

Planning ahead gives you the best chance of achieving the financial security and lifestyle you would like.

Why do I need a plan?

Work is an important part of life. Apart from an income, work provides structure, meaning, activity and networks. People react differently to retirement, depending on the reason they retire and what employment means to them.

Having a plan for your retirement helps you take control of the process of changing your lifestyle. Planning early gives you the time to explore different options at your own pace and make informed decisions.

Meaningful pursuits

Make time for activities you are passionate about, so that when retirement happens you are already involved in other pursuits that are meaningful to you. Plan a list of projects or hobbies to pursue once the bulk of your day is no longer consumed by your job.

New challenges

The need for goals and challenges doesn't necessarily go away in retirement. Challenge yourself by returning to work in a new capacity, or learning a new skill.

Test it out

One of the best ways to find out if you're ready to retire is to test it out. Consider taking a few months off as a mini-retirement. You may be surprised to realise you only needed an extended vacation, or conclude you're ready to move on to a new phase of life.

Move on together

Discuss the timing of your retirement with your friends and family, and what you would like to do when you retire. If you have a partner, you may find that one of you is ready to leave the workforce but the other is not. Planning ahead will help you to resolve different expectations early.

Be money wise

The earlier you develop a financial plan, the easier it can be to achieve the financial security and lifestyle you would like during retirement. If you are planning to travel during retirement, consider preparing important documents such as your will, power of attorney and beneficiary nominations for your super.

Top five questions to ask when planning to retire:

1 How much money do I need to retire?

This depends on the cost of your desired lifestyle in retirement. The Australian Prudential Regulation Authority estimates that on average, most people need an annual income equivalent to about 60% of their annual salary. The average worker needs a total investment of about seven times their annual salary to achieve this. Estimate how much money you will need for the lifestyle you're hoping for. Our range of calculators at www.visionsuper.com.au/calculators can help.

2 What age should I retire?

This is entirely up to you. Most people retire in the 55–65 age range – when they can start to access some of their super. However, if you continue to earn an income, you will put less pressure on the funds you have accumulated for your retirement, and be able to enjoy a better standard of living when you eventually retire.

"Retirement planning should include both financial and lifestyle issues."

3 How long will I need my money to last?

The average life expectancy for an Australian male is 79 and 84 for females*. But due to improvements in lifestyles and health care, you may live longer. Be generous when estimating your life expectancy and how much money you'll need. This will help to protect against times of market downturn, as well as the possibility of living longer.

4 What is the cost of my desired lifestyle in retirement?

Estimate the cost of your desired lifestyle in retirement using the budgeting tables over the page. Generally, three quarters of the average Australian retiree's budget goes towards housing, transportation, food, health care and entertainment.

Some costs may reduce in older age because you may not need to support children or make mortgage payments. However other costs, such as health care and entertainment, can increase.

5 Do I qualify for the Age Pension?

To qualify for the Age Pension, you must first satisfy the age and residence requirements. Centrelink then works out how much Age Pension is payable.

Not sure whether you qualify for Centrelink benefits? Speak to a Vision Super financial planner to maximise your super position to help you qualify for Centrelink benefits. For more information on the Age Pension, contact Centrelink on **13 23 00** or visit the website at:

www.centrelink.gov.au

How do your plans measure up?

RETIREMENT PLAN	MY ESTIMATE	BENCHMARK
How much money do I need to retire?	\$ lump sum	7 times your annual salary
What age should I retire?	years	66 (men), 65 (women) ¹
How long will I need my money to last?	years	30 years ²
What is the cost of my desired lifestyle in retirement?	\$ per year	\$43,665 per year (single) ³
Do I qualify for Age Pension payments?		31% of retirees qualify for full or part pension ²
How much return do you expect in your retirement?	%	5% per year ²

What is the cost of my desired lifestyle in retirement?

EXPENSES	AMOUNT PER MONTH
Rent/mortgage	\$
Gas/electricity & water	\$
Telephone and mobile	\$
Internet/Foxtel etc.	\$
Rates/Body corporate fees	\$
Groceries	\$
Clothes and shoes	\$
Toiletries/personal grooming	\$
Health care/medication	\$
Holidays	\$
Car including fuel	\$
Public transport	\$
Hobbies	\$
Personal loan payments	\$
Credit cards/store cards/lay-bys	\$
Restaurants and takeaways	\$
Entertainment (movies, drinks, magazines etc.)	\$
Insurance (health, car etc.)	\$
Other	\$
Total expenses per month	\$
Total expenses per year	\$

How much income will I have during retirement?

INCOME	AMOUNT PER MONTH
Salary or wage (after-tax)	\$
Superannuation pension payment	\$
Pension or Government allowance	\$
Interest from savings	\$
Income from investments	\$
Other	\$
Total income per month	\$
Total income per year	\$

The best ways to save for retirement

Is there a shortfall between your expenses and income? You're not alone. One in two retirees wish they saved more in super or saved earlier in their working life.³ Here's how to get your finances in shape for retirement:

Personal post-tax contributions

When you voluntarily put money from your after-tax pay into super, you are making a personal post-tax contribution. The advantage is, any investment earnings on your contributed amount are taxed at a low 15% within super. If you invested that money outside super, its earnings would be taxed at your marginal tax rate of up to 47% (including Medicare levy).

As an extra bonus, making a personal post-tax contribution may make you eligible for the Government co-contribution. This means the government could contribute \$0.50 for every \$1 you contribute, up to a maximum of \$500 (conditions apply). To find out more about the co-contribution, visit visionsuper.com.au/co-contribution

From 1 July 2017, if you are under age 75, you can claim a full tax deduction on any personal contributions you make to super through the Australian Taxation Office (ATO). For more information about personal deductible contributions, contact us on **1300 300 820** or see the ATO's web page, [Claiming deductions for personal super contributions](#).

Salary sacrifice

Salary sacrifice is an arrangement where your employer pays part of your before-tax salary into your super. This arrangement may lower your taxable income, so you pay less tax. If you have an annual income above \$18,200, or have an income tax rate above 15%, salary sacrifice can be a tax-effective way to save money.

Salary sacrifice contributions (up to the concessional contributions limit) incur only 15% contributions tax. This could be considerably less than your current marginal tax rate of up to 47% (including Medicare levy if you took the money as salary).

Annual contribution limits (2017/2018)

CONCESSIONAL CAP	NON-CONCESSIONAL CAP*
All ages	All ages
\$25,000	\$100,000

Contribution Limits

If you exceed these limits, you may have to pay extra tax on these amounts. For more information on contribution caps visit:

visionsuper.com.au/super-caps

* If you are less than 65 years of age, you can 'bring forward' a total of three years worth of non-concessional contributions into one financial year. However, you will then not be able to contribute for the next two years (eg you can contribute \$300,000 in the 2017/2018 financial year or over three financial years from the 2017/2018 financial year). From 1 July 2017 the 'bring forward' amount and period is dependent on your total superannuation balance.

³ Investment Trends 2010 Retirement Incomes Report.

How to invest for retirement

Even after you retire, your super may need to fund a retirement income for approximately 20–40 years. Choose diversified super investment options which generally provide for short term needs and also long-term growth. 'Diversified' super investment options invest in a range of different asset classes. This can help reduce the impact of volatility in one asset class, sector or product on your overall portfolio of assets.

Getting financial advice

'People who receive financial advice are almost \$100,000 better off at retirement than those who do not receive advice', according to KPMG ECONTECH research commissioned by the Financial Services Council (FSC). Are you over 55 or retiring in a few years? Get financial advice regarding your Vision Super account, including how to:

- ▶ Maximise eligibility for Centrelink benefits
- ▶ Minimise tax on your super
- ▶ Achieve the retirement income you want
- ▶ Invest for retirement
- ▶ Choose the right pension
- ▶ Plan your estate to protect your wealth
- ▶ Get transition to retirement advice.

Vision Super does not receive commissions for recommending any products.

What our members say...

"Our financial planner had good listening skills and we feel very confident with the advice he gave us. We have a plan, and we can keep in touch for further advice. Such a relief."

"My financial planner understood my needs and focused on addressing them. He was knowledgeable and relevant."

"I was given honest answers to my questions, instead of complicated versions that are hard to understand. It was refreshing after I had gone through the same process with the bank."

I want to retire fully: Vision Allocated Pension

This income stream is for those who have fully retired and have reached preservation age. It keeps your retirement savings invested in a tax-free environment and provides you regular income payments.

- Full access to your money
- 0.35% administration fee (capped at \$1,050 once your account balance reaches \$300,000 or more)
- No tax on investment earnings
- No tax on income payments
- A range investment options to choose from
- 100% assessable under the Centrelink assets test
- Concessional treatment by the Centrelink income test
- Option to add banking services to pension
- No loss of unused capital (paid to your estate or nominated reversionary beneficiary).

I want to keep working: Vision Non-commutable Allocated Pension (NCAP)

This income stream is for those who have reached their preservation age and are still working, but would like access to some of their preserved super. This NCAP gives you limited access to your super through regular income payments. This is useful for those who need to stay in the workforce longer, but want to work less hours.

- No tax on income payments from age 60
- 15% rebate on taxable portion of income payments if you are under 60
- A range of investment options to choose from
- 100% assessable under the Centrelink assets test
- No loss of unused capital (it is paid to your estate or nominated reversionary beneficiary).

I'm a defined benefit member: Vision Super Lifetime Pension

People are living longer than ever, and this income stream ensures your money lasts as long as you do. It pays a fortnightly income throughout your life, and in the event of your death, at a reduced rate throughout the life of a qualifying spouse. The lifetime pension is available only to defined benefit members who joined the fund prior to 25 May 1988.

- Whether you retire due to age or disability, the pension is payable through out your life
- In the event of your death, the pension is payable for the life of your eligible spouse at a reduced rate.

Six reasons to consider an income stream (pension)

- 1 If you start a Vision Allocated Pension your savings continue to grow in a tax-free environment.
- 2 You receive regular pension payments from professionally managed funds.
- 3 Income payments received after age 60 are tax-free.
- 4 Income payments received before age 60 are concessional tax.
- 5 A range of investment options to choose from.
- 6 You can nominate beneficiaries to receive any remaining amounts after you die.



Need more help?

We know your super inside out, so you don't have to worry!

The easiest way to plan for retirement is to contact your Vision Super financial planner. They can help you take advantage of the complex rules and regulations that govern super to get the best result for you. To book your appointment, please contact our Member Services team on **1300 300 820**. You can also refer to our website for forms and other fact sheets.

The fine print we want you to read: We **do not** receive brokerage fees or commissions for recommending any products.

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