momentum
corporate



Understanding **insufficient contributions** and how you can prepare for **retirement**

Understanding members' retirement contributions

Your retirement savings are crucial for your financial success in the future. If we have identified that your contributions are insufficient, it is important to understand what this means and the steps you can take to address it.

When are your contributions insufficient?

When your total monthly contributions are not enough to cover the costs of your membership. These are administration fees, commission, and insurance premiums, if applicable. We then deduct the shortfall from your retirement savings. As a result, the amount you have available for your future retirement is reduced.

Why is this important?

When we recover this shortfall from your retirement savings, your savings are gradually eroded, making it harder for you to achieve a healthy replacement ratio (RR) at retirement. The RR shows how much of your salary just before you retire, you'll be able to "replace" when you retire. Targeting a RR of around 75% is vital for maintaining your standard of living in retirement.

What you can do about it

You have several options to address this shortfall and safeguard your retirement savings:

- **Contribution rate:** consider increasing your monthly contribution rate.
- **Additional voluntary contributions (AVC):** this is an easy way to top up your retirement savings.
- **Review your insurance benefits:** in some cases, adjusting your insurance cover can help balance your costs and contributions more effectively.
- **Speak to a financial adviser:** Making changes to your contributions or benefits is an important financial decision. We encourage you to speak to the financial adviser your employer has appointed (whose details appear on your benefit statement) for guidance tailored to your situation. You may also choose to consult your own personal financial adviser for independent advice on the best steps to take to improve your retirement outcomes.

The path forward

You can check your projected benefit at retirement on your detailed benefit statement available on momentum.co.za. You can also access it through the Smart Benefit Statement or by sending a WhatsApp to 087 240 6653.

After you log in to the Momentum website you can go to ‘Financial tools and calculators’ and then ‘Retirement calculator’, insert your details and get your most likely forecast.

For more assistance, please contact our call centre by sending an email to **momentumcorporateclient@momentum.co.za**. You can also get in touch with a financial coach (retirement benefit counsellor) by sending an email to **MemberSolutions@momentum.co.za** or through WhatsApp.

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