Retirement Planning

Retirement is the ideal time to start spending more time doing the things you enjoy such as travelling, dining out, spending time with family, pursuing hobbies and more. However, everything has an associated cost and in order to have a comfortable and enjoyable retirement you must plan for it otherwise you could find yourself unable to afford the retirement you deserve.

This webinar looks at three important steps in the retirement planning process:

1. Where do you want to be?
2. Where are you now?
3. How do you close the gap?

Where do you want to be?

Retirement is no longer what it used to be. We can no longer rely solely on the age pension, we’re living longer than ever before, we may find ourselves looking after parents as well as children or grandchildren and in general, we have higher expectations for our retirement lifestyle.

Prioritising how we want to spend our time in retirement enables us to plan for how much money we will need. When planning for retirement we need to look at two factors: lifestyle and longevity.

The Association of Superannuation Funds of Australia (ASFA) regularly publishes their Retirement Standards and based on average weekly living expenses they estimate that single and coupled retirees would need the income amounts listed below to sustain either a modest or comfortable retirement lifestyle:

<table>
<thead>
<tr>
<th>Income*</th>
<th>Modest Lifestyle</th>
<th>Comfortable Lifestyle</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single</td>
<td>Couple</td>
</tr>
<tr>
<td>Weekly</td>
<td>$457</td>
<td>$658</td>
</tr>
<tr>
<td>Yearly</td>
<td>$23,767</td>
<td>$34,216</td>
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</tbody>
</table>

A modest lifestyle is considered slightly better than if you were totally reliant on the age pension. However, the comfortable lifestyle allows for things like eating out, regular holidays, private health insurance and replacing items such as cars or electrical appliances like refrigerators etc. You should consider whether these amounts are sufficient to support the lifestyle that you desire in retirement.

The other consideration is how long you are going to live. Life expectancy is increasing so our retirement savings need to last longer.
Knowing how much you have now in terms of assets such as superannuation, shares, investment properties and savings and knowing how much you will need for your ideal retirement allows you to identify the gap between the two. Filling this gap is what will drive your investment strategy when planning for retirement.

**How do you close the gap?**

There are many strategies you can implement to plan for the retirement lifestyle you want. When it comes to your super, you can:

1. **Consolidate your super.** This enables you to save money of fees and ensure all your money is invested according to your needs.
2. **Salary Sacrifice.** This is a tax effective way to grow your super as it reduces your taxable income and you only pay 15% on contributions to and earnings from super.
3. **Make additional contributions (after tax).** If you don’t need to access your invested funds before retirement this is a tax effective way to invest as income from super is taxed at 15% and capital gains at 10%.
4. **Make spouse contributions.** Contribute to your partner’s super to help it grow and receive a tax offset of up to $540 each year for doing so.
5. **Make co contributions.** If you make personal contributions to your super, in certain circumstances the Federal Government may provide $500 co-payment to your super each year as well.

If you have reached preservation age (ie the age at which you are eligible to access your super) and would still like to work, you can adopt a **transition to retirement** strategy. This lets you draw a regular income from a super fund via an allocated pension; enabling you to reduce your working hours without reducing your income; or to make more contributions to your super without reducing your income, meaning you can continue to grow your super in a tax-effective manner.

Whatever it is you decide to do when preparing for your retirement it is essential that you review your investment strategy on a regular basis. This will ensure that your plan takes into account any new changes as well as ensuring it remains on-track to help you achieve the retirement you deserve.

* Source: [https://www.superannuation.asn.au/resources/retirement-standard](https://www.superannuation.asn.au/resources/retirement-standard)

These figures assume that the home is owned outright and don’t include any allowance for loan repayments or rent.

*Any information provided is of a general nature. Before making any decisions please ensure you seek appropriate professional advice to ensure it is appropriate to you.*