

Preparing for your retirement



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



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 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.



Preparing for your retirement



Agenda



How much is enough?



Age pension



Case Studies



How TelstraSuper can assist









Questions



How much is enough?



How much is enough?

| | <u>Comfortable</u> \$44,183 p.a. single \$62,435 p.a. per couple | <u>Modest</u> \$28,220 p.a. single \$40,719 p.a. per couple | <u>Age Pension</u> \$24,551.80 p.a. single \$37,013.60 p.a. per couple |
|---|---|--|---|
|  | Restaurant dining, good range & quality of food | Take out and occasional cheap restaurants | Only club special meals or inexpensive takeaway |
|  | Owning a reasonable car | Owning a cheaper more basic car | No car, or if car, will be a struggle to afford repairs |
|  | Top level private health insurance | Basic private health insurance, limited gap cover | No private health cover |
|  | Domestic or the occasional overseas holiday | One holiday in Australia or a few short breaks | Short breaks or day trips in your own city |
|  | Take part in a range of regular leisure activities | One leisure activity infrequently, some trips to the cinema or the like | Only no cost or very low cost leisure activities. Rare trips to the cinema |
|  | Can run air conditioning and heater | Need to watch utility costs | Less air conditioning in summer and heating in winter |

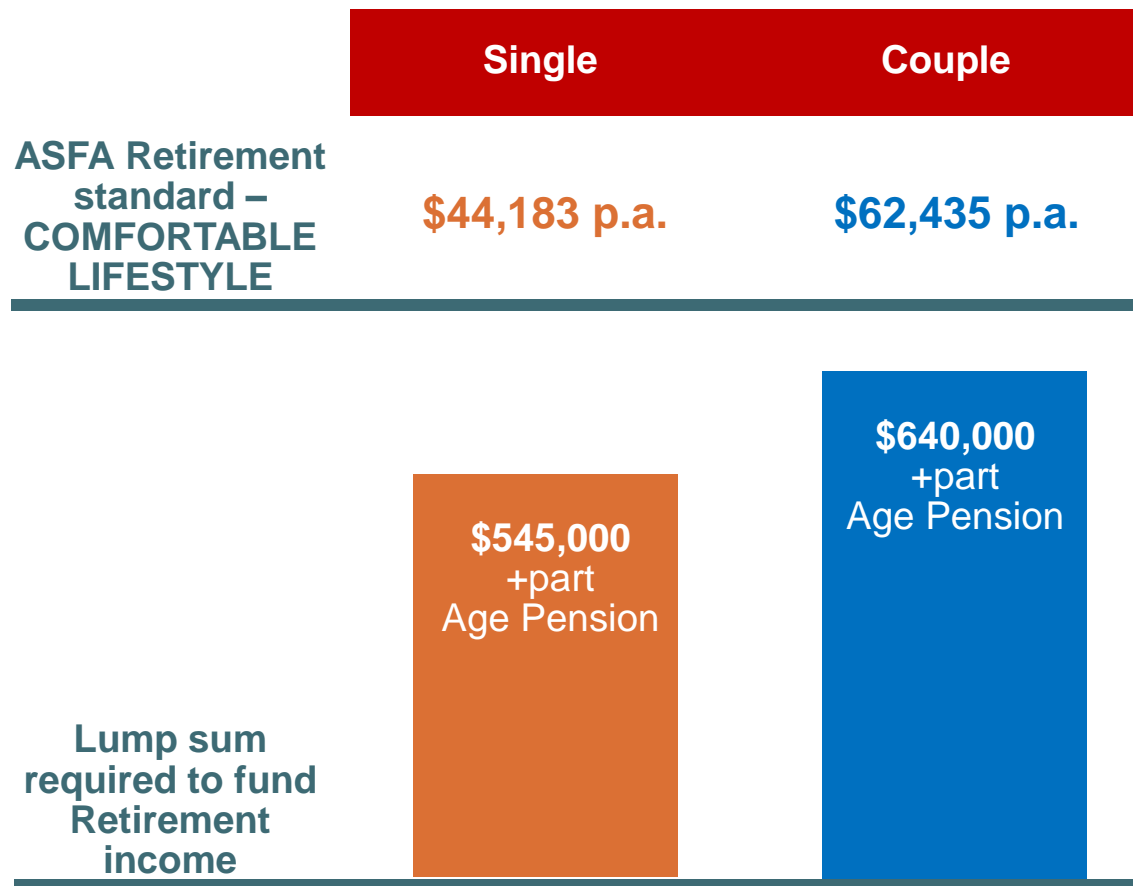
Source: ASFA Retirement Standard March quarter 2020 for individuals aged around 65



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How much is enough?



Source: ASFA Retirement Standard March quarter 2020.

This assumes partial Age Pension. All figures in today's dollars using 2.75% AWE as a deflator and an assumed investment earning rate of 6 per cent.



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How much is enough?

| Retirement income (p.a.) | Lump sum required |
|--------------------------|---------------------------|
| \$50,000 | For 20 years: \$800,814 |
| | For 30 years: \$1,042,841 |
| \$65,000 | For 20 years: \$1,041,058 |
| | For 30 years: \$1,355,694 |
| \$85,000 | For 20 years: \$1,361,383 |
| | For 30 years: \$1,772,830 |

Assumptions: Based on an individual retiring at age 65. We assume that your super is 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. No allowance for other income, including Centrelink.

Source: <https://www.industrysuper.com/retirement-info/retirement-calculators/retirement-needs-calculator> - calculated as at 30 July 2020



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Retirement Goals: the 4 L's



Lifestyle –
maintain
spending power



Liquidity –
for unexpected
contingencies



Longevity –
consistent and
sustainable
income



Legacy –
estate planning
and bequests



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When can I access my super?

| Date of birth | Preservation age |
|-----------------------------|--------------------------|
| Before 1 July 1961 | Reached preservation age |
| 1 July 1961 to 30 June 1962 | 57 |
| 1 July 1962 to 30 June 1963 | 58 |
| 1 July 1963 to 30 June 1964 | 59 |
| From 1 July 1964 | 60 |

| Access to super from Preservation age | | |
|---------------------------------------|----------|--------------------------|
| | Lump Sum | Retirement Income Stream |
| Working | x | ✓ |
| Retired | ✓ | ✓ |
| Age 65 | ✓ | ✓ |

| Tax on withdrawals after Preservation age | | |
|---|--|---|
| | Lump sum | Retirement income Stream |
| Aged 57 – 59 | The first \$215,000 is tax free and 15%* for any amount above the low rate cap | Income payments from a retirement income stream are taxable # |
| Aged 60+ | Tax-free | Tax-free |

*based on 2020/21 financial year and not including Medicare Levy.

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

Source: <https://www.ato.gov.au/Individuals/Super/In-detail/Withdrawing-and-using-your-super/Withdrawing-your-super-and-paying-tax/?anchor=Whenyoucanaccessyoursuper#Whenyoucanaccessyoursuper>
https://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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Age pension



Age Pension

| Date of birth | Age pension age |
|---------------------------------|----------------------|
| Before 31 December 1953 | over Age Pension age |
| 1 January 1954 to 30 June 1955 | 66 |
| 1 July 1955 to 31 December 1956 | 66.5 |
| From 1 January 1957 | 67 |

The 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.

Source: <https://www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/who-can-get-it#whatagepensionis>



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Assets Test

| Single | | Not eligible for Pension | Couple | |
|-------------|----------------|---------------------------|---------------------------|----------------|
| Home owner | Non-home owner | | Home owner | Non-home owner |
| < \$583,000 | < \$797,500 | Eligible for Part Pension | < \$876,500 | < \$1,091,000 |
| < \$268,000 | < \$482,500 | | Eligible for Full Pension | < \$401,500 |

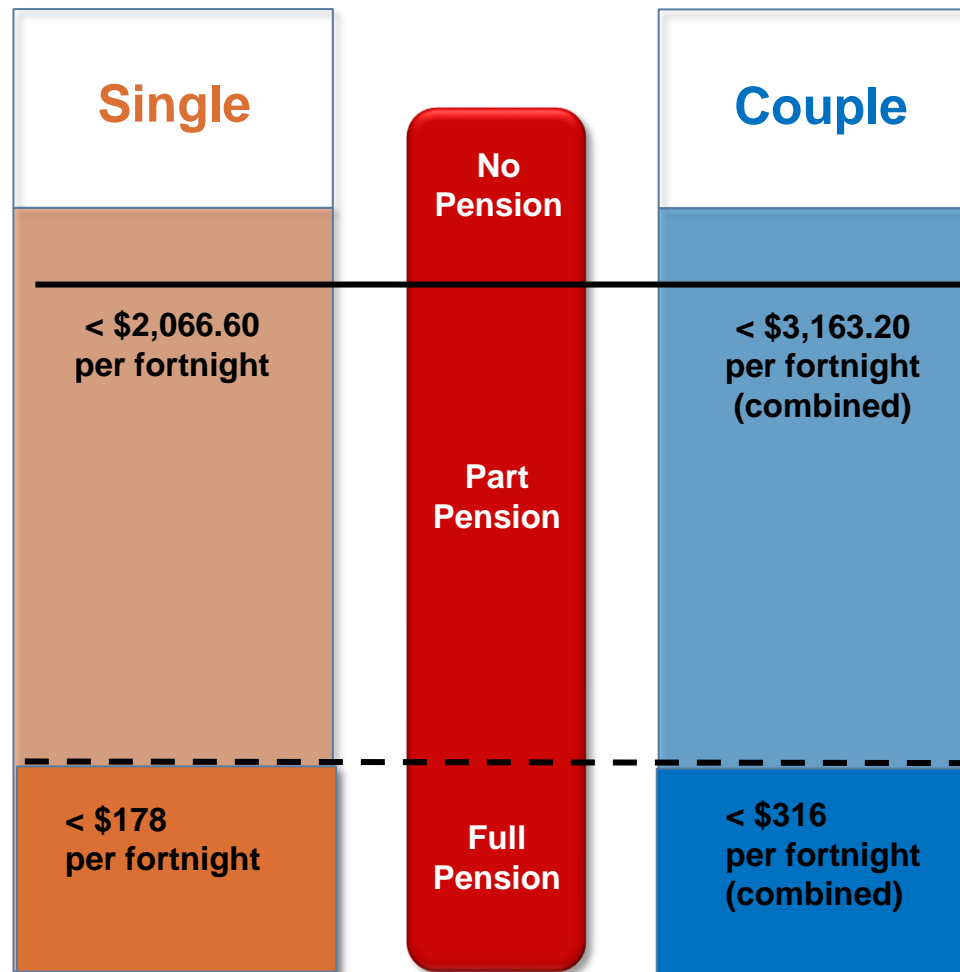
Source: <https://www.servicesaustralia.gov.au/individuals/services/centrelink/age-pension/how-much-you-can-get/assets-test/assets#assetstestlimits> rates as at 1 July 2020



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Income test



Source: <https://www.servicesaustralia.gov.au/individuals/topics/income-test-pensions/30406> rates as at 1 July 2020



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Case Studies



Case Study 1

Redundancy, can I afford to retire now?

- Bill is 62 years of age, married (wife is 62 with minimal super), no dependent children
- He was made redundant on 31 October with a net termination payout \$200,000 (\$45,000 unused leave payments inclusive)
- His salary was \$100,000 pa and his employer contributions from 1 July to termination date were \$3,201
- Bill's current super account balance \$700,000

Questions

Bill's wants to know if he can afford to retire now? Will he and his wife have adequate income to meet their living expenses and planned capital expenditures (new car, caravan, reno's and overseas holidays) in their retirement.



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Case Study 1

Considerations

- Provide an understanding of Bill and his wife's essential & discretionary income needs
- Outline the major capital expenses and when they will occur
- Provide detailed projection to life expectancy plus 10 years to demonstrate the longevity of Bill and his wife's money if they retire now, to provide them certainty and a level of comfort
- Restructure Bill's investments (based on his investment risk profile) to generate the required income and meet capital expenditures.
- Super contributions and potential to minimise tax due to redundancy.
- Estate Planning – when both Bill and his wife pass away, the tax applicable on any remaining super benefit paid to non-dependants. Consider strategies to minimise tax.
- Review the need for insurance cover considering there is no income nor debt.



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TelstraSuper retirement calculator

Summary

Your income

Your balance

NOW

RETIREMENT

BEYOND

NOW

AGE 62

62
years old
\$900,000
saved in super

YOU



PARTNER



62
years old
\$0
saved in super

\$900,000
total saved in super

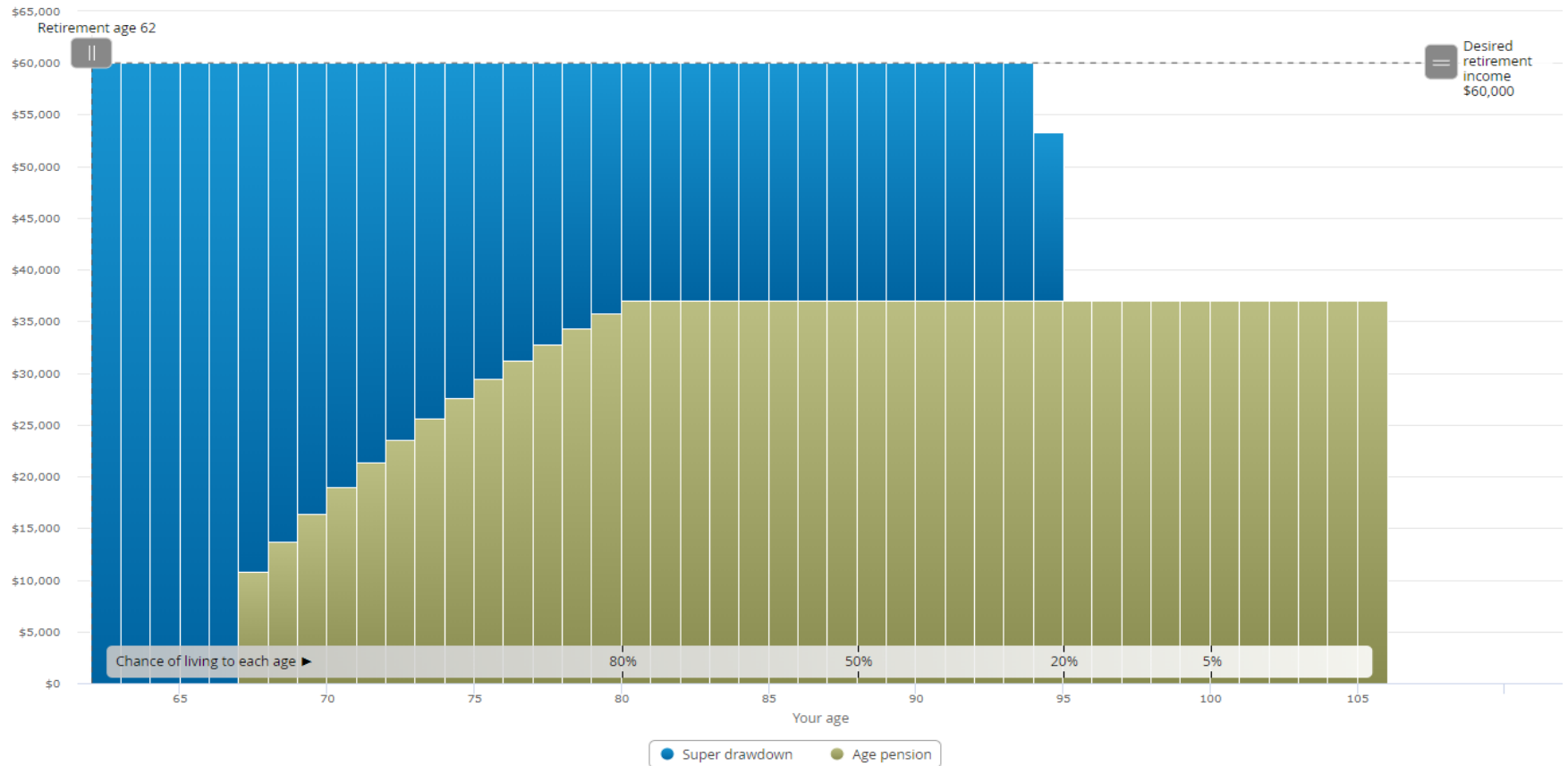


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TelstraSuper retirement calculator

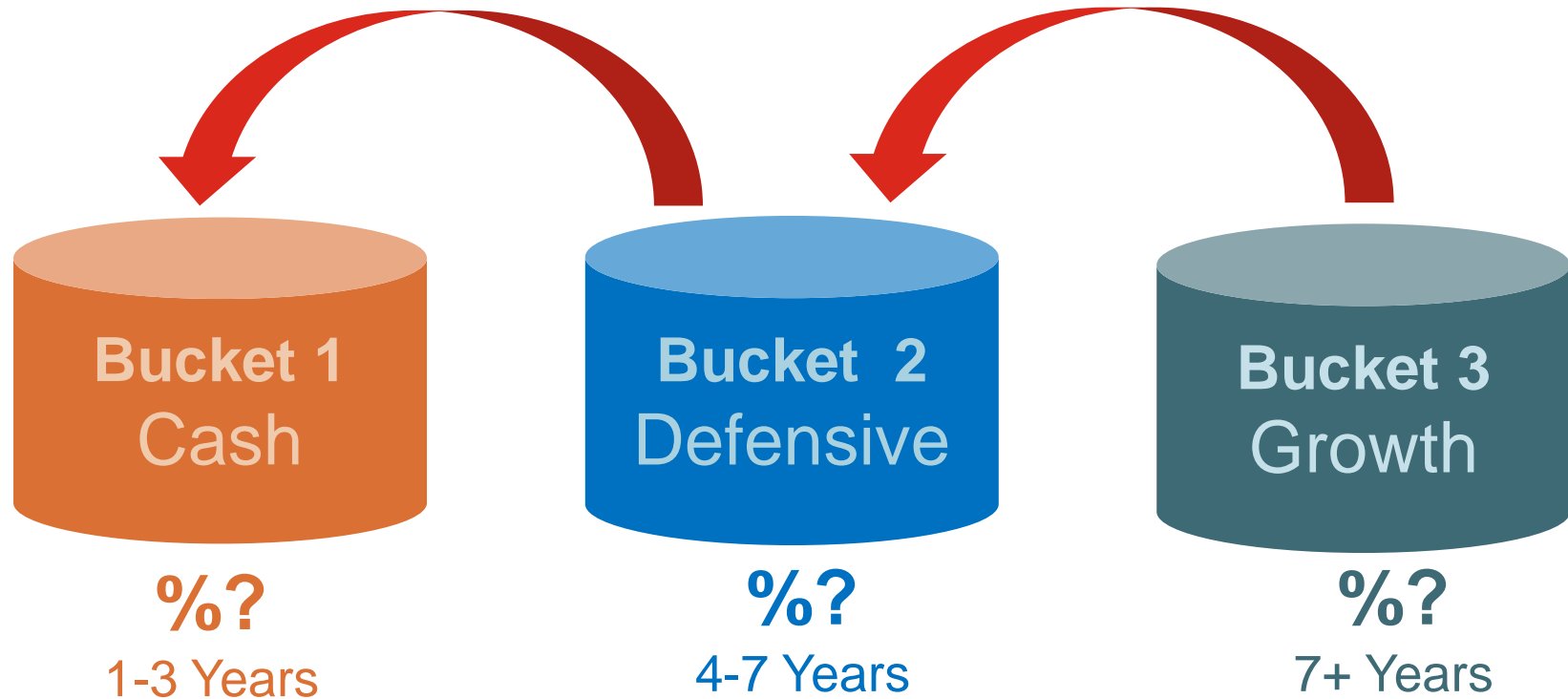
Summary **Your income** Your balance

Projected retirement income (in today's dollars)



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The Bucket Strategy



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Case Study 2

Centrelink benefits, can we get access?

- Greg is aged 65 and retired (reaches Age Pension age at 66 in 3 months)
- Greg's current super account balance is \$800,000
- Anne is aged 60 and retired
- Anne's current super account balance is \$200,000
- Other non-super investments: Bank account - \$35,000 and Shares - \$15,000
- Lifestyle assets: Car - \$30,000 and Home Contents - \$10,000 (Centrelink value)
- Their retirement income requirements are \$60,000 p.a.

Questions

Greg and Anne would like access the Pensioner Concession Card for discounts on their council rates, car registration, utilities and health care.



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Case Study 2

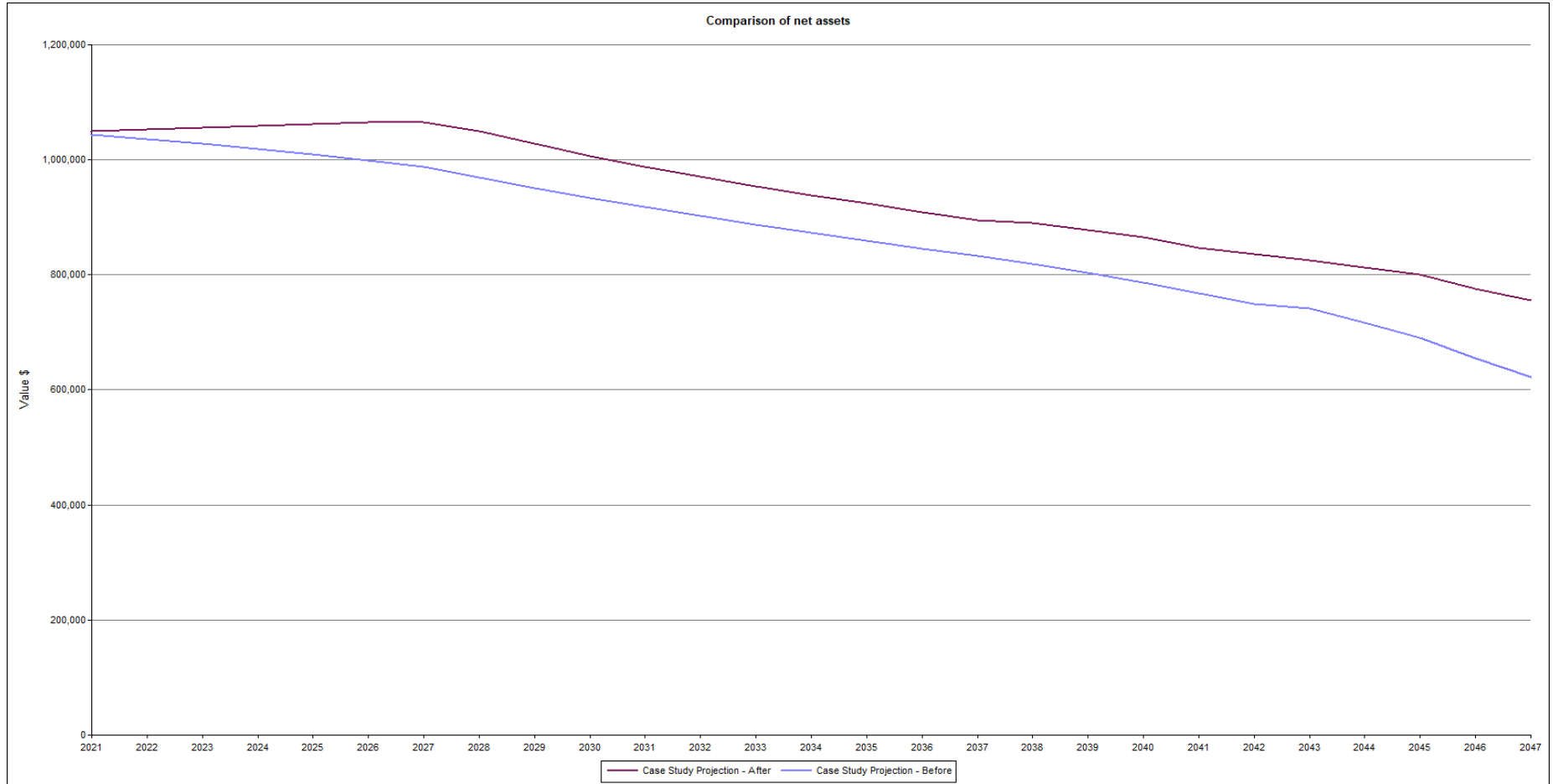
Considerations

- Currently Greg and Anne are not eligible for the age pension based on the value of their assessable assets. (Cuts out at \$876,500).
- Opportunity to restructure their investments to maximise Greg's entitlement to the age pension. Greg may be entitled to \$11,154 per annum and \$66,924 over 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.



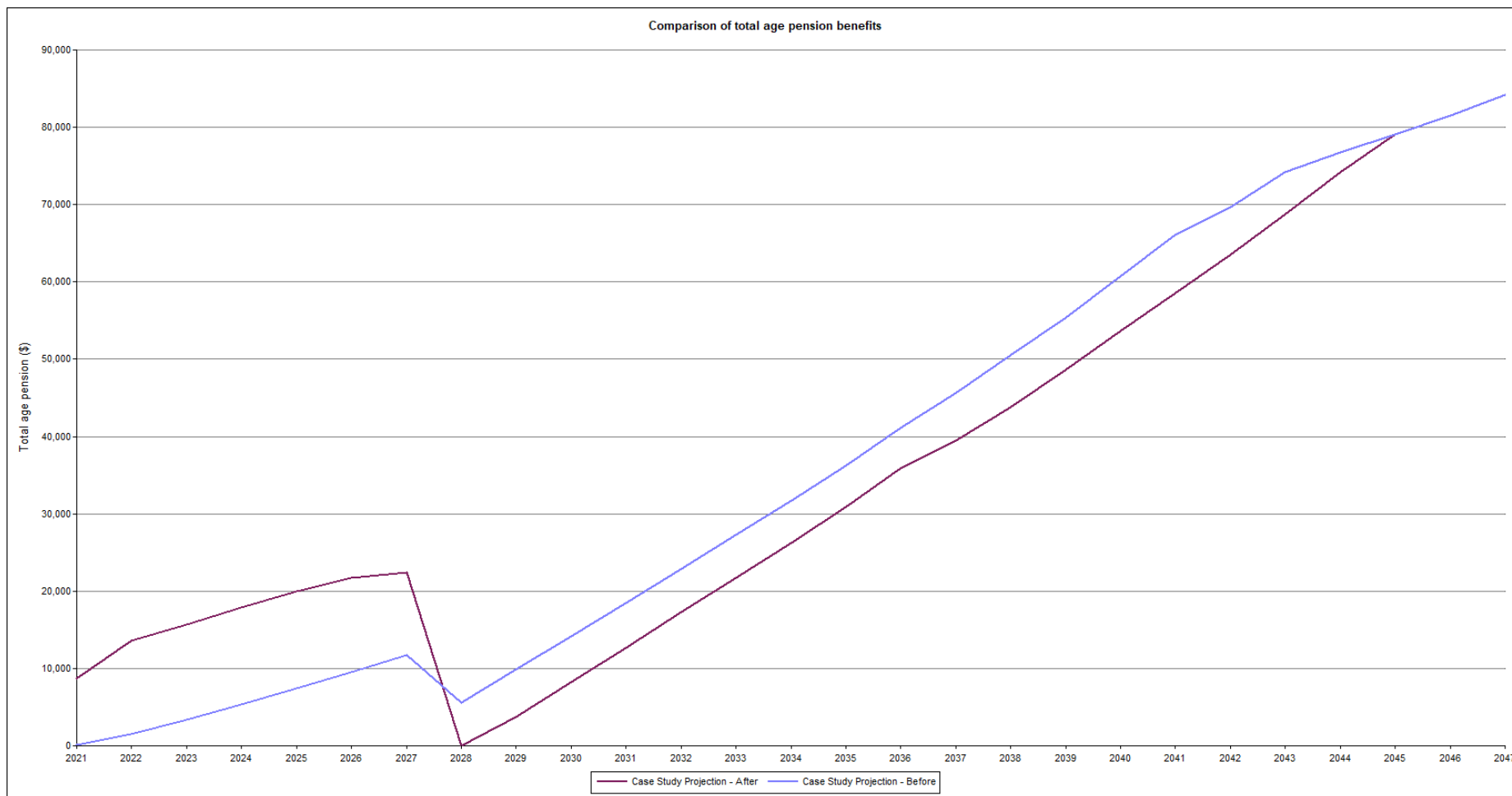
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Net assets -comparison



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Centrelink comparison



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How TelstraSuper can assist



Super online

www.telstrasuper.com.au

- ✓ Update your email address and personal details
- ✓ Check your account balance
- ✓ Review your insurance cover
- ✓ View your nominated beneficiaries
- ✓ Make a non-binding nomination
- ✓ Review your investment options

The screenshot shows the TelstraSuper online account dashboard for a user named Bob. The page is titled "Hello Bob" and includes a "VIEW MESSAGES" link. The main content is divided into several sections:

- Estimated balance:** Shows a balance of \$98,409 as at 13 March 2019. A link for "BALANCE DETAILS" is provided.
- ACCOUNT BREAKDOWN:** Shows the account name "TelstraSuper Corporate Plus" and account number "03202", with a total balance of \$98,409.
- Superannuation contributions:** Shows the most recent concessional contribution of \$285 on 07 March 2018. It includes a bar chart showing contributions for the financial year versus the contributions cap (\$25,000). It also provides the BPAY biller code (94078) and BPAY number (4906015906015). Links for "VIEW TRANSACTIONS", "FIND SORT SUPER", and "MAKE EXTRA CONTRIBUTIONS" are available.
- Balance projection at retirement:** Shows the estimated retirement balance and income. The total estimated balance is \$160,000*, the annual income is \$28,856*, and the fortnightly income is \$1,110*. A bar chart shows the current estimated balance and income against the target (\$1,692 per fortnight). A link for "HOW TO BOOST YOUR SUPER" is provided.
- Investment performance and asset mix:** A section for "Investment performance" with a note that the table below shows the investment option(s) in which the current balance is invested.

Footnote: *The estimated retirement balance and income is calculated using the TelstraSuper Retirement Income Projector (including default assumptions for contributions, investment returns, fees and costs, inflation and for the annual and fortnightly income amounts, the available Government pension entitlements) and some of your personal information (including current age, annual salary of \$80,737 and account balance). Visit [View & Change Assumptions](#) for detailed information about and/or to change these and other calculation inputs. This estimate is not guaranteed - consider seeking financial advice before making any decisions.

†Based on the ASFA Comfortable Lifestyle benchmark income of \$1,692 per fortnight for a single person (as at 14/03/2018).



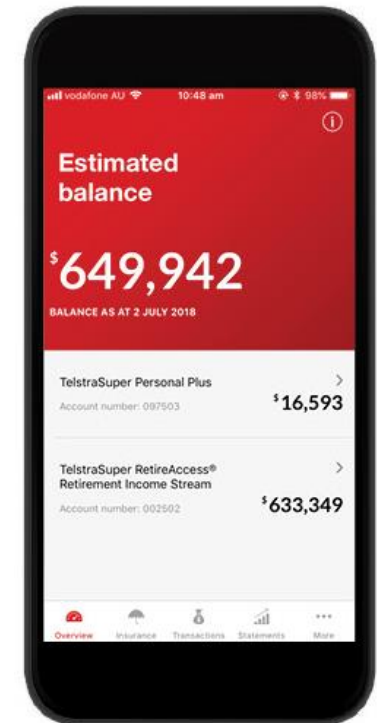
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TelstraSuper app – Apple iOS and Android

Easy access to:

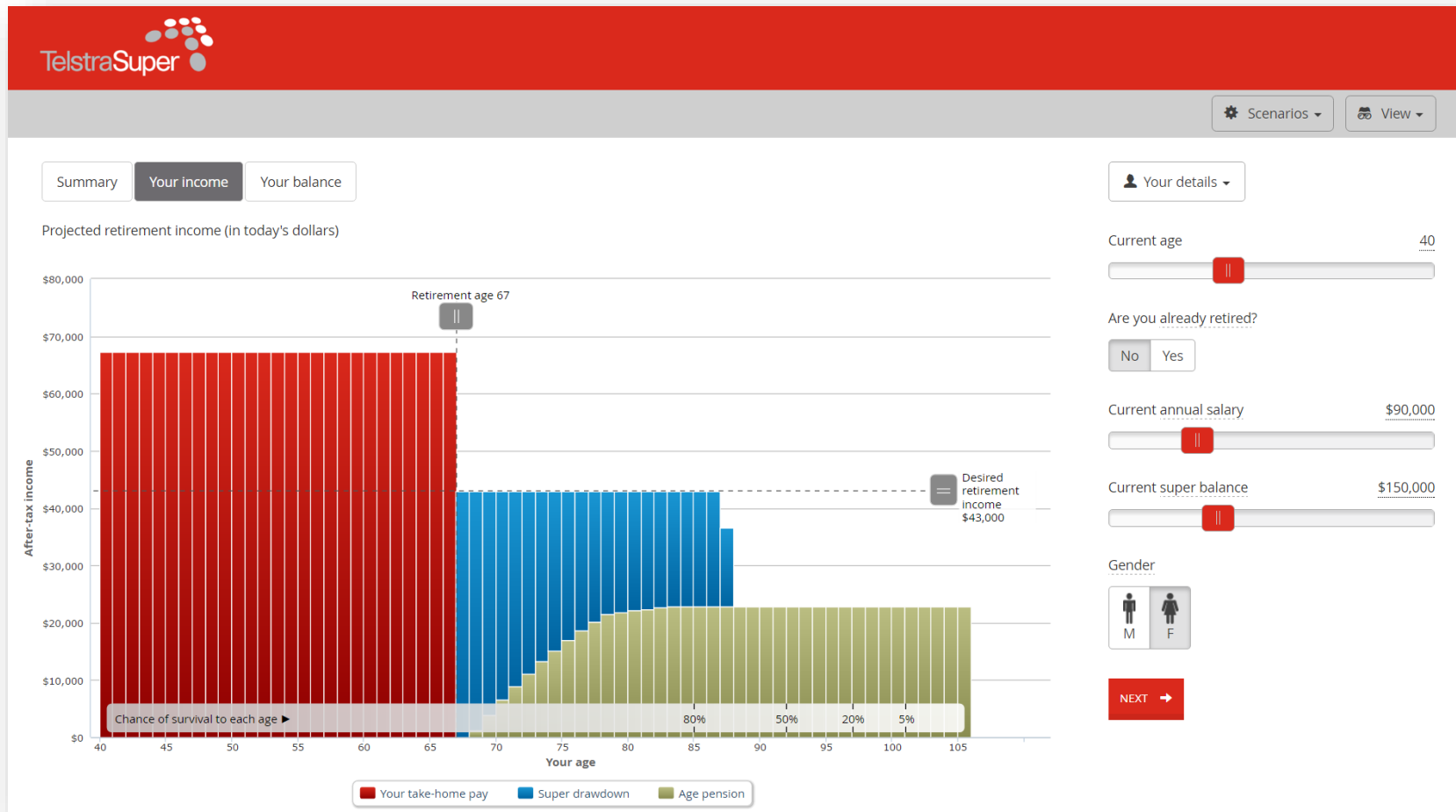
- ✓ estimated account balance
- ✓ investment options, allocation of units and investment returns
- ✓ latest contributions
- ✓ Pre-tax contributions against the concessional contributions cap
- ✓ Benefit statements
- ✓ Insurance cover
- ✓ Transactions
- ✓ Digital Member Card
- ✓ Contact TelstraSuper



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Retirement Projector



Preparing for your retirement



Financial Advice



Advice over the phone

- ✓ General and simple personal advice over the phone about your TelstraSuper account including contributions, investment options and insurance cover through TelstraSuper
- ✓ Provided at no additional cost as part of your membership



Advice in person

- ✓ Comprehensive personal advice available on a one-off or on-going basis. An advice fee applies.
- ✓ Fee for service offering, competitive advice fees
- ✓ Video meetings available




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Questions



As a leading profit-to-member fund, TelstraSuper is committed helping our members build a financially secure future.

 1300 033 166



talkingsense@telstrasuper.com.au



www.telstrasuper.com.au

As a current TelstraSuper member, you are able to refer your eligible family members to join TelstraSuper.