

Plant & Associates

Retiring in 5 years or more

'Consider the age you want to retire, consider how much you want to live off each year and if you are still working consider how much you can still put into your super'



You have always said retirement is a long way away and now you have realised it is not quite that far away. By speaking to your financial adviser, they can assess your current situation, answer your questions and tailor a retirement plan to suit you. Everybody has different requirements so it is very important you seek advice early. With retirement on the horizon you may be asking yourself a number of questions:

How much can I spend in retirement? On average most Australians require 65% of their pre-retirement income to maintain their current lifestyle once retired. **How long will my super last?** Look at your existing superannuation savings and work out how long that is likely to last (worked out based on what you want to spend in retirement and your life expectancy).

What can I do to improve my retirement lifestyle? Consider the age you want to retire, consider how much you want to live off each year and if you are still working, consider how much more you can put into your super. **What mix of assets can help make my money last longer?** You need to consider how you structure your assets. As a general rule, Centrelink treat assets held inside and outside of super differently. You may want to assess and further investigate the effects of changing the amounts of assets you hold outside super as your assets may impact the amount of Centrelink benefits you receive and amount of tax you have to pay. **What is your attitude to risk?** You need to consider this when choosing how your funds are invested. Obviously, it depends on how comfortable you are with taking risks, but as a general rule more aggressive mixes come with the potential for greater returns – but the risk of lower returns is higher.

Protecting your income now

In the lead up to your retirement, your most important asset could be your income. What would happen to your ability to build your retirement wealth if you lost your means of income? Income protection insurance can help you protect your income, your lifestyle and your plans for retirement. There are two ways that you can have an income protection policy – either inside your super or outside your super.

Insurance inside super can be a simple, tax-effective way to protect yourself and your family if you are able to pay for the premiums either with pre-tax dollars by salary sacrificing to your superfund. You can also make personal deductible contributions or through your employer contributions. These methods all make insurance through your super a cost-effective and convenient way to make sure you are fully covered.

There are a few points to think about if you choose insurance inside your super. Income protection, total and permanent disablement and death cover are available within most retail and corporate funds. Similar to having insurance outside super, you may also be able to apply to increase or add cover to reflect your current situation however, you may need to provide additional information on your health and financial situation.



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Accounting, Tax and Business Advice