



In your 60s

- Feeling the buzz

You've hit 60: who's excited! Retirement is on your mind, but there could be a nagging feeling that you don't have enough money to sustain your quality of living throughout your retirement. The experts predict you will need \$1 million in retirement, but you might be well short of this figure. How will you live? Should you work longer? Will your employer allow you to stay longer? Will you qualify for the age pension? It's definitely a time for questions.

There is also the fear of leaving the workforce. It's what you've done all your life, so to just finish is daunting. What will you do with your time? Filling up the days can be a challenge, and if you haven't planned properly you can find yourself quickly getting bored and lonely.

Unfortunately, medical concerns might begin to arise in this decade. Senior cards offer discounts on many things, but cheaper medications and health care usually come only from the federal government. There is a lot to think about: you need a good plan.

Six-point check list:

See your financial Adviser: You need to check in again and see exactly when you can retire and how long your money will last. Don't think 65 is the magic age.

- ✓ **Set a realistic retirement date:** If you don't want to retire, don't. Just make sure you have enough money, as getting a job when you're 75 could be tough.
- ✓ **Start to think what you'll do in retirement:** Get a hobby, buy an old car to restore, plan holidays, book golf lessons. Just don't try to do everything in the first month.
- ✓ **Don't forget retirement is 20 years plus:** You shouldn't automatically take all your money out of super once you retire or put it all into cash. Today, tomorrow and in ten years from now, Investments need to keep pace with inflation.
- ✓ **Money in super can be converted to a pension:** Once you are over 60, your retirement savings held in a pension are tax free. This means there's no tax on income earned in the fund or from growth in value.
- ✓ **There is a misconception:** That, as you've paid your taxes in working life, you'll automatically receive the Age Pension. Not in Australia.

| Where we can help you | How can we help you |
|--|--|
| <ul style="list-style-type: none">Effectively use your savings and investmentsManage your taxesOptimising your superannuationPlanning for retirementProtecting your lifestyle and assets | <ul style="list-style-type: none">Prepare strategies to efficiently use your savingsStrategies to continue growing your super and making it more tax effectiveTransition to retirement strategiesWills and Estate Planning strategies |

Case Study

Edward is 62, his salary package is \$100,000. He has no immediate plans to reduce his work hours and is hoping to retire in three years' time. Edward currently has \$300,000 in super invested in a balanced option that has earned on average 6% pa.

With the assistance of a financial planner, Edward is considering converting his super into a Transition to Retirement (TTR) Income Stream which will allow him to save a greater portion of his pre-tax income to super and at the same time increase his income. Edward currently receives take home pay of \$73,368. Edward's cash flow position before and after implementing the TTR Income Stream strategy would be:

With Transition to Retirement Strategy for Edward

| | No Strategy | Strategy |
|-------------------------------|-----------------|-----------------|
| Gross salary | \$100,000 | \$84,500 |
| Less Salary Sacrifice | Nil | (\$15,500) |
| TTR Pension Payment | \$0 | \$12,000 |
| Net Amount | \$100,000 | \$96,500 |
| Net tax + Medicare levy (2%) | \$26,632 | \$20,700 |
| Net Income | \$73,368 | \$75,800 |
| Superannuation | | |
| 9.5% Employer Super | \$9,500 | \$9,500 |
| Salary Sacrifice Contribution | Nil | \$15,500 |
| Total Contribution | \$9,500 | \$25,000 |
| Less Contributions Tax (15%) | (\$1,425) | (\$3,750) |
| Net Increase in Super | \$8,075 | \$21,250 |

Adopting this strategy would mean Edward would pay \$3,607 less tax and receive an additional income of \$2,432.

Overall, taking into account a 6% return on his super and that Edward is drawing a \$12,000 TTR pension his superannuation would increase modestly by \$1,295. Edward could also chose to re contribute his excess income back into super "tax free" which would further increase his retirement nest egg.

If you haven't started planning for your retirement; now is the time to contact us. We can assist you safely navigate towards retirement.



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