



CENTRAL BANK OF
TRINIDAD & TOBAGO



ON THE MONEY!

A fortnightly publication of The National Financial Literacy Programme

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Retirement Planning

Part 1 of a 4 part series.

Retirement from active employment is a reality that every employee must plan for. Associated with this phase of life are numerous social, psychological and financial issues which must be tackled long before the assumption of retiree status. This series deals with financial planning for retirement. Here are some reasons why you should take responsibility for your retirement planning.

Q. Why has retirement planning or pension provisioning assumed such significance in recent times.



● Providing for retirement and pension has become

particularly important for every worker, not only in Trinidad and Tobago, but the world over. This is largely because of the changes in the demographics of the population which have been taking place over the last five decades or so.

Q. What are some of these major changes?



● One such change is that today life expectancy of the population is increasing and this is a trend that is evident not only in Trinidad and Tobago but around the world. Because people are living for many more years after their years of active employment, it is important that workers take responsibility for making adequate provision for the later years.

Q. Can a pensioner live comfortably on the pension provided by his/her employer?



● While many employees do have some arrangements for receiving income during retirement, it is evident that these arrangements are usually woefully inadequate for the individual to maintain an appropriate standard of living during retirement. In fact, it is unreasonable to expect an employer to fully provide for an employee after he/she would have ended active service. Pension arrangements are meant to assist the employee during the period of retirement, but the responsibility for making **adequate** provision for one's post employment years, rests entirely with the individual.

Q. If the responsibility for retirement funding rests with the individual worker, how can he ensure that he makes adequate provision?



● One of the problems employees tend to have is the belief that they should only begin thinking about "retirement" when they have crossed the age of forty or fifty years, and the countdown towards retirement begins. In fact, more and more, new entrants into the workforce are encouraged to embark on a savings/investment programme. This will generate regular income over a long period to enable them to augment whatever benefits are due to them on retirement. To do this properly, one must begin to structure a financial plan early in one's working life, setting goals and targets over time with one major component being "provision for retirement". If this is done successfully, one can even retire voluntarily ahead of the official retirement age. Many persons have been able to do this but it does not happen by guess. It must be carefully planned!

Your MONEY... Know It To GROW It!

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Look out for part 2 which highlights more topics on Retirement.

