

# Planning for Retirement



Prepared by Telstra Super Pty Ltd ABN 86 007 422 522, AFS Licence No. 236709, the trustee of TelstraSuper



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# Important Notice



**This presentation contains factual information and general advice only. It has been prepared without taking into account your objectives, financial situation and needs. You should consider whether the information is appropriate having regard to your personal circumstances before making any financial decisions.**

**If you are considering acquiring a financial product you should obtain the relevant product disclosure statement before making any decision.**

**Any taxation information in the presentation is factual information only. If you require taxation advice you should consult your accountant or tax adviser.**

# Agenda



Lifestyle considerations



Investing for retirement



How much is enough?



Age Pension



Why Super?



TelstraSuper assistance



Planning for retirement

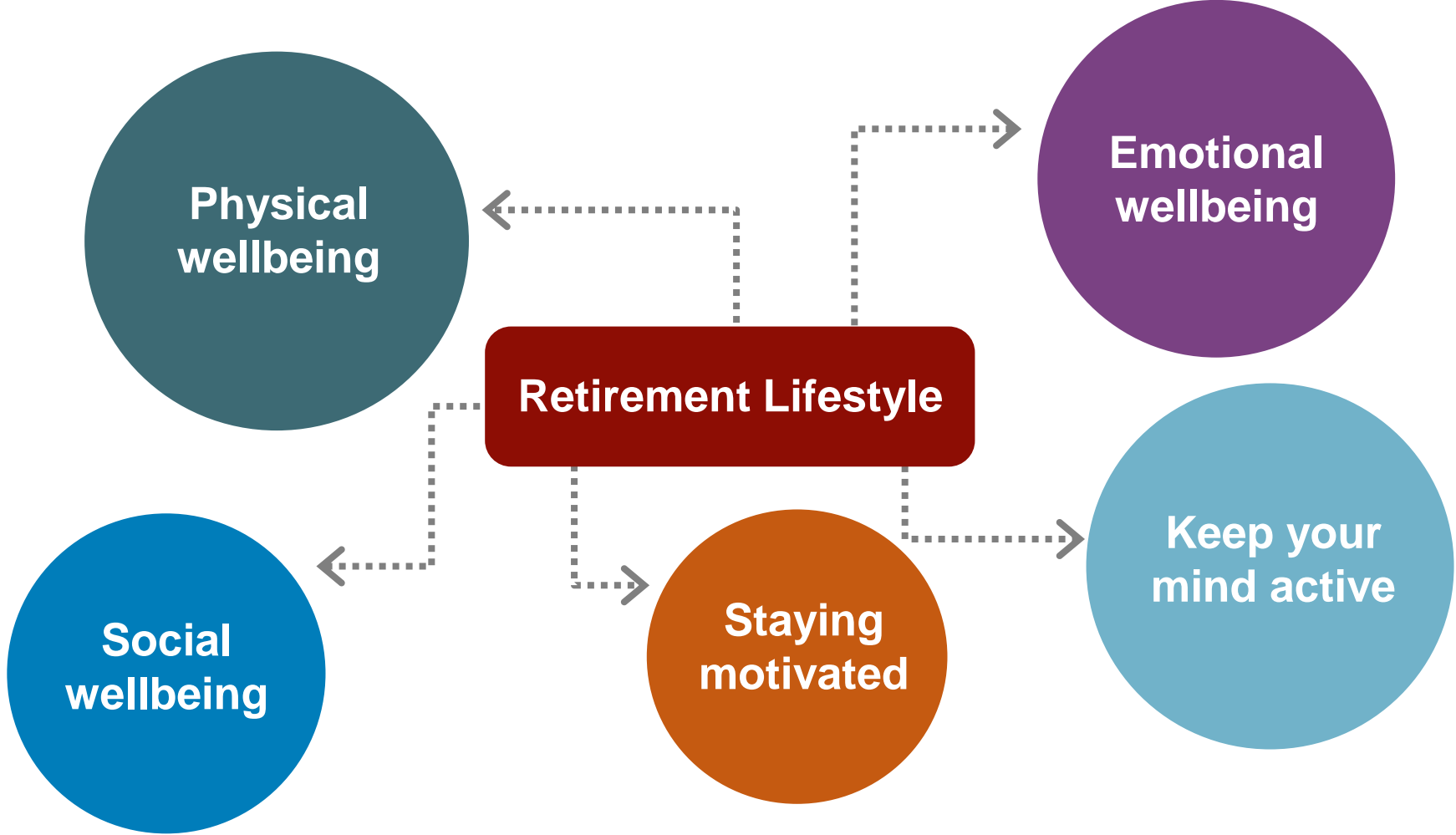


Questions



# Lifestyle considerations

# Planning your retirement lifestyle



# Lifestyle consideration

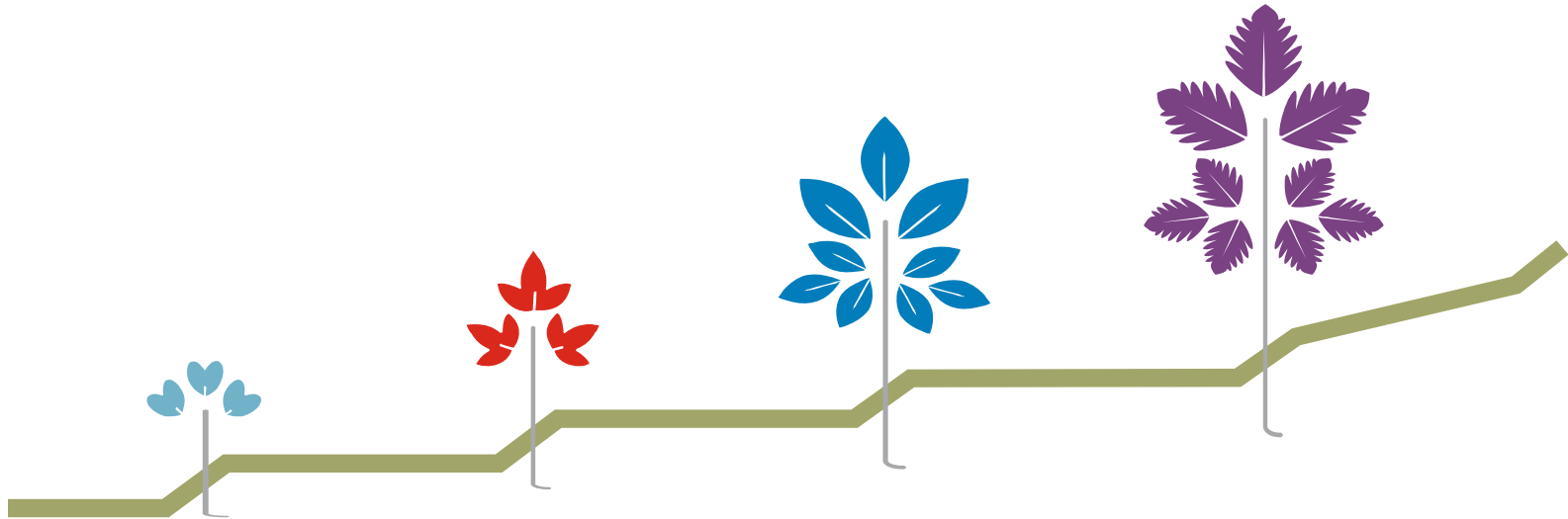


| <b>Do</b>  | <b>Don't</b>  |
|--|---|
| Get your finances in order – how much income &/or capital do/will you need?                                | Just base it on what the media &/or industry says – work out what YOU will need |
| Work out what you plan to do with your TIME in retirement – travel, grandkids, sport/hobbies, volunteer... | Think there won't be enough time in the day to get everything you want done     |
| Get some advice  | Wait till it's too late – start planning now!                                   |



# How much is enough?

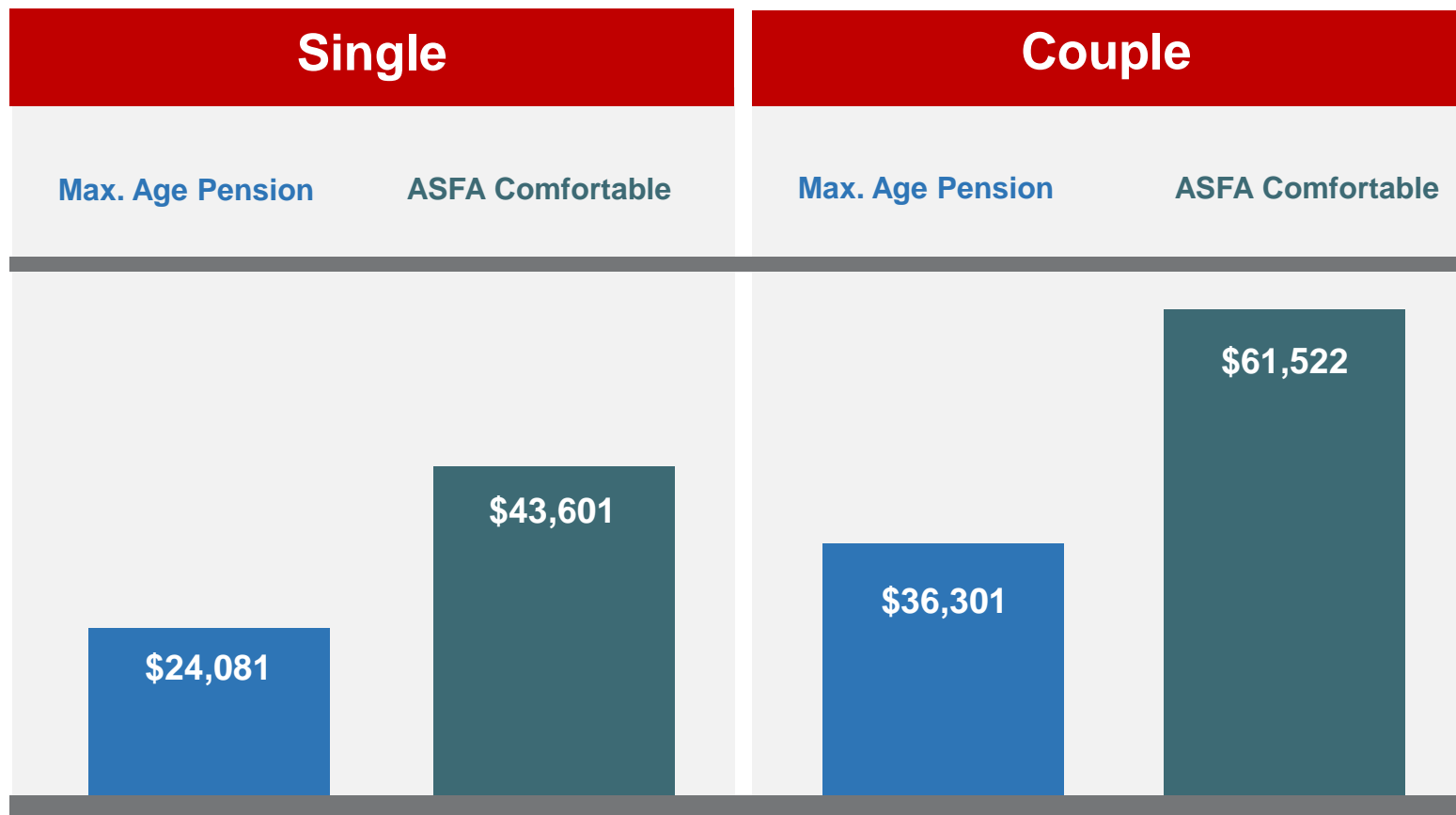
# Life span vs life expectancy



- Life span is the maximum time a human can live, whereas life expectancy is the average time a person will live, based on factors like gender and birth year.
- Although life expectancies have been increasing at a rapid rate over the past 100 years, life span has not done so.
- It is still incredibly rare for a person to live to 120 years old

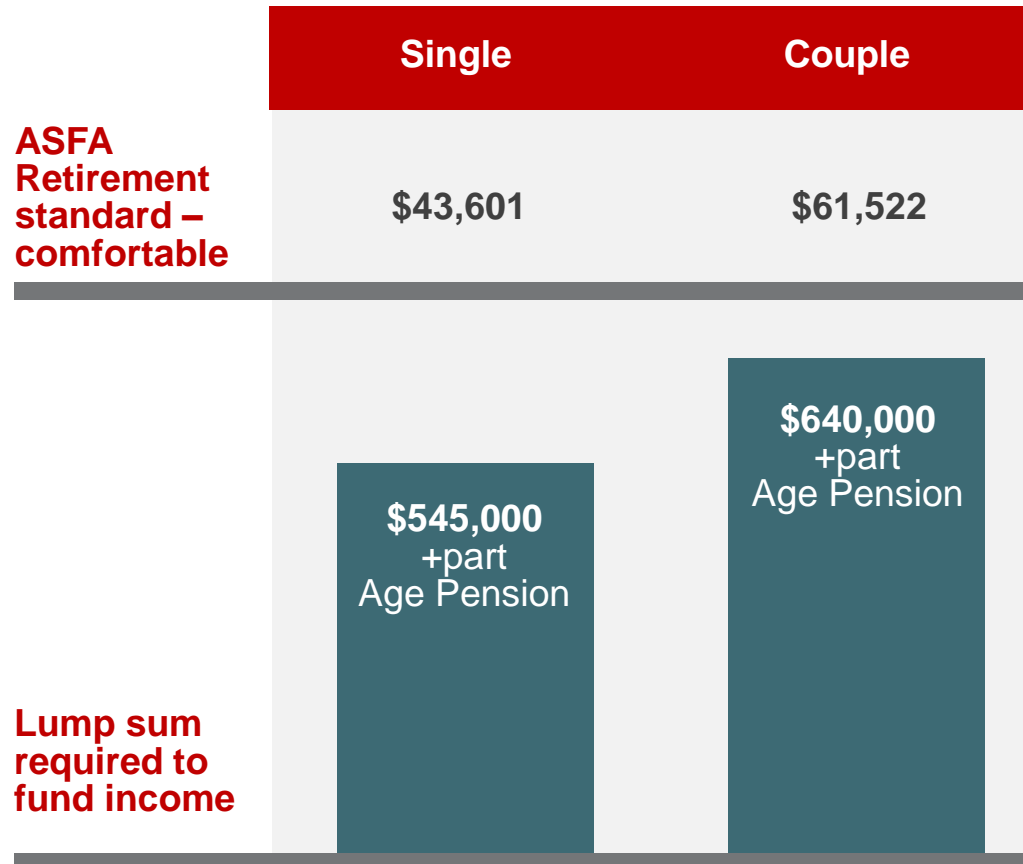


# How much is enough?



Source: ASFA Retirement Standard June quarter 2019 for individuals aged around 65. <https://www.superannuation.asn.au/resources/retirement-standard>  
Capital required assumes a net investment return of 6% p.a.  
[www.humanservices.gov.au](http://www.humanservices.gov.au) May 2019. Includes the pension supplement and clean energy supplement. All figures in today's dollars.

# How much is enough?



Source: ASFA Retirement Standard June quarter 2019. Capital required assumes a net investment return of 6% p.a. All figures in today's dollars.

# Retirement goals: the 4 L's



**Lifestyle** –  
maintain  
spending power



**Liquidity** –  
for unexpected  
contingencies



**Longevity** –  
consistent and  
sustainable  
income



**Legacy** –  
estate planning  
and bequests

# Why super?

# Why Super?



## You can save on tax:

- Pre-tax money you put into super is taxed at 15%
- For most people that's less than the tax on their take home pay
- Investment earnings are also taxed at 15%



## After you're 60, it's all tax-free when you take it out

- And if you keep your money in super, you can keep growing your money tax-free\* (up to a limit if the money is held within a retirement income stream)

\* Subject to a \$1.6 million Transfer Balance Cap that applies to retirement income streams



# Summary of contribution caps



## Contribution Caps

- **Pre-tax (concessional) contributions**
  - \$25,000 p.a.
  - **Rolling 5-year catch up**  
(from 1 July 2019, while your total super balance is less than \$500,000 as at end of the previous financial year, any unused concessional contributions can be carried forward on a rolling basis for five years)
- **Post-tax (non-concessional) contributions**
  - \$100,000 p.a.\*^
  - \$300,000 over 3 years^#



## Super Balance Caps of \$1.6 million

### Total Superannuation Balance:

- **No further non-concessional contributions**  
(if total super balance is equal to or greater than \$1.6 million at the end of the previous financial year)

### Transfer Balance Cap:

- **Maximum tax-free retirement income stream starting amount**

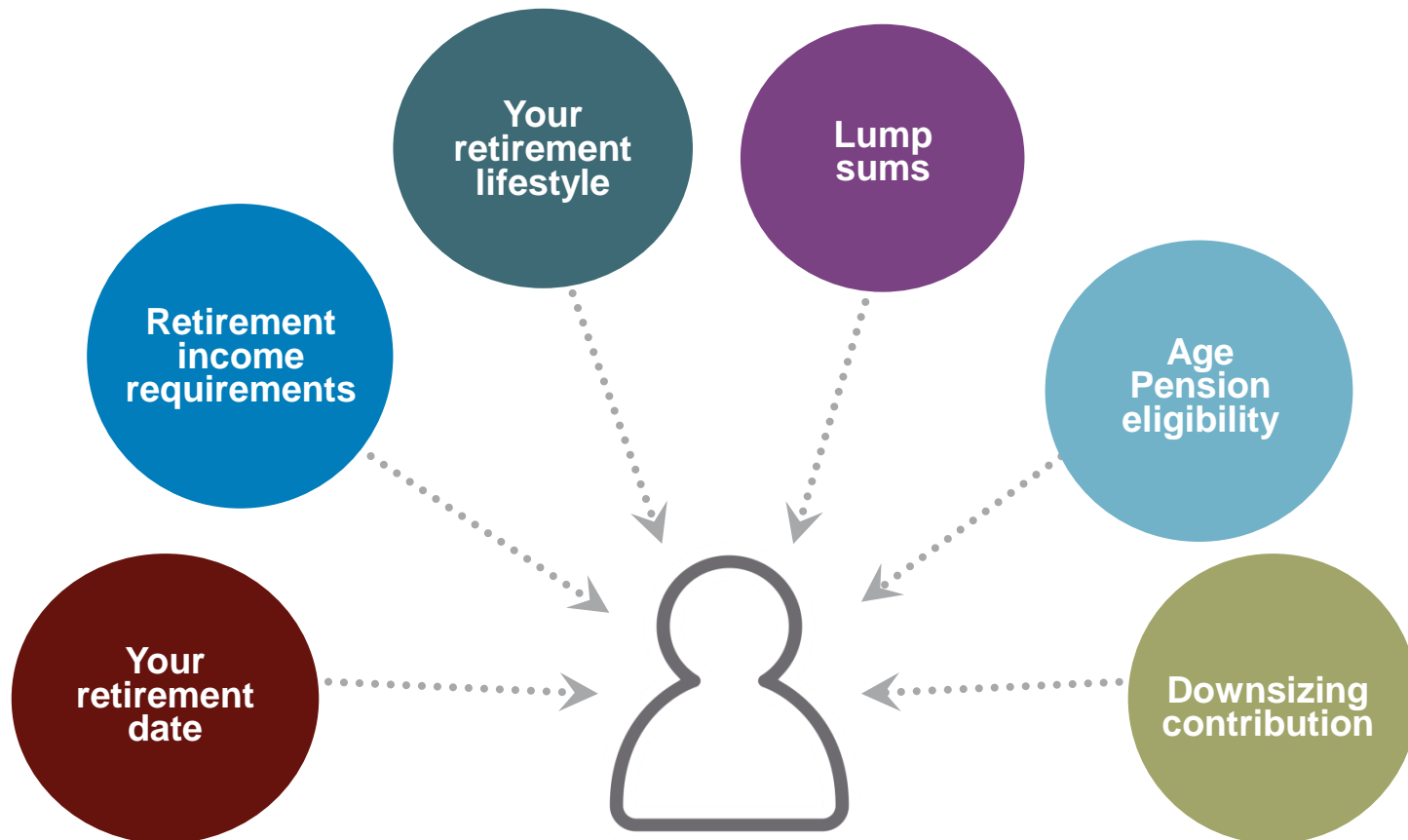
\* Must satisfy work test if aged 65 to 74 or eligible for the work test exemption

^ Subject to \$1.6 million total superannuation balance cap

# Must be under 65 and meet other eligibility criteria

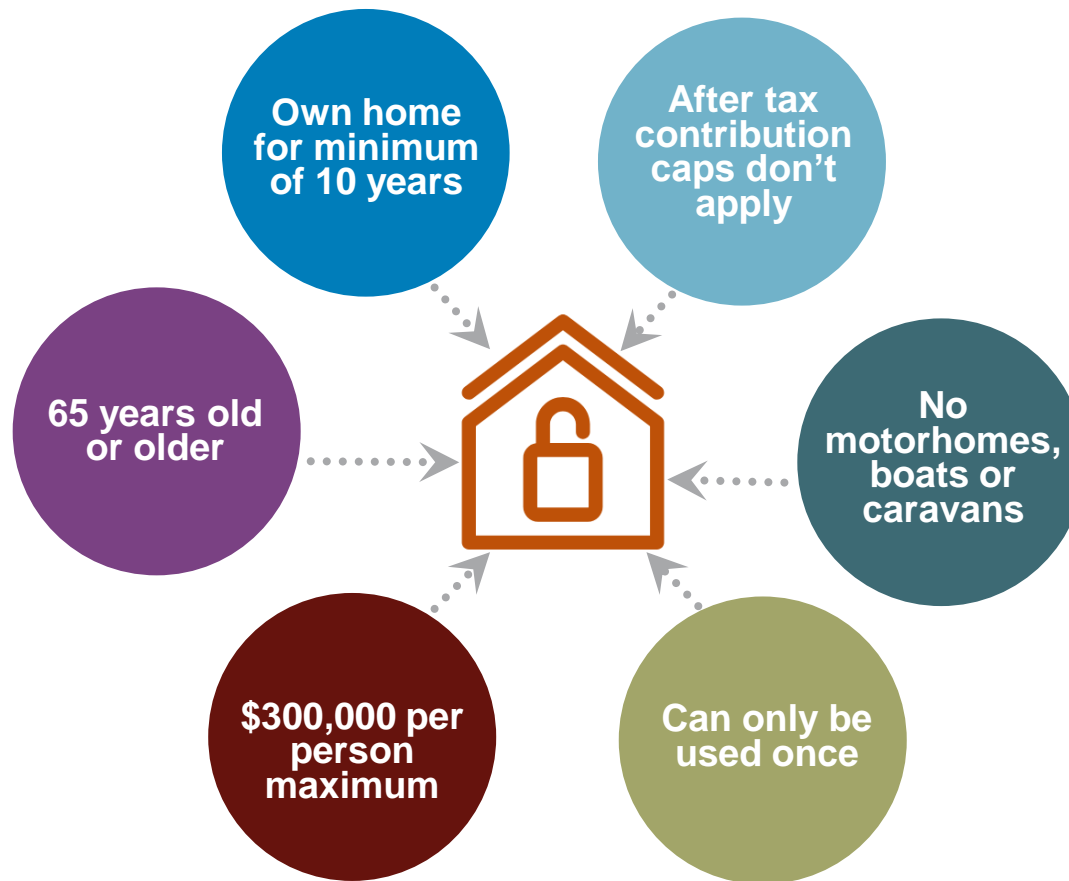
# Planning for retirement

# Considerations for retirement



# Downsizer contributions

To make a downsizer contribution, you must meet all the following conditions:



# Downsizer contributions



| <b>Can</b>   | <b>Can't</b>                                    |
|--|---|
| Count toward \$1.6 million transfer balance cap (applies when you move your super into retirement phase) | Count toward non-concessional contribution caps |
| Count toward asset test for the Age Pension  | Be claimed as a tax deduction                   |
|  | Contribute more than the proceeds of your home  |





# When and how can I access my super?



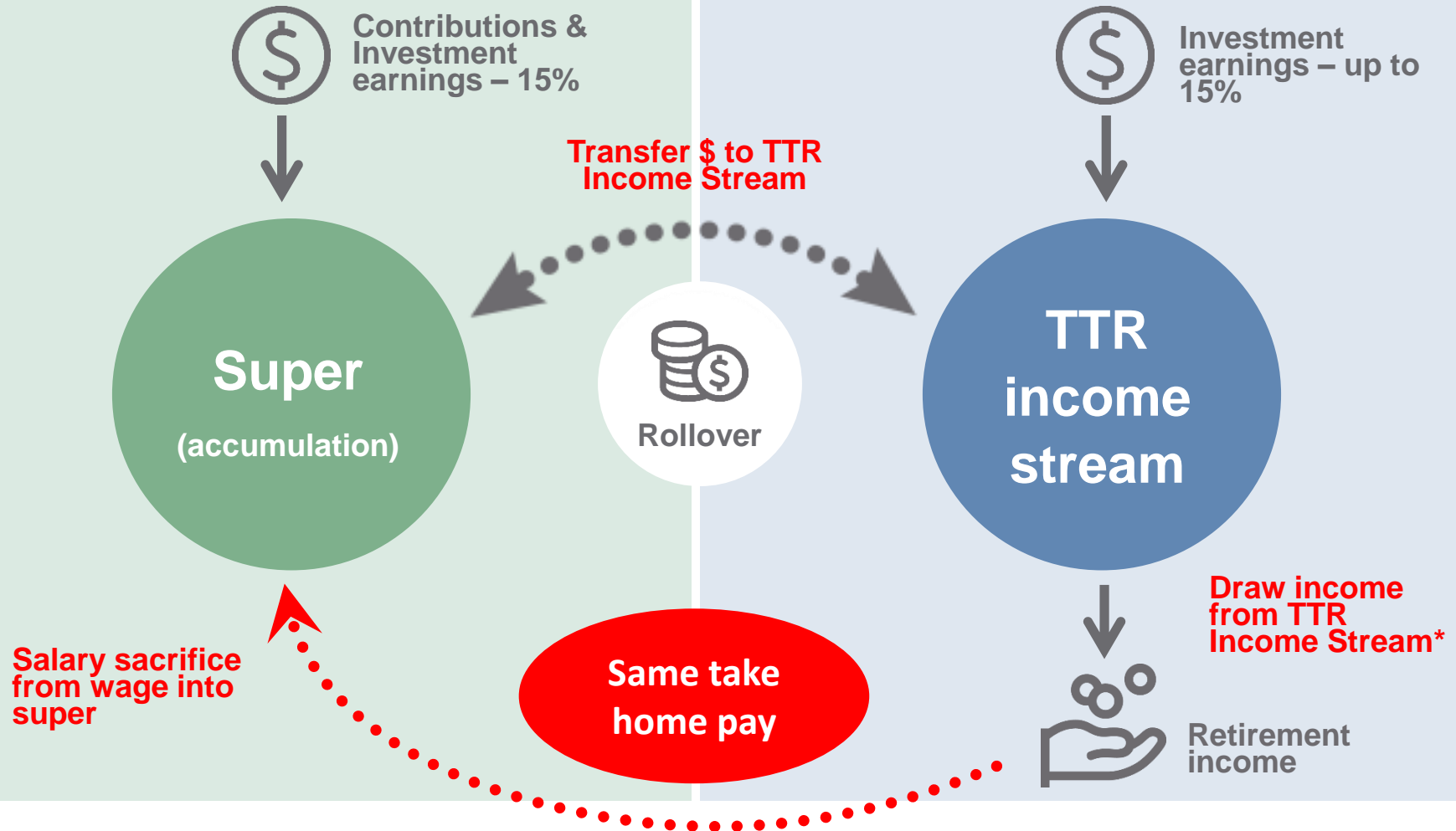
| Date of birth*              | Preservation age | Commencing  |
|-----------------------------|------------------|-------------|
| 1 July 1961 to 30 June 1962 | 57               | Current     |
| 1 July 1962 to 30 June 1963 | 58               | 1 July 2020 |
| 1 July 1963 to 30 June 1964 | 59               | 1 July 2022 |
| From 1 July 1964            | 60               | 1 July 2024 |

| From preservation age | Lump Sum | Retirement Income |
|-----------------------|----------|-------------------|
| Working               | x        | ✓                 |
| Retired               | ✓        | ✓                 |
| Age 65                | ✓        | ✓                 |

| From preservation age - retired | Lump sum                                  | Retirement income                   |
|---------------------------------|---|-------------------------------------|
| Aged 57 – 59                    | \$210,000 tax free<br>Above taxed at 15%* | Retirement income stream is taxable |
| Aged 60+                        | Tax-free                                  | Tax-free                            |

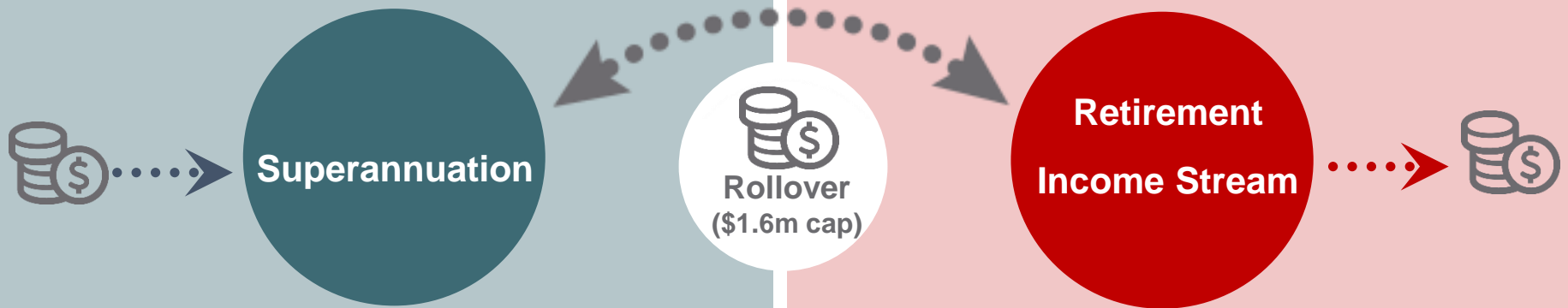
Source: [www.ato.gov.au](http://www.ato.gov.au) for 2019/20 financial year. \*Individuals born prior to 1 July 1961 have already reached their preservation age.

# Transition to retirement



\* Must withdraw between 4% - 10% pa from your TTR income stream

# Retirement income

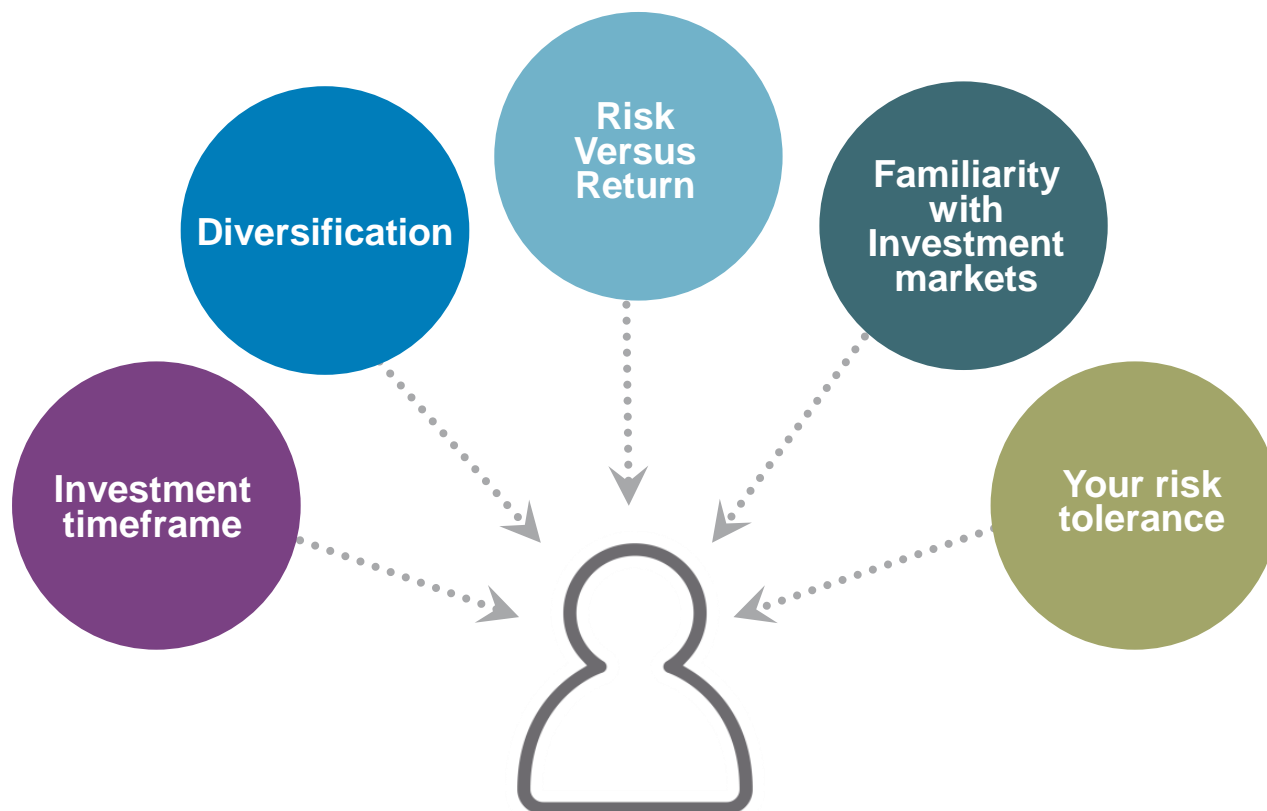


- can retain monies in super
- withdraw lump sums
- tax still paid on investment earnings (up to 15%)
- can contribute (subject to eligibility)

- **tax-free** investment earnings
- must draw an income (pension)
- withdraw lump sums
- cannot contribute
- can roll back at any stage

# Investing for retirement

# Your investment considerations





# Investment options



| Options              | Growth/Defensive % | Return Objective CPI+ | Investment Timeframe (years) |
|----------------------|--------------------|-----------------------|------------------------------|
| Growth               | 87.5 / 12.5        | 3.5%                  | 7-10                         |
| Balanced             | 71.5 / 28.5        | 3%                    | 5-10                         |
| Diversified Income   | 54.5 / 45.5        | 2%                    | 4-6                          |
| Defensive Growth     | 54.5 / 45.5        | 2%                    | 2-6                          |
| Conservative         | 35 / 65            | 1.5%                  | 3-10                         |
| Australian Shares    | 100                | 3.5%                  | 8-10                         |
| International Shares | 100                | 3.5%                  | 8-10                         |
| Property             | 57.5 / 42.5        | 3%                    | 5-7                          |
| Fixed Interest       | 100                | CPI+                  | 4-6                          |
| Cash                 | 100                | Bank Bill Index +     | 0-2                          |

Source: TelstraSuper Investment Guide, 1 July 2019

# Which investment approach?

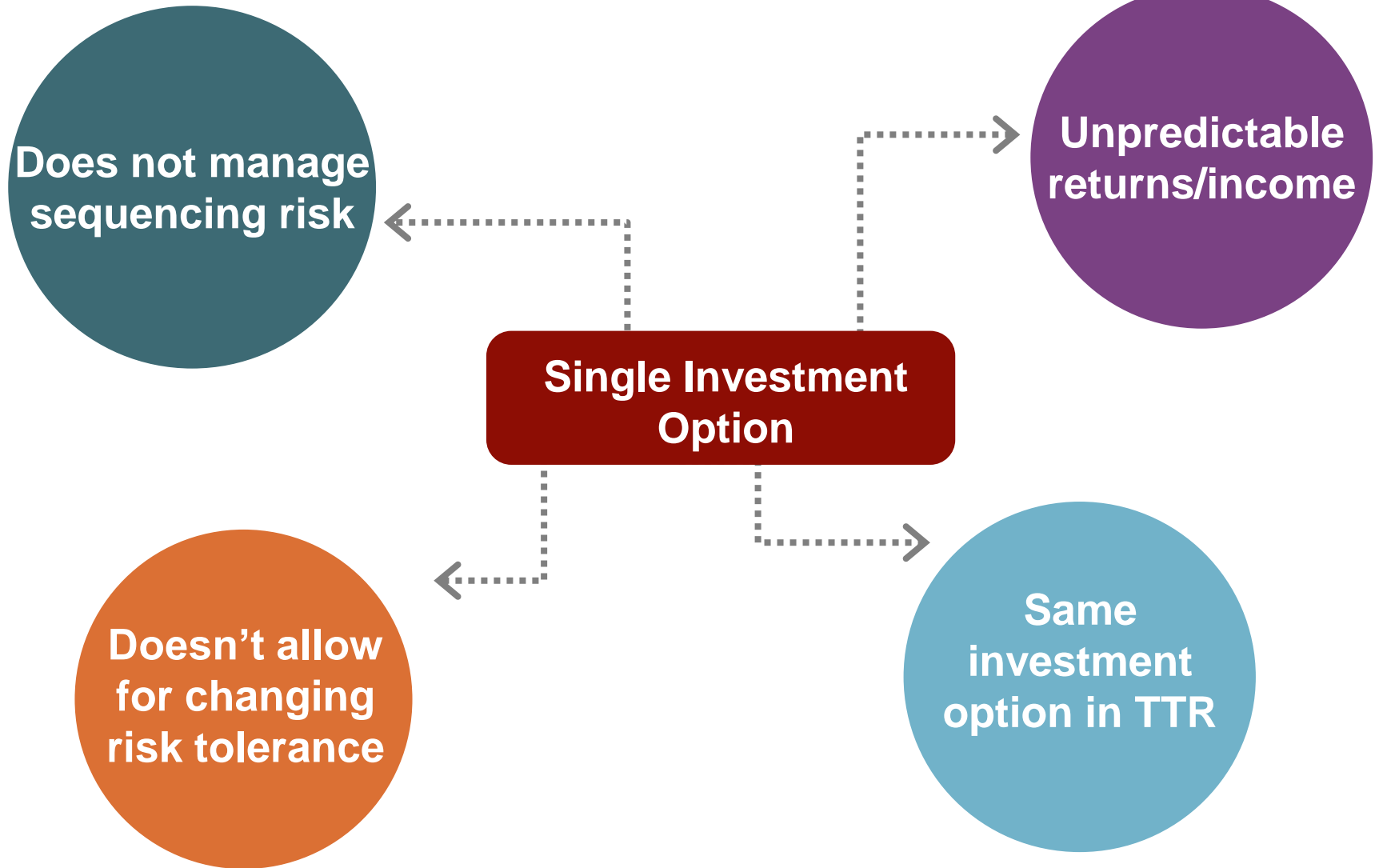


**Bucket strategy**

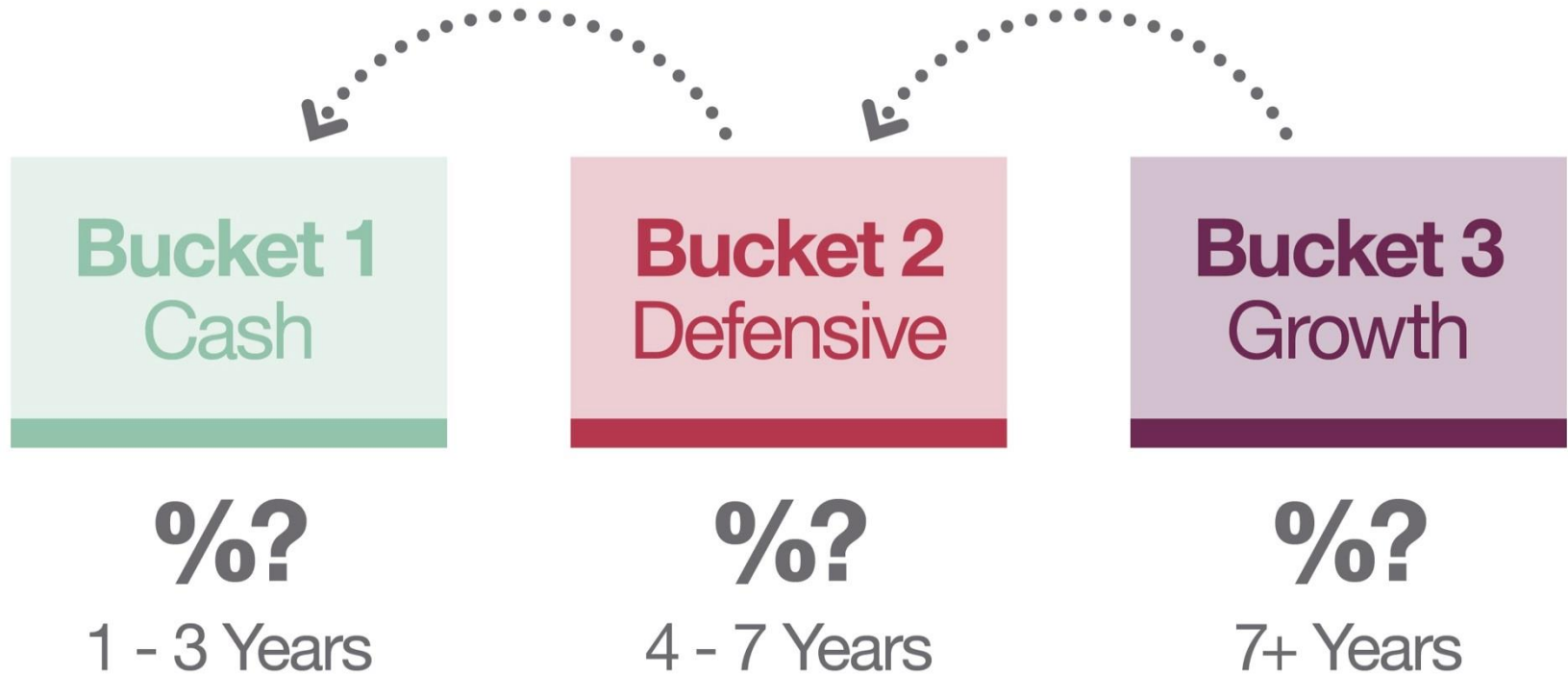


**Single investment  
option**

# Retirement #1: single investment option



# Retirement #2: The Bucket Strategy



# Age Pension

# Age Pension age increases



| Date of birth*                  | Age Pension age | Commencing  |
|---------------------------------|-----------------|-------------|
| 1 January 1954 to 30 June 1955  | 66              | 1 July 2019 |
| 1 July 1955 to 31 December 1956 | 66.5            | 1 July 2021 |
| From 1 January 1957             | 67              | 1 July 2023 |

Source: [www.humanservices.gov.au](http://www.humanservices.gov.au) as at 1 July 2019. \*Individuals born prior to 1 January 1954 have already reached their Age Pension age.

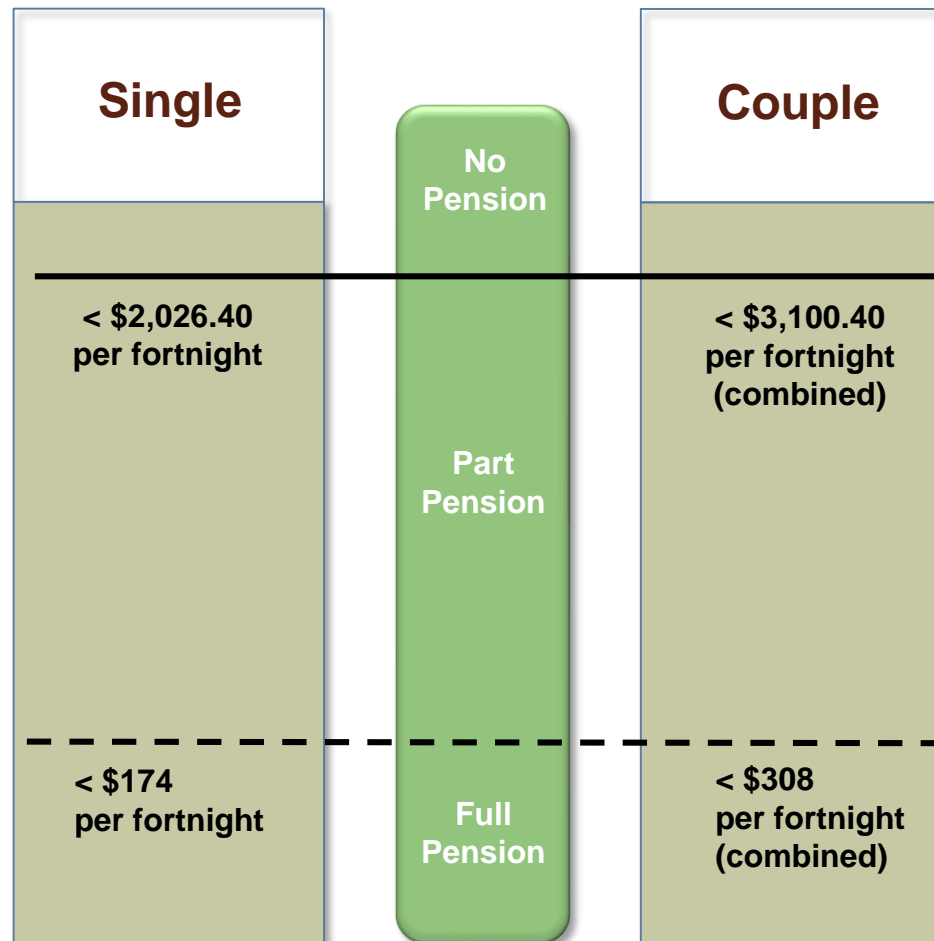
# Assets test

| Single      |                | No Pension   | Couple       |                |
|-------------|----------------|--------------|--------------|----------------|
| Home owner  | Non-home owner |              | Home owner   | Non-home owner |
| < \$572,000 | < \$782,500    | Part Pension | < \$860,000  | < \$1,070,500  |
| < \$263,250 | < \$473,750    |              | Full Pension | < \$394,500    |

Source: [www.humanservices.gov.au](http://www.humanservices.gov.au) rates as at 1 July 2019



# Income test



Source: [www.humanservices.gov.au](http://www.humanservices.gov.au) rates as at 1 July 2019

# TelstraSuper assistance



update your  
email address



check your  
balance



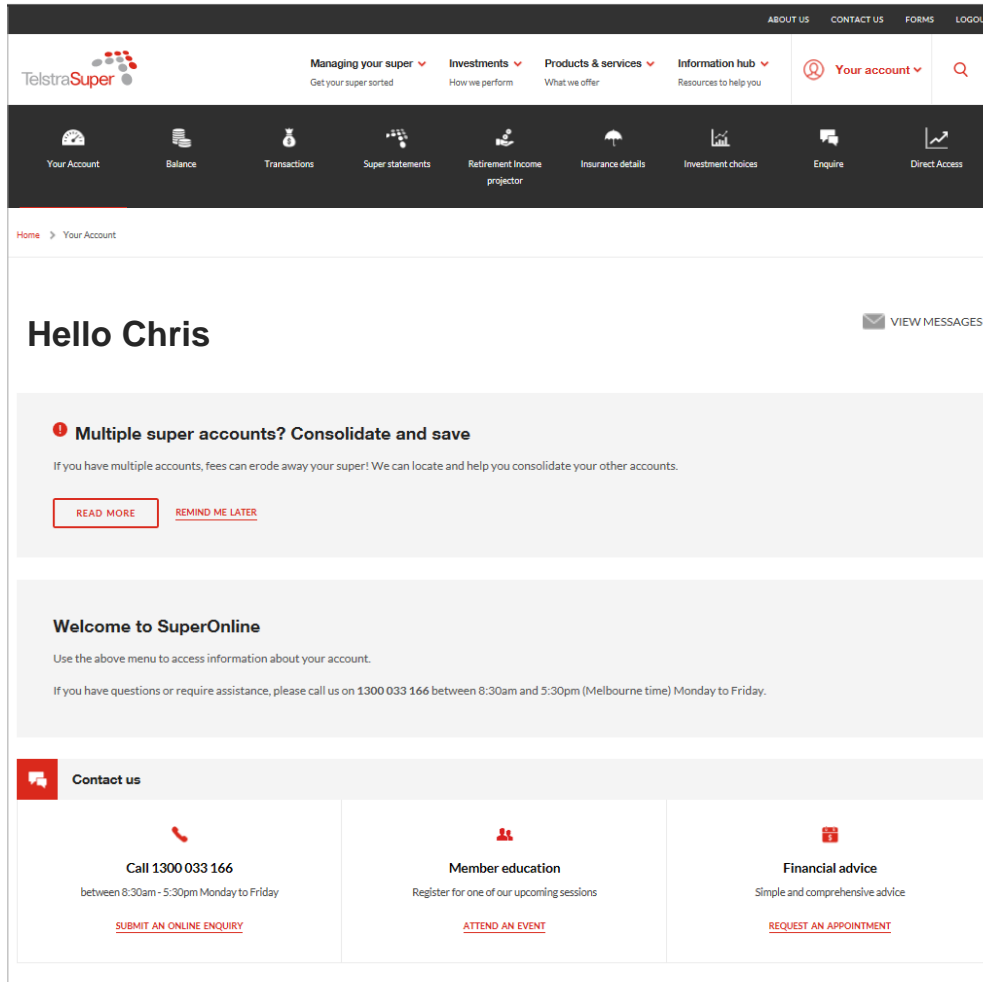
check your  
insurance



nominate  
your  
beneficiaries



review your  
investment  
options



The screenshot shows the SuperOnline website interface. At the top, there's a navigation bar with links for 'ABOUT US', 'CONTACT US', 'FORMS', and 'LOGOUT'. Below that is the TelstraSuper logo and a main menu with categories like 'Managing your super', 'Investments', 'Products & services', 'Information hub', and 'Your account'. A secondary menu lists various services: 'Your Account', 'Balance', 'Transactions', 'Super statements', 'Retirement Income projector', 'Insurance details', 'Investment choices', 'Enquire', and 'Direct Access'. The main content area greets the user as 'Hello Chris' and includes a 'VIEW MESSAGES' link. A prominent message asks if the user has multiple super accounts and offers to consolidate them, with 'READ MORE' and 'REMIND ME LATER' buttons. Below this is a 'Welcome to SuperOnline' section with contact information. At the bottom, there's a 'Contact us' section with three options: 'Call 1300 033 166', 'Member education', and 'Financial advice', each with a corresponding icon and a link to submit an enquiry or attend an event.

# Retirement projector



Scenarios ▾

View ▾

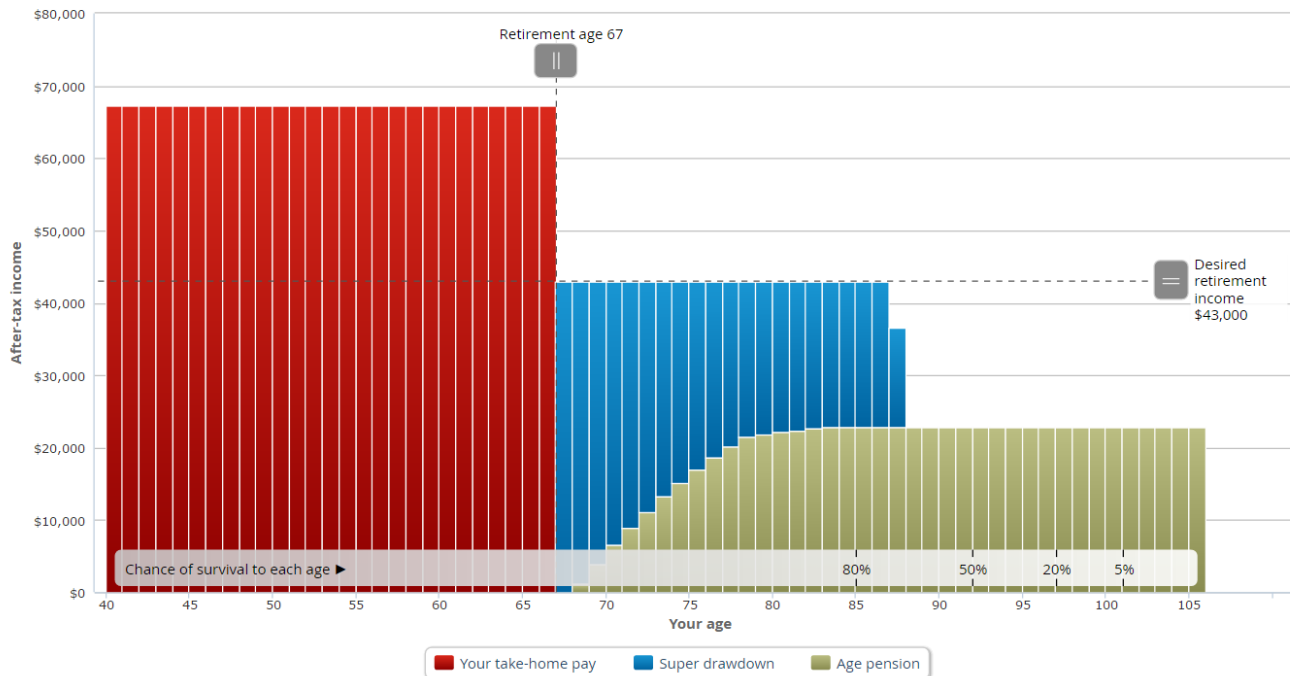
Summary

Your income

Your balance

Your details ▾

Projected retirement income (in today's dollars)



Current age 40

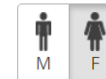
Are you already retired?

No Yes

Current annual salary \$90,000

Current super balance \$150,000

Gender



NEXT →

# TelstraSuper Financial Planning



- ✓ **No additional cost**
- ✓ Highly qualified financial advisers
- ✓ Walk through your options
- ✓ Receive limited personal advice on super



- ✓ Ongoing or once-off
- ✓ Highly qualified financial advisers
- ✓ Lower cost than the industry average
- ✓ Receive comprehensive personal advice

# Retirement ready

01

## YOUR FINANCIAL ASSETS

Superannuation, transition to retirement, other financial assets.  
Maximising your wealth in the most tax-effective manner.

02

## YOUR INVESTMENT STRATEGY

Selecting the right investment strategy can help you maximise your investment & retirement outcomes.

03

## YOUR PROTECTION

Protect your wealth and your loved ones.  
Incorporating cover in your super can be cheaper, have some tax advantage and easier to manage

04

## YOUR RETIREMENT LIFESTYLE

Plan what you are going to do in retirement – travel, family, sport/hobbies, volunteering.

05

## GET ADVICE

Navigate the financial advice process with confidence





# Thank you



 [www.telstrasuper.com.au](http://www.telstrasuper.com.au)

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