds are invested, they earn interest on investment. So be wise.

Since when are you a financial expert?

# WHAT HAVE WE LEARNED?



The importance of not using pension benefits before retirement.

- 1 Retirement means the end of a steady income for most people, therefore pre-retirement planning is extremely necessary.
- 2 If you do not plan for retirement, you are likely to outlive your retirement benefits due to insufficient savings.
- 3 Cashing in the retirement benefits poses a threat to the post-retirement income.
- 4 When you change your job, saved funds may be transferred to the new employer's pension fund, provided it is permissible by the rules of the existing fund. If not permissible the funds may remain with the old fund or the funds may be invested in a preservation fund of your choice.

**5** In this case, the accumulated savings are carried over to the new fund and you can continue making contributions.

**6** When you withdraw your retirement savings before retirement, you are taxed on the full amount withdrawn.

**7** Should Pension benefits be saved until retirement, a third of the amount saved is paid out, tax-free.

**8** When funds are invested, they generate investment returns. These returns are re-invested and generate even greater returns.

**9** Lastly, it is also exceptionally vital to realize that the “time value of money” would take effect. N\$ 1 today will not be N\$ 1 in the future, therefore it is highly likely that what can be purchased for N\$ 1 today would require more than N\$ 1 in the future.



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