A WEALTH OF ADVICE

White Paper

Developing a Retirement Savings Plan

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Developing a retirement savings plan.

Some sensible strategies can help you make the most of your assets so you can enjoy a fulfilling retirement. Don't leave it all to chance. Discover how to get started today to enjoy a rewarding tomorrow.

How am I tracking to live the life I want in retirement?

There is no magic figure which is the amount everyone will need to enjoy a comfortable retirement.The important thing is to understand the sort of retirement lifestyle you hope to enjoy and then determine how much annual income you might need to fund this goal.

One strategy that can give you a good idea of your desired retirement income is to write up a retirement budget. It can show how much income you will need but also let you fine-tune your ideal lifestyle if it looks like you may need to scale back your plans.

Strategies that may help you save for retirement

1. ***Explore your super contributions***

For starters, you may be able to increase your pre-tax super contributions. You may like to talk to your employer about making contributions via salary sacrifice. This is where part of your pre-tax wage or salary is directed to super instead of being paid directly to you. Or you may be able to make a contribution out of your own pocket. Super savings are only taxed at 15%, but be aware of the contribution caps.

2. ***Consider your spouse's super***

If you have a spouse or partner who is a low income earner, or earns no income, it may be worth making a contribution to his or her fund. This may also provide you with a tax offset for contributions made. Keep in mind, annual limits on super contributions do apply. Contact us to further discuss these limits.

3. ***Explore your super investment strategy***

Now is also the time to review your super fund to check that your nominated investment strategy is in line with your tolerance for risk.

Many pre-retirees are tempted to shift their super into low risk, conservative options, but bear in mind you could have 20 or even 30 years of living ahead. It could pay to have at least part of your retirement savings, including super, invested in growth assets that could generate long term capital gains.

4. ***Explore a transition to retirement pension***

Another option to consider is using part of your super to purchase a transition to retirement pension. If you have reached preservation age (i.e. 55 years old or greater) but are still working, purchasing a transition to retirement pension could enable you to access your superannutation benefits without retriring. This strategy allows you to supplement your income and maintain a comfortable lifestyle. This strategy may also enable you to save tax and boost your super before you retire.

- **Pay off the mortgage or grow your super?**

If you still have money owing on your home loan, you may be wondering whether it is better to use any spare cash to pay down this debt or add the money to your super. Everyone's situation is different and we would need to look at your personal circumstances to provide advice.

- **Lending a hand to the kids**

You may have plans to give your adult children or grandchildren a financial helping hand when you are retired. Just be sure you have sufficient funds in place to secure your own lifestyle first before offering financial assistance.

- **What about a self-managed super fund?**

A self-managed super fund (SMSF) can have real pluses, allowing you to have complete control over how your super is invested (within Tax Office guidelines).

We'll be happy to explain if a SMSF is right for your circumstances. Managing your own retirement savings is a significant responsibility – and one that comes with costs of its own.

In addition to determining if you have sufficient capital for a SMSF to be worthwhile, consider whether you really want the added responsibility.

- **Investments outside of super**

It may be worth considering growing your investments outside of super. This may give you a diversified pool of funds to draw on as well as providing some protection against any unexpected legislative changes to super.

- **Downsizing the family home**

Downsizing to a smaller property could offer the benefit of a lower maintenance home, an opportunity to be closer to family and a way to access any potential home equity.

It is worth crunching the numbers to be sure downsizing puts you in front financially. The upfront purchase costs, notably stamp duty, on your new home can take a bite out of your available cash.

How can we help?

If you have any questions or would like to discuss any aspect of this letter, please contact an Anne Street Partners Financial Adviser on **135 444**. We'll be happy to help.