

WILL YOUR SUPER go the distance?



I'm sure we were all HOPING to draw a winner in a Melbourne Cup sweep...

And if you had a win – well how LUCKY was that! However, when it comes to our retirement, the amount of funds we require to GO THE DISTANCE is best NOT left to chance!

Are you **hoping** for a comfortable lifestyle in retirement? If so, have you started **planning** for that lifestyle, or are you still gambling with the odds?

Why do we ask?

Because sadly, too many of us eventually discover there is a wide gap between our **hopes** and our **planning**.

How much do you need to live a comfortable lifestyle after you finish your working career?

Have you ever actually calculated how much income you will require in retirement to live your desired **comfortable lifestyle**?

If your retirement strategy has been based on the employer superannuation guarantee plus topping it up with maximum allowable contributions in the later stages of your working career, it could be time for a rethink.

According to the ASFA Retirement Standard a couple planning a comfortable lifestyle in retirement will need a lump sum investment of \$640,000 at retirement (or \$545,000 for a single)¹. This will provide a weekly income of \$1,134.58 (or \$825.84 for a single).

What is a 'comfortable lifestyle'?

A comfortable lifestyle is defined as one that enables a retired couple to enjoy a broad range of leisure and recreational activities and a good standard of living. This includes the purchase of such things as household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment plus domestic and occasional international holiday travel. **Is that a lot to ask?**

Any income LESS than that and you can start to imagine the everyday so called 'luxuries' you will have to go without!

Of course this assessment is also based on the assumption you have paid off your mortgage and are in good health!

What is the reality for many of us?

The ABS estimates the average superannuation balance for 55-64 year olds is \$323,700 and \$243,900 for 65-74 year olds². Is that scary?

WILL YOUR SUPER go the distance?

Research also shows a high percentage of Australians approaching retirement have superannuation balances roughly equivalent to their mortgage balance.

If that's the case, what does that leave to live on for the next 20 years - or maybe longer? And we ARE now living longer...

Life expectancy research shows we may live 25+ years beyond our retirement age of 60-65 years. Even if the retirement age is raised to 70 - assuming we can all find jobs until we are 70 - what will the future hold for the NEXT generation of retirees? When you consider there is already talk of changes to future pension rules and entitlements the need for a rethink of our plans is essential.

So how is your estimated superannuation balance looking now? More like a quail's egg than a nest egg?

What should you do?

Depending on where you are in your working career you may need to address this as a short, medium or long term strategy. Start the ball rolling NOW to becoming 'retirement savvy' and educate yourself on your retirement options.

No one else will be preparing a rescue plan for you.

As part of your plan perhaps it is time to look at property investment strategies? Property has been a proven medium to long term investment for many Australians. Remember, you don't have to divest yourself of your investment property portfolio when you retire. There is no reason why an investment property you buy now could not still be increasing in value and paying you rent when you are 90.

Before making any decisions we encourage you to call the office to discuss how we can help you incorporate a property portfolio into your retirement resuscitation plan or other strategies that may be more appropriate for your situation.

1. Figures are in today's dollar at 2.75% AWE, assuming an investment earning rate of 6% and based on the means test for the aged pension in effect from 1 January 2017. superannuation.asn.au
2. abs.com.au/2013-14



Start planning NOW for retirement!

Call the office for our article 'Start planning NOW for retirement' to start you on the path to a comfortable lifestyle in retirement.



Graeme Vimpani
AlphaLoan Mortgage Group
Web: www.alpha loan.com.au
E: gvimpani@alpha loan.com.au
Mob: 0411 886 310

