MyLife
Managing Your Lifestyle
Income & Future Expenses

Focus on Transition to Retirement

Transitioning to retirement is all about controlling how and when you want to retire.

Call 03 9017 4114 or
email admin@mylife.com.au

Reaching retirement means going from working full-time one day, to not working the next. Ceasing work means your primary source of income ceases and you need to rely on your retirement savings, and any social security payments you may be eligible for.

What you do during the transition to retirement stage will have a significant influence on your retirement lifestyle.
A transition to retirement strategy can substantially assist in maintaining your required income and increasing your retirement benefits.

Transitioning to retirement is about planning ahead to:

- Make the most of tax benefits.
- Provide the funds to enable you to choose how much you want to work and when you want to retire.
- Give you the financial freedom to choose how to enjoy your extra time after you finish full-time work.

Access your super while still working...
… and retire with more when you're ready.

Once you reach your preservation age, currently 55, (refer to table on p2) you can access your super benefits as a non-commutable account based pension (pension) while working and salary sacrifice some or all of your current wage into super. Once you retire, or reach age 65, the pension becomes fully accessible.

This gives you two options:

1. You can continue to work full-time until retirement and replace your salary or business income with a pension, or
2. You can reduce the hours you work while supplementing your income via a pension.

Knowing which path to take can sometimes be difficult. Making the right decisions as you get closer to retirement can make all the difference to the life you enjoy when you're ready to stop work and reap the benefits. Your financial planner can review your circumstances and assist you in making a successful transition.

Choosing the right path requires financial advice

The best transition to retirement strategy will depend on your personal circumstances. A financial planner can review your specific situation and devise the optimal transition path for you.

How choosing the transition path can put you on the road to your retirement dream.

- Your lifestyle can be maintained by supplementing reduced salary with an income stream.
- Your super will continue to grow, ready for when you retire completely.
- Your pension income is concessionally taxed, which means you can contribute more to super than you draw as a pension. The tax concessions on pensions are:
  - While under 60, part of your pension may be tax-free
  - 15 percent tax rebate on your pension from preservation age to age 59
  - Tax free pension from 60
  - Investment earnings in pension are tax-free

Case Study

Which option gives Rob **$59,000** more in retirement?

Current super $435,000

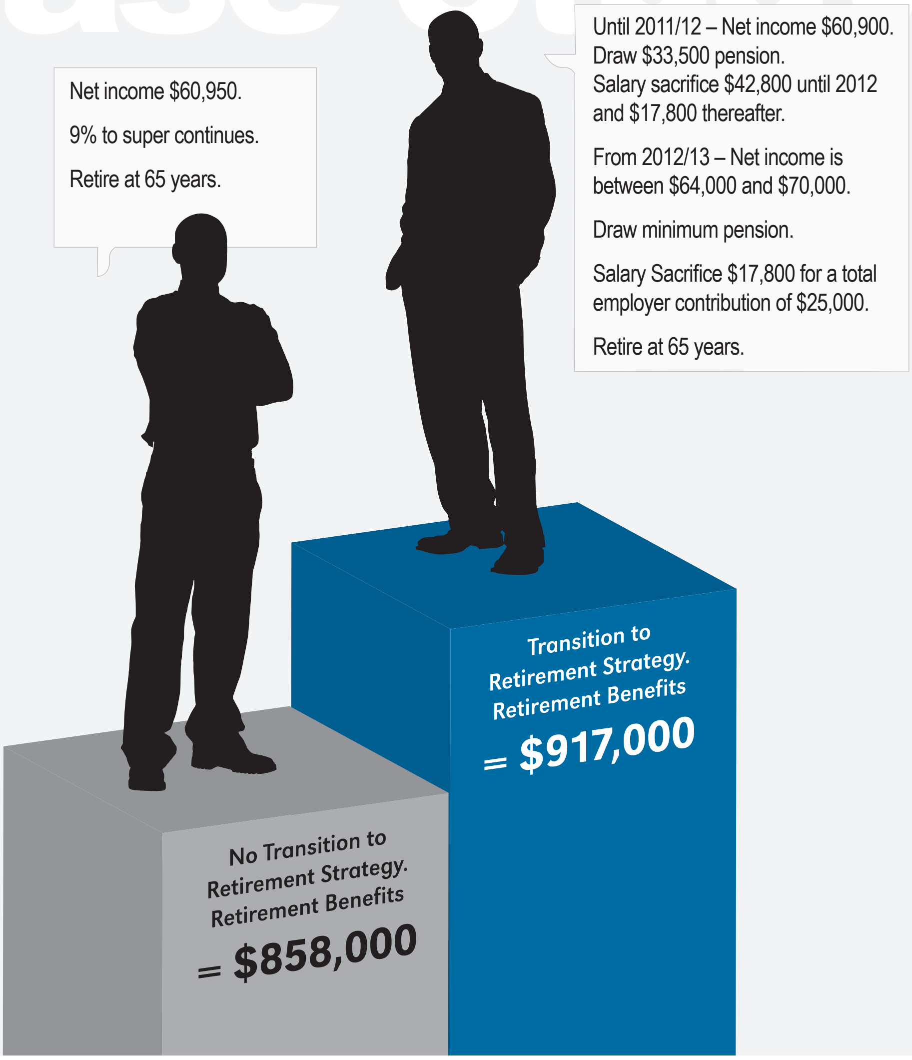
- ($100,000 tax free, $335,000 taxable)

Rob's goals

- Retire at 65.
- $60,000 net income leading up to retirement.
- Maximise retirement benefits

Rob's current situation

- Age: 55.
- Current gross salary: $80,000.
- 9% super guarantee.
- $435,000 super with $100,000 tax free component.



Transition to Retirement

What Rob can do:	Benefits:	What happens:
Until 2011/12: Commence a non-commutable account based pension using all of his super; draw $33,500 as a pension; increase employer contributions to $50,000 by salary sacrificing $42,800.	Concessionally taxed pension income; salary sacrifice contributions taxed at 15%; investment earnings in pension phase are tax-free	Receives combined net income of $60,900; super continues to grow
From 2012/13: Draws a minimum pension; reduces employer contributions to $25,000 including salary sacrifice.	Tax free pension; salary sacrifice contributions taxed at 15%; investment earnings in pension phase are tax-free.	Receives combined net income of between $64,000 and $70,000; super continues to grow.
At age 65.	n/a	Retires with accumulated super of $917,000.

Preservation Age

By choosing the transition path Rob can retire on $917,000.
This is $59,000 more than not taking up the option. This is significantly more to enjoy in his retirement. However, if Rob doesn't engage a TTR strategy, he still retires with accumulated super of $858,000.

Please note: This is an example only and potential future changes to personal tax rates and superannuation legislation may affect the strategy's outcome. Growth rate has been estimated at 7% net earnings.

Date of Birth	Age
Before 1 July 1960	55
1 July 1960 - 30 June 1961	56
1 July 1961 - 30 June 1962	57
1 July 1962 - 30 June 1963	58
1 July 1963 - 30 June 1964	59
After 1 July 1964	60

To find out more about Transition to Retirement options, contact MyLife Financial Planning today on 03 9017 4114.

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