



HOW TO  
**RETIRE WELL**



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There is a lot involved in  
**RETIRING WELL.**  
In this book we detail  
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SUMMARY



# WHY CONSIDER RETIRING WELL?

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Let's explore what retirement really means – it's not just about the dollars, but about finding new purposes, interests, and connections. In this book, we dig into how having a reason to wake up each day can make retirement more exciting, how working a bit during retirement can be a good thing, and how Australia's retirement savings plan works to make things better for you.

We also talk about how to take care of your loved ones when you're not around, how to figure out how much money you might need, and what happens if you run out of money. Don't worry, we'll guide you through it all in a simple way. And we'll show you how to enjoy retirement without stressing about your finances.

So, let's start this journey together – a journey that's not just about retirement, but about a happy and fulfilling life after work.

## ABOUT THE AUTHOR

For the past 25+ years, I've been working as a Certified Financial Adviser helping superannuation investors, farmers, small business owners, and direct share enthusiasts make informed investment decisions.

Choosing the right asset class for your hard earned \$\$ is the most critical first step. Get this right, and you're on your way to financial independence. As an SMSF Specialist Adviser, I work with Self-Managed Super Fund trustees and other motivated investors who love having control and input as to how their money is invested for their future.

In case you're wondering, no. There are no “get rich quick” schemes here, the advice I give is based on common sense that my clients understand that gets results. No fluff, no hype. My weapon of choice... is always common sense. If you don't get it we don't move ahead until you do. AND investing directly by avoiding bank products, reduces fees, saves tax and gives you control.

**Robert Goudie**  
Senior Financial Adviser







**FIND PURPOSE AND  
MEANING IN RETIREMENT**

# 1. RETIREMENT IS NOT JUST ABOUT THE \$\$

Retirement is a significant life transition that involves more than just financial planning and investment strategies. To achieve a fulfilling and enjoyable retirement experience, individuals must also find purpose and meaning in their new lifestyle. This can involve pursuing new interests, hobbies, and passions, while enjoying the freedom and flexibility that comes with not working full-time.

Purpose in retirement can manifest in various ways, such as pursuing long-held passions, volunteering for meaningful causes, or spending time with loved ones. Research indicates that retirees with a sense of purpose tend to be more physically active, cognitively sharp, and have lower rates of depression and anxiety. Engaging in purposeful activities also helps maintain structure, routine, and direction in daily life.

Additionally, regular physical activity and social connections are a must for overall well-being. Physical activity offers numerous health benefits, such as reducing the risk of chronic diseases and improving mental health. Meanwhile, social connections provide emotional support and a sense of belonging.

Retirees can explore new activities, hobbies, and social connections by joining local clubs, taking up new pastimes, or volunteering for causes they care about. Staying active and engaged in the community helps maintain a sense of purpose and connection, positively impacting overall well-being. So, finding purpose in retirement is essential for individuals planning for this new stage in their lives.

## IS WORKING PART TIME IN RETIREMENT A GOOD IDEA?

Working part-time during retirement can be a great way to supplement your retirement income and extend the life of your retirement assets. Besides the financial benefits, having a steady source of income can also bring peace of mind and reduce financial stress. On top of that, working part-time can help you stay active and give you a sense of purpose and structure in your new lifestyle, which can positively impact your mental health. Plus, being around people can help combat social isolation and loneliness, which are common challenges in retirement. Working part-time during retirement can provide a multitude of financial and psychological benefits, making it a great option for those looking to enhance their retirement experience.

To ensure a stable and secure retirement, it's crucial to have a diverse mix of retirement income sources. Consider consulting with a financial planner to help determine the best combination of income sources for your individual needs and goals.

## 2. AUSTRALIA'S RETIREMENT SAVING SCHEME

In Australia, the government has a retirement savings scheme called the superannuation system. Employers are required to contribute a portion of their employees' salary to a tax-advantaged investment fund designed to grow retirement savings. Individuals can also make personal contributions to their superannuation accounts. There are two types of contributions: concessional (before-tax) and non-concessional (after-tax). Concessional contributions are taxed at 15%, while non-concessional contributions are not taxed. Contributions and investments within the fund are taxed at a lower rate than most people's marginal tax rates, allowing for potential tax savings. Overall, the superannuation system aims to help people save for retirement and helps to achieve a comfortable retirement.

### WHY SUPERANNUATION IN RETIREMENT?

In Australia, the superannuation system offers tax-advantaged retirement savings. From age 60 and retired, all lump sums and superannuation pensions are paid tax-free. Additionally, starting from 1st July 2023, individuals can have up to \$1.9 million in pension paying a regular income. This is known as the Transfer Balance Cap (TBC), which is the maximum amount that an individual can transfer from their accumulation superannuation account into their retirement pension account. The TBC is currently set at \$1.7 million but will increase to \$1.9 million on 1st July 2023. This applies to both taxed and untaxed funds, and couples can have up to \$3.8 million in a tax-free pension. However, it's important to consider contribution limits, preservation rules, and other tax implications. Overall, the tax-free status of superannuation provides a comfortable and secure retirement experience.



**SUPER = SAVINGS  
FOR RETIREMENT**



**PLANNING ENSURES A  
COMFORTABLE RETIREMENT**



## 3. HOW MUCH INCOME WILL WE NEED?

Retirement is a significant milestone that many Australians look forward to. However, it can be challenging to determine how much income is required to maintain a comfortable standard of living. According to the ASFA Retirement Standard website, a couple needs a comfortable income of \$68,014, while a single person requires \$48,266. For those who prefer a modest lifestyle, couples need \$44,034, and singles require \$30,582 annually. To achieve these comfortable retirement incomes, a couple would need a superannuation balance of \$640,000, while a single person would need \$545,000.

It's important to note that the government's Centrelink Age Pension contributes to these income levels. This means that Australians do not need millions of dollars in their superannuation account to retire comfortably, as the government's Age Pension helps supplement their retirement incomes. As we age, the amount of income we need reduces as we lead a less active lifestyle. However, it's expected that healthcare costs will increase during this time. Therefore, it's crucial to have a plan in place to ensure a comfortable retirement.

Ultimately, the amount of money you need in retirement will depend on your individual circumstances. It's important to carefully consider your expenses and savings goals to ensure that you have enough money to support your desired lifestyle during retirement.

# 4. UNDERSTANDING HOW LONG YOUR MONEY WILL LAST

Planning and projecting how long your money will last in retirement is crucial for achieving a comfortable and secure retirement. Understanding how much you will need in retirement can vary significantly between individuals and couples based on their investment risk tolerances and spending needs over time. Therefore, it is important to understand how much you may need based on your own personal income needs.

Retirement projections can estimate how long your money will last based on your age, income needs, and investment capital. These projections can be done with a financial advisor or online tools and help to identify potential shortfalls in your savings. By adjusting your savings strategy, you can ensure a more comfortable and secure retirement that meets your personal income needs.

## WHAT HAPPENS IF I RUN OUT OF MONEY?

Running out of retirement savings can be a major concern for individuals who are planning for their retirement. However, there are a number of options available for individuals who find themselves in this situation. If you need extra retirement funds, downsizing your home or relying on the Australian Government's Age Pension are viable options. The sale of a home can provide a significant boost to your retirement savings and can also be contributed to a superannuation fund to benefit from tax advantages. The Age Pension is a means-tested pension that provides basic income support to those who don't have enough retirement savings.

The Home Equity Access Scheme is another program that can allow eligible individuals to access equity in their home, providing additional income or covering expenses. Inheritances can also boost retirement savings, allowing individuals to spend more during retirement. Seeking advice from a financial advisor or retirement planning specialist can help you navigate these options and make informed decisions about your retirement finances.

## YOUR INVESTMENT TIMEFRAME

Planning for retirement can be a daunting task, but understanding your investment timeframe can make it more manageable. As you approach retirement age, it's easy to think that you should move towards more conservative investments like cash and fixed interest. However, it's important to keep in mind that life expectancy is increasing, and you may have a long-time horizon for your investments in retirement.

Even in retirement, you are still a long-term investor, which means you need to think about your investment goals and risk tolerance. By taking a long-term perspective, you can create a retirement portfolio that's tailored to your unique needs and helps you achieve your financial objectives. It's crucial to remember that retirement is a journey, not a destination. So, understanding your investment timeframe is an essential step in planning for the road ahead.



**WHAT IS YOUR  
INVESTMENT TIMEFRAME?**



**GUARANTEE  
FINANCIAL SECURITY  
DURING RETIREMENT**



## 5. VARYING SOURCES OF RETIREMENT INCOME

Superannuation account-based pensions are a great way for retirees to create a steady tax-free income stream. With this option, you can withdraw from your accumulated super balance while the remaining funds stay invested. The best part? You can invest in a wide range of assets and tailor your strategy to meet your personal needs and risk tolerance. This flexibility gives you peace of mind and control over your retirement income. Plus, once you reach 60 and retire, you may have access to lump sums from your super account, which can provide added financial security and allow you to enjoy your retirement worry-free.

Superannuation lifetime pensions are a great way to guarantee financial security during retirement. They provide a tax-free, regular income stream that can cover daily expenses, giving retirees peace of mind. With the added benefit of a 40% asset exemption, they can also potentially increase their Centrelink Age Pension payments. These pensions offer investment flexibility with options such as stocks, bonds, and property, which can provide diversification and security to the portfolio. Ultimately, Superannuation lifetime pensions can help individuals achieve a comfortable and stress-free retirement.

Annuities; as you plan for retirement, annuities are an investment option worth considering. With annuities, you make a lump sum payment upfront and receive regular payments over a set period or for life. This provides a reliable source of income that can be customized to meet your needs, with options such as fixed or variable payments and adding a beneficiary. Plus, some annuities may qualify for the 40% assets test exemption, potentially increasing your Centrelink age pension payments. To make an informed decision, it's important to understand the different types of annuities and their benefits.

The Centrelink Age Pension is a government payment that helps retirees with their living expenses. To qualify, you need to meet certain criteria, including an assets test, which looks at your property, investments, and savings. Your family home is not included in the test.

As of March 2023, the maximum amount of Age Pension you can receive is \$1,064 per fortnight for singles or \$1,604 per fortnight for couples. However, the amount you receive will be reduced if you have additional income or assets above a certain threshold. For example, if you are a single homeowner with assets worth over \$280,000, your Age Pension will decrease by \$3 per fortnight for every \$1,000 above that amount.

It's important to understand the Centrelink Age Pension rules and requirements so that you can plan your finances for retirement effectively.

# 6. THE 'DO'S' & 'DONT'S' OF RETIREMENT

## THE 'DO'S' OF RETIREMENT?

Retirement can be both exciting and challenging, especially if you don't have a clear sense of purpose. To make the most of your golden years, it's important to find activities that bring joy and meaning to your life. This could mean trying out a new hobby, rediscovering an old passion, or giving back to your community through volunteering. These activities can give you a sense of purpose and a reason to wake up excited every day.

Another key aspect of retirement is staying connected with others. Social connections can provide a valuable source of support and companionship, whether it's through joining a club, participating in group activities, or spending time with loved ones. Don't underestimate the importance of purpose and social connections in retirement - they can make all the difference in creating a fulfilling and satisfying retirement experience.

## THE 'DON'TS' OF RETIREMENT?

When planning for retirement, it's easy to get caught up in market fluctuations and investment returns. However, it's important to remember that retirement is about more than just money. It's about enjoying the lifestyle and experiences you've worked hard to achieve.

While market fluctuations are a natural part of investing, they can be challenging for retirees who rely on their savings to support their lifestyle. To prioritise retirement goals and interests, create a retirement plan that takes into account your lifestyle and aspirations. This should include your goals and how you plan to achieve them, as well as your risk tolerance.

Remember that retirement is a journey, and your priorities may change over time. Regularly reviewing and adjusting your retirement plan can ensure that it aligns with your changing goals and interests.

By focusing on the things that matter most to you, rather than short-term market performance, you can build a retirement plan that provides both financial security and the fulfilling lifestyle you desire.



**FOCUSING ON  
THE THINGS THAT  
MATTER THE MOST**



**STRIKE A BALANCE  
BETWEEN ENJOYMENT  
AND BUDGETING**



# 7. HOW MUCH YOU SPEND AND WHEN COUNTS

Planning how to allocate retirement income is a crucial part of retirement planning. Many retirees make the mistake of being too cautious with their spending during the early years of their retirement, missing out on opportunities for enjoyment and experiences.

The early years of retirement are known as the "go-go" years when retirees are typically healthy and energetic. Spending more on hobbies and interests during this time can be advantageous, as you may have more freedom and flexibility to do so before age-related health issues or mobility limitations arise.

It's important to strike a balance between enjoying your retirement and maintaining a sustainable level of spending over the course of your retirement. Inflation is another factor to consider as it can reduce purchasing power over time. Working with a financial advisor can help you develop a retirement plan that takes into account your goals and financial situation. Remember to enjoy your retirement while being mindful of long-term financial needs.

## UNDERSTANDING INFLATION

Planning for retirement is an exciting time, but it's important to keep in mind the long-term impact of inflation on your finances. With retirement potentially lasting for 30+ years, it's crucial to invest in assets that can provide a return above inflation and maintain their purchasing power.

While short-term market volatility may be unsettling, it's important to understand that it's a natural part of investing in assets like Australian and international businesses. These types of investments can offer higher returns over the long term compared to more conservative options like cash in term deposits, which may feel safe in the short term but can be risky in the long term due to inflation.

By considering the long-term implications of your investment decisions and seeking advice from a financial advisor, you can make informed choices that help you maintain your financial security and enjoy a comfortable retirement.

## 8. LOOKING AFTER THOSE WE LEAVE BEHIND

Losing a partner is tough, and it can have a major impact on your finances, especially if you rely on the Age Pension. When your partner passes away, you may need to transition to a single age pension, which can be a significant reduction in income. For example, when a partner passes away, the surviving partner may need to transition from a partner's pension of just under \$42,000 per year to a single age pension of approximately \$27,500 per year. This can have a significant impact on an individual's financial situation, particularly if they were reliant on their partner's income to cover household expenses. It is important to note that many household expenses won't change, so it's essential to find ways to supplement your income.

For single age pensioners, this struggle can be even more challenging. But, by building up savings and investments throughout your working years, you can have additional capital to supplement your pension in retirement. Planning for your future is crucial to ensure you have the financial resources you need to enjoy a comfortable and secure retirement.



**PLANNING FOR YOUR  
FUTURE IS CRUCIAL**

# 9. UNDERSTANDING ESTATE PLANNING

When planning for retirement, it's important to also consider estate planning, which involves making arrangements for the distribution of assets after an individual's death, including retirement assets like superannuation. In Australia, there are several elements to estate planning, such as having a Will, Powers of Attorney, and Advance Care Directives.

A Will is a legal document that outlines an individual's wishes for the distribution of their assets after their death. Powers of Attorney allow someone to make financial or medical decisions on behalf of an individual if they become unable to do so. Advance Care Directives outline an individual's wishes for their medical treatment and end-of-life care.

When passing on retirement assets to beneficiaries, there are tax implications to consider, especially for non-financial dependents like adult children. Seeking advice from a financial advisor or estate planning lawyer can help ensure that retirement assets are distributed according to the individual's wishes and in the most tax-efficient manner possible.

Updating estate planning documents regularly is important to ensure they accurately reflect an individual's wishes. By having an up-to-date estate plan in place, individuals can rest assured that their retirement assets will be passed on to their loved ones effectively.





**IS YOUR ESTATE  
IN ORDER?**



# SUMMARY

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Retirement is not just a financial chapter, but a whole new adventure waiting for you. It's about discovering what brings you joy, staying active, and nurturing connections with others. Working part-time can add value to your days while boosting your income.

Australia's superannuation system offers tax advantages and a comfortable retirement, while caring for those left behind and understanding your income needs is crucial. Remember, you don't need to be a millionaire to retire well, thanks to government support.

Predicting your retirement funds' duration and planning for unexpected situations is essential. Make sure to strike a balance between enjoying today and securing tomorrow. And don't forget about inflation – it's a long-term factor to consider.

Lastly, estate planning ensures your wishes are respected, even after you're gone. By taking these steps, you're not only securing your financial future but also making the most of this exciting new phase. Happy retirement!



# WANT TO KNOW MORE?

To find out how we can help you begin the planning process, and check out all of our free educational resources, visit: <https://www.consortiumpw.com.au/elearning/>.

If you're keen to learn more about the way we invest, check out our YouTube channel by visiting <https://www.youtube.com/@ConsortiumPW>.

To check out what our clients think of us, please visit <https://www.consortiumpw.com.au/testimonial/>.

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