

# Planning for retirement



*We see creating and looking after your wealth as a lifelong commitment. That's why we offer regular financial advice and guidance throughout the different stages in your life. Together, we can build the financial wealth that lets you enjoy the truly important things in your life.*

There can be a temptation to believe that funding your retirement will take care of itself. It won't. Instead, you must set clear goals for retirement, and the earlier the better, to ensure you make full use of this exciting life stage.

Financial planning is all about improving your lifestyle. When considering imminent retirement, it's tempting to focus on short-term plans. After all, retirees have a working lifetime behind them and a large lump sum may seem like a well-deserved reward. However, there are good reasons for longer term planning, and keeping your super money working for you.

Today, a man aged 60 can expect to live another 22 years, a woman 26 years. Given this long horizon, you need to consider growth investments for retirement. These investments historically have provided higher returns over a longer term, even though they may typically be more volatile over shorter time frames. In the longer term a diversified growth portfolio carefully selected and regularly reviewed can

help protect against the rising cost of living, which may be substantial over more than 20 years.

## **Account based pensions**

An account based pension is a retirement income stream, sourced by rolling over your superannuation from accumulation phase to pension phase.

You can commence an account based pension on retirement after you reach your preservation age (55 to 60 depending on your birthday). You can set the pension level you draw each year, provided no less than a specified minimum pension is paid. You can nominate your spouse to receive the pension if you die first. The pension lasts until the earlier of the money in the pension account running out, or your (or your spouse's) death.

You can also draw a lump sum from your pension account if you need money for an unexpected expense.

A range of investment options is available in account based pension funds, which allows you to invest in

## **What is wealth advice?**

Wealth advice is support and guidance on the best way to manage all your finances. Whether it's adjusting your debts to minimise repayments, saving for a home or a holiday, investing money, planning for your retirement, maximising pension entitlements or ensuring your family are protected if something happens to you, the right advice from the right people will help you achieve your goals faster and more effectively.

a diversified portfolio suited to your needs. There's no tax on investment income or realised capital gains on funds invested in an account based pension.

The pension income you draw is tax free from age 60. From age 55 up to age 60 a proportion of your pension payments may be tax free, and the remainder may attract a 15% tax offset.

### **Annuities**

Complying annuities are another way for retirees to secure their future. There are two types – term annuities and lifetime annuities. Term annuities provide a fixed income over an agreed term (up to age 100). Lifetime annuities pay a fixed income stream until you die. Your spouse can be nominated to receive a pension on your death for the remainder of their life.

Because the income payments from these annuities are secure, it can mean peace of mind. You can also arrange for these payments to increase with the cost of living.

Unlike an account based pension you are not able to draw a lump sum if you need extra for unexpected expenses. Annuity payments are guaranteed, and the provider invests securely to meet the guarantee, so the payments must be fixed from the start.

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### **Centrelink Benefits**

Centrelink fully assess all account based pensions and superannuation annuities purchased after 20 September 2007 under the assets test. However under the income test, only part of the income is assessed. This may help you access a Centrelink age pension, and associated travel and health concessions.

### **What should you do next?**

The third stage of your life should be equally as fulfilling as your youth and middle age. Appropriate retirement planning can help to ensure that retirement is an exciting time.

*At Genesys, we want you to get the most out of life so you can take advantage of any opportunity and be prepared for any challenge – that's what wealth advice is all about.*

For more information or to make an initial no-cost, no-obligation consultation, please contact:

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