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THE INVESTMENT EXPERTS

How your boss can help you retire



Employers play a crucial role in shaping the financial well-being of their employees, especially when it comes to retirement planning. Employers can empower their workforce to plan for a better retirement by providing guidance, support, and appropriate benefits.

This article explores various strategies and initiatives employers can implement to help their employees build a solid financial foundation for the future.

Provide education and financial literacy

One of the most effective ways employers can support their employees' retirement planning is by offering comprehensive financial education programs. These initiatives can cover topics such as budgeting, debt management, investment fundamentals and retirement planning. By increasing employees' financial literacy, employers empower them to make informed decisions and take control of their financial future.

Offer retirement savings plan

Employers should consider implementing retirement savings plans such as group retirement annuities, pension and provident funds. By offering retirement savings plans, employers incentivise employees to participate actively in retirement savings. Regular communication and reminders about the importance of contributing to these plans can further encourage participation.

Provide tools and resources

Employers can provide retirement planning tools, such as online calculators or access to financial planning software, to help employees assess their retirement needs and track their progress. Additionally, offering access to financial advisors or organising workshops on retirement planning can empower employees to make well-informed decisions regarding their investments and savings strategies.

Encourage long term savings habits

Promoting a culture of long-term savings within the workplace can significantly impact employees' retirement enthusiasm. Employers can encourage employees to set aside a portion of their income for retirement by emphasising the benefits of compound interest and the importance of starting early.

Flexibility and transition programs

As employees approach retirement age, employers can offer phased retirement or flexible work options to facilitate a smoother transition. This includes reduced hours, part-time work or job-sharing arrangements. Such initiatives not only provide financial stability but also allow employees to ease into retirement at their own pace while still contributing their skills and experience to the organisation.

Access to professional advice

Employers can establish partnerships with financial advisors or retirement planning experts to provide employees with professional advice. Offering individual consultations or workshops on retirement planning can help employees navigate complex financial decisions and optimise their retirement savings strategies.

Know your cost

It is understandable that costs have become a prominent subject in recent years, especially with the emergence of index-tracking funds in South Africa. While it is true that lower costs allow for larger contributions towards retirement savings, it is important to recognise that cost is not the sole factor to consider. The value for money provided by the costs you are incurring is equally significant. Evaluating this aspect should be an integral part of your review process. To assess whether the expenses you are paying align with the benefits you are receiving, you must first be able to calculate your overall costs. Unfortunately, determining total costs can be a complex undertaking within the realm of pension and provident funds.

Employers have a unique opportunity to assist their employees in planning for a better retirement. Employers can empower their workforce to make informed financial decisions and take proactive steps toward a secure retirement by providing education, retirement savings plans, tools, resources, and flexibility. Developing a retirement-friendly workplace culture demonstrates a commitment to the long-term well-being of employees, encourages loyalty, and contributes to a happier, more productive workforce. Employers, in the end, lay the foundation for a brighter financial future for both individuals and the organisation as a whole by investing in their employees' retirement preparation.



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Global & Local Investment Advisors (Pty) Ltd. Reg. Number: 2006/002605/07

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