PLANNING FOR RETIREMENT.

Will you have enough money?

Our recent client survey revealed **48% of our respondents told us they have an investment property!** That's music to a finance specialist's ears - it's satisfying to hear those people have a financial strategy that could lead to a more comfortable retirement.

However, 66% of respondents also said they are worried about having enough money in retirement. This is a concern for many of us as almost 80% of Australians over 65 receive the Aged Pension. For 66% of those retirees the pension is their main source of income[1]. Coincidence?

So have YOU started thinking about retirement? **It is NEVER too early to start planning for retirement - but it can certainly be too late.**

Where do you start?

And when should you start? Firstly, you need to focus on the lifestyle you want in retirement and then how you plan on getting there.

What if your plan changes?

That's fine. You can make goal adjustments along the way. In fact, a retirement plan shouldn't be a 'set and forget' strategy. Chances are your imagined needs in your 20s may look quite different by the time you reach your 50s.

A good starting point is to calculate how much you need to provide for comfortable retirement years.

What is a comfortable lifestyle?

For most of us this means being able to pay bills without financial stress, the odd holiday, maintain a house and car and an occasional indulgence. You will generally require 60-80% of your pre-retirement income to lead the type of active life you probably desire IF you have paid off your mortgage.

It was previously assumed the first ten years of retirement would be your most active AND most costly. With longer life spans and an increase in the chance of health or mobility issues this could change.

What should a plan include?

There is no 'one size fits all' plan for wealth creation. If you are in your 20s and plan to retire at 65 your options may be more diverse than if you're approaching 50.

Superannuation

Many Baby Boomers will outlive their superannuation savings. While younger generations will have more time to maximise super balances at retirement they may also have significant HECS debts. This was generally not an issue for previous generations.

As you approach your retirement years' **salary sacrifice**, a **transition to retirement strategy** or property investment through a **self managed super fund (SMSF)** could help build your superannuation balance.

Property investment

Property has long been considered a proven road to personal wealth, yet only around 20% of Australians successfully invest in property outside the family home. But there may be more than one way to get a foot on the property ladder:

Save a deposit - Budget and stick to a savings plan. Gen Ys living at home should maximise the opportunity to save and invest. Increase savings each time you get a pay rise.

Ask your parents to help - There are several ways parents might help children into their first property including a cash gift/loan or acting as guarantor. There are also new mortgage products such as a family pledge or family guarantee.

Use rent as a savings plan - A continuous rental history of 12 months may be taken into account when assessing your ability to service a loan.

Co-ownership - Perhaps explore investing with family or friends?

Already a home owner? Access the deposit for your NEXT property by using the equity in your current home or property.

The earlier you start planning for retirement the greater your chance of living the comfortable retirement most of us desire.

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