



Be retirement ready – plan early

You need to be savvy to build a sufficient nest egg for retirement. Planning is key, and so is getting professional advice.

Most Australians are not saving enough for retirement and risk running out of money sooner than they expect.

Data shows that in 2015–16, Australians had average [superannuation balances](#) of only \$270,710 for men and \$157,050 for women at the time of retirement.¹ These sums are significantly lower than the \$545,000 that the [Association of Superannuation Funds \(ASFA\)](#) estimates singles need for a comfortable lifestyle in later years.²

The good news is that you can avoid pinching pennies in your retirement by planning ahead.

Setting a plan

Start planning by finding out how much income you will need. You can do this by answering the following questions:

- What are your retirement goals?
- What kind of lifestyle do you want?
- What's your life expectancy?

While it's relatively easy to set goals and lifestyle expectations for retirement, estimating how long you will live can be tricky – not to mention unsettling. But it's crucial to make retirement planning decisions. For example, knowing your estimated life expectancy can help you decide on your asset allocation or when to stop working to ensure you can sufficiently fund your retirement. It can also help you determine when is the most appropriate time to start your super income stream.

Although there are tools for calculating life expectancy, a financial adviser can guide you through the process and help you come up with an accurate estimate.

The [ASFA retirement standard](#) may help you see how much you will need annually to maintain your lifestyle. The table below shows ASFA's September 2017 quarter estimates for people aged around 65.³

Table 1: Retirement budgets for those aged around 65

	Modest lifestyle		Comfortable lifestyle	
	Single	Couple	Single	Couple
Total budget per year	\$24,506	\$35,189	\$44,011	\$60,457

Keep in mind that these are national estimates and assume that retirees own their home. Seek your adviser's guidance in estimating an amount based on your lifestyle expectations, profile and life expectancy.

¹ ASFA Research and Resource Centre, 2017, *Superannuation account balances by age and gender*. Accessible at:

https://www.superannuation.asn.au/ArticleDocuments/359/1710_Superannuation_account_balances_by_age_and_gender.pdf.aspx?Embed=Y.

² ASFA, 2017, 'How much do you need to get comfortable?'. Accessible at: <https://www.superannuation.asn.au/media/media-releases/2017/media-release-4-december-2017>.

³ ASFA, 2017, 'ASFA Retirement Standard'. Accessible at: <https://www.superannuation.asn.au/resources/retirement-standard>.

Ensuring enough income

Once you know how much you'll need, your adviser can design a plan and make recommendations to help you meet your required retirement income. These may include growing your retirement fund by investing some or all of it. Investment strategies come with various levels of risk and target returns. It's important that you choose investments that suit your risk appetite and need for returns.

There are also products that offer a regular and stable flow of income in retirement. Speak to your adviser to know your options.

Getting advice

It's important to understand that retirement planning is a complex process that can make or break the kind of lifestyle you want later in life – which is why seeking professional advice can be both critical and beneficial. Talk to your financial adviser about how you can navigate this process.

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