

'Unretirement' trend grows as older South Africans head back to work

By [Janice Masencamp](#)

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Here's the good news. We're living longer than ever before, and enjoying a better quality of life, while we do. The bad news is that less than 10% of South Africans have enough money to retire, which means many older people are working for longer just to make ends meet.



Source: Supplied. Janice Masencamp, Head of Retirement Fund Consulting at NMG Benefits

It's part of a global trend known as 'unretirement', which is seeing older people across the world flooding back to the workforce to supplement their incomes or simply to stay busy – and it's having a major impact on retirement planning, says employee benefits advisory firm NMG Benefits.

Statistics SA data suggests that between 2002 and 2020, the life expectancy of South Africans increased from 59.9 years to 64.6 years for men, and from 67.2 to 71.3 years for women. At the same time, the Pew Research centre says the number of people living to 100 years and older is expected to grow to nearly 3.7 million by 2050, from just 95,000 in 1990.

The challenge lies in funding this new-found longevity. South Africans are notoriously light on their retirement savings, and according to Sanlam's benchmark survey report, one in five consumers say they will never be able to retire.

NMG figures show that the average replacement ratio for retirees declined from 35% in 2019 to 32% in 2021. This means the average member of a retirement fund can expect an income of 32% of their pre-retirement salary after they stop working.

Longer lives, longer planning

South Africans aren't very good at saving or planning for their retirement at the best of times. Now, as we live for longer, we're getting to a point where we should start planning as if we're going to live to 100, and align our goals accordingly. This will have a major impact on the way we do financial planning. And those who don't have enough retirement savings will keep working until they're no longer able to.

Legally, there's no mandatory retirement age in South Africa. However, a retirement age is often written into employment contracts, and employees need permission from their employers to keep working beyond that age.

There are clear benefits to employers of having older, more experienced employees in the workforce. They have valuable skills, knowledge, and experience which can be passed onto younger generations.

Studies suggest people who work longer retain higher levels of energy and mental alertness, reduce their chances of cognitive diseases such as Alzheimer's and retain a continued sense of purpose and belonging. However, for most 'unretirees', the biggest advantage of staying in the workforce is the ability to generate additional income and having more years to save towards retirement.

By working for only four extra years, post-retirement income can increase by about 10%. By working for an additional 10 years, this income can almost double.

It's also crucial that working South Africans start actively planning for retirement as early as possible. This includes speaking to a financial planner, who can help navigate the numerous options for investing your retirement income based on your own personal needs, especially with the new 'two-pot' system being implemented.

A planner will help you understand your various options and alternatives when it comes to deciding to withdraw or not, and what the ramifications of those decisions will be.

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