00:00:33:01 - 00:00:58:01
Josh
Hi. You've been working all your life. You've been saving your superannuation, been working hard for you. But at some point, you have to think around what you're going to do with it. What's your journey? What's your path into retirement? How much do you need? And what do you want to do with it? These are all things that we're going to be talking about in this episode.

00:00:58:01 - 00:01:24:06
Josh
And this is, for me, one of the most exciting episodes that we'll cover, because you're actually talking about the dreams and aspirations that you've really been aiming for throughout your working life that you get to enjoy and thrive within in your retirement. My name is Joshua van Gestel. I'm the Senior Manager of Education at ART and it is my pleasure to be with you.

00:01:24:08 - 00:01:51:20
Josh
I've got some wonderful guests who are going to help me on this journey. But before we get started, I'd first like to acknowledge the traditional owners from the land on which we're broadcasting the Turrbal and Yuggera nation, but also pay my respects to the lands of the Dharug, where I'm from in north west Sydney. But I also make acknowledgment to the many lands and nations that you are joining from, from around the country.

00:01:51:22 - 00:02:19:06
Josh
I would like to also point out that in this session, we're going to be covering off a whole range of different topics, and it's important to note that they are of general advice nature only; we don't know your personal circumstances, needs or what you want from your retirement. So as we go through this session, we encourage you to think about how it applies to you and to seek out more information.

00:02:19:06 - 00:02:48:07
Josh
Use the tools that we'll be outlining and the information we'll be providing. But also think about whether you need to reach out to a financial advisor to discuss your situation, needs and aspirations further. Now, as I said, this is a really exciting part of your retirement journey or your superannuation journey. That point where you decide to actually think about what your retirement may look like.

00:02:48:09 - 00:03:18:19
Josh
Now, for most people, they don't actually think about that often until it's quite late, and I would like to encourage everyone to think about their retirement as soon as possible, whether that being in your 30s or 40s, not necessarily being detailed about it, but at least starting to think conceptually about where you might be aiming your superannuation is one of the longest term investments you will ever have.

00:03:18:21 - 00:03:48:20
Josh
And for many of us, it will be one of the largest. So it's not something you should just leave to chance or check in on later on in life. It's something you should be active on, so I congratulate all of you for being part of watching this, because you're obviously on that journey when it comes to your retirement, though when thinking about that plan, you need to first be asking yourself, what is it that you're wanting in retirement?

00:03:49:00 - 00:04:19:21
Josh

What are the considerations that are going to play a big part in the choices and decisions that you will make, both as you are going through your working life, but as you transition out of that working life and move completely at some point into your retirement, it's thinking about your financial plans, but also thinking about where you are emotionally, where you are physically, where you are as part of a community.

00:04:19:23 - 00:04:48:19
Josh
Your retirement journey shouldn't just be thinking about the numbers that you want to achieve and what you're going to do with that money; your retirement journey should be thinking about. What will your life actually look like? What do you want to experience so that you're prepared on that day that you finally finished work, whether that's full time or part time, or even permeating in some way, but knowing what comes next?

00:04:48:21 - 00:05:22:05
Josh
And that's something that you should actually start to try and experience before retirement comes. I think about it in my own case, I love some of the hobbies that I have. I love my art, I love creating. I also love exercising. These are things that I believe will still be a very big part of my life when I'm in retirement, but I choose to also enjoy them now, knowing they will become much bigger, but also consider the challenges ahead of you.

00:05:22:07 - 00:05:47:21
Josh
What are the physical obstacles? What are the financial obstacles? What are the assets and things that you need to deal with as you approach retirement, but also think around your family around you? Do you have younger dependents that you're still going to have to consider? Have you got older parents who could still be a part of your financial requirements in your retirement?

00:05:47:23 - 00:06:18:20
Josh
The main thing to note here is your retirement will be unique. It will be yours. It will be different to everyone else's. So take this episode as your opportunity to reflect on what it is you want from your retirement and the unique challenges, but also the exciting opportunities that you personally will have and should explore. So as I said, your retirement is actually not just thinking about the money.

00:06:18:24 - 00:06:53:04
Josh
It's also thinking about how you are emotionally and mentally in preparing for retirement. Although for some of us, our retirement can come suddenly, we can almost be forced into it. And that will bring a very different emotional consideration and condition for us to think about. But where you have the opportunity to plan ahead, think about how you will stay active mentally, physically and also what your daily routines, your friendships, your community will look like.

00:06:53:06 - 00:07:25:00
Josh
Think about what your daily routine may be that day. After you finish work, you wake up. What will be different? Are you easing into that? Or have you decided you'll do that in one big hit? It's also important to think about what part work will play in this experience. Do you think you'll continue working in some way? Well into retirement, we actually know now that most people will retire more than once.

00:07:25:02 - 00:07:49:11
Josh

Most people will in some way earn an income through employment at some point in their retirement. Or will that part of your journey actually be volunteering or assisting the community in some other way? What is it that you're going to do to actually remain part of a growing community or a workplace community, and stay active in that way?

00:07:49:13 - 00:08:09:16
Josh
I encourage you to think about all of this as we start to focus a bit more on the financial and that first part of the financial focus, I'm going to hand to Steve Fenris, one of our education specialists, to talk about. Do you really need $1 million?

00:08:09:18 - 00:08:32:23
Steven
The question I get asked a lot is how much money do I actually need for retirement? Do I really need $1 million? And the answer is it really depends. It depends on a lot of things. So what you've got to consider is really your situation, what you need and what you want in retirement. And to go back. What that really actually means is when you think about what you're doing right now as you work, what sort of retirement do you want to have as you're retired?

00:08:33:01 - 00:08:49:18
Steven
So when we think about this, are you going to live in the same place? Are you going to keep the same hobbies? Are you going to leave the house as often as you do now, while you're working, when you're retired? What's your situation going to look like when you retire? Now, for some of us, retirement might mean an opportunity to move to a more expensive, much nicer location.

00:08:49:20 - 00:09:08:12
Steven
For some of us, though, it might mean an opportunity to move to a cheaper, more remote location. So your situation is really going to make a huge impact on how much money you actually need for retirement. Now, when we think about needs, there are some bills that we just obviously can't avoid. If we own a house, we're always going to have to pay insurance, bills, rates, electricity, things like that.

00:09:08:17 - 00:09:23:00
Steven
So those bills have to be paid for even in retirement. Unfortunately, there are some discounts available, but you do need to consider those are the things that you need to do. But then when it comes under wants, what do you actually want to do in retirement is just as important. Now if you have a very cheap hobby. Happy days.

00:09:23:00 - 00:09:40:11
Steven
You're going to have a really good retirement doing that cheap hobby. But if you're someone that likes a little bit of extra. So if you want to travel overseas once per year, if you want to travel around Australia in a caravan, you're going to need more money than someone who's not doing that. So the amount that you need is really, really difficult to predict because it really depends on what you want to do in retirement.

00:09:40:14 - 00:09:57:22
Steven
Now we'll call out there are three phases of retirement. So when you retire, that's usually when you're in your active phase. The ability to do what you want, do a bit of travel, have a bit of fun. You then go into a passive phase where you're less able to do as many things. Then unfortunately, at some point we reach the frail phase where we're very much homebound.

00:09:58:03 - 00:10:19:21
Steven
So you obviously need a different amount through those stages of retirement. So life expectancy is a huge part of it. Now, I used to be a financial planner, and this was the hardest part about working at someone's financial goals. And the reason is we simply don't know how long you're going to be in retirement. Some people will have a nice, wonderful 20, 30, 40 years in retirement, and unfortunately, some people have a much shorter time in retirement.

00:10:20:02 - 00:10:35:16
Steven
And that means it's really hard to predict how much money you can spend during your retirement. So when you think about this, you really need to think about what your sort of lifetime you can expect to have. Now, it's really, really easy to judge this and just have a look at your parents. If your parents live to be 90 to 100 years of age.

00:10:35:17 - 00:10:56:04
Steven
Odds are you'll live the same way. However, if your parents unfortunately passed away in their 50s and 60s, you better have a really good time early on in retirement. But life expectancy is something that really makes a big difference. And I will call out that life expectancy has continued to increase as we've gotten all these medical advances. So your life expectancy likely will be longer than your parents as well.

00:10:56:06 - 00:11:14:04
Steven
Now, what will be a good retirement. And this really depends. But for most people, good retirement is actually living life to the full. Obviously you've worked through entire career. Now's the time you want to have some fun. And what does fun actually mean for you? So usually it means connecting with friends or family. It usually means spending more time with community.

00:11:14:07 - 00:11:36:06
Steven
So how are you going to live life to the full in retirement? You also need to consider those meaningful relationships. Now, obviously, you've obviously had some issues with your family over your lifetime, and hopefully now's the time to resolve those and really think about what is important to you. It's a great time to reconnect with all those cousins and brothers and sisters you haven't spoken to in a long time, because you've just been too busy with your own immediate family.

00:11:36:08 - 00:11:57:08
Steven
Simple contentment is a huge part of retirement as well. What actually makes you happy? If getting out of bed every morning and going into the garden and growing some flowers makes you happy, that's great. But if you need a little bit more, if you want to do volunteer work, if you want to help out, looking after the grandkids, that simple contentment that you get from being involved in everyone's life is obviously going to be a great part of your retirement.

00:11:57:10 - 00:12:14:15
Steven
You've also got the freedom of choice. Now. Initially when you retire, you become everyone's taxi driver. Essentially, it's very difficult. You need to set some boundaries when you retire, but eventually you get the freedom of choice, the ability to do what you want, when you want. Now, if you want to lock up your house today and go overseas tomorrow, you want that ability in retirement.

00:12:14:17 - 00:12:32:06
Steven

So that freedom of choice is very important when you think about what you're going to do now, how do you actually work out your retirement number? There's a range of ways to do this now. The quick and easiest way is two thirds rule. So two thirds of your current income will give you the same lifestyle in retirement, because your lifestyle won't change too much when you retire.

00:12:32:07 - 00:12:54:03
Steven
The only really big difference is you don't go to work anymore and you don't get a salary from your employer anymore. But your wants, your hopes, your dreams, all the things that you like to do are still pretty much the same when you retire. The better way to do it is to prepare a budget. And now I highly recommend that everyone that's watching this today go out and look at your budget and look at where you spend money and where you find value with all the expenses that you have.

00:12:54:05 - 00:13:08:17
Steven
This is the easiest way to see if you're spending money and the things that you love and enjoy. And this is the way to work out what your needs are versus what you want. So we've got a budgeting tool on the website as well. So feel free to jump onto the Australian Retirement Trust website. And there's a budget calculator up there as well.

00:13:08:18 - 00:13:26:02
Steven
There's also one on moneysmart.gov.au as well. Now there are lifestyle guides as well. So there's a thing known as the ask for retirement standard. So if you jump onto those websites they actually go out and survey all the retirees and ask how much money they actually spend in retirement. And we'll talk about this a little bit later on.

00:13:26:04 - 00:13:43:11
Steven
But looking at what your budgets are, your budget is going to be different to someone else. Like you may not be average, you may spend below average, or you may spend above average. So it is a good guide to see what people in your situation actually spend. But it won't necessarily be the right number for you. And the final one is Retirement Calculator.

00:13:43:12 - 00:13:58:15
Steven
This calculator is going to enable you to get the information that you need personal to yourself, as to what sort of retirement you're on track for. Now, the great thing about this retirement calculator is that you can see whether you're on track for the retirement that you want, or what sort of changes you need to make. Now, happy days.

00:13:58:15 - 00:14:14:04
Steven
If you use this calculator and you can retire earlier. But for a lot of people, you may not be able to retire as soon as you want. And what are you going to do to change that? And this is through putting more money into superannuation, changing your investment options, just considering all the things that you can do to have the retirement that you want.

00:14:14:06 - 00:14:44:16
Josh
So wonderful insights from Steve. The most common question we do get asked is how much do I need in retirement? And I really do love to acknowledge that that's different for everyone. The number that you need really depends. And some of the things that will also play into how much you'll need for retirement is thinking about when your retirement journey will start, and also think about how it may look in terms of income.

00:14:44:18 - 00:15:10:20
Josh
So let's think about that first point. For many of us, we might have aspirations around when we'd like to retire for no real reason. I actually have in my head that I'd like to retire when I'm the age of 62. Now, that's not a permanent retirement. I'm actually thinking about how I wind down work and do other things, but it is a number that's been in my head for many years.

00:15:10:20 - 00:15:53:14
Josh
My wife is very happy about that. She's actually younger than me, so assumes that she can retire at the same point I do. But although many of us have those aspirations, the reality is for a very large portion of us who want to retire sooner or younger, usually that comes without a choice that retirement is forced upon us either because of a change of circumstances with employment, such as redundancy or a change to our health or the health of a loved one, whether that be a spouse, an elderly parent, or some other circumstance that may lead to us to have to retire sooner.

00:15:53:16 - 00:16:26:15
Josh
So we see that retirement is, as I said, usually forced upon us. But it is those later years where people retire much older that they actually do have more control and choice of when that retirement happens and how. But you also have to then think about once you've retired, it's not just a set and forget, it's not you just deciding on how much income you may need, and that that income stays stable throughout your whole retirement.

00:16:26:20 - 00:16:59:12
Josh
There are going to be events and circumstances that will ebb and flow on your journey. This includes one off expenses that you may not anticipate now, whether that be around your home, whether it be medical expenses, whether it be that you've decided to take a big trip that you otherwise hadn't planned for. It's also thinking about changes in the economy, though we've got at the moment, a period of high inflation.

00:16:59:14 - 00:17:31:06
Josh
What impact is that going to have on your retirement today if you're already there? But where will inflation continue to impact into the future? It basically will drive down the actual money you can put to work. But think also about spending changes now at the start of your retirement. We hope that you can enjoy all those experiences that you want traveling, enjoying your hobbies, enjoying grandkids, maybe whatever it may be.

00:17:31:08 - 00:18:15:04
Josh
But over time, you might actually see that those expenses get more put towards things like medical expenses, aged care. Maybe there's other things that will come into your life that you need to focus on that you don't. Now. Also though, think about longevity. How long do you think you will be in retirement? Again, in thinking about my case, I've got a father who passed away when he was in his early 90s, a mum who is still going strong in her early 90s, and she actually comes from a family where they're all centenarians, all getting to the age of 100.

00:18:15:06 - 00:18:38:09
Josh
I should assume that unless I do something really crazy or stupid, that I will live a very long, healthy life. If I look after myself, I have to account for that. I have to account for the fact that I need to use my super for a much longer period than perhaps some others. And in that period, legislation may change.

00:18:38:14 - 00:19:13:15

Josh
We may see the government change policy around both things, like retirement income from your super, but they may also change policy around things like the age pension or other support. So our retirement will be a long journey, and it is important again to expect that these things will ebb and flow along that path. The other thing that I would encourage you to think about is ebbing and flowing, rather than just being stagnant, is where your retirement income will come from.

00:19:13:17 - 00:19:35:11
Josh
Now, if I was talking to you ten, 20 years ago about retirement, I would probably suggest that you have employment income until a certain date; you then retire. You maybe have a small amount of superannuation that you would use or spend or may put to an income in some way, but you would then use the age pension.

00:19:35:13 - 00:20:05:07
Josh
What we're seeing now, though, especially as superannuation balances increase and as we're seeing people work much longer and participate in the workforce for much longer, is that your retirement income could actually come from three very different sources, and these sources may go up and down over time alongside each other. And what I mean by that is you might, in a period of retirement, find yourself still working.

00:20:05:09 - 00:20:30:07
Josh
And during that period you may not need as much from your super, or you may not get as much from the age pension because you're working. You might have years where you're not working at all. And so the age pension becomes a bigger part of your retirement income mix, or you're having to dig into your own savings a bit more than you did the previous year.

00:20:30:09 - 00:21:05:03
Josh
These things will change, and it is an exciting part of your retirement journey to know that these different areas of income will have inflow, depending on your circumstances and how they are changing over time. So to start to unpack some of this, I'd like to hand over to Trudy. Trudy is one of our wonderful education specialists, who will start to get you thinking about what you need to consider here, as well as some of the tools and ways that you can find out further information and how it will apply to you.

00:21:05:07 - 00:21:30:12
Trudy
Thank you. Josh. So interestingly enough, I've got 62 in my mind as well. So that seems to be the magic number. But how much money might I need? And will I really be able to retire at 62? What does the age pension actually look like? So I'd just like to step you through some of those retirement lifestyle options and where you can get a little bit more information on that if you need.

00:21:30:17 - 00:21:53:01
Trudy
So what we're looking at on the screen now are current maximum figures for age pension in Australia. So we can see for a single person, if you were receiving the maximum age pension, you would be receiving just over $31,000 per year. If you're part of a couple, you would receive just over $47,000 per year between the two of you.

00:21:53:03 - 00:22:15:19
Trudy

So that is what we would call a budget lifestyle. Budget retirement lifestyle. It doesn't really give you a lot of freedom in terms of if you wanted to do any renovations, that's probably out of the picture. You might have a limited budget for repairs. If you're wanting to take any time away, it might be more of a short break in your own home city.

00:22:15:19 - 00:22:46:20
Trudy
There might not be capacity for much travel. You're probably relying on Medicare and not having private health insurance. And in terms of eating out, it's probably more club meals, takeaway meals, picnics rather than eating out in restaurants. But fortunately, everybody that's tuned in today has attended this session purely because they've got some superannuation, and they'd like to know more about using that superannuation in retirement.

00:22:46:20 - 00:23:11:24
Trudy
So let's talk about other lifestyles that are possible. And Steven did allude to this earlier, but I'd like to go a little bit deeper into what we call the retirement standard. Now ASFA is the Association of Superannuation Funds of Australia. Now as for an industry body and Australian Retirement Trust is a member of ASFA. So we pay levies to ASFA as we are a member.

00:23:12:04 - 00:23:34:23
Trudy
And what as for do for us is they do a lot of research, a lot of modelling, and they go out and they talk to retirees and they say, okay, to live this lifestyle, how much does it cost you per year? And I'd like to share some of those figures with you. So to live a modest retirement under the as for retirement standard, you can see for a little bit more than that age pension.

00:23:35:02 - 00:23:55:17
Trudy
So around about 36,500 dollars as a single means that you have got a little bit more money. You can stretch that budget a bit further. You've got some money for repairs or replacing your white goods potentially. You can probably have basic private health insurance. You can afford an annual holiday in Australia. And when we're looking at this, we're assuming a few things.

00:23:55:19 - 00:24:21:24
Trudy
So we're assuming that you will retire at the age of 67 and you will be mortgage free at that point. We're also assuming that you will access some age pension, either full or part Age Pension. Interesting thing about the Age Pension. There's over 2.5 million Australians who are receiving some Age Pension. And we talked to a lot of members and they say, I'll never get age pension because I've got too much money or what have you.

00:24:22:00 - 00:24:53:24
Trudy
Never say never. As you spend down your assets, you may become entitled to age pension at some point in time. So the ASFA retirement standard assumes that you will use your superannuation and you'll also access some age pension. So a modest standard living in retirement. There's a lot more detail on this on the ask for website and that is superannuation dot as a so you can learn what as for do include in their modest standard of living in retirement.

00:24:54:05 - 00:25:15:12
Trudy
There's also another standard of living that they detail called the comfortable standard of living in retirement. So you can see for about an additional $20,000 a year, it gives you a lot more freedom. It means you can drive a newer car. You can afford to have that car service. You might be able to do some renovations. You can afford top tier private health cover.

00:25:15:12 - 00:25:40:18
Trudy
If that's something that's important to you, you can afford to dine out at restaurants. It also includes overseas travel once every seven years. You can take an overseas holiday, but this really isn't a one size fits all for everybody because we are all quite unique and we will have those things that we want to do. We will need to consider our health as well and longevity in the family, all of those sort of things.

00:25:40:18 - 00:25:59:14
Trudy
Am I going to need to spend a lot on health care? Do I have loved ones who live overseas and I want to spend time with them? Or do I want to live a more simple lifestyle? So all of those things will come into play. So this certainly isn't a one size fits all, but it is a place to start.

00:25:59:17 - 00:26:22:07
Trudy
So we would encourage you to have a look at the as for retirement standard as a baseline and think, well, how am I towards achieving either that modest or that comfortable standard of living in retirement? Now a lot of people look at this and they say, okay, well that says I need 55 or $56,000 per year if I'm a single to achieve a comfortable standard of living.

00:26:22:12 - 00:26:44:09
Trudy
Well, how much do I actually need to start with to achieve an income of that level? So when we're thinking about how much might we need to go into retirement with in terms of lump sums, there is some guidance here. So if you are a homeowner. So this means no mortgage. So if you've fully paid out your home loan.

00:26:44:12 - 00:27:14:16
Trudy
So you're not paying mortgage or rent. So single people if they start retirement with round about $630,000 as a lump sum, they can achieve that comfortable standard of living in retirement. Now a modest standard of living in retirement can be achieved with as little as $110,000 as a lump sum when you begin your retirement. For a couple, if you start retirement round about $730,000 between the two of you, you can achieve that comfortable standard of living.

00:27:14:19 - 00:27:43:04
Trudy
And for a modest standard of living round about $120,000 means you will hit off those things that ASFA include in that modest lifestyle or that comfortable lifestyle. We might have a lot of members listening, though, who are going to be still paying out their mortgage in retirement or renting. So ASFA even have some details around non homeowners and how much money they might need to head into retirement with to achieve that modest standard of living.

00:27:43:08 - 00:28:09:13
Trudy
So we can see around about $340,000 for a single or round about $385,000 for a couple. Now, when I think about myself, I do have that age of 62 in my mind. I'm not sure why we've landed on that same age there Josh and I've also got longevity in the family. My mum's 87, my grandmother lived to be 101, so that sort of factors in as well.

00:28:09:14 - 00:28:37:23
Trudy

And will I be mortgage free? Likely I won't and will I have $630,000 when I commence retirement. I may not be there, so I need to sort of think about how the other pieces all fit together there. So income in retirement, the ASFA retirement standard, does assume that you will access the age pension at some point in time, even if that's not immediately upon retirement.

00:28:38:00 - 00:29:01:11
Trudy
You may become eligible later on in your journey, depending on what your spending looks like and what your assets and income looks like. So no flexibility really about when you can apply because you need to be at age pension age, which is 67. But you do need to be aware of any legislation changes of course. And that means testing does apply.

00:29:01:11 - 00:29:21:07
Trudy
And I will explore that a little bit further in a moment. Will I still work in retirement? Josh mentioned that a lot of people do continue to work in retirement. Some people think I'd really like to retire. Maybe you feel that you can't afford it, or you're worried that you're going to be bored, so it might mean that you ease into retirement by going part time.

00:29:21:09 - 00:29:47:10
Trudy
Or some people do fully retire and then they think, you know, I miss that interaction. I miss sort of being active and going to work. I miss the social aspect of that. So maybe they go back into work at some point in time. So a lot of people are actually working through retirement. So you might have income coming from there, or you might have other investments that create a source of taxable income in retirement.

00:29:47:10 - 00:30:30:17
Trudy
And of course your superannuation. So this is available to you from your preservation age, depending on your circumstances and whether or not you fully retire or not. But you can get your hands on at least a little bit of super from Preservation Age. And this allows you a lot more control, a lot more freedom in retirement. And we do look at this further in some of our other sessions about what retirement products are available, how your money might be invested in retirement, and how advice can form part of that bigger picture and help you make those superannuation funds last longer and work together with your other income, either from other sources of income or from

00:30:30:17 - 00:30:55:07
Trudy
age pension, so you can live that long and happy. Retirement. And just a few more points about the age pension. Looking at, again the maximum age pension rates as a standard currently. But remember, if you are on the age pension, you also get a Commonwealth Government concession card. So that gives you access to cheaper pharmaceuticals under the PBS.

00:30:55:09 - 00:31:16:05
Trudy
It also allows you to be bulk billed, and a lot of state and local governments will offer other discounts as well. So just check where you live and what might be available. If you hold that concession card, it might mean discounts on rates, transportation and those sort of things. Utilities potentially. So do have a look into that now.

00:31:16:05 - 00:31:36:05
Trudy

When can you apply for the age pension. So you need to be 67 or over to be paid the age pension. You do need to also meet residency requirements. So you need to be living in Australia for at least ten years. But we do encourage you to be ready to apply for the age pension when that time comes.

00:31:36:10 - 00:31:59:23
Trudy
So you can apply to the age pension up to 13 weeks in advance before you become eligible. So before you turn 67, you can put in your application. You can gather all that information that's required and submit that. So when the time comes, if you've got eligibility, your pension payments can start immediately. So remember that means testing I want to talk about this a little bit.

00:31:59:24 - 00:32:23:07
Trudy
So you are tested in terms of income but also in terms of assets. So we're looking at how much income you can earn before your age pension starts to be reduced. So for singles or couples round about that $5,000 mark or, or, you know, 5 or $6000, when you start earning above that as a single, you do get a reduced age pension.

00:32:23:11 - 00:32:43:06
Trudy
Or if you're a part of a couple, around about $10,300 between the two of you. Anything above that means your pension will reduce. There's also the asset test as well. So what do you own in terms of assets? That's going to determine whether or not you can be paid full age pension, part age pension or no age pension.

00:32:43:06 - 00:33:11:06
Trudy
So we're looking at those lower thresholds for the assets test as well. Once you are above those thresholds, your pension will start to reduce. The way this means test works is you need to apply the income test as well as the asset test, and then the lower result will determine how much age pension you are entitled to. Now of course we've talked about the as for retirement standard, we've talked about age pension and how much you might potentially be entitled to.

00:33:11:12 - 00:33:34:11
Trudy
We would encourage you to dig deeper into the age pension as well on the Services Australia website. But of course, there isn't a one size fits all. Everybody's circumstance will be different. Steven did mention the retirement calculator earlier on, so I'd just like to give you a little bit of a glimpse at that. It is a fantastic tool because you can put in your own circumstances.

00:33:34:15 - 00:33:57:07
Trudy
You can put in how close you are to retirement when you want to retire, how much you would like to retire on, how long you think that you're going to live. And then if you think, well, you know, I'm not really hitting the target as far as the income level, I'd like. What could you do differently? If you don't have enough money, would you reassess your retirement goals?

00:33:57:13 - 00:34:20:19
Trudy
Would you think about maybe doing something that costs a little bit less, other than is it a five star trip to Europe that you're after? Could you go for something which is a little bit of a more modest trip? Potentially? Are there some things that you could potentially modify in retirement? Change those goals a little bit that will change your income needs in retirement?

00:34:20:21 - 00:34:45:21
Trudy
Would you consider working longer? Would you consider working part time into your retirement? Would you change that age like it's not necessarily fixed in stone, you'll retire when you're ready. And of course could you look at your savings. So that includes your superannuation. Are you able to contribute more into your super. Could you change your investment options? Could you save outside of super.

00:34:46:00 - 00:35:47:05
Trudy
So all some things to consider in your big picture and in your plan. Now I am going to ask Josh to come back to the desk shortly, but before we do, we're just going to take a short break and we will join you in a moment for Q&A.

00:35:47:07 - 00:36:18:22
Josh
Welcome back and thank you so much, Trudy. I think we're both the youngest looking Gen Xers in the team. This is the first time I actually realized this is the first time we're actually doing a broadcast event together, so it's nice to be alongside you. Let me start with a, an easy question. You present a lot at our events in workplaces, but also the events that we hold in clubs and pubs and RSL and things right around the country.

00:36:18:24 - 00:36:39:22
Josh
When you talk to people about planning for a time and we have a lot of members come up and speak to us afterwards when you present this topic to them in that environment, what sort of feedback or questions or energy do you get from people when they come and speak to you afterwards? Well.

00:36:39:24 - 00:36:57:00
Trudy
That is a bit of a tricky one. Some people are nervous, generally when they come to it at the start, they might be a bit nervous, but if they attend a retirement event and we talk about investments, we talk about getting the product right. We talk about accessing advice. It normally does ease their mind a little bit.

00:36:57:00 - 00:37:15:11
Trudy
And I think, you know, I'm going to be okay because I can balance all of these things if I if I do the right thing, if I, if I start on the right foot. A lot of people are excited. Some people are really, really well educated and they're already in a good position and they're sort of coming along saying, you know, I'm just coming along.

00:37:15:11 - 00:37:30:00
Trudy
I've been lots of times before and just wanting to make sure I'm staying on top of all of those latest changes like legislation changes particularly. And and are there any new products at how the investments going? Things like that. Absolutely.

00:37:30:02 - 00:37:52:10
Josh
So thinking about that nervousness, is that a nervous. Because I think a lot of people maybe think I'm the only one who's not prepared. Some people come along not knowing what questions to ask. They feel embarrassed sometimes. Is that what you mean by people are feeling nervous when we talk to them at those events? Or some people.

00:37:52:12 - 00:38:15:01
Trudy

I think potentially. But sometimes it's just their circumstances are so different. I went to a workplace recently and I met a lady. She was a nurse and she had come to Australia, but she had spent her earlier years nursing in the UK, and she had a pension from the UK. And she said I don't have a lot of superannuation in Australia.

00:38:15:03 - 00:38:37:13
Trudy
Am I going to have enough because I've got this UK pension as well and how much money do I need? And I said, yeah, well you know, I don't know a lot about the UK system and it's really outside of our scope but can certainly help you with your Australian money. And I did refer her to our calculators to the ASFA retirement standard sort of thinking, would you like to get specialist advice?

00:38:37:18 - 00:39:00:00
Trudy
And she said, I want a number. How much do I need? I want a number. You won't tell me the number? And I said, well, you know, it's impossible. It's impossible. I like to tell the story about my cousin who we grew up in, Alice Springs. He loved fishing. And so he had this. He and his dad bought this fishing shack down in, in, Port Augusta in South Australia.

00:39:00:01 - 00:39:06:03
Trudy
Because if you like fishing, you have to go to Borroloola or Port Augusta when you live in Alice Springs, because that's the nearest bit of ocean.

00:39:06:04 - 00:39:07:22
Josh
I don't know where Borroloola is.

00:39:07:23 - 00:39:09:18
Trudy
Borroloola is right up north.

00:39:09:20 - 00:39:10:18
Josh
Okay.

00:39:10:20 - 00:39:11:14
Trudy
Stories.

00:39:11:14 - 00:39:13:01
Josh
Stories for another time.

00:39:13:03 - 00:39:14:01

That's right.

00:39:14:03 - 00:39:37:13
Trudy
But, so this shack he, and his wife retired to, the shack. He inherited the shack from his dad when he passed. And, you know, they live a blissful existence down there in their shack, there's sunrise or sunset fishing every day, barbecuing on the deck, cooking that catch, looking at the pelicans hosting their granddaughter for school holidays.

00:39:37:19 - 00:40:00:18
Trudy
Now there are a couple that means they need less money to retire than a single. And you know, I really want that Europe trip. So my retirement looks different. And our grandmother lived to be 101 years old. So that comes into play as well. How long might you live? What's your health like? It's impossible to get in an exact number until you look at your own circumstances.

00:40:00:20 - 00:40:22:00
Josh
And it's a bit why we get asked, well, what number do I need? And our usual answer and it's not us being cheeky as well. It depends. But let me a couple of questions. We've got a few things to consider here. Firstly, we've got a number of events ahead of us where we'll dig into these a bit deeper.

00:40:22:06 - 00:40:36:12
Josh
But also some of them are questions that we very often get. So it's good to share. We've talked about age, pension age. Someone's actually said there was a mention of Preservation Age. What's Preservation Age?

00:40:36:14 - 00:41:02:08
Trudy
Oh great question. So Preservation Age is when we are able to first get our superannuation out under some kind of retirement condition of release. So essentially preservation age now in Australia is 60 for everybody. So if you're born after the after the 1st of July 1964, it means you can potentially start to access your super from that age.

00:41:02:10 - 00:41:32:00
Trudy
You still need to maybe jump through a few hoops. If you retire at age 60, you have access to your super. If you change jobs after age 60, or if you reach age 65, full access, but potentially partial access from the age of 60. And we will talk about that more in other sessions in terms of how you might utilize a transition to retirement strategy to help you get your hands on some of your super, and maybe even be smart about it and help build your super up a little bit further.

00:41:32:00 - 00:41:36:24
Trudy
So when you do retire for real, fully retire, you've got more money.

00:41:37:01 - 00:42:01:19
Josh
And it's important what Trudy is talking about, that in future episodes we will actually be talking about how you think about still contributing more money towards your retirement, how you think about investing, also thinking about how you can really thrive in retirement. But we'll also be talking about some other areas around estate planning and some tax considerations as well.

00:42:01:19 - 00:42:29:22
Josh
So a lot for us to continue to unpack. Trudy, maybe as a, as a bit of a segue from that last question to what I said. We've had a couple of questions here about can I choose the way I access my super when I retire? Now we talk about the generally being a couple of key ways you can access super. Without going into too much detail, at a high level, what are the different ways people should be thinking about?

00:42:29:22 - 00:42:34:23

Josh
Well, they're opportunities I could use in retirement to access.

00:42:35:00 - 00:42:53:15
Trudy
Well, you mentioned earlier sort of being emotionally ready for retirement. So giving up work is a big thing. But also, do you really want to land with a huge lump sum in your bank account? Think, how am I going to invest this? How am I going to make it grow? Some people might prefer to get a smaller regular payment from us.

00:42:53:19 - 00:43:14:15
Trudy
They might want to sort of control how it's invested. They want to keep it growing as they retire, particularly if they think they're going to live a long time. They might want flexibility. Some people might want more certainty around how much will I get, how long will it last me? So we do have products for that. Other people might want to take out some lump sum and then get some regular payments.

00:43:14:15 - 00:43:32:21
Trudy
So there's absolutely ways of managing it. And the thing is, managing it correctly can keep it going. And that's really, really important. We all want to live a long, healthy, happy lifestyle, and keeping that money working for us into retirement is so important.

00:43:32:23 - 00:43:53:13
Josh
And that's it's really interesting just in thinking how you talk to that that much, like how much we'll need for retirement will really be unique to each of us. How we choose to then access our money in retirement again could be really unique. You could take some as income, some and some, keep some just in your super.

00:43:53:13 - 00:44:20:22
Josh
There's all different ways you can think about it. But again it's you having some plan or expectation as to what your needs and once will be in retirement. I actually loved that you talked, though, about that emotional piece that I think for some people, when they job stops, they were income. That has really, in a lot of ways, controlled behaviours for decades.

00:44:20:24 - 00:44:46:19
Josh
That stops that with your super you can actually replicate. You can effectively pay yourself in retirement from your super, again, something we'll be talking more about, but segue a little bit when it comes to those choices in retirement. What are the tax implications? Where are tax benefits or tax stumbles that I should think about if I go one way?

00:44:46:19 - 00:44:51:22
Josh
So the question here is actually what tax do I pay in retirement.

00:44:51:24 - 00:45:16:07
Trudy
Oh now this is where it starts to get really good. Because if you move your money into a retirement income product, not only are the investment earnings tax free in that environment, but when you are paid regular payments or even a lump sum payment, if you're over that preservation age of 60 and you are paid from your superannuation account, that is tax free income for you.

00:45:16:09 - 00:45:41:21
Trudy
So a lot of people don't understand that. They say, well, how much tax am I going to pay? I want to get it right, you know, the right amount of income. What's that going to mean for me tax wise? And that forms a big part of the picture. If you are working in retirement and receiving an income from work, if you do have money in your accumulation account still, or if you've got other investments, where exactly do you want to draw that money from to get the maximum tax benefits?

00:45:41:21 - 00:45:45:08
Trudy
And that's something that advice can absolutely help you with as well.

00:45:45:12 - 00:46:09:13
Josh
Fabulous. We've had someone ask, do I have to? They're actually saying they're in a situation where they retired. They were over the age of 60 wanting to know if they do have to do something when it comes to their super. No you don't. If you want to just keep it in super savings, then you can do that and just have it running how it already is.

00:46:09:15 - 00:46:34:00
Josh
To Trudy's point, though, the difference between starting an income stream and keeping it in that super savings is that if you start the income stream, as you said, it has that tax free investment earnings. If you keep it in super savings, then it's actually being taxed at 15% on investment earnings. So if you chose to take a withdrawal of any sort, then that would be tax free.

00:46:34:00 - 00:46:58:14
Josh
But the investment earnings are actually being taxed, treated there a lot of the key questions we've had coming through, a lot of the other questions where actually going to deal with in future episodes. I think it's important though, to probably if I could ask you, just remind people you talked about different places that they could go to get information.

00:46:58:16 - 00:47:09:11
Josh
Obviously, they can jump onto our website and we've got our calculator and other information and tools there. But there are a couple of other websites that you mentioned. Can you just remind them of those?

00:47:09:13 - 00:47:35:16
Trudy
So start with our website. Start with the calculator, see where you're positioned. And even if you're 40 and watching this, you know, the calculators are a great place to start. But in terms of well what's included in that? As for retirement standard, what's comfortable, what's modest, what are they talking about? Because your idea of what's comfortable and modest will vary anyway for each individual.

00:47:35:16 - 00:48:09:01
Trudy
But the ASFA website is called superannuation.asn.au Oh so that's where you can find out all about that. As for retirement standard and in terms of Centrelink. So we do have some Centrelink information on our website and how Centrelink interacts with our products. But the Services Australia website so servicesaustralia.gov.au or even type in age pension calculator and make sure you're going to the Services Australia website.

00:48:09:02 - 00:48:31:07
Trudy
You can even make an appointment with a Centrelink financial services officer to sit down and talk about your Centrelink and how that might work. But one thing I'd like to point out they are not financial planners. So if you seek financial advice, we can help you with your super, Centrelink can help you with your Centrelink. But you can also seek comprehensive financial advice that looks at all of that.

00:48:31:08 - 00:48:42:00
Trudy
So Centrelink, other investments, taxation, superannuation, how it all fits together and we can certainly help you find that as well if you're needing that level of advice.

00:48:42:06 - 00:49:07:15
Josh
Thanks, Trudi. And certainly if you have your own financial advisor already, we really encourage you to reach out to them and make sure that they are part of this journey. Now might sound wrong, but I'm actually hoping that this session has raised more questions for you than potentially answers. And that's what we want. We want that you come out of these sessions with questions, but hopefully they're the right questions.

00:49:07:15 - 00:49:35:06
Josh
They're the questions that relate to you and what you're wanting to do with your superannuation and your retirement journey. So in the coming weeks, as we've already mentioned, we will have a number of additional topics that will focus on your retirement planning and really getting to the point where you are thriving and enjoying your retirement. In the meantime, though, we have on our website some wonderful education tools available to you.

00:49:35:12 - 00:49:59:11
Josh
We have our Take the Wheel program, which is a series of short videos that are action orientated that focus towards different tools that you can use and different things to think about. And we encourage you, some of them specific to retirement. We encourage you to explore those. We also, though, invite you to listen to our wonderful Super Insider podcast.

00:49:59:11 - 00:50:24:24
Josh
I'm a little bit biased. I'm one of the co-hosts, but that's that podcast actually on a monthly basis. Deep dives into a lot of topics that we have covered off today. And so please go back and listen to some of those wonderful episodes, which also includes me doing interviews with our chief economist and other experts from around Australian Retirement Trust.

00:50:25:01 - 00:50:50:00
Josh
But my final acknowledgment for this event is to all of you. Thank you for your time. Thank you for your interest. As Trudi said, just by virtue of the fact that you're here, it is actually showing that you are engaged with your retirement planning and journey. So congratulations on starting to find out some of those needs and wants and where you're going with your retirement.

00:50:50:02 - 00:51:45:09
Josh
We look forward to seeing you soon. In the meantime, take care.