



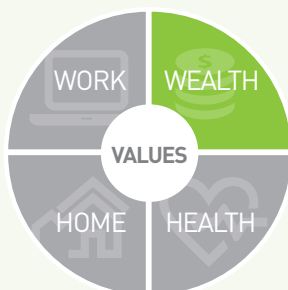
## WEALTH: AM I RETIREMENT READY?

When people talk about retirement, the focus is usually, 'am I financially set up' as best as I possibly can be for retirement.

If life is what happens when you're making other plans, retirement is no exception.

Thanks to health issues, redundancy, and family responsibilities you might be saying goodbye to working life before you're good and ready. Planning for retirement is best started early; and health, wealth, and happiness are all up there as things to think about.

**From finances to feelings about leaving work, this fact sheet is all about the money-side of things to keep in mind when planning for life beyond the 9 to 5.**



Planning for retirement includes understanding what happens when you lose regular work income and move into the next age band.

The government has set aside money and support for later life Australian's, and you need to apply to get it. More and more of these services are online.

It is easy to get confused about what is available to you. If possible, it is best to start the journey sooner than later so these services are ready for you when you retire.

### In this fact sheet we cover:

- MoneySmart
- Subsidised services
- Superannuation
- Age Pension



BUT BEFORE YOU PULL OUT YOUR BANK STATEMENTS, TAKE A MOMENT TO THINK ABOUT YOUR RETIREMENT DREAMS. UNDERSTANDING WHAT RETIREMENT LOOKS LIKE WILL HELP GIVE YOU A BETTER CHANCE OF UNDERSTANDING WHAT SORT OF INCOME YOU'RE GOING TO NEED.

## FINANCIAL ASPECTS ARE DIVERSE: HOW ORGANISED ARE YOU?

### THE MONEY—FUNDING YOUR RETIREMENT

MoneySmart provides free online tools and information to help you manage your money, reduce debt, assist with planning for the future, education, and wealth strategies.

There are tools to locate any lost superannuation you may have from changing jobs and funds during your working life.

When you are starting to think about the next stage in life, look well ahead. Give yourself at least five years and think hard about what life after work will look like.



- The Budget planner will help you understand what income you may need and areas where you can adjust spending. Look for savings from a Government concession card.
- You can use the Superannuation Calculator to work out what additional contributions will do to boost super savings and retirement income.
- The Retirement Planner will help you understand what income you can access from super and at the same time calculate any age pension you may be entitled to. If you want to cut back work but not fully retire, this calculator will show you how part-time work will affect your super balance.
- [moneysmart.gov.au/retirement-income/retirement-planner](https://moneysmart.gov.au/retirement-income/retirement-planner)

## GETTING STARTED—ACCESS SUBSIDISED SERVICES

One of the early planning activities is understanding what government subsidised services you are entitled to. If you are a fully self-funded retiree there are also some concessions available for you.

### Some of the services we recommend you start looking at include:



**myGov is the gateway to a lot of government services.** Getting setup is pretty straightforward, however linking to other services can be a challenge. You can access taxation and Medicare information as well as manage any Centrelink benefits that you may become entitled to. Once you have this set up managing your affairs in the one space becomes quite straight forward: [my.gov.au](https://my.gov.au)



**The Pensioner Concession Card unlocks a huge array of entitlements.** Some of the benefits that this card provides include:

- Pharmaceutical Benefits Scheme which provides access to cheaper medicine
- Medicare Safety Net – bigger refunds to you when your medical costs reach the threshold

Depending on which state you live in you may have access to lower:

- Utility Bills
- Property and water rates
- Motor vehicle registration
- Public transport fares

As you approach retirement start getting yourself organised with the application forms so that you are set up if you become eligible for the card. You will need to get Government support such as Age Pension, a Carer payment or Disability Support pension to get this card.

The link will take you to Services Australia and the portal to find what payments and services you may be eligible for: [www.servicesaustralia.gov.au/individuals/services/centrelink/pensioner-concession-card/what-other-services-and-cards-are-available](https://www.servicesaustralia.gov.au/individuals/services/centrelink/pensioner-concession-card/what-other-services-and-cards-are-available)



**Household spending concessions that are available include electricity and water**—making for significant savings for age pensioners.

Each State has its own offers so you will need to check and see what you may be eligible for. The Annual Electricity Concession is calculated at a rate of 17.5% off your usage less any discounts you may already receive plus a daily deduction. There are conditions and additional concessions available if you meet the criteria.

Australia-wide information can be found at: [www.energy.gov.au](https://www.energy.gov.au). This link will take you to the concessions for Victorians: [www.victorianenergysaver.vic.gov.au/get-help-with-your-bills/concessions-and-rebates](https://www.victorianenergysaver.vic.gov.au/get-help-with-your-bills/concessions-and-rebates).



### There are points to consider when one partner of a couple is below pension age and the other is eligible.

- For those with a younger spouse, there may be a silver lining when it comes to government entitlements like the Age Pension and the Commonwealth Seniors Health Card.
- The key to this is in the asset test for Centrelink, and how your superannuation savings are setup.
- The outcome depends on your situation, and we recommend crunching the numbers first if you are going to create a 'younger spouse strategy'.
- This strategy will only work while the younger spouse is below age pension age.

# WILL MY SUPER BE ENOUGH?

## KEY POINTS

**Forecasting how long your savings will last is important for all retirees—not just those planning to retire.**

**If you are retired already, or planning to retire, you can use the same process to assess your financial future.**





**The government sponsored MoneySmart Retirement Planner is an impartial service that will help you assess your financial plans.**

## LET'S LOOK AT SOME ANSWERS:

The table below outlines the answer to the question about how much a single or a couple home-owner need to save to retire and have a 'modest' or 'comfortable' retirement. These are the answers offered through the government sponsored MoneySmart website.

Below we go through the thinking behind these results, highlighting some issues for you to consider in your retirement planning.

The chart shows income from superannuation and the age pension to achieve either a modest or comfortable retirement lifestyle.

PERSON TYPE	SPEND	LIVE UNTIL	YOU NEED	RETURN	STANDARD
 SINGLE	<b>\$45k</b> \$850/week	<b>90</b>	<b>\$545k</b>	<b>6%</b>	COMFORTABLE
 SINGLE	<b>\$28k</b> \$540/week	<b>90</b>	<b>\$50k</b>	<b>6%</b>	MODEST
 COUPLE	<b>\$62k</b> \$1200/week	<b>90</b>	<b>\$640k</b>	<b>6%</b>	COMFORTABLE
 COUPLE	<b>\$41k</b> \$1200/week	<b>90</b>	<b>\$35k</b>	<b>6%</b>	MODEST

Source: Association of Superannuation Funds of Australia Limited (ASFA)

## YOUR SPENDING: A COMFORTABLE VS MODEST RETIREMENT

The ASFA Retirement Standard: [www.superannuation.asn.au/resources/retirement-standard](http://www.superannuation.asn.au/resources/retirement-standard) is the go to benchmark for the likely spending of Australians in later life. The result of a detailed study of the spending of older Australians, the ASFA Retirement Standard delivers an annual spending rate to deliver a 'modest' and 'comfortable' standard of living. If you go to the website: [www.superannuation.asn.au/resources/retirement-standard](http://www.superannuation.asn.au/resources/retirement-standard) you can find detailed budget breakdowns, and find out just how they come up with the numbers.

If you are trying to work out how your numbers compare, you may like to use the Moneysmart Budget Planner: [moneysmart.gov.au/budgeting/budget-planner](http://moneysmart.gov.au/budgeting/budget-planner) to organise your spending.

While everyone's story is different, and costs vary depending on where you live, the ASFA Retirement Standard is a good place to look to see how your costs compare.

## WHAT IF I LIVE UNTIL 90?

Life expectancy is expected to rise to 91 for males and 93 for females by 2050, so increased longevity is considered. A National Seniors Australia survey (2015) found that those aged 55-64 underestimated their life expectancy by almost five years.

The MoneySmart calculator suggests you plan to at least 90 years of age.



# THE AGE PENSION

The Age Pension entitlements increase the more your assets decrease—if your savings are slowly going down, then the age pension becomes a more important component of your income.

The charts here come directly from the MoneySmart Retirement Planner—showing the savings and spending of a single home-owner retiring with \$550k, and spending \$45k per year to have a 'comfortable' retirement. You can see savings running down to zero at 90, and the amount the age pension contributes to income over a lifetime.

## GET DIGITAL READY

The Government provides support in a whole range of ways. In terms of the age pension you need to be vigilant in keeping Centrelink informed of your asset and income situation. Meanwhile, the Government offers more than 40 entitlements that you need to keep track of and apply for. From energy rebates, appliance replacement schemes to the Age Pension, the Commonwealth Seniors Health Card and the complexity of Medicare and the PBS.

This is all part of the day-to-day in managing your retirement, and over the last year, the government has made more and more of its services online, meaning you will need to get your digital house in order to make the most of the system.

## IS PART-TIME WORK AN OPTION?

Continuing with paid work in retirement can be a way to stick with a routine you're comfortable with and make your super last longer. If you're eligible for the Age Pension, it's good to know you can still earn some income without your payments being affected up to a certain level (this is called the income test threshold).

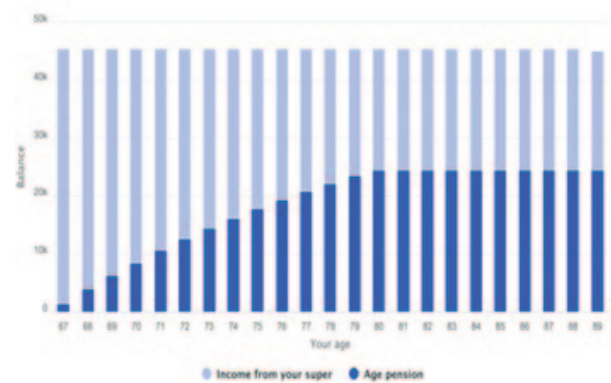
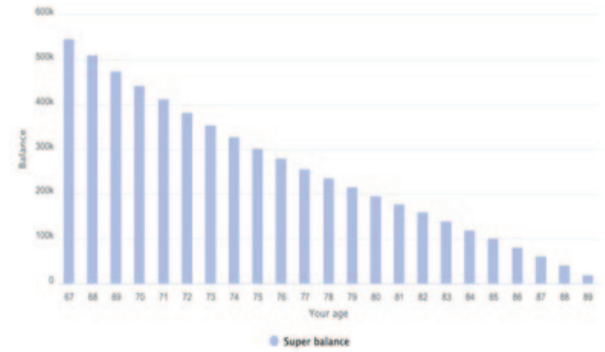
There is also the Work Bonus that allows you to earn income up to a certain threshold without reducing your Age Pension. And if you take a break, you can build up your Work Bonus balance and earn more when you start working again.

Visit the Services Australia website: [www.servicesaustralia.gov.au](http://www.servicesaustralia.gov.au) for more on the Work Bonus and the latest on eligibility, thresholds, and balance limits.

## DO YOU NEED LIFE INSURANCE?

- If you retire and have the income to pay all your bills and make ends meet you probably don't need life insurance.
- If you retire with debt or have children or a spouse that is dependent on you, keeping some life insurance may be a good idea.
- Life insurance can also be maintained during retirement to help pay for estate taxes, this will depend on the type of insurance that you have.

You will most likely have life insurance linked with your superannuation, but it's a good idea to check. This cover may stop at age 65. If you do plan to work part time or have some mortgage or other debt then consider whether life insurance is needed to protect your family should you die prematurely.



# WRITE A WILL

A will is a legal document which sets out who will receive your property and possessions when you die. A valid will gives you the best chance of making sure your assets go where you want them to. So if you have a family or if other people are financially dependent on you, make a will.

There is a lot to consider when planning the financial aspect of retirement. The earlier you start planning the better likelihood you have of being in a good position to live the retirement lifestyle that you dream of. To help you make sure that you have covered every aspect seek financial advice and work with an advisor to structure the plan.

[moneysmart.gov.au/financial-advice/choosing-a-financial-adviser](http://moneysmart.gov.au/financial-advice/choosing-a-financial-adviser)