

# RETIREMENT ADVICE

Retirement can be both a time for exciting new changes in your life and a time of uncertainty about how you will manage your income and expenses. You may be looking forward to spending more time on those things that you have dreamed of, such as travel, leisure pursuits and family time. But how will you plan your income flow and spending? How will you make sure you retain independence without running out of money?

Planning ahead is a way to maintain balance between your lifestyle and your financial resources - and the earlier you start the better. Perhaps more than any other stage in life, the decisions you make (or the ones you neglect) in planning your retirement years can make a huge difference to your retirement lifestyle.

Some experienced know-how on the complex issues surrounding retirement finances is where we can help. We can guide you through the social security, taxation and investment aspects and help you to reach your retirement goals.

## Transitioning to retirement (TTR)

The Government's 'Transition to Retirement' rules are designed to provide Australians with flexibility as they move from full-time work into retirement, by allowing access to preserved superannuation money to top-up their income. Other strategic opportunities are also available to individuals.

The key to this rule is that pre-retirees who are currently age 60 or over may be able to gain access to some or all of their accumulated superannuation balances through a non-commutable income stream. This is known as a Transition to Retirement Income Stream (TRIS).

## How can pre-retirees use the rule?

### "Work less"

Use your super to reduce your working hours. Working fewer hours as you get older can be a good way to ease into retirement and may mean you can keep working – and saving – for longer.

Using a TRIS fund to top up your salary means you could:

- cut back the days or hours you work so that you can ease into retirement, take time out to look after yourself or others, or extend your career
- use your TRIS fund to top up your take-home pay, and
- continue to grow your super as you keep working.

### "Save more"

Use tax savings to supercharge your super. TTR could help you put more into super while paying less tax. All you need to do is to pay some of your salary into super.

You can do this in two ways:

- by salary sacrificing through your employer, or
- by making an after-tax contribution and claiming a tax deduction.

You can then top up your take-home pay with regular payments from your TRIS fund. This means you could:

- pay less tax if you're aged 60 or older,
- speed up your rate of saving, and
- use your TRIS fund to top up your take-home pay.

## Retirement Income

Once you reach full retirement, your strategy for prolonging and maximising retirement income becomes paramount. Life expectancy is increasing and you could easily be relying on your income to last 20 years or more. It is critical to coordinate the taxation, social security and investment aspects in a carefully structured plan.

Our role is to act as your guide and mentor through what can be a daunting change in your life. The sooner you start, the greater scope you have to utilise all the strategies available to you and the results we can achieve may surprise you!

## Centrelink entitlements

An important part of most people's retirement income strategy involves the use of Centrelink entitlements, such as the age pension.

Understanding your entitlements can be a complex operation, which takes into consideration your home ownership situation, your investment assets and your income flow. It is important to coordinate any application for benefits in tandem with your investment planning, so that you are not missing out on benefit payments.

Central to the age pension system are the two means tests that are applied to your assessment – the income test and assets test. You can benefit from our intimate knowledge of this system and how these tests are applied, in order to create the ideal income situation. Ongoing management is essential to make sure changes in your circumstances are monitored and your entitlements are maintained.