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Don't Ask, Don't Get Mk II



I know I've been harping on this all of last year, but if we haven't done a review of your mortgage in the last 12 months, please touch base with us so we can do some research for you – or your friends and family. This doesn't cost you anything to ask the question. We are constantly either negotiating a better deal for clients, or moving them to a new lender if we don't get a response from the existing lender that we're happy with. The result is nearly always \$ back in your pocket rather than the bank you're with.

In this newsletter we're back on the topic of retirement. I'm finding that whether you're 5 years out or 30 years out, people are curious as to what their own slow-down years might look like.

Wishing everyone all the best for the new year,

Brett

Brett & the team



The cost of retirement

Everyone has a different vision for their retirement. Yours might involve overseas and interstate travel and an active social life. Or perhaps you prefer spending time with family, working in the garden or volunteering.

However you choose to spend your time, it's important to make sure you have enough funds to support your retirement lifestyle. Forward planning now can make all the difference in the future.

HOW MUCH WILL YOUR IDEAL RETIREMENT COST?

Increasing life expectancies and inflation can make it tricky to estimate how much income

you'll need for your retirement. That's why the Association of Superannuation Funds of Australia put together a guide for how much you might need.

A comfortable lifestyle in retirement may include leisure activities, private health insurance and holidays – but everyone's lifestyle is different, so you should take into account your own goals and expenses.

As well as paying for things you enjoy doing, remember to budget for the day-to-day expenses, like utility bills, as well as larger expenses such as upgrading cars and renovations.



COUPLE

\$60,604 PA

Cost of a comfortable lifestyle

\$35,573 PA

Maximum Age Pension and Pension Supplement



SINGLE PERSON

\$42,953 PA

Cost of a comfortable lifestyle

\$23,597 PA

Maximum Age Pension and Pension Supplement

Source: The Association of Superannuation Funds of Australia, 'ASFA Retirement Standard', June quarter 2018. Figures quoted are for homeowners. Age Pension rates are current as at 1 July 2018, www.humanservices.gov.au

PROTECTING YOUR NEST EGG

As well as accumulating enough super to fund your retirement, you also need to manage the amount of income you'll receive when you're retired.

It's vital not to underestimate the impact of inflation on your nest egg. To illustrate: that loaf of bread you bought at the supermarket for \$3.00 could cost \$4.92 in 20 years.

Share market volatility could also seriously impact your balance and the level of

income you may be able to receive each year – particularly the timing of that volatility. That's why it's so important to minimise this risk once you've retired.

One solution could be to set up a lifetime annuity – a secure investment that gives you guaranteed regular payments for life. You can use annuities with other retirement investments, such as an account-based pension, and you can choose to structure your payments, so they keep pace with inflation.