

Retirement guide



NICOLE HEALES FINANCIAL

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your life in retirement

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Make your future financially fit

By understanding things like additional super contributions, the age you'll retire, whether you'll have debts at retirement, how long you might live, whether you expect to need access to health or aged care – can all help you plan and make ongoing decisions while you're still working as well as into your retirement.

What will my retirement look like?

Understanding what the word 'retirement' means to you and your partner or loved one may sound simplistic, but the conversation will help you address the big question on how to fund retirement, including whether the Age Pension will play a part in your retirement income.

While there's no hard or fast rule as to when you should retire, there are a few things to consider when planning to do so.

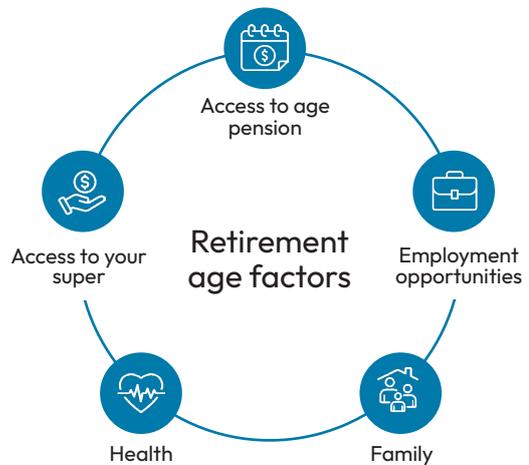
Planning for a long life

We're living longer! Australia ranks #6 in the world for female and male life expectancies¹. Women can expect to live to 87.7 and men, 85.1¹ – and you may live longer than this.

Because Australians have one of the longest life expectancies in the world, having enough money in retirement is important. Potentially you'll need more money to see you through than you may have originally anticipated.

When will I retire?

The age you choose to retire at may depend on when you can access your super and the Age Pension. Factors like your employment opportunities, your health and your family, may also impact your decision.



According to The Australian Bureau of Statistics the average age at retirement in Australia is 56.9 years.²

What do I want in retirement?

When imagining your retirement, it might be worth thinking about the things you want to do as well as how often you want to do them.

For middle-income earners, it is suggested that you'll need 65-75%³ of your pre-retirement income to continue the lifestyle you're accustomed to.

How much is enough?

How much you need for retirement differs from one person to the next but thankfully, there are some elements of guidance you can refer to – but remember that they are for guidance only.

1. <https://www.aihw.gov.au/reports/life-expectancy-deaths/deaths-in-australia/contents/life-expectancy>
2. [https://www.abs.gov.au/ausstats/abs@.nsf/mf/6238.What do I want in retirement?](https://www.abs.gov.au/ausstats/abs@.nsf/mf/6238.What%20do%20I%20want%20in%20retirement?)
3. <https://treasury.gov.au/publication/p2020-100554>

Checklist

- What do you want in retirement?
- How much might be enough for a modest or comfortable retirement?
- When will you retire?
- How long will you spend in retirement?
- What sources of income might you have access to?
- How long will you be able to maintain your health?
- How are your assets invested?
- How do you know if you're on track?

A modest or comfortable retirement?

The ASFA Retirement Standard is published each quarter by the Association of Superannuation Funds of Australia (ASFA) and provides figures to approximate the level of income required for a modest or comfortable lifestyle.

The latest figures for retirees aged 65–84 who own their own home state that the minimum annual cost of a comfortable retirement is \$52,383 for singles and \$73,875 for couples, as at the March quarter 2025.

A modest retirement lifestyle is considered better than the Age Pension, but where you are only able to afford fairly basic activities. A comfortable retirement lifestyle enables an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as household goods, private health insurance, a reasonable car and more. Both budgets assume you own your own home outright and are relatively healthy.

ASFA Retirement Standard

<https://www.superannuation.asn.au/resources/retirement-standard/>

	Comfortable retirement	Modest retirement	Age Pension
 Household improvements	Home repairs, updates and maintenance to kitchen and bathroom appliances over 20 years	Limited budget for home repairs, household appliances	Struggle to pay for repairs, such as leaky roofs or major plumbing problem
 Grooming	Regular professional haircuts	Budget haircuts	Less frequent haircuts or self haircuts
 Utilities	Confidence to use air conditioning in the home, afford all utilities	Need to keep a close watch on all utility costs and make sacrifices	Limited budget for home heating in winter
 Eating out	Occasional restaurant meals, home delivery meals, take away coffee	Limited meals out at inexpensive restaurants, infrequent home delivery or take away	Only local club special meals or inexpensive take away
 Connectivity	Fast reliable internet/telco subscription, computer/android mobile/streaming services	Basic mobile, modest internet data allowance	Very basic mobile and limited internet connectivity
 Clothing	Replace worn out clothing and footwear items, modest wardrobe updates	Limited budget to replace or update worn items	Very basic clothing and footwear budget
 Holidays	Annual domestic trip to visit family, one overseas trip every seven years	Annual domestic trip or a few short breaks	Occasional short break or day trip in your own city
 Private health insurance	Top level private health insurance, doctor/specialist visits, pharmacy needs	Basic private health insurance, limited gap payments	No private health insurance
 Vehicles	Own a reasonable car, car insurance and maintenance/upkeep	Owning a cheaper, older, more basic car	Limited budget to own, maintain or repair a car
 Leisure	Regular leisure activities including club membership, cinema visits, exhibitions, dance/yoga classes	Infrequent leisure activities, occasional trip to the cinema	Rare trips to the cinema

How can I fund my retirement?

A common expectation is that when we hit retirement age, the super we've saved during the accumulation phase will be enough to hit a desired figure and enough to see us through our retirement years.

However, there's likely to be a variety of factors that make up your income for retirement. Sources include your superannuation, shares, assets, any savings you've accumulated, the Government's Age Pension, perhaps an inheritance and returns you earn on your investments during retirement.

How much do I have now?

Based on the ASFA Retirement Standard's definition of a comfortable lifestyle, it is worth understanding how much you currently have in super, what other sources of income you may have access to when you retire, whether you will be eligible for the Age Pension and determine if there is a gap in your expectation.

Key sources of retirement income



Age pension



Superannuation



Savings and investments



Returns on investments during retirement

Age Pension

The Age Pension is a source of retirement income available to eligible Australians to help them cope with the costs of living once they've retired. To be eligible, you will need to be age 67 or over if you were born from 1 January 1957 and meet income and asset means tests requirements. For more information visit <https://humanservices.gov.au/>.

It's important to note, the qualifying age for the Age Pension will depend on your date of birth.⁴

If you were born between	You qualify at
1 July 1952 to 31 December 1953	65 years & six months
1 January 1954 to 30 June 1955	66 years
1 July 1955 to 31 December 1956	66 years & six months
From January 1957	67 years ⁵

4. <https://moneysmart.gov.au/retirement-income-sources/age-pension-and-government-benefits>

5. <https://www.servicesaustralia.gov.au/who-can-get-age-pension?context=22526>

Savings and investments

Consider what money you may already have in savings outside of super. This money can help support your retirement, or it could be added to your super balance. Likewise, do you have investments, like property or shares? What do you want to do with them? You can either hold onto your investments and they will hopefully provide you with an income. Or you can use these investments as income or reinvest them for further growth.

Superannuation

Super can only be accessed under a few conditions, called 'conditions of release'. This includes:

- when you've reached your 'preservation age' (see table) and have retired
- when you've reached your 'preservation age' and have started a transition to a retirement income stream
- being over 60 years of age and have stopped working
- being over 65
- or dying.

Date of birth	Preservation age
Before 1 July 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

You may want to consider the 15/35/50 Rule for your retirement income, by the Russell Investments Group.

The 15/35/50 Rule

- Your retirement income comes from 15% from the money you've saved up during your working life.
- 35% from the returns you earn on investments before you retire.
- 50% from the returns you earn on investments during retirement.



How do I boost my super and retirement savings?

Generally, your employer will make regular contributions to your super fund as part of the Superannuation Guarantee (SG), 12% of your Ordinary Time Earnings as at 1 July 2025.

If you don't think your SG contributions alone will support you in retirement, you can boost your super with extra funds, either before or after-tax contributions, which over time is likely to help your final retirement balance.

Superannuation is one of the most tax-effective forms of long-term savings both on the way in and on the way out.

Consider the following to help you save for retirement:

Find lost super

There's currently unclaimed super at the ATO that belongs to everyday Australians. If you've changed or have held multiple jobs, lived overseas, not updated your personal details or simply forgotten about your super, some of this could be yours.

You can find your lost super by logging in to your myGov account linked to the ATO and clicking on Manage my super. Or you can visit the ATO website or call the ATO automated super search line on 13 28 65.

Additional contributions

Non-concessional contributions: You can make a contribution (within the caps) to your super with your own 'after-tax' money.

Concessional contributions: Superannuation contributions that are made before tax or where you claim a personal tax deduction. These are generally taxed at a flat rate of 15% and include SG contributions from your employer.

Personal deductible: After-tax super contributions can be claimed as a tax deduction, potentially lowering your taxable income. The same tax benefit as concessional contributions applies, so your contribution is taxed at 15% and these contributions count towards your concessional contributions cap.

Are you under 75 years of age?

After-tax contributions have an annual cap of \$120,000, however with the three-year bring forward rule, if you are under age 75 you may be eligible to essentially 'bring forward' the next two years' worth of non-concessional contributions and contribute a maximum amount of \$360,000 in one financial year. You might consider this if you've come into a sum of money like an inheritance or you've sold a large asset and want to add more after-tax money to your super.

If you have a total super balance of less than \$500,000 at the end of the previous financial year, you may be able to contribute more than the general concessional cap by carrying forward your unused concessional cap amounts (accrued from 1 July 2018) for five financial years. Visit <https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/> to learn more.

Superannuation and downsizers

If you are looking to downsize your family home of ten years or more and are over 55, you may be able to contribute up to \$300,000 from the sale proceeds to super as a 'downsizer' contribution.

Downsizing involves selling your home and moving to a cheaper property and using the remaining profit from the sale as funds to live on.

Support for lower income earners

If you're a low or middle-income earner and make a personal after-tax contribution, the government may make a super co-contribution to your account to a maximum of \$500⁶ providing you meet certain eligibility criteria.

This co-contribution amount changes from time to time, so it is worth visiting the ATO's website for the latest eligibility criteria and amounts.

Spouse contributions

If your spouse or partner is a low-income earner, a stay at home parent or not working at present, he or she may not be receiving superannuation contributions from an employer.

This makes it worth looking at ways to grow their super and by making a contribution yourself to your partner's super account, you could benefit from a tax rebate.

Review your investment strategy

You are free to choose how your super is invested – and that choice can have a big impact on the final value of your retirement savings.

Most funds offer a range of investment options to choose from. If you don't change super investments, your money is likely to be invested in a 'default investment option' which may not suit your needs or preferred risk level.

Generally, your super fund will allocate a percentage of your money to be invested across the five main asset classes (cash, fixed interest, property, shares and alternative strategies) and generally classified as either growth assets (e.g. shares and property), which typically have higher levels of investment risk but also the potential for higher returns or defensive assets (e.g. cash and fixed interest), which usually have lower levels of risk but tend to produce lower, more stable returns.

6. <https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/>



Transitioning to retirement

Whether you choose to gradually wind down your working week or take the plunge into full-time retirement, one of the key challenges faced by many new retirees is the need to fill each day productively.

Delaying life events

Over the last 50 years the median age for purchasing a home, obtaining a first job, finishing education, having a child and getting married has changed.

Based on Australians generally delaying life events, you may wish to consider when you're planning to retire and whether you will have expenses like a mortgage to continue to pay off, even if you've hit retirement age.

Easing into retirement

Considering a transition to retirement (TTR) may be an option for you.

A TTR pension strategy provides you with the ability to receive an income stream from your super without having to give up work entirely, so you can reduce your working hours.

It's important to note though, the tax you pay on investment earnings outside super is generally higher, <https://moneysmart.gov.au/retirement-income/transition-to-retirement>.

Supplementing your income

The most popular strategy is an 'income swap' strategy. This generally suits pre-retirees hoping to ramp up their super savings ahead of full-time retirement. In practice, it involves making additional super contributions via salary sacrifice (or personal contributions if self employed), while making up the difference in take home pay with payments from a TTR pension.

The second type of strategy focuses on replacement of income. Here, you may choose to wind back your working week and use the funds provided by a TTR pension to supplement your income.

Paying less tax

Depending on your super, some of the money you withdraw as a TTR pension may be tax-free. Once you turn 60 however, any money you withdraw from your super is completely tax-free.

Making contributions later in life

Aged 67-74

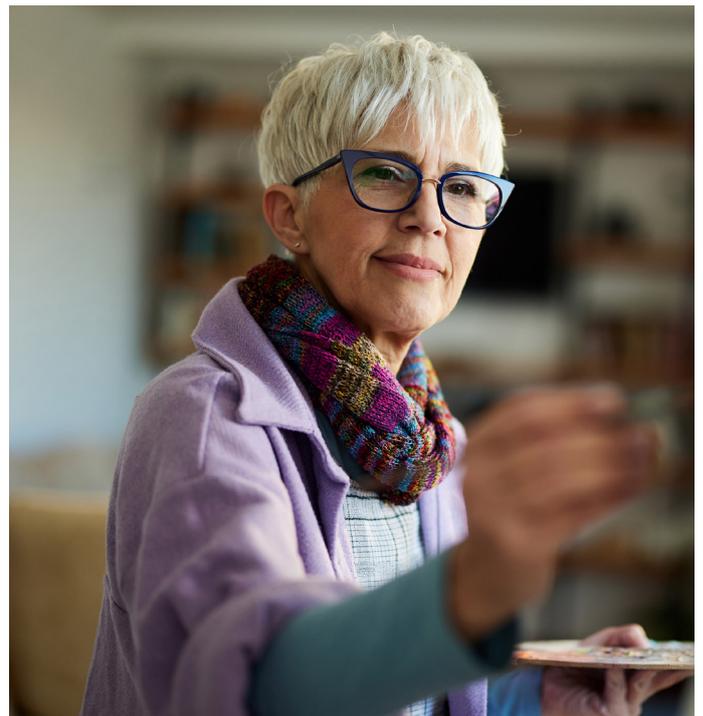
Just because you may be winding down your work doesn't mean you can't contribute money to your super.

- If you're still working, your employer can make SG contributions to your super account.
- You could also consider making a downsizer contribution of up to \$300,000 from the proceeds of the sale (or part sale) of your home into your superannuation account.
- You can continue to make salary sacrifice and non-concessional contributions to your super without needing to satisfy the 'work test'. In addition, you could consider bringing forward your non-concessional contribution caps if eligible.

Aged 75+

In addition to points one and two above, in the 28 days in the month after you turn 75, if you satisfy the 'work test', you can also have the following contributions made to your super account:

- Personal or spouse contributions.
- Salary sacrifice contributions from your employer and other employer amounts like administration fees or insurance premiums.



Accessing my super

When drawing down on your super, some important considerations include managing your spending and income, as well as timing of your withdrawals.

Can I take my super as a lump sum?

Yes. Lump sum super withdrawals are tax-free from the age of 60. If you decide you wish to withdraw from your super before the age of 60 even though you have met your preservation age, there may be taxation implications.

In addition, depending on what you do with the lump sum after you draw down may impact your eligibility for the Age Pension. You may wish to consider using your super as a pension.

How do I start a pension from my super?

You first need to meet a relevant superannuation condition of release before you can withdraw your super. Once you've done this, rather than take your super as a lump sum, you can also receive the money as a super income stream, often called an account based pension.

This means you receive a series of regular payments from your super fund and in this sense it can be just like receiving your regular wage or salary. This makes budgeting easier and you still enjoy the benefits of tax concessions that apply to superannuation, including tax free payments once you turn 60.

Life during retirement

Withdrawing your super as income in retirement

Your superannuation is designed to assist you with your retirement income.

Aged care considerations

The decision to move into aged care can come with a raft of emotional issues, in addition to financial considerations. That could be because nursing home accommodation can involve substantial costs, especially for self funded retirees who need their finances to last the distance.

Longer life expectancies mean you could be in retirement for 20, maybe 30 years.

While your health may influence when you retire and your life expectancy, it can also have a major impact on your finances in retirement. As you age, you may find medical bills comprise a growing part of your household expenses.

Considerations for aged care in retirement include:

- The cost of an aged care facility.
- How you'll pay for accommodation costs.
- If there is a basic daily fee.



Who gets my super when I die?

It's not surprising many retirees want to maintain their legacy of generosity by offering a financial helping hand to their children and grandchildren or leaving them their superannuation if they die.

To ensure you can help contribute to your loved ones' future, it's a good idea to think about who you'd like to leave your super to, in the case of your death.

Super law says that an eligible beneficiary can be your spouse or de facto, your children, someone who's financially dependent on you, or someone you have an interdependency relationship with.

If you'd like your super to go to someone else, like a parent, a sibling or perhaps a charity, then you can nominate the executor of your estate as a beneficiary, who can then deal with your super as a part of your Will.

It's important you deal with nominating your beneficiaries properly for things to go the way you intend. There are three types of nominations that you can make.

A **non-lapsing nomination** allows you to instruct the super fund trustee who to pay your benefit to in the event of your death. The trustee must follow a valid nomination. You must also nominate the proportion of your death benefit each beneficiary is to receive.

Making a **non-binding nomination** is a preference made by you on who you want your super benefit to go to should you die. It does mean however that your super fund's trustee could ultimately use its discretion and distribute your super to people other than who you've stated.

A **binding nomination** allows you to set out to the super trustee how you wish some or all of their superannuation death benefits to be paid on your death. The nomination is generally valid for a maximum of three years and lapses if it is not renewed. If this nomination is valid at the time of the member's death, the super trustee is bound to follow it. This nomination must be in writing, signed and dated in the presence of two witnesses who must not be minors and are not nominated beneficiaries. The witnesses must also sign and date the notice to confirm the nomination was made in their presence.

Tax payable on super death benefits

The taxation treatment of your superannuation in the case of your death is determined based on whether one of your dependants is the recipient, if it's paid as a lump sum or as an income stream, as well as the age of your dependants and your age when you die.

Life insurance

Many people opt to have life insurance inside their superannuation, meaning premiums are taken out of super rather than after-tax dollars.

In many cases life insurance forms an important part of estate planning as it provides a financial safety net which your family can use to pay for funeral expenses, enable the payout of large debt such as a mortgage or buy out a business partnership for instance.

Many super funds offer life insurance which can be adjusted according to your needs. If you hold life insurance outside of your super, a lump sum will be paid to any nominated beneficiaries upon your passing.

If you have a life insurance policy within super, it's a good idea to ensure your beneficiaries are up to date.

Estate planning

An estate plan includes your Will and other key documents that detail how you would like your assets distributed after your death.

Your estate is made up of your assets and are distributed according to your Will. These assets are in your name and are generally yours to instruct to the Executor of your Will to distribute however you see fit.

Whereas because your super is being held in Trust for you, it is treated in parallel to your estate. This means you need to instruct the trustee of your super fund as to where and whom you wish to leave your super if you die, known as nominating your beneficiaries. If you do not do this, the trustee will use its discretion to decide who should receive your super.

Tools and Resources

ASIC's MoneySmart website, <http://moneysmart.gov.au/> can be a useful resource for information on whether you should put extra money into your mortgage or super and for their super and pension age calculator.

The Australian Taxation Office (ATO) is a good source of information about Self Managed Super Funds (SMSFs), <https://www.ato.gov.au/>

Sources:
BT, Retirement guide, 1 July 2024.
ASFA Retirement Standard Summary 2024.

Get in touch with us, we're here to help.

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