



# Planning for Retirement

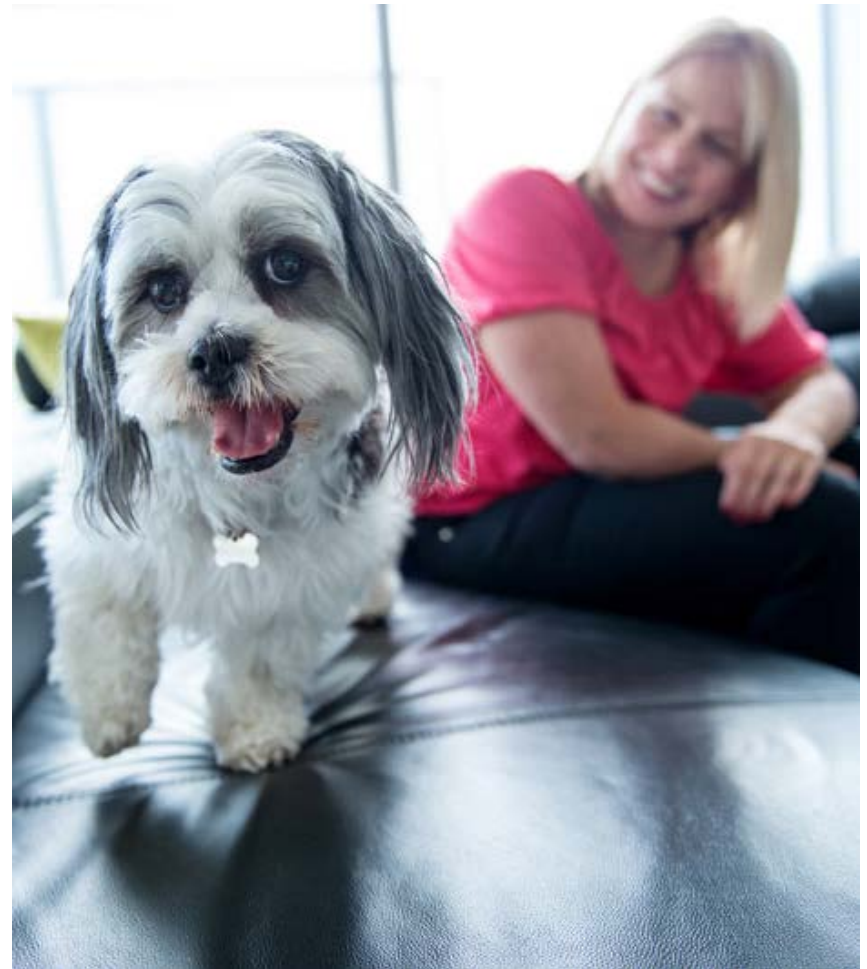


# Important Notice

Any advice in this presentation has been prepared without taking into account your objectives, financial situation and needs. You should consider whether it 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 information about taxation in this presentation is factual information or general advice only and does not consider the application or interpretation of any taxation laws to your personal circumstances. If you require taxation advice you should seek advice from a registered tax agent or a registered tax (financial) adviser.



# Agenda



How Much is Enough?



Age Pension



Why Super?



TelstraSuper assistance



Planning for Retirement



Summary



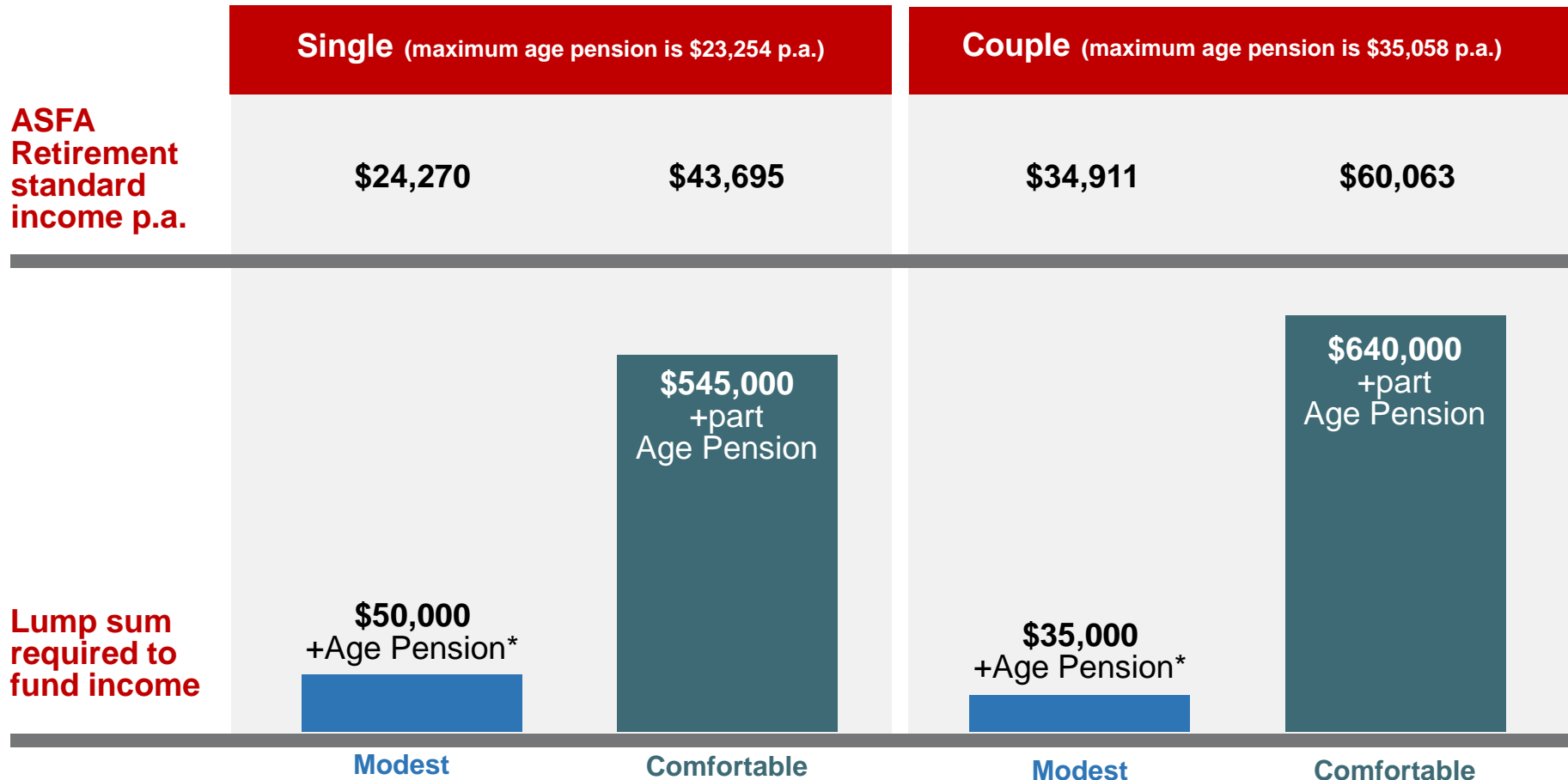
Investing for Retirement



Questions

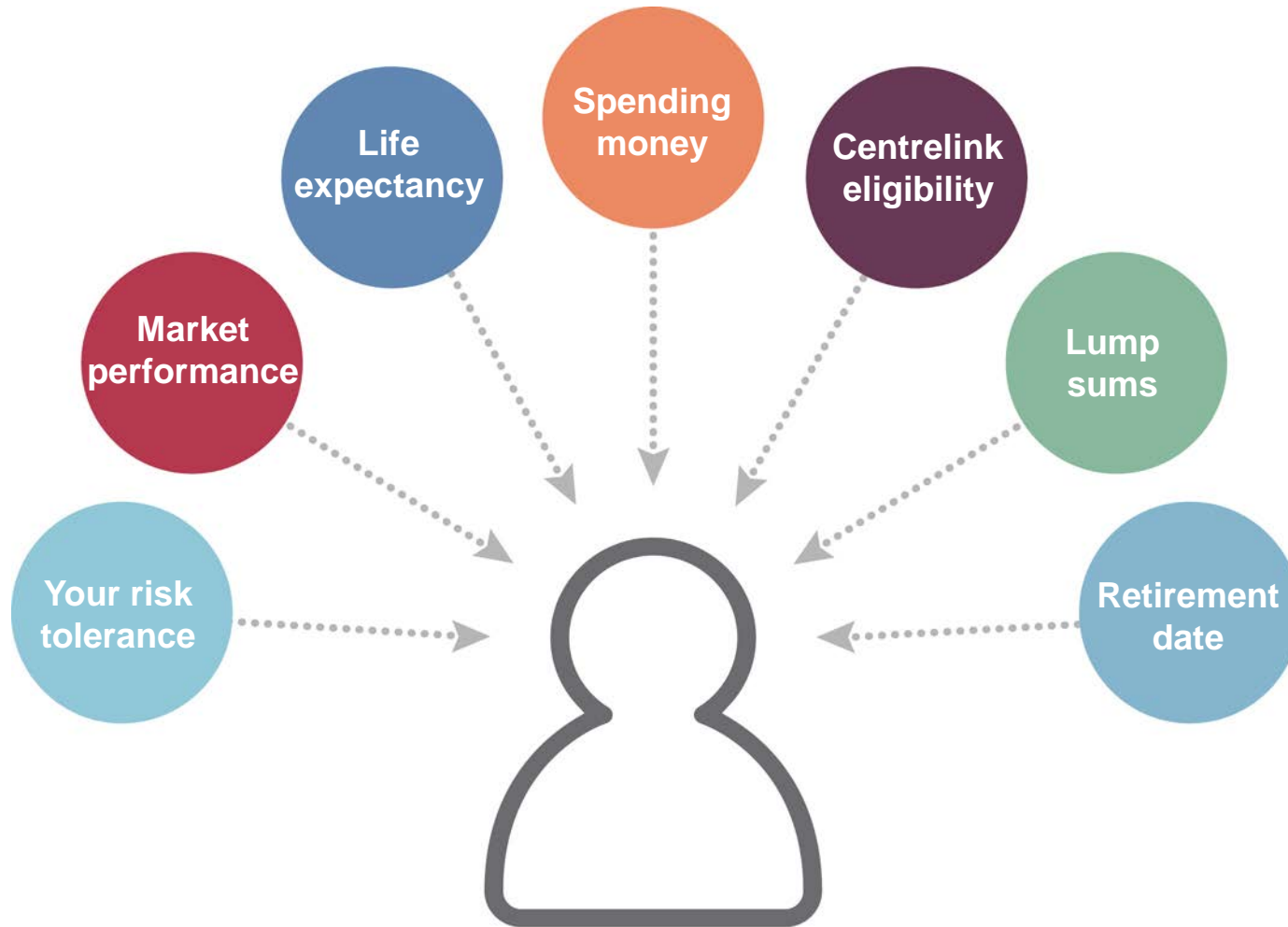
# How much is enough?

# How much is enough?



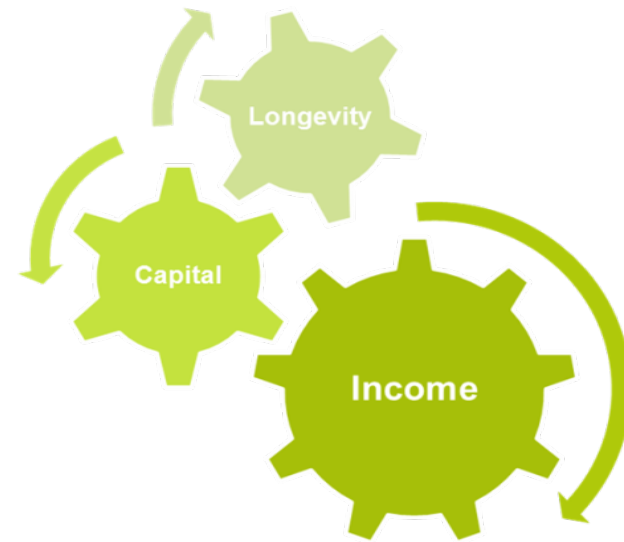
Source: ASFA Retirement Standard June quarter 2017. Capital required assumes a net investment return of 6% p.a. [www.humanservices.gov.au](http://www.humanservices.gov.au) September 2017. Includes the pension supplement and clean energy supplement. All figures in today's dollars. \*assumes maximum Age Pension.

# Considerations for retirement



# Retirement: A time of change and uncertainty

- No more employer income
- Potential for multiple income sources
- Realistic retirement lifestyle expectations
- Some unknowns that need to be considered:
  - Long term health
  - Life expectancy
  - Future accommodation needs
  - Age Care requirements
  - Family
  - Estate Planning



# Retirement goals: the 4 L's

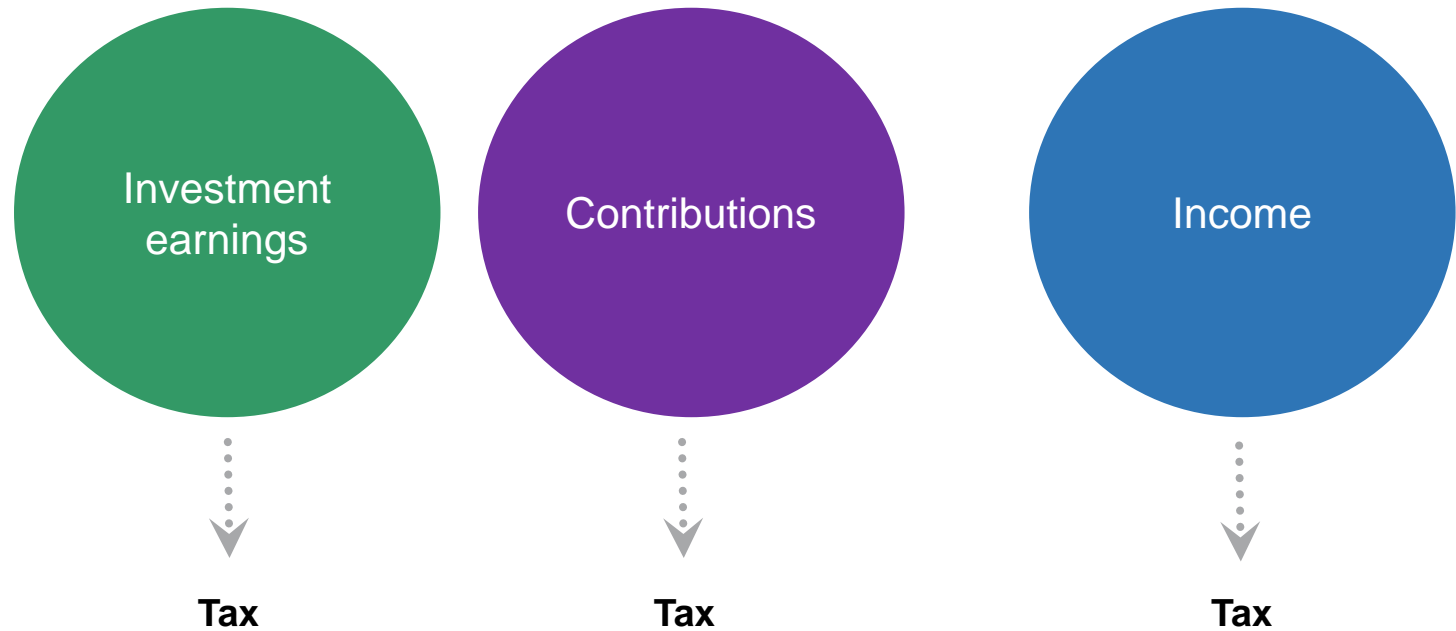
| <b>Goals for Retirement Income</b>  |  |
|---|--|
| <b>Lifestyle</b><br>(maintain spending power)                               | <b>Liquidity</b><br>(for unexpected contingencies) |
| <b>Longevity</b><br>(consistent and sustainable income through retirement ) | <b>Legacy</b><br>(estate planning and bequests)    |



# Why super?



# Why Super?



**Outside super**

**Up to 47%**

**Up to 47%**

**Up to 47%**

**Super**

**Up to 15%**

**Pre-tax @ 15%^**

**Tax Free from 60**

^30% for members with an eligible income over \$250,000 p.a.

# Summary of caps



## Contribution Caps

- Pre-tax (concessional) contributions
  - \$25,000 pa
- Post-tax (non-concessional) contributions
  - \$100,000 pa<sup>^</sup>
  - \$300,000 over 3 years<sup>#</sup>



## Balance Cap of \$1.6 million

- No further non-concessional contributions
- Maximum tax-free income stream starting amount

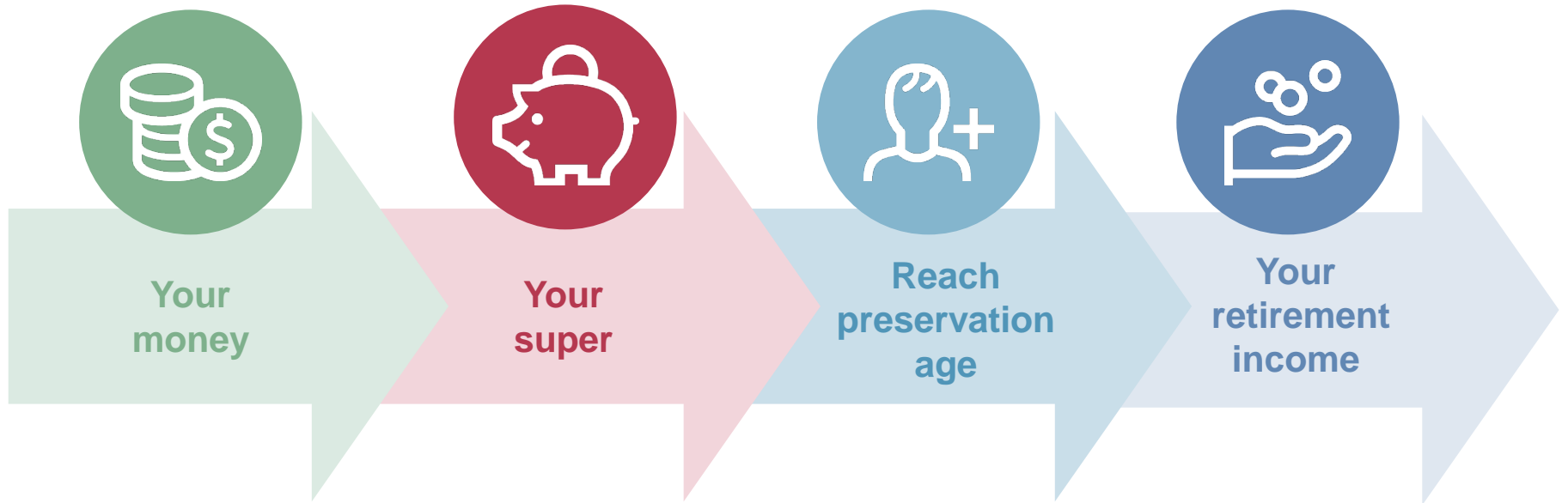
\* Must satisfy work test if aged 65 and over

<sup>^</sup> Subject to \$1.6 million balance cap

<sup>#</sup> Not available from age 65

# Planning for retirement

# Funding your retirement



# When can I access my super?



| Date of birth               | Preservation age | Commencing  |
|-----------------------------|------------------|-------------|
| Up to 30 June 1960          | 55               |             |
| 1 July 1960 to 30 June 1961 | 56               | Current     |
| 1 July 1961 to 30 June 1962 | 57               | 1 July 2018 |
| 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 |

Source: [www.ato.gov.au](http://www.ato.gov.au)

# Accessing super: preservation



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

Source: [www.ato.gov.au](http://www.ato.gov.au)

# Accessing super: tax



| Preservation age    | Lump sum                                  | Retirement income                   |
|---------------------|---|-------------------------------------|
| <b>Aged 56 – 59</b> | \$200,000 tax free<br>Above taxed at 15%* | Retirement income stream is taxable |
| <b>Aged 60+</b>     | Tax-free                                  | Tax-free                            |

\*Plus Medicare Levy  
Source: [www.ato.gov.au](http://www.ato.gov.au)



# Transition to retirement strategy



Transition to  
Retirement for

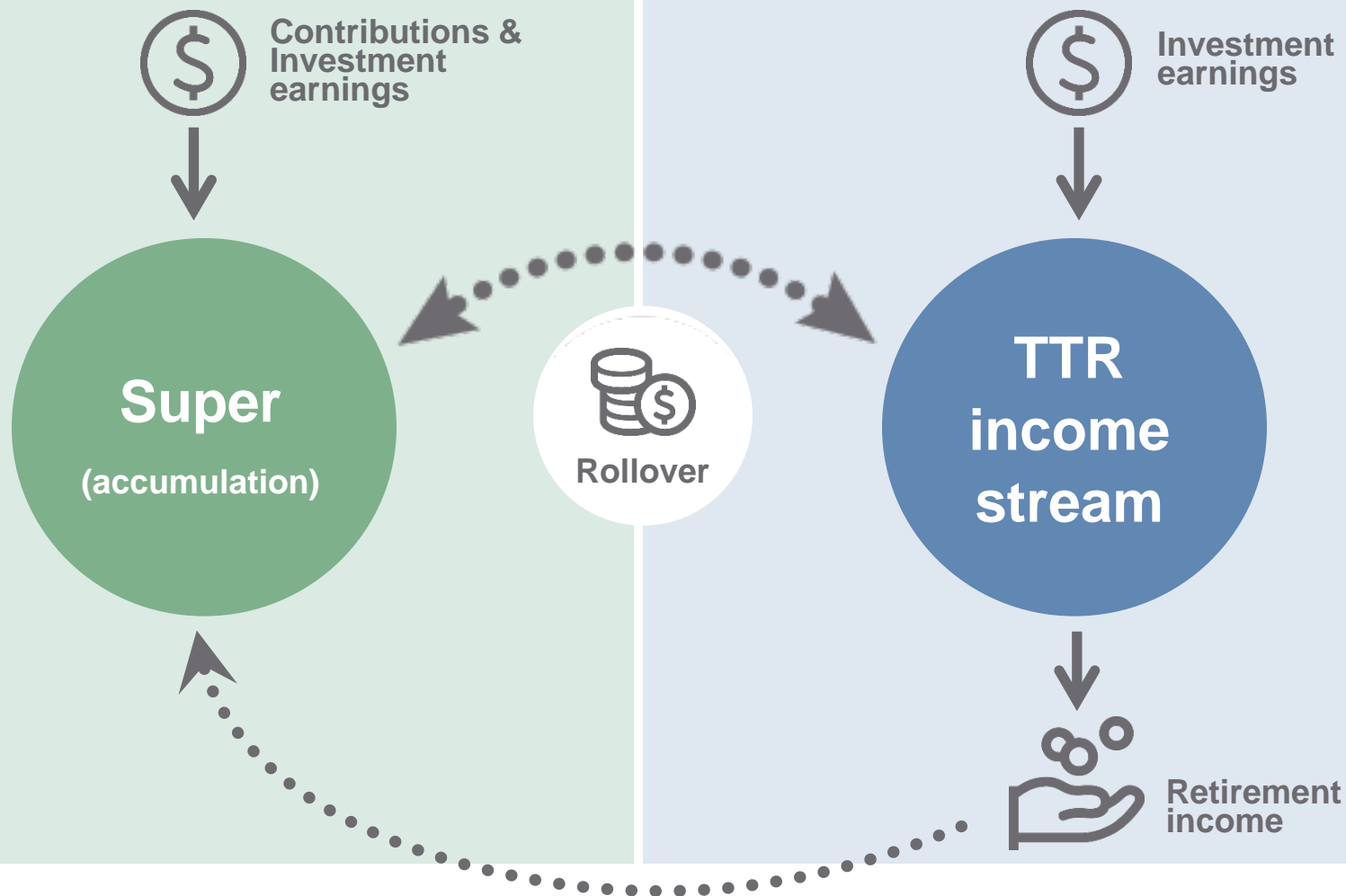
**Building  
wealth**



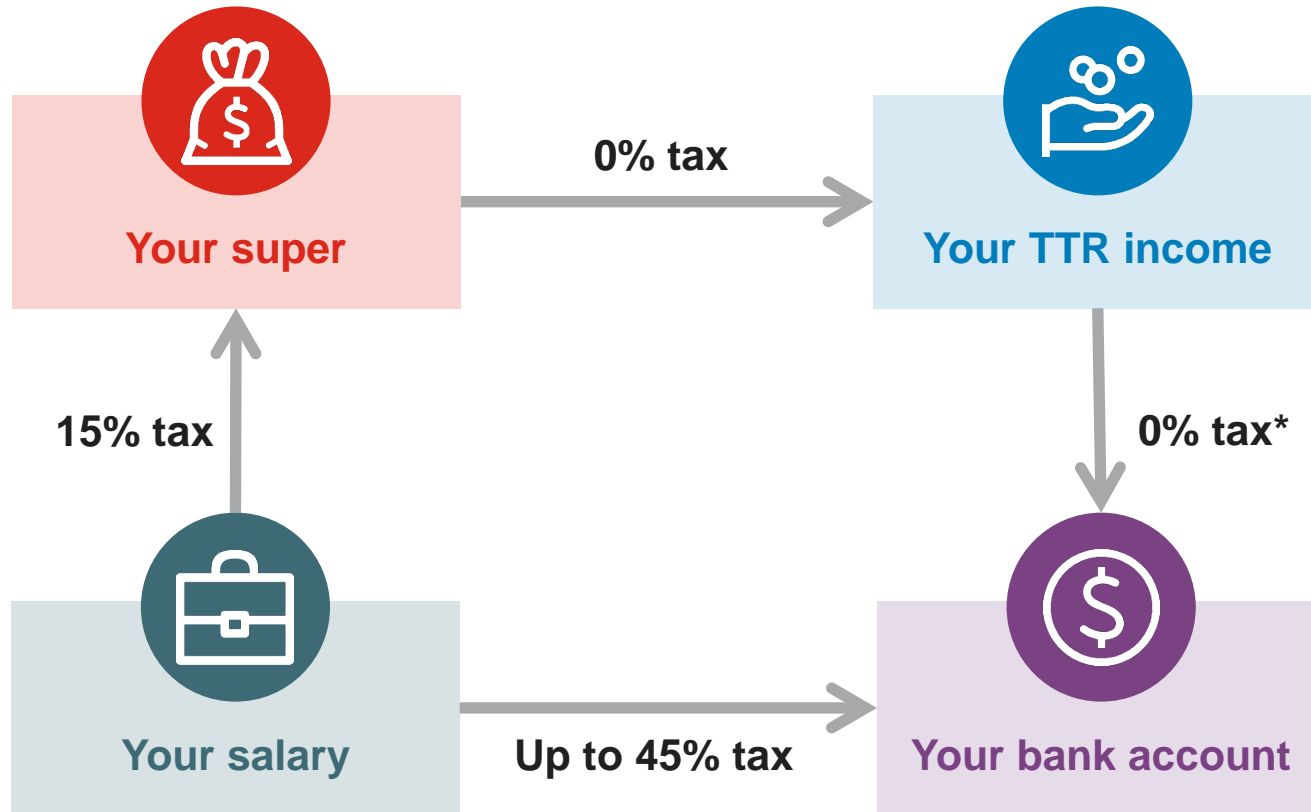
Transition to  
Retirement for

**Lifestyle  
balance**

# Function of Transition to retirement



# Tax benefits of Transition to retirement



\* 60 years and above

# Transition to Retirement

## Opportunity

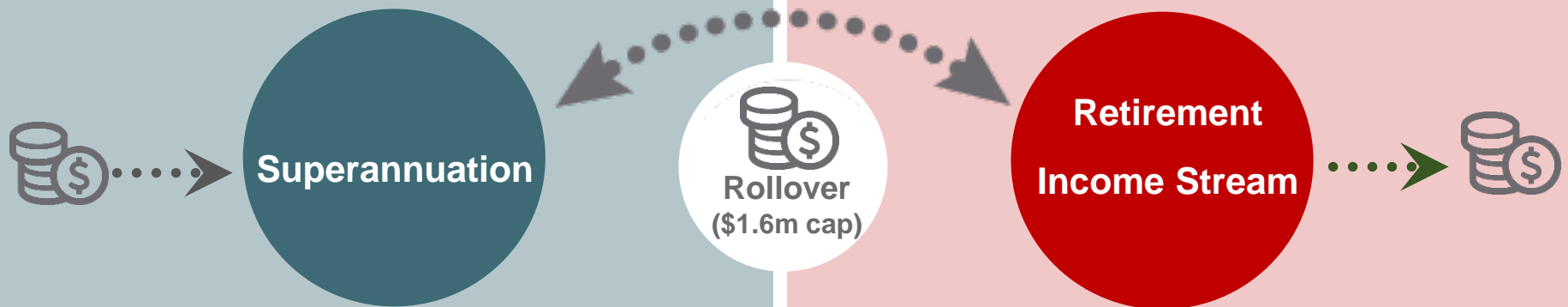
- Retain TTR for
  - salary sacrifice strategy
  - genuine transitioning to retirement
- Transfer TTR to retirement pension
  - Retain tax-free status <\$1.6 million
- Ability to drawdown and re-contribute to a spouse

## Consideration

- Aged under 60
  - Value is diminished
- 60 or over revise TTR strategy
  - changes to salary sacrifice caps
  - % drawdown
- Transfer to retirement pension
  - Permanently retired from the workforce
  - Reached age 65



# Retirement income



- can retain monies in super
- withdraw lump sums
- tax still paid on investment earnings
- 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

## TelstraSuper RetireAccess

Transition to retirement

Retirement income stream

Maximum income 10%

No maximum income

Minimum pension income under age 65 is 4%

Minimum investment \$10,000

A range of investment options for the conservative through to the aggressive investor

24 hour access to your super online at [telstrasuper.com.au](http://telstrasuper.com.au)

### Fees

Administration fee \$1.50 per week plus 0.20% pa

Investment fee range from 0.09% – 1.15%

Potential fee rebate

# Investing for retirement

# Your investment considerations





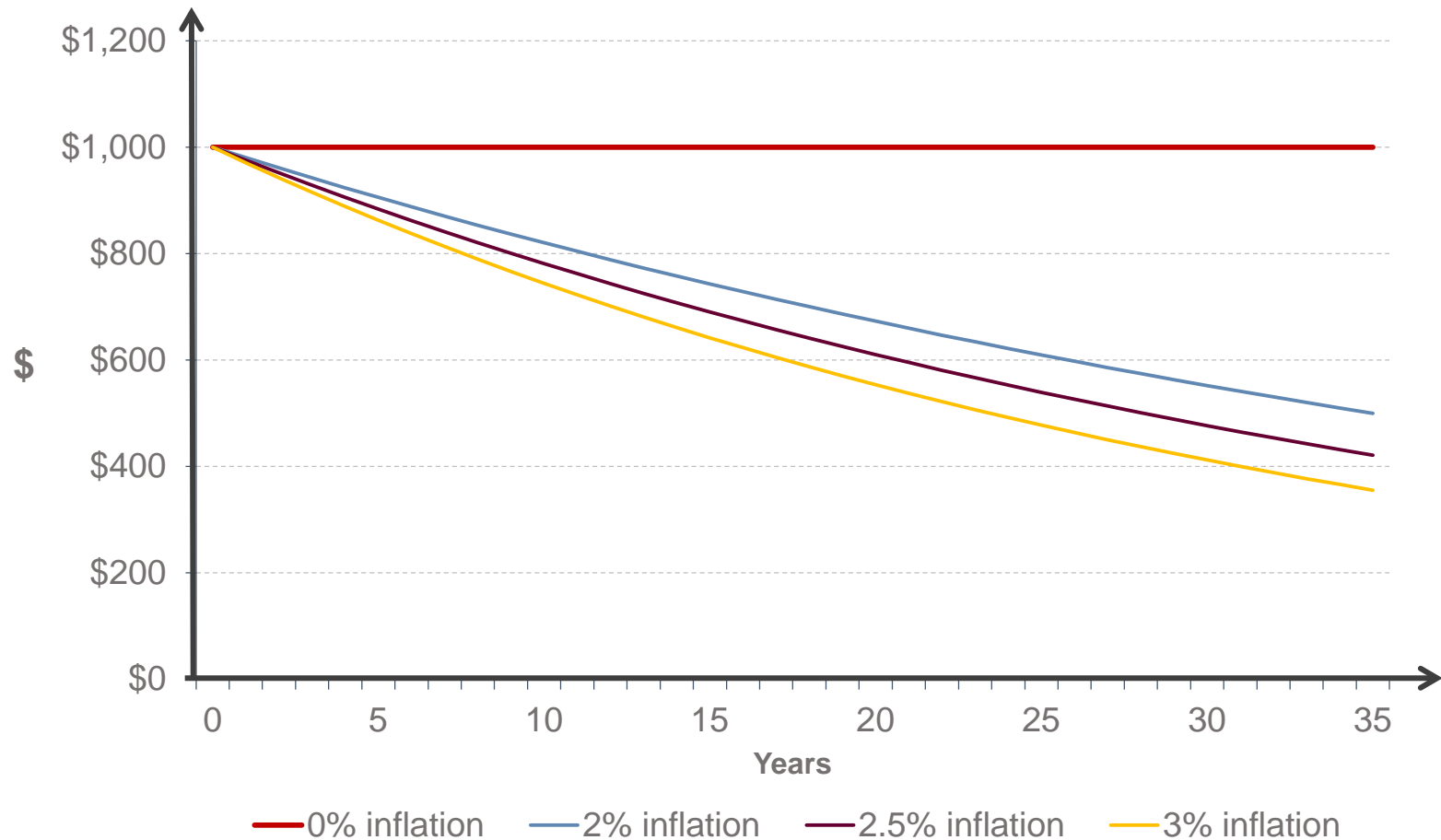
# Investment options



| Options              | Growth/Defensive % | Return Objective CPI+ | Investment Timeframe (years) |
|----------------------|--------------------|-----------------------|------------------------------|
| Growth               | 90.5 / 9.5         | 3.5%                  | 7-10                         |
| Balanced             | 74.5 / 25.5        | 3%                    | 5-10                         |
| Diversified Income   | 55.5 / 44.5        | 2%                    | 4-6                          |
| Defensive Growth     | 59.5 / 40.5        | 2%                    | 2-6                          |
| Conservative         | 38.5 / 61.5        | 1.5%                  | 3-10                         |
| Australian Shares    | 100                | 4%                    | 8-10                         |
| International Shares | 100                | 4%                    | 8-10                         |
| Property             | 100                | 3%                    | 5-7                          |
| Fixed Interest       | 100                | CPI+                  | 2-4                          |
| Cash                 | 100                | CPI+                  | 0-2                          |

Source: Telstra Super Investment Guide, 30 September 2017

# Retirement: Inflation risk



# Retirement: Sequencing risk

| End of Year | Annual Return | Income   | Investor A  | Annual Return | Income   | Investor B  |
|-------------|---------------|----------|-------------|---------------|----------|-------------|
|             |               |          | \$1,000,000 |               |          | \$1,000,000 |
| 1           | -14%          | \$60,000 | \$800,000   | 26%           | \$60,000 | \$1,200,000 |
| 2           | -4%           | \$60,000 | \$708,000   | 23%           | \$60,000 | \$1,416,000 |
| 3           | -22%          | \$60,000 | \$492,240   | 19%           | \$60,000 | \$1,625,040 |
| 4           | 15%           | \$60,000 | \$506,076   | -5%           | \$60,000 | \$1,483,788 |
| 5           | 9%            | \$60,000 | \$491,623   | 8%            | \$60,000 | \$1,542,491 |
| 6           | -7%           | \$60,000 | \$397,209   | -2%           | \$60,000 | \$1,451,641 |
| 7           | -14%          | \$60,000 | \$281,600   | 12%           | \$60,000 | \$1,565,838 |
| 8           | 5%            | \$60,000 | \$235,680   | 5%            | \$60,000 | \$1,584,130 |
| 9           | 12%           | \$60,000 | \$203,962   | -14%          | \$60,000 | \$1,302,352 |
| 10          | -2%           | \$60,000 | \$139,882   | -7%           | \$60,000 | \$1,151,187 |

Source: First State Investments

# Which Investment Approach?



**Single investment  
option**



**Diversified Income**



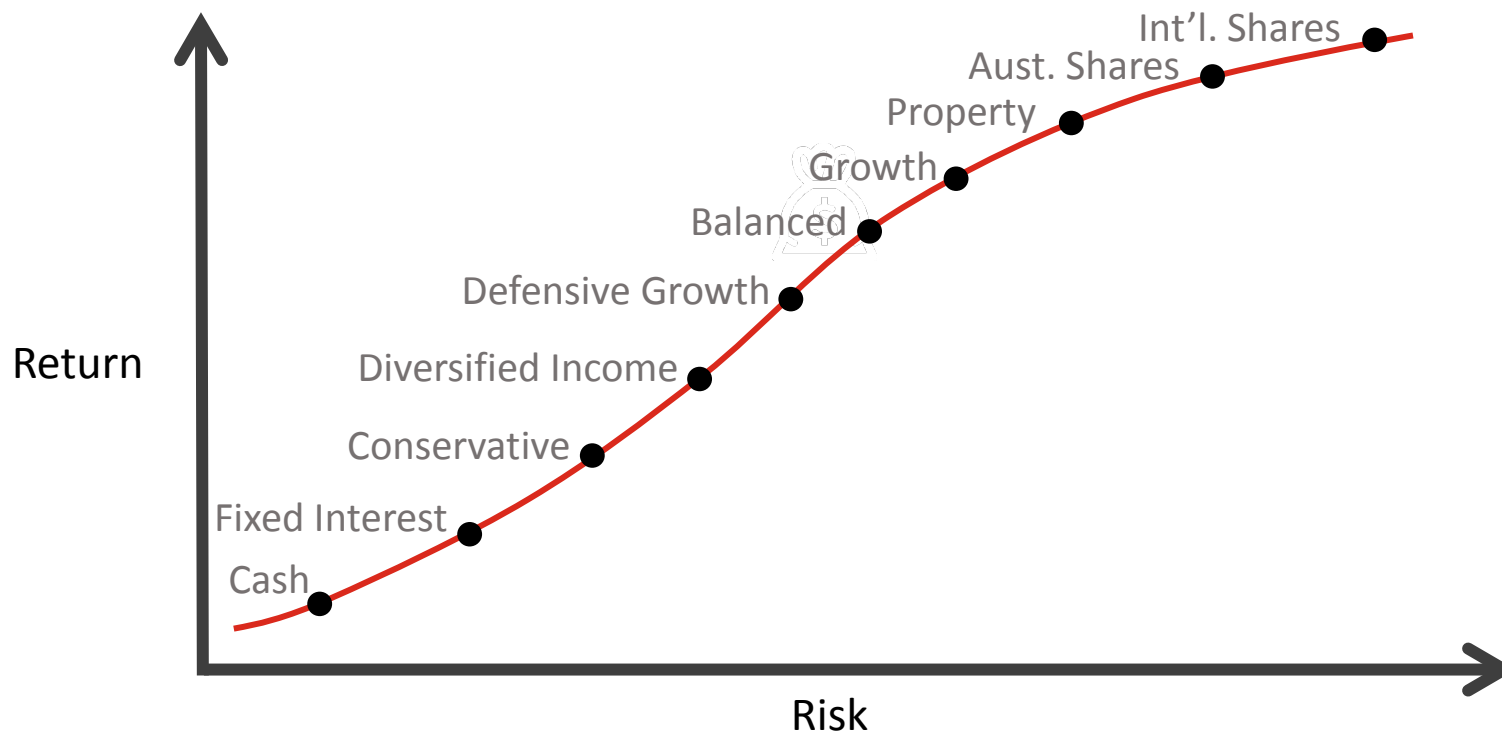
**Bucket strategy**



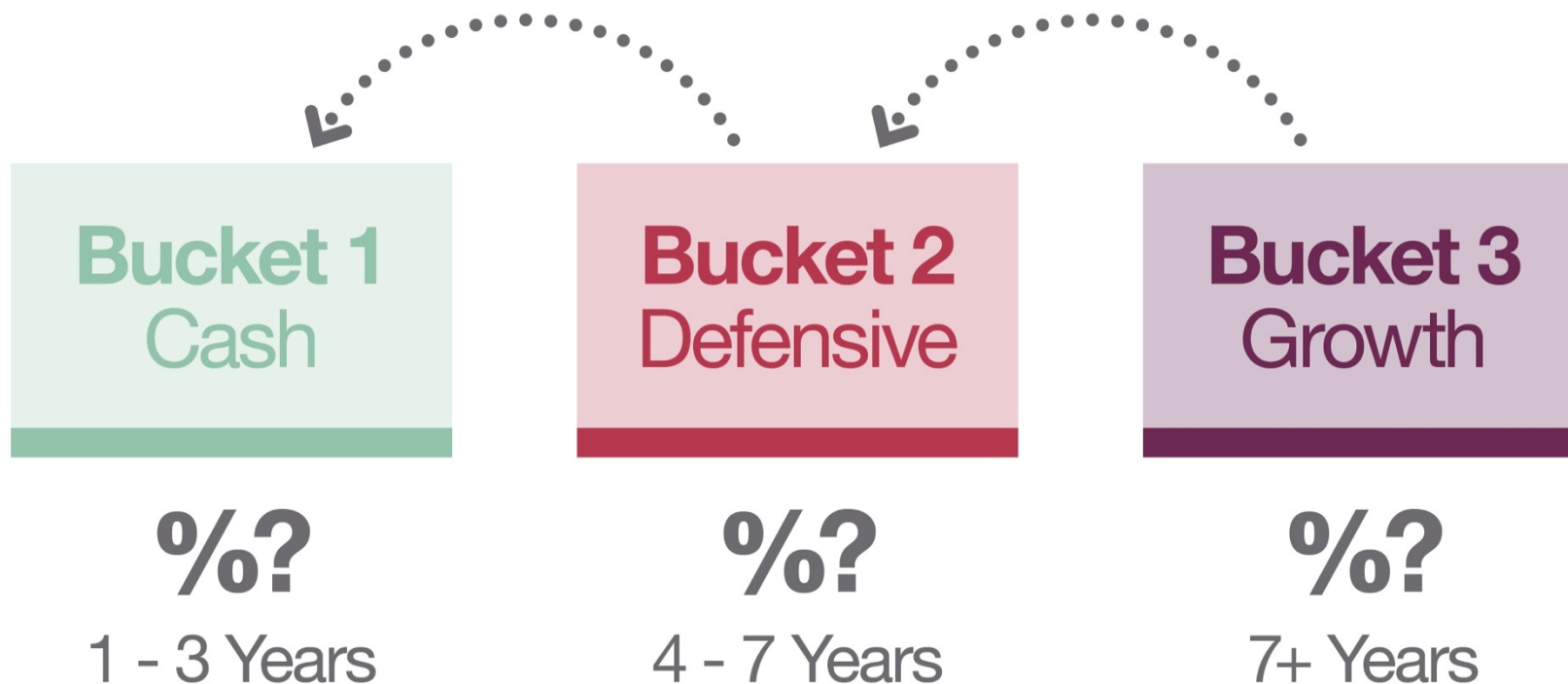
**Income layering**

# Retirement #1: single investment option

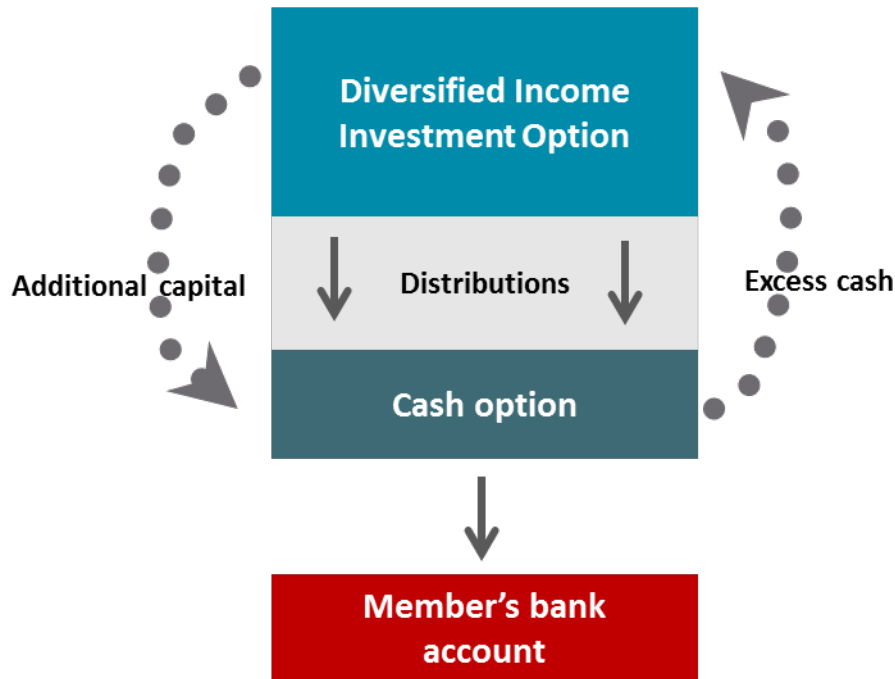
- Single investment option
  - Usually based on risk profile at the time of commencement only
  - Often the same option as an initial TTR strategy
  - Doesn't manage sequencing risk
  - Unpredictable returns and income levels



# Retirement #2: The Bucket Strategy

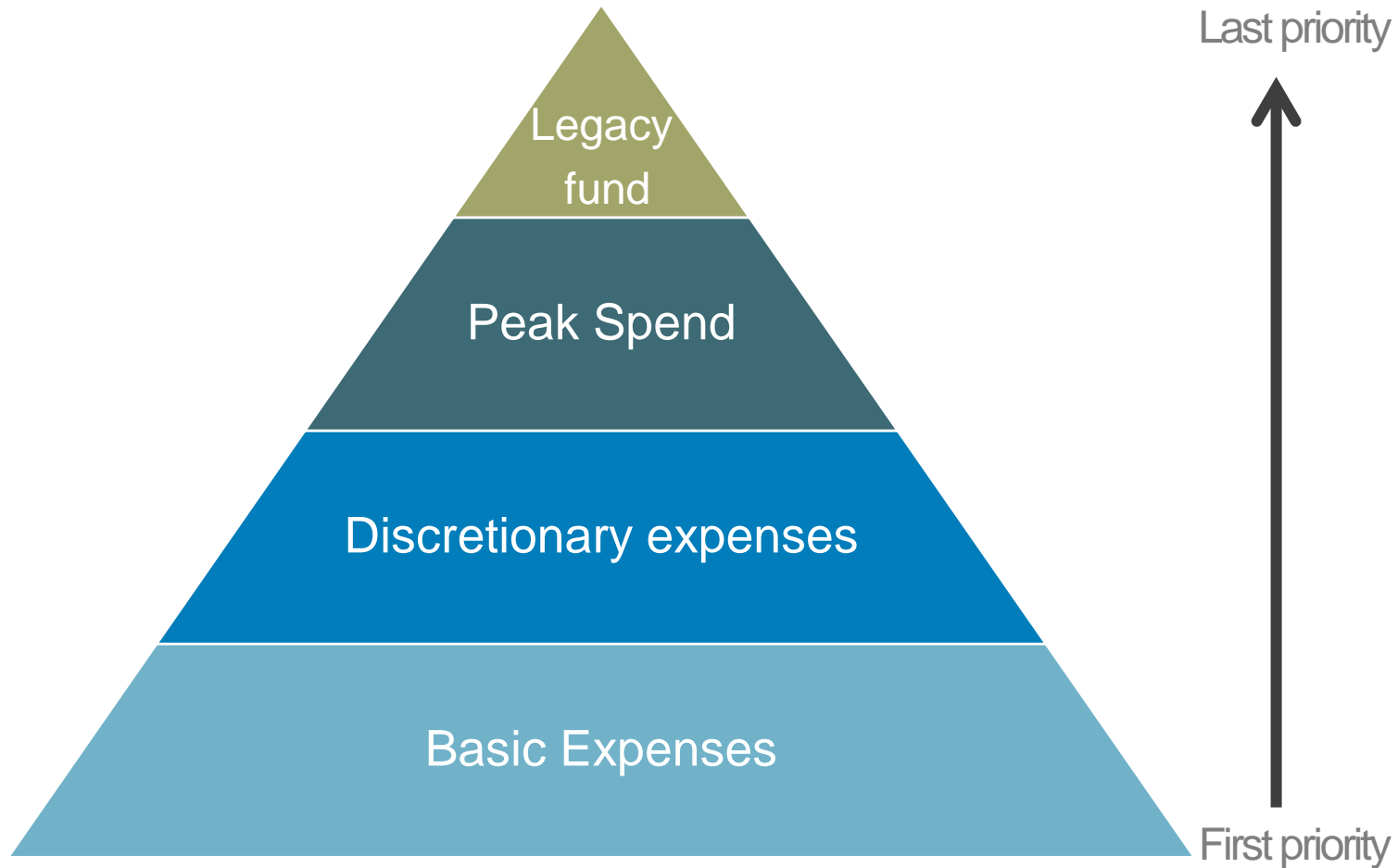


# Retirement #3: Diversified Income Strategy



- *Pay distributions from Diversified Income into Cash*
- *Cash then used to fund pension payments*
- *Transparent, as physical transaction recorded*
- *Automatically rebalanced to target allocation:*
  - *If insufficient Cash, capital is periodically sold down*
  - *Conversely, excess cash invested back into Diversified Income for generating growth*

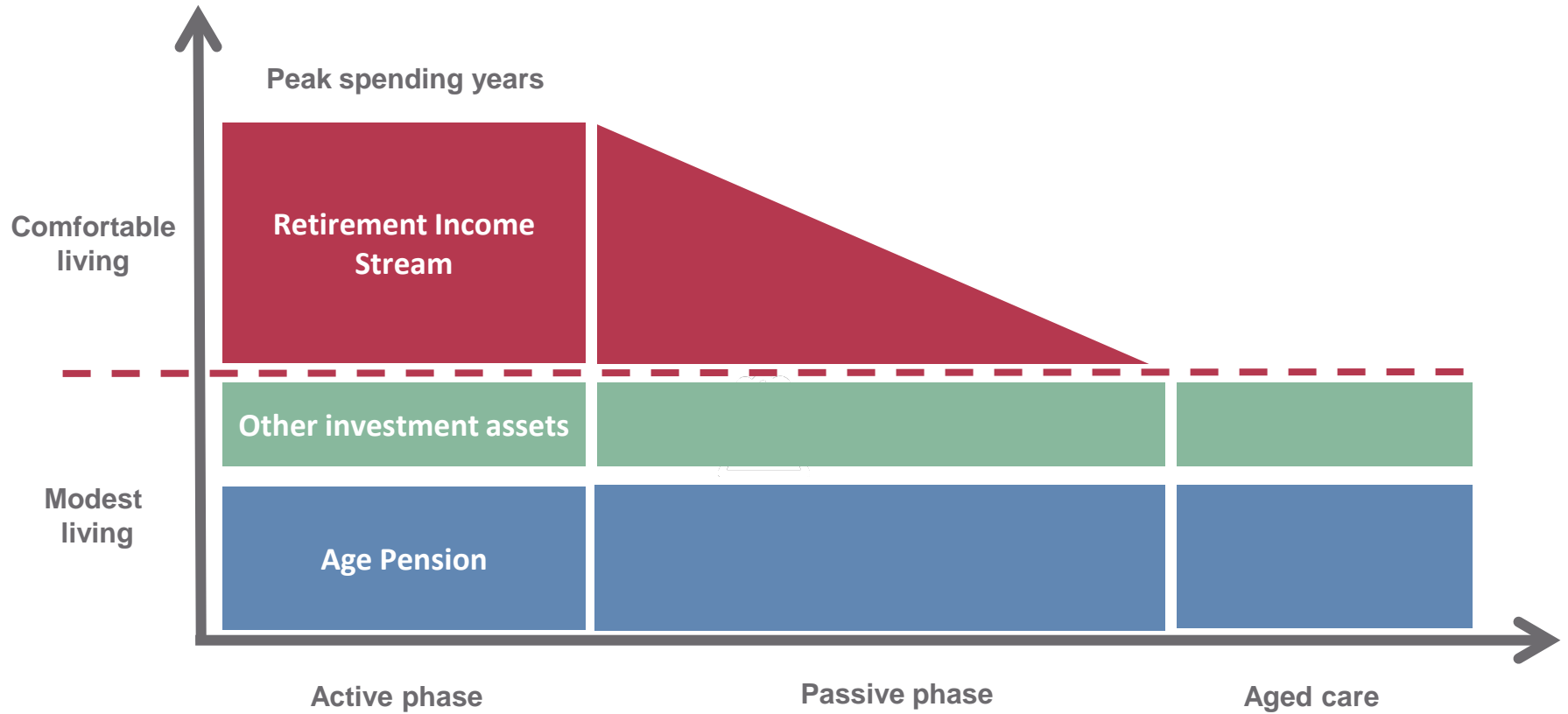
# Retirement #4: Income Layering



Source: [Modern Retirement Theory](#), Jason Branning, M. Ray Grubbs



# Retirement: Income Layering



Source: Challenger

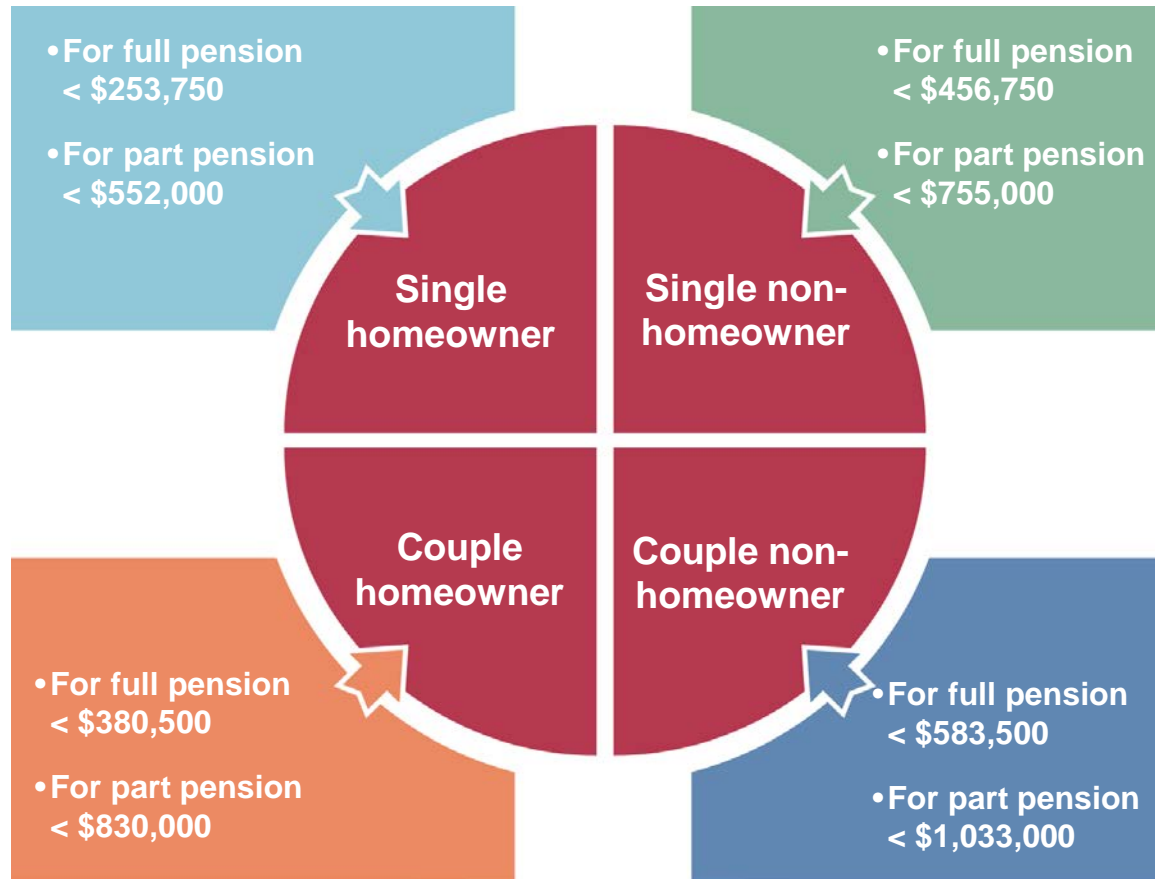
# Age Pension

# Age Pension age increases

| Date of birth                   | Age Pension age | Commencing  |
|---------------------------------|-----------------|-------------|
| 1 July 1952 to 31 December 1953 | 65.5            | Current     |
| 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).

# Assets test



Source: [www.humanservices.gov.au](http://www.humanservices.gov.au) rates as at 20 September 2017

## Single thresholds

For full  
pension:  
<\$168  
per fortnight

For part  
pension:  
<\$1,956.80  
per fortnight

## Couple thresholds

For full  
pension:  
<\$300  
per fortnight

For part  
pension:  
<\$2,996.80  
per fortnight

Source: [www.humanservices.gov.au](http://www.humanservices.gov.au) rates as at 20 September 2017

# TelstraSuper assistance



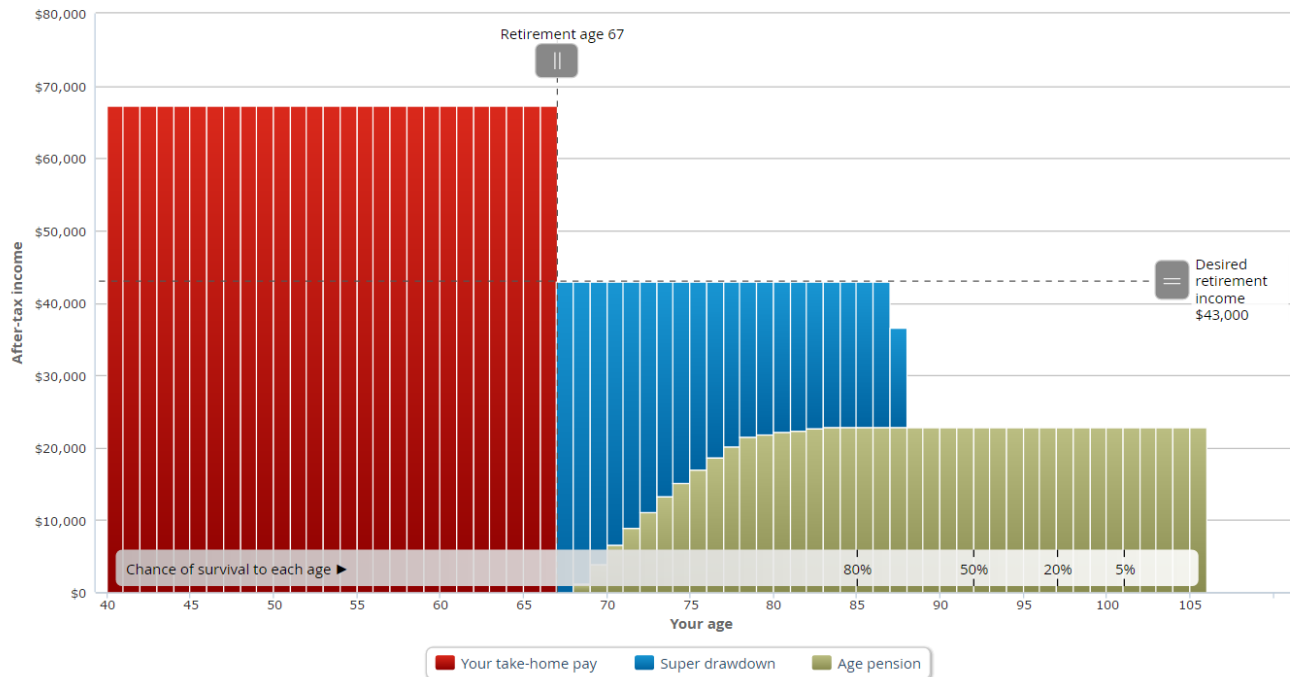
# Retirement projector



Scenarios View

Summary **Your income** Your balance

Projected retirement income (in today's dollars)



Your details

Current age 40

Are you already retired?

No Yes

Current annual salary \$90,000

Current super balance \$150,000

Gender

M F

NEXT






# TelstraSuper Financial Planning



Limited Advice Team



Comprehensive Advice Team

|                      |  |   |   |   |
|----------------------|--|---|---|---|
| Simple advice        | General and limited one-off personal advice about super                                | Advice on simple super and TelstraSuper related topics  |    | Part of your TelstraSuper membership  |
|                      | Other one-off personal advice on a broader range of financial products including super | Advice on more complex super and non-super (including personal insurance) topics  |   | \$550 - \$2,500 plus GST (where applicable) depending on the nature and complexity of the advice.<br>This charge can include a couple or individual.  |
| Comprehensive advice | Ongoing advice services  | Advice on super and non-super topics that includes regular, proactive contact from a dedicated advisor in relation to one-off advice you obtain |   | Either \$1,400 or \$2,200 p.a. plus GST (where applicable) depending on the nature and complexity of the advice and type of ongoing advice service.<br>This fee is additional to the one-off advice you pay. This charge can include a couple or individual |



**Estimated balance**  
AS AT 13 JULY, 2017  
TelstraSuper Personal Plus  
Account number: 027893  
**\$564,118**

**Investment performance and asset mix**

**Combined investment mix**  
The chart below shows the combined mix of investment options in which your balance is invested. For information on strategic investment mixes for each investment option see the [investment guide](#).

**Important information about investment performance and asset mix**  
[LEARN MORE](#)

**Combined investment mix**  
The chart below shows the combined mix of investment options in which your balance is invested. For information on strategic investment mixes for each investment option see the [investment guide](#).

**Important information about investment performance and asset mix**  
[LEARN MORE](#)

**\$564,118**

- Australian Shares 26.48%
- Australian Fixed Interest 9.51%
- Income Securities 6.06%
- International Shares 20.92%
- Infrastructure 7.53%
- Other 13.45%
- Property 10.00%
- Credit 6.06%

**Investment performance**  
The table below shows the investment option(s) in which your current balance is invested. If you have invested across more than one investment option, the performance of underlying investments may mean that the amount allocated to each investment option has changed since your last investment instruction.

| INVESTMENT OPTION | VALUE (\$AUD) | UNIT PRICE | WEIGHT | INVESTMENT RETURNS TO 31/12/2016 |         |
|-------------------|---------------|------------|--------|----------------------------------|---------|
|                   |               |            |        | 1 YEAR                           | 5 YEARS |
| Balanced          | 278,173.99    | 4.18961    | 49.31% | 6.58%                            | 10.86%  |
| Defensive Growth  | 285,944.64    | 2.69643    | 50.69% | 7.80%                            | 9.63%   |

[UPDATE MY INVESTMENT CHOICE](#)

check your balance

check your insurance

nominate your beneficiaries

review your investment options

# Thank you

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

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