



## Should Retirees still save?

Retirement isn't just about reaching a certain age - it's about achieving financial independence. Many people confuse having assets with having spendable wealth, which can lead to costly mistakes. This article explores why retirees still need to think like savers, how lifestyle choices impact financial security, and practical steps to protect independence for the long term.



**Robin  
Gibson**

We dislike the word 'Retirement' and would always opt for 'Financial Independence' as our preferred term. There are several reasons for this. The first is that retirement is generally age-related in people's minds whereas financial independence is a function of the ability to generate income without commensurate effort or time. Sadly, the former has become an expected outcome based on seniority, whereas the latter cannot happen without the necessary financial means to achieve it.

The point is that true retirement cannot happen just because of age, it must be a function of necessary financial independence. However, it doesn't always work this way. Using my example of incongruence, or the sleeper couch, we cannot have assets that need to produce a sustainable growing income and spend that capital on consumptive items like cars, holidays or medical expenses. There must be compromise one way or the other.

The challenge is that if I lack an understanding and differentiation of my finances into separate "income generation" and "expenditure" pockets, I am very likely to confuse the two. Just because I see a value on a piece of paper or screen doesn't mean it is available to spend. It may already have been spent on purchasing an income. So how

There are some things we just know to be incongruent. You cannot have a high-speed sports car and a people mover in one vehicle. You can get a hybrid solution, but it is always going to compromise on something. It's a bit like the old sleeper couch, is it a bed or a couch, or is it just bad at both?

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### SPEED READ

- Age alone doesn't guarantee financial security - true independence requires assets that generate sustainable income.
- Your retirement plan should reflect your chosen lifestyle. Overseas travel and coastal living demand very different financial strategies.
- Mentally divide your portfolio into income-producing and non-income pockets. Use the 4% rule as a guide for sustainable withdrawals.
- Sacrificing now to save, for spending later, is as relevant for those out of the workforce as those still in it.

should investors view this?

There are enormous commonalities between asset accumulation and managing your assets in the independence or retirement stage. The assets required for financial independence are completely a function of a lifestyle you choose to live. Someone who wishes to travel overseas for a couple of weeks annually is going to have very different capital needs compared to someone who's living in a quiet coastal town and whose idea of a holiday is a stroll on the local beach. 'One size fit all' is not appropriate. Nonetheless, whether you are in the accumulation or independent stage, you still need to know what you can fund from your income.

If you want something more, you must sacrifice and save for it. Doing it any other way might look different but has an identical result. For accumulators they turn to debt and become slaves to the lender. For the independent, they destroy capital and risk their very future independence.

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This has several practical implications for investors:

1. Divide your assets (if not physically then at least mentally or virtually) into income and non-income producing pockets. A good rule of thumb to calculate the amount required in the “income pocket” is the 4% rule. If you need R10,000 per month, escalating with inflation, then you will require R3,000,000 invested in assets that can both produce income and grow it against inflation over time.
2. Create an emergency fund. At least R20,000 should be in short-term cash to fund that immediate crisis. A dead battery, a burst geyser, a potholed tyre.
3. Three – six months of expenses should be held in a low-risk investment and be sufficient to overcome short-term production dips - like we experienced in Covid when dividends were cut for a short period.
4. If points 1 to 3 above are adequately funded, then any amount above this could be targeted for expenditure on consumptive items like holidays or new cars without threatening your future.

What if you are already retired and you don't have items 2,

3, or 4? Then you can only do what you did when you were younger. Make sacrifices on your monthly budget and save.

This might not be a popular message. Sadly, we see many underfunded people who are in retirement and living like they are financial independent, when in fact they are in a race to the bottom of their capital. This results in several undesirable scenarios:

- The reliance on their children for support (compounding the situation generationally).
- Stress induced sickness.
- Vulnerability to the promises of get-rich-quick schemes or high-risk investments that can further compound the problem when the inevitable happens.
- A lifestyle collapse and termination of key protections like medical aid and insurance.

Saving is a healthy habit, and delayed gratification is a part of life. If you did it early in life, you are likely benefitting from that today. If you didn't then it's never too late to make changes to avoid difficult decisions in the future.



**3 or 4? Then you can only do what you did when you were**  
*A comfortable retirement may involve saving a little more, even during retirement.*



The topic for our first Insight presentation for the year, to be held in March, is “The Trend is Your Friend”. More detail will follow but we will explore trends across various topics



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**Topic:** **The trend is your friend.**

### Natal Midlands

Date:	12 March 2026
Venue:	Christ Church Howick, 23 Mare Street, Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm

### Johannesburg

Date:	10 March 2026
Venue:	Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham
Time:	7am for 7.30am

### Cape Town

Date:	n/a
Venue:	SSISA Conference Centre, Boundary Road, Newlands, Classroom 1, 3rd Floor
Time:	7.30am
Venue:	ABRU Motor Studio, Lourensford Wine Estate, Somerset West
Time:	5.30pm for 6pm

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Performance figures quoted for the portfolio is from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax. Performance fees do not apply to any funds managed by Harvard House. The manager does not provide any guarantee either with respect to the capital or return of the portfolio. A schedule of fees, charges, and maximum commissions are available on request from the manager.

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