

The medical aid pre-funding calculator

At Momentum, your clients' financial wellness is at the heart of everything we do. To ensure that your clients who are yet to retire can do so financially well, it is important to have a well-informed view of how their financial situation is likely to unfold and how it will affect their financial planning.

One aspect that can easily be underestimated is health care costs. Many clients find there is a big discrepancy between what they expect to pay and what they will actually pay in retirement, placing significant strain on their retirement goals and disposable income.

This discrepancy is largely due to increased longevity and medical inflation and how these factors affect health care cost in retirement:

- Increased longevity – thanks to medical advances, people live longer, also after falling ill. This implies that your clients might need more money at retirement to fund future medical expenses.
- Medical inflation – historically, medical inflation has been consistently higher than household inflation, leading to spiralling health care costs. These increases filter into medical aid contributions and effectively, into the proportion of your clients' income required to fund their medical aid contributions during retirement.

The Medical aid pre-funding calculator has been designed to quantify the savings required to fund (fully or partially) your clients' medical aid spend in retirement, to mitigate the impact it may have on their retirement.

