

# Plant & Associates

## Key issue to consider now you are in retirement...or almost there...



If you are retired or about to retire, ensure your assets are structured to make the most of government benefits. The right arrangements could boost your age pension entitlements and maybe even entitle you to the age pension you thought you may never receive. Read on to see some of the issues you need to consider.

### Funding your retirement

Although the age pension plays an important role by qualifying you for the pensioner concession card which gives you discounts on prescriptions, utility bills, council rates and other expenses, in most cases it is merely enough to fund a comfortable retirement solely on its own. Furthermore, Centrelink has strict guidelines on who is entitled to receive and how much the entitlement will be.

### Using your superannuation

The way you choose to use your super can affect the amount of tax you have to pay and also your Centrelink entitlements. You have three options for using your super to fund your retirement.

- **Income streams** – you can use your super money to purchase an income stream for retirement. You have two main types of income streams: pensions and annuities
- **Lump sum** – take a lump sum payment and use the funds to live on
- **Lump sum and income stream** – you can take a lump sum amount from your superannuation and use the remaining balance to purchase an income stream. You will have access to a lump sum amount now and have an ongoing income to live on.

### Set up an income stream

By setting up an income stream from your super fund, it will help you receive a favourable Centrelink income test treatment. In addition, assuming you are over 60, you will not be taxed on the income stream you receive or the earnings in the super fund. Unfortunately, leaving all your money accumulating in super can have a negative effect. The assets in your super fund will be 'deemed' by Centrelink as earning a specific rate of return, whereas if you start an income stream, Centrelink disregards a portion for income test purposes.

It is important that you speak to a financial planner and or your accountant to ensure you are setting yourself up to be at the most effective and beneficial position possible. After all, the purpose of retirement is to worry less and enjoy what you have been working hard for!



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Accounting, Tax and Business Advice