

# 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 21 years, a woman almost 24 years. Given this long horizon, you need to consider growth investments for retirement. These investments historically have provided higher returns over a longer term and could therefore help protect against the rising cost of living, which could be substantial over more than 20 years.

## **Allocated pensions**

Allocated pensions are managed funds that pay a regular income. They are flexible investments providing you with a range of investment options, including: growth options; the opportunity to set your own income payments at a level appropriate to your lifestyle (within government limits); and the flexibility to draw on your capital if you need it.

Allocated pensions can also be tax effective. There is no lump sum tax payable on super rollovers, nor any tax on investment earnings. A proportion of your income payments may be tax free and the remainder may be subject to a 15% tax rebate.

Term allocated pensions are similar, however they are invested for a term equal to your life expectancy. They also offer Centrelink concessions, however there are limitations on access to capital.

## **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.

## Complying 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 or your life expectancy (as determined by the government). Because the income payments are secure, it can mean peace of mind. You can also arrange for these payments to increase with the cost of living.

The second type of complying annuity, lifetime annuities, pay the income stream until your death. However, if you die prematurely, you generally don't get any capital back.

Complying annuities also receive tax and social security concessions, with no lump sum tax on superannuation rollovers. Like allocated pensions, a proportion of the income payments may be tax-free and the remainder subject to a 15% tax rebate.

A special feature of complying annuities is that the funds invested are partially exempt from the assets test for social security purposes. This means that investing in a complying annuity may help you access the age or service pension, along with travel and health concessions.

## Combining an allocated pension with a complying term annuity

A useful retirement strategy can be to combine a complying annuity with an allocated pension. If you get the mix right for your individual circumstances, the social security benefits may help you to achieve higher total returns than through investing in an allocated pension or a complying term annuity alone. You could also achieve a similar outcome by adding a term allocated pension.

## 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 post 60 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.*

**Note:** Advice contained in this flyer is general in nature, and does not consider your particular situation or needs. Please do not act on this advice until its appropriateness has been determined by a qualified adviser.

For more information about planning for your retirement or to arrange a no-cost, no-obligation first consultation, please contact:

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