

TODAY'S TOPIC

Preparing for retirement

Thank you for joining us.
We will commence shortly



IMPORTANT NOTICE

This presentation contains factual information and general advice only, including information about financial products. It 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.

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**HOW MUCH DO YOU
NEED?**



ACCESSING SUPER



**RETIREMENT PLANNING
CASE STUDIES**



**HOW TELSTRASUPER
CAN ASSIST**









QUESTIONS



**HOW MUCH DO
YOU NEED?**



ASFA retirement standard

	Age Pension \$25,155 p.a. Single \$37,923.60 p.a. Couple	Modest Lifestyle \$29,139 p.a. Single \$41,929 p.a. Couple	Comfortable Lifestyle \$45,952 p.a. Single \$64,771 p.a. Couple
	Only club special meals or inexpensive takeaway	Take out and occasional cheap restaurants	Restaurant dining, good range and quality of food
	No car or, if you have a car, it will be a struggle to afford repairs	Owning a cheaper more basic car	Owning a reasonable car
	No private health insurance	Basic private health insurance, limited gap cover	Top level private health insurance
	Even shorter breaks or day trips in your own city	One holiday in Australia or a few short breaks	Domestic and occasional overseas holidays
	Only taking part in no cost or very low-cost leisure activities. Rare trips to the cinema	One leisure activity infrequently, some trips to the cinema or the like	Taking part in a range of regular leisure activities
	Less air conditioning in summer and heating in winter	Need to watch utility costs	Can run air conditioning and heating

The figures in each case assume that the retiree(s) own their own home, are relatively healthy and relate to expenditure by the household. This can be greater than household income after income tax where there is a drawdown on capital over the period of retirement. All figures in today's dollars using 2.75% AWE as a deflator and an assumed investment earning rate of 6 per cent.

Source: ASFA Retirement Standard December quarter 2021 national for individuals aged around 65 - www.superannuation.asn.au/resources/retirement-standard

www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/how-much-you-can-get ; www.superguru.com.au/retiring/how-much-super-will-i-need

HOW MUCH DO YOU NEED?

ASFA retirement standard for a comfortable lifestyle



**Annual income for a
single \$45,962**

**\$545,000 +
part Age Pension**

**Lump sum required to
fund retirement lifestyle**



**Annual income for a
couple \$64,771**

**\$640,000 +
part Age Pension**

**Lump sum required to
fund retirement lifestyle**



Source: ASFA Retirement Standard December 2021 quarter, national

This assumes part Age Pension and the figures in each case assume that the retiree(s) own their own home outright and are relatively healthy. Figures relate to expenditure by the household. All figures in today's dollars using 2.75% AWE as a deflator and an assumed investment earning rate of 6 per cent. The lump sums required for a comfortable retirement assume that the retiree/s will draw down all their capital and receive a part Age Pension.

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Retirement income



Income required in retirement per year	Estimated lump sum required at age 65 (income will last approximately 22 years to age 87)
\$50,000	\$854,906
\$65,000	\$1,111,378
\$85,000	\$1,453,340
\$100,000	\$1,709,812

These figures assume that the retiree(s) own their own home outright and are relatively healthy, retiring at age 65, super invested in a balanced option with an Investment return of 6.5% per annum. All amounts are in today's dollars and are adjusted for an assumed annual inflation rate of 2%. In addition, a further annual increase of 1% is included to take into account the cost of meeting increases in community living standards. This means a total assumed inflation rate of 3% is allowed for. You can adjust that rate. Employer contributions increase with inflation.

This is a model, not a projection and these assumptions are based on objective evidence on long-term net returns, fees, relevant economic forecasts and analysis on wages, prices and productivity.

This example is based solely on your superannuation and has not made allowance for other income or Age Pension

WAYS TO BOOST YOUR SUPER

Downsizer contributions



Proceeds of selling your home
(can only be used once)



Contribute to super
\$300,000 per person or
\$600,000 per couple
(contribution caps don't apply to downsizer contributions)

If you're **65 years old or older** and have **owned your home for a minimum of 10 years** (excluding motorhomes, boats or caravans), you may be eligible to make a downsizer contribution from the proceeds of selling your home.

It was proposed in the 2021 Federal Budget to lower the eligibility to age 60. Other rules governing the scheme will remain unchanged. This proposal has an expected start date of 1 July 2022. Legislation has passed and now awaiting royal assent..

Source: www.ato.gov.au/individuals/super/growing-your-super/adding-to-your-super/downsizing-contributions-into-superannuation/

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Making contributions and important caps



Pre-tax

(concessional contributions)

Employer contributions, salary sacrifice, personal deductible contributions, insurance premiums paid by your employer

15% tax rate

Annual contribution cap **\$27,500**

Rolling 5-year catch up

If your total super balance is less than \$500,000 as at end of the previous financial year, any unused concessional contributions cap amounts can be carried forward for up to five years before they expire.



Post-tax

(non-concessional contributions)

Contribution made from after-tax income and spouse contributions

0% tax on the way in

Annual contribution cap **\$110,000****

Bring forward rule^{^#}

If your total super balance is less than \$1.7 million individuals aged under 67 may be able to make up to three years' worth of post-tax contributions (up to \$330,000**) to their super in a single year.

* For the 2021-22 financial year, you must meet the work test if aged 67 to 74 or satisfy the work test exemption criteria. To satisfy the work test you must complete at least 40 hours of paid work in a period of not more than 30 consecutive days in the financial year in which you plan to make non-concessional contributions. The work test exemption means you can also make personal contributions during the first financial year you don't meet the work test if your total superannuation balance at the end of the previous financial year is less than \$300,000.

[^] Subject to the \$1.7 million total superannuation balance cap. Individuals with a total superannuation balance of \$1.48 million or more are not able to utilise the full bring forward rule.

[#] Must be under age 67 at the start of the financial year and meet other eligibility criteria.

** Once you trigger the bring-forward arrangement in a year, any change to the non-concessional contributions cap for the bring-forward period doesn't apply to you. The bring-forward cap amount is set based on the cap in the first year of the period.

Source: www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?page=3 | www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/?page=3

Important contribution caps

↑ Total super balance

Includes all superannuation funds and retirement income streams

\$1.7 million

No further post-tax (non-concessional) contributions

If the total superannuation balance across all your superannuation and retirement income streams (not just your TelstraSuper account) is equal to or greater than \$1.7 million at the end of the previous financial year.

Transfer balance cap ↑

Maximum amount that can be transferred from superannuation accumulation funds into the tax-free retirement phase

\$1.7 million[^]

Example

John retires at age 62 with a total super balance of \$2 million. He is able to commence a retirement income stream with up to \$1.7 million[^]. John can leave the remaining \$300,000 in his superannuation accumulation account and access this money when needed tax-free as he has retired and reached his superannuation preservation age.

TelstraSuper Financial Planning has a team of phone-based Advisers who can provide you with simple advice in relation to your contributions. There's no additional cost for our phone-based advice as this is included in your TelstraSuper membership. You can contact us on 1300 033 166 or request an appointment with our online contact form. Telstra Super Financial Planning Pty Ltd (TSFP) AFSL 218705 wholly owned by Telstra Super Pty Ltd as trustee for the Telstra Superannuation Scheme (TelstraSuper)

[^]Every individual will have their own personal transfer balance cap of between \$1.6 and \$1.7 million, depending on their circumstances. If you start a retirement phase income stream for the first time on or after 1 July 2021, you will have a personal transfer balance cap of \$1.7 million. If you had a transfer balance account before 1 July 2021, your personal transfer balance cap may vary.

Source: www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Super-contributions---too-much-can-mean-extra-tax/?page=5 | www.ato.gov.au/individuals/super/withdrawing-and-using-your-super/transfer-balance-cap/

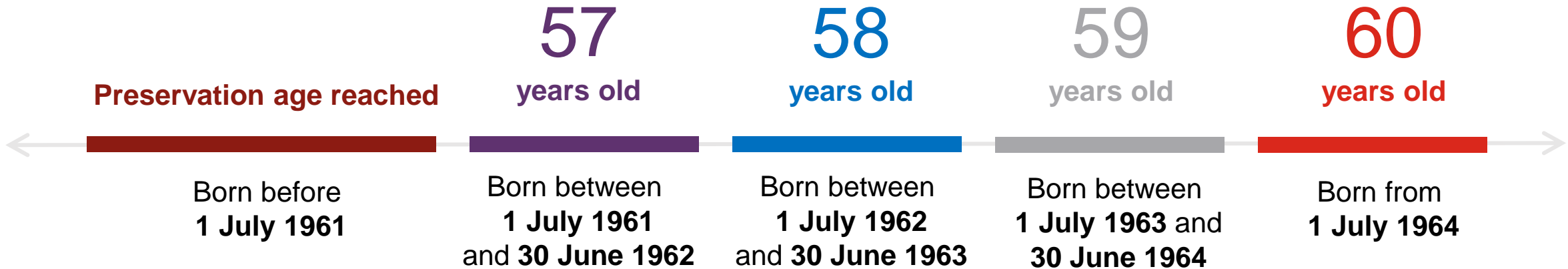
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ACCESSING SUPERANNUATION



When can I access my super?



When can I access my super?

	Lump Sum	Income stream
Access (from preservation age)		
Working	✗	✓
Retired	✓	✓
Age 65	✓	✓
Tax (from preservation age)		
Age 57-59	The first \$225,000 is tax free And 17%* for any amount above the low rate cap	Income payments from an income stream are taxable #
Age 60	Tax-free	Tax-free

*based on 2021/22 financial year including the Medicare Levy.

Taxed at marginal tax rates – tax offset of 15% is available

Source: www.ato.gov.au/Individuals/Super/In-detail/Withdrawing-and-using-your-super/Withdrawing-your-super-and-paying-tax/?page=4#If_you_are_between_your_preservation_age_and_60__160_years_old

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Income streams

Transition to Retirement (TTR)

- A transition to retirement strategy enables you to access your super while you continue working
- It is available when you reach your preservation age
- If you are under age 65, the minimum income is 4%, and the maximum is 10%. For the 2021/22 financial year, the minimum has been reduced to 2%
- While you are under age 60, withdrawals are taxable
- Up to 15% tax on investment earnings
- No lump sum withdrawals available

Retirement Income Stream

- A retirement income stream enables you to receive an ongoing income from your super when you retire
- It is available when you reach your preservation age
- Must receive a minimum income payment amount each financial year between 4%-14% based on your age. For the 2021/22 financial year, the minimum has been reduced by 50%
- No tax payable on withdrawals after age 60 when retired
- No tax on investment earnings
- Strategy is flexible, you can alter your income payments, and lump sum withdrawals are available
- Cannot make additional contributions once the retirement income stream has commenced



**RETIREMENT
PLANNING CASE
STUDIES**



CASE STUDY 1

Centrelink Benefits, can we get access?



- Peter is aged 67, retired and has reached Age Pension age
- Peter's current super account balance is \$750,000
- His wife Susan is aged 62 and retired
- Susan's current super account balance is \$300,000
- Their other non-super investments are cash in the bank - \$40,000 and Shares - \$20,000
- Their lifestyle assets are a car - \$35,000 and Home Contents - \$10,000 (Centrelink value) and own their home outright (no debt)
- Their retirement income requirements are \$65,000 p.a.

Question

Peter and Susan currently have income streams and would like to access the Pensioner Concession Card for discounts on their council rates, car registration, utilities and health care.



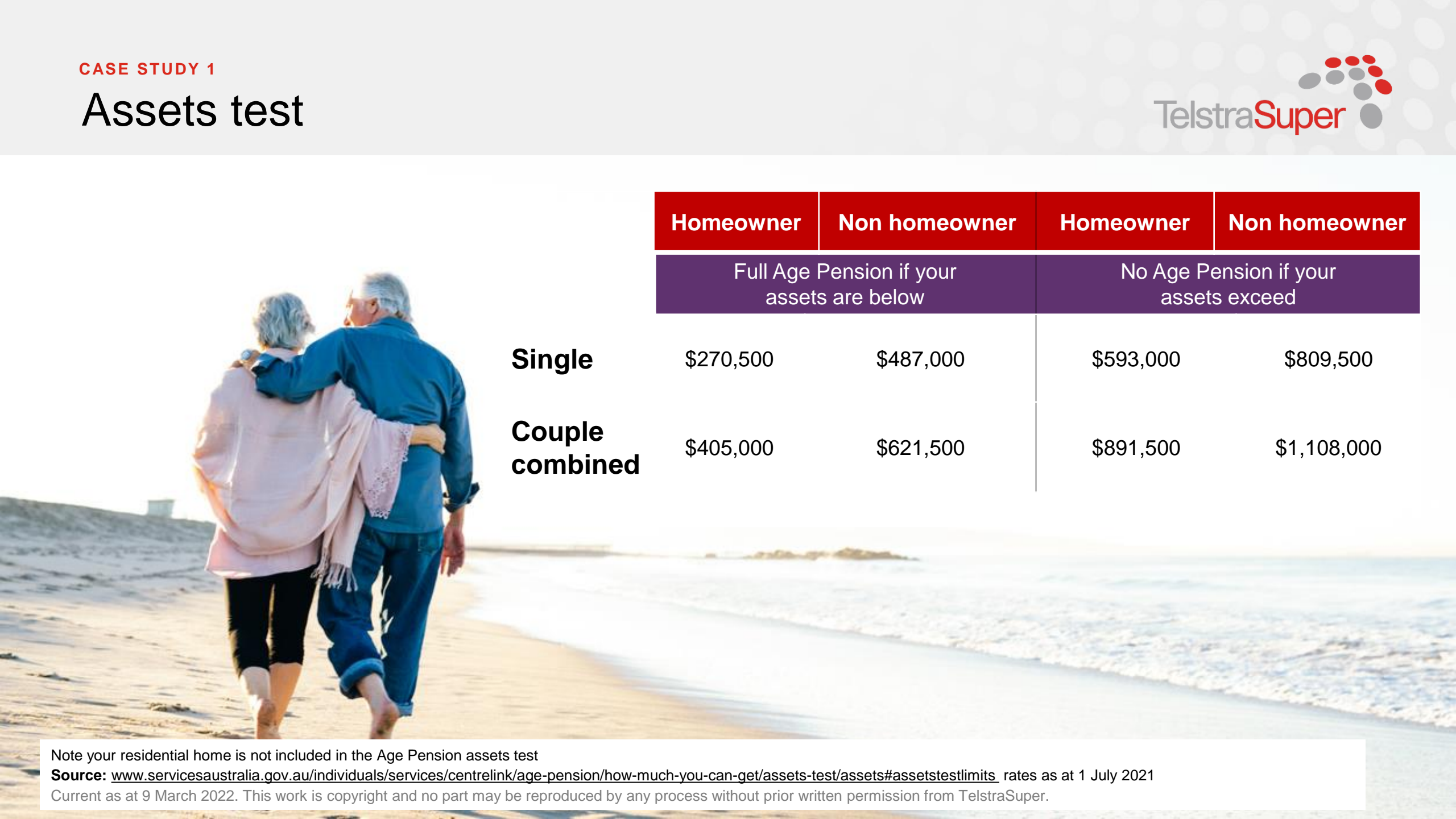
Considerations



- Currently Peter and Susan are not eligible for the age pension based on the value of their assessable assets. (Cuts out at \$891,500*)
- Opportunity to restructure their investments to maximise Peter's entitlement to the age pension. Peter may be entitled to approximately \$14,204 in the first year and \$99,840 over the first 6 years.
- Drawing less from super to meet their income needs will preserve some of their capital and increase the longevity of their retirement savings, as well as providing the additional Centrelink concessions.
- Increasing the tax free component for estate planning purposes.

* Based on assets test as at 1 July 2021

Assets test



	Homeowner	Non homeowner	Homeowner	Non homeowner
	Full Age Pension if your assets are below		No Age Pension if your assets exceed	
Single	\$270,500	\$487,000	\$593,000	\$809,500
Couple combined	\$405,000	\$621,500	\$891,500	\$1,108,000

Note your residential home is not included in the Age Pension assets test

Source: www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/how-much-you-can-get/assets-test/assets#assetstestlimits rates as at 1 July 2021

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Income test

For singles

Max pension if your income is below
\$180 per fortnight
\$4,680 per year

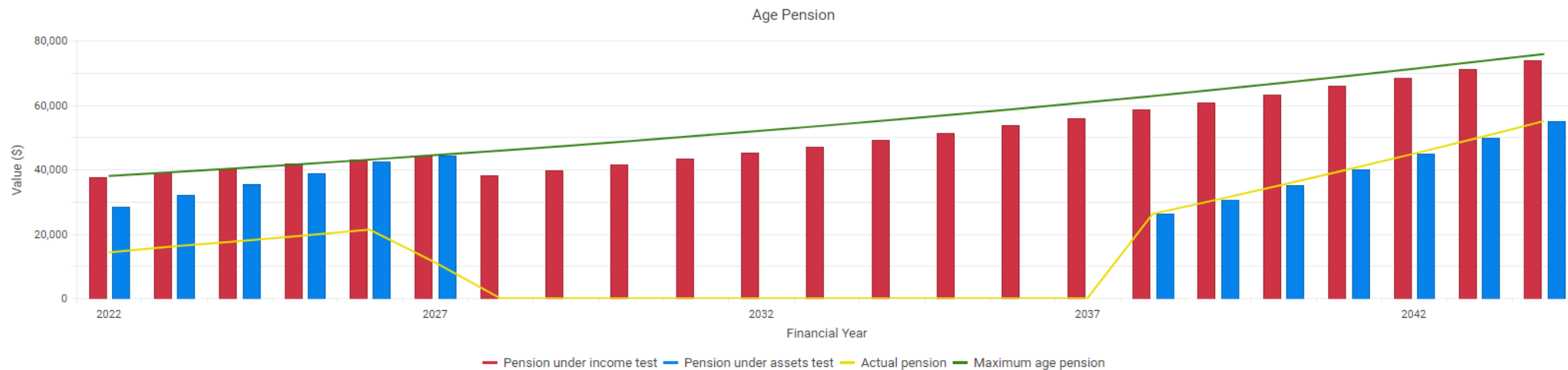
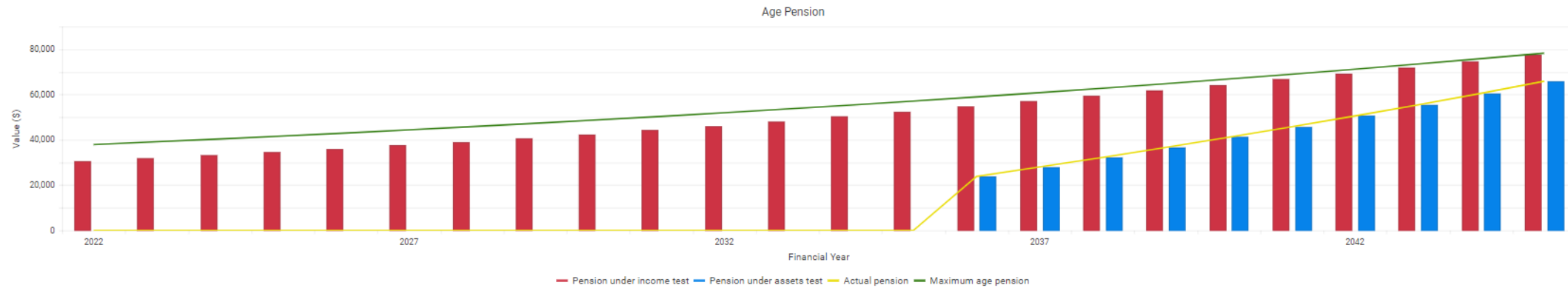
No pension if your income is above
\$2,115.00 per fortnight
\$54,990.00 per year

For couples living together

Max pension if your income is below
\$320 per fortnight combined
\$8,320 per year

No pension if your income is above
\$3,237.20 per fortnight combined
\$84,167.20 per year

Centrelink comparison

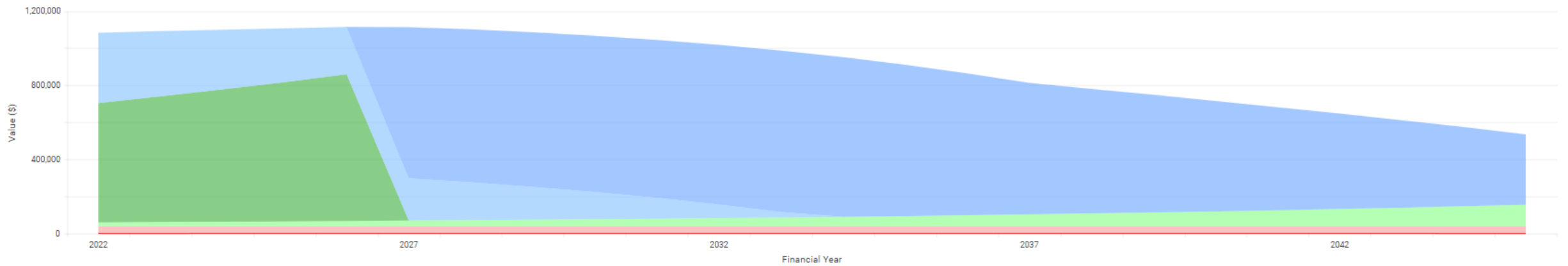
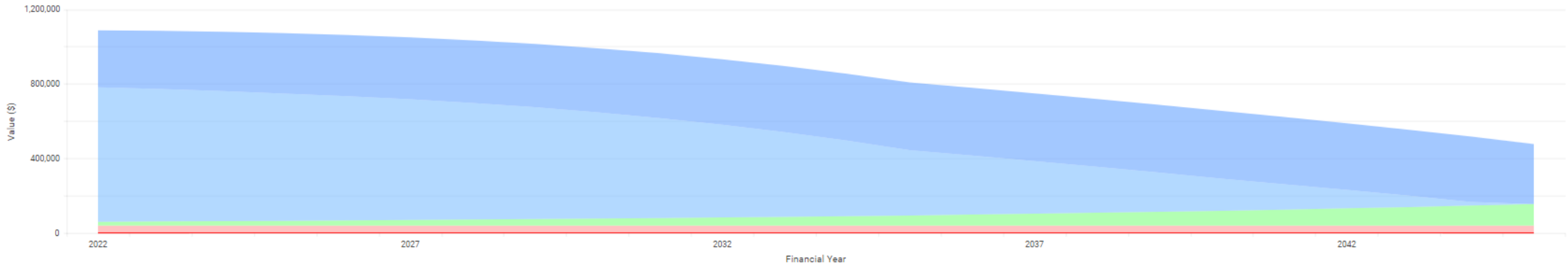


Source: AdviceOS

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CASE STUDY 1

Net assets comparison



Source: AdviceOS

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TelstraSuper RetireAccess Income Stream



- Sean is age 65 and his wife Catherine is age 61.
- Sean has recently retired from his position as a Technician with Telstra and Catherine has recently retired from her teaching position.
- Both Sean and Catherine have TelstraSuper Personal Plus accounts. Sean has \$650,000 invested and Catherine has \$350,000 invested.
- Sean and Catherine's accounts are invested in the Balanced option (69% growth assets)
- Other relevant information:
 - **Sean and Catherine own their home and have no debt outstanding.**
 - **They have \$30,000 invested in the bank as their Cash Reserve.**
 - **They have \$50,000 of contents (CV - \$10,000) and a SUV and Caravan valued at \$150,000.**

Considerations

- Sean and Catherine are not sure of how they might fund their desired retirement income of \$5,416 per month (\$65,000 per annum).
- Sean's friend mentioned to him that one option is to consider an Account Based Income Stream.
- Sean and Catherine met with their TelstraSuper Financial Planner to obtain a better understanding of how an Account Based Income Stream may assist them to meet their retirement income needs.



TelstraSuper retirement projector



Summary Your income Your balance

NOW RETIREMENT BEYOND

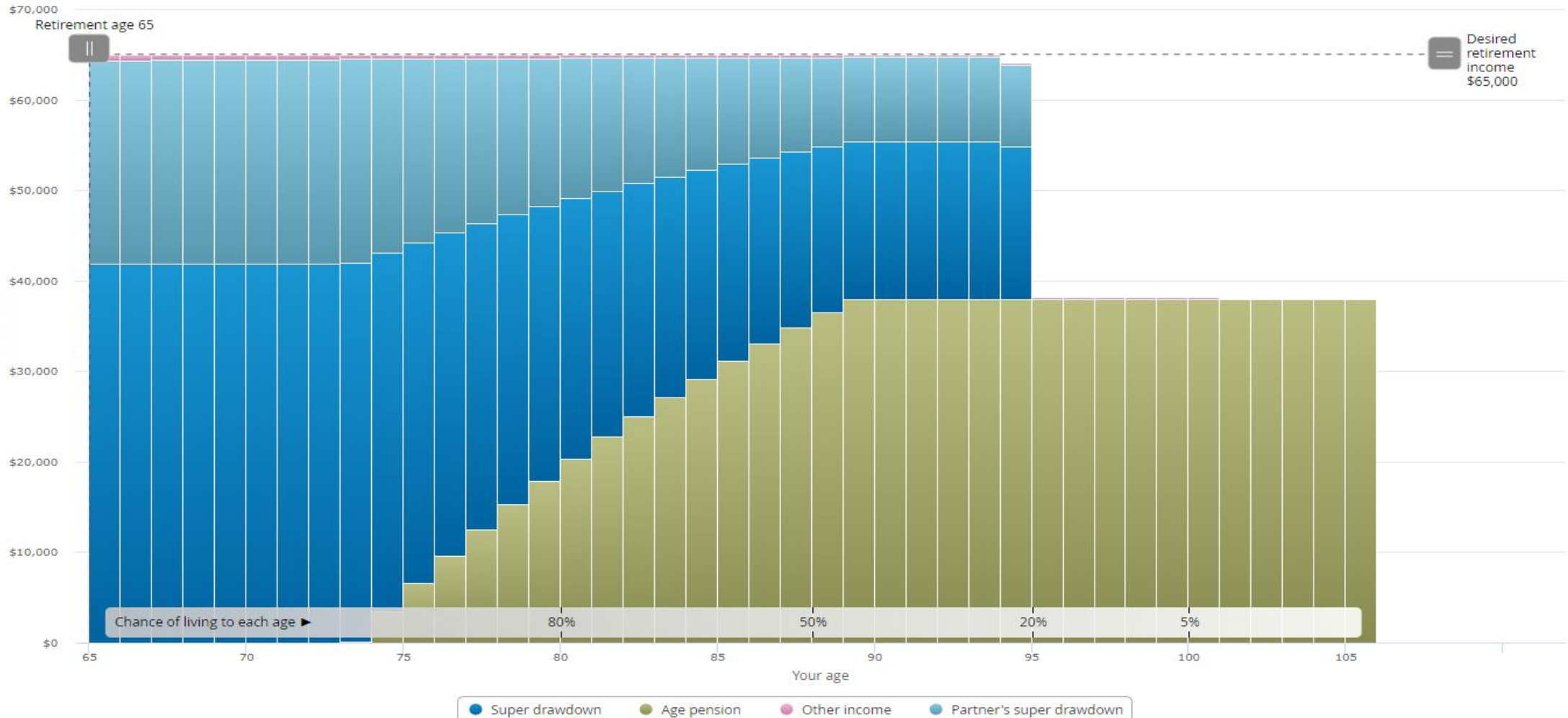


CASE STUDY 2

TelstraSuper retirement projector



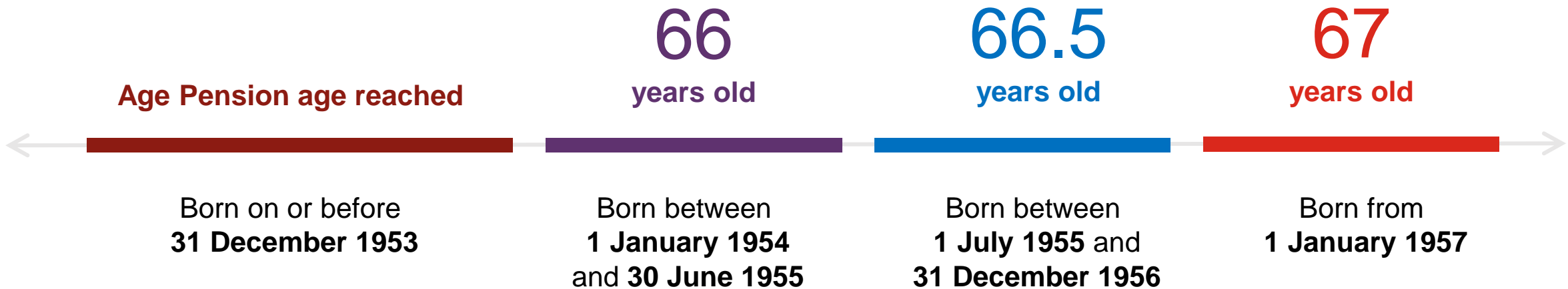
Projected retirement income (in today's dollars)



Date of calculation 21 February 2022

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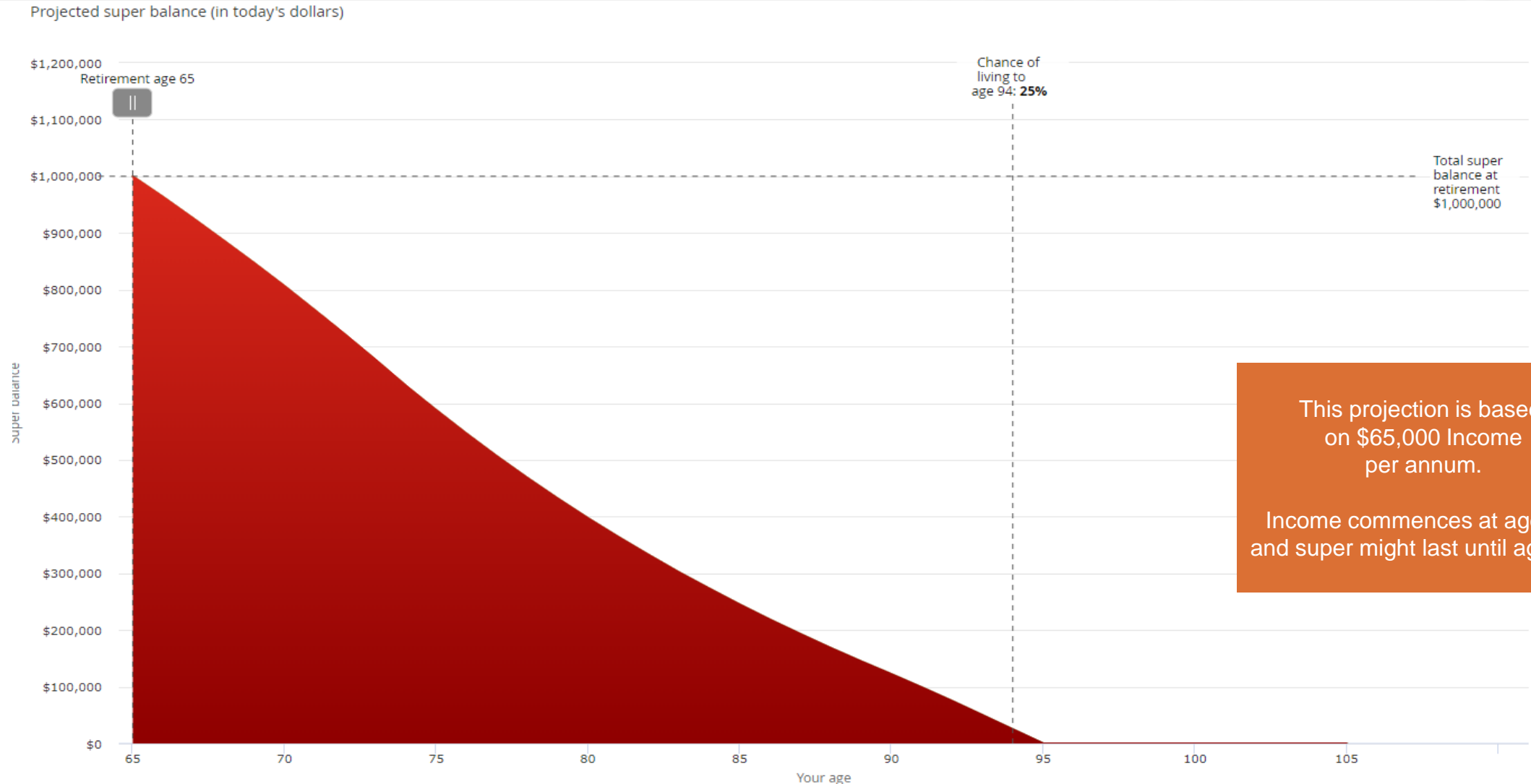
When can I access Age Pension?



Age Pension age has increased from 65 to 67 years. It will increase by 6 months every 2 years until Age Pension age is 67 on 1 July 2023.

CASE STUDY 2

TelstraSuper retirement projector



This projection is based on \$65,000 Income per annum.

Income commences at age 65 and super might last until age 94.

Date of calculation 21 February 2022

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TelstraSuper Retirement bonus

You're eligible for the Retirement Bonus if:

- You commence a retirement income stream by:
 - ✓ **fully transferring your current accumulation account into a retirement income stream; or**
 - ✓ **transferring part of your current accumulation account; or**
 - ✓ **rolling new money into your current accumulation account and using that to open a Retirement income stream**

- Before you commence a retirement income stream, your super is invested in the Growth, Balanced, Diversified Income, Defensive Growth, Conservative, Australian Shares, International Shares, Property, MySuper Growth, MySuper Balanced and MySuper Conservative investment options prior to being transferred to a Retirement income stream

TelstraSuper Retirement bonus



Retirement income stream balance in eligible investment options

Potential retirement bonus

\$200,000	\$1,000
\$500,000	\$2,500
\$800,000	\$4,000
\$1,000,000	\$5,000
\$1,700,000	\$8,000 (maximum bonus)

The bonus is calculated at 0.5% of the balance invested in eligible investments, up to a maximum of \$8,000. It's important to note that funds invested in the Cash or Fixed Interest investment options will not be eligible for the bonus due to their tax structure. The maximum bonus paid will be \$8,000 per member over their lifetime. This figure of 0.5% may change in the future and the bonus is not guaranteed to be paid into the future. It will be regularly reviewed and will be paid at the discretion of the Trustee.



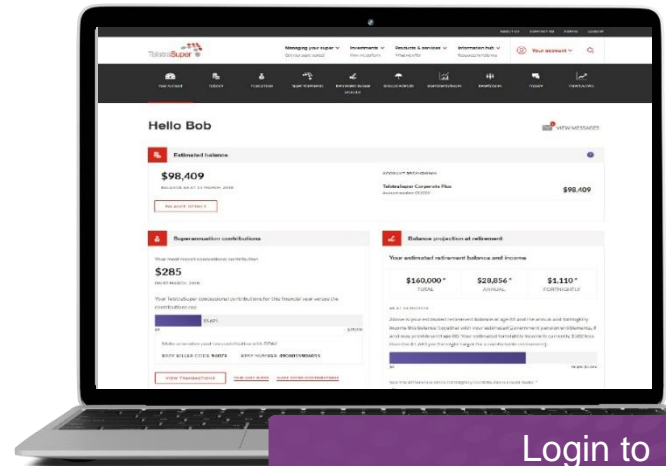
HOW TELSTRASUPER CAN ASSIST



Keeping in touch with your super



- ✓ Update your email address and personal details
- ✓ Check your account balance
- ✓ Review your insurance cover
- ✓ View your nominated beneficiaries and make a non-binding nomination
- ✓ Review your investment options and investment returns
- ✓ Keep track of pre-tax contributions against the concessional contributions cap
- ✓ Review benefit statements
- ✓ View latest contributions and transactions



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HOW TELSTRASUPER CAN ASSIST

Retirement projector

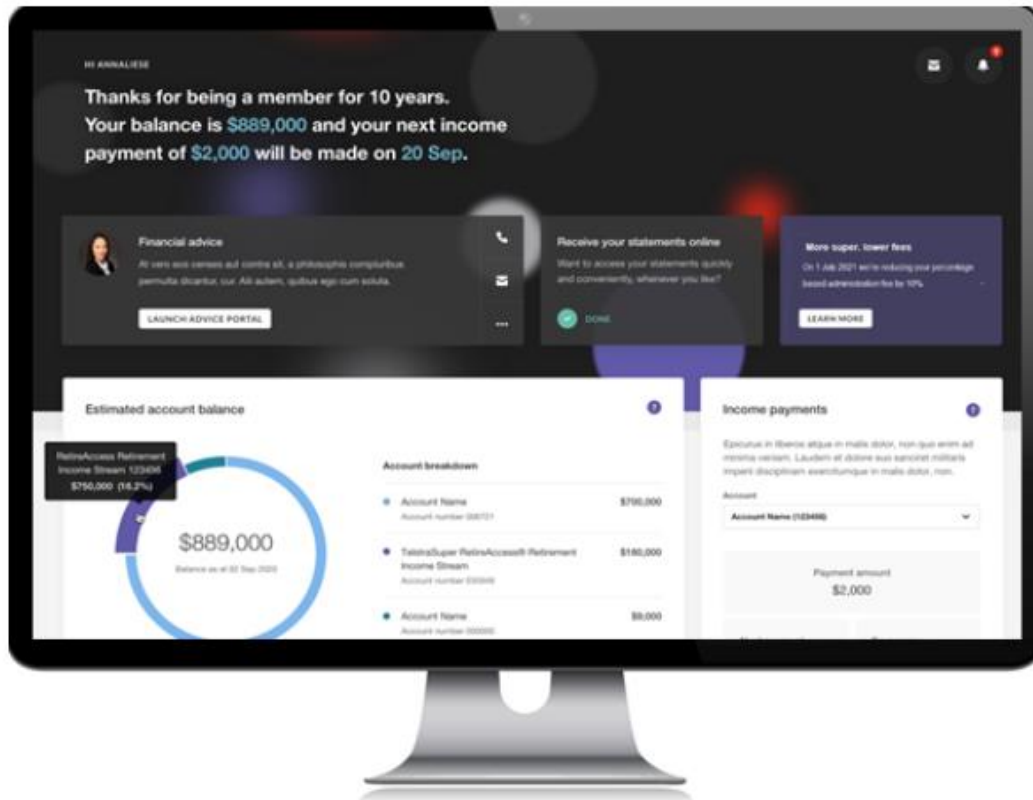


Any advice contained in this Retirement Projector is of a general nature only and does not take into account the personal needs and circumstances of any particular individual. Prior to acting on any information contained in this projector, you need to take into account your own financial circumstances, consider the product disclosure statement for any product you are considering and seek professional advice from a Financial adviser.

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Better super through innovation

TelstraSuper members who are age 57 and older or have a RetireAccess product, have access to our enhanced digital experience.



Key features include:

- ✓ An uplifted dashboard experience with enhanced visuals.
- ✓ New personal welcome message that displays key member information such as total balance, latest contribution and income payment details.
- ✓ An improved investment module including a visual chart to display investment returns and investment mix break down.
- ✓ A new resource centre providing members with tailored articles, resources and tools.
- ✓ Introduction of digital forms enabling members to complete transactions electronically such as renewing binding nominations.
- ✓ A retirement balance projection for accumulation members calculating their projected fortnightly and annual income in retirement. Members can see how this compares against the ASFA retirement standards and the difference extra contributions can make.

Four advice services to empower you



SUPER *sorter*

Simple phone advice and info to max your super.



STEP *it up*

Want to take that next step with your super or finances? We'll find you a simple solution.



BIG *picture it*

Let's check out your whole financial situation and make a plan.



STAY *on track*

Ongoing expert coaching on super and wealth. We'll nudge and encourage you, keeping you on track as life changes.

Happy to answer your questions.



1300 033 166

8:30am - 5:30pm (Melbourne time) Monday to Friday



talkingsense@telstrasuper.com.au



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