

Preparing to retire

STEP-BY-STEP GUIDE

This step-by-step guide will help you understand the rules when it comes to accessing your super and ensure you know how much retirement income you'll have to spend. It will also help with planning the non-financial side of your retirement.

Retirement is getting close now, so it's time to ensure you have a detailed plan in place and everything is properly prepared.

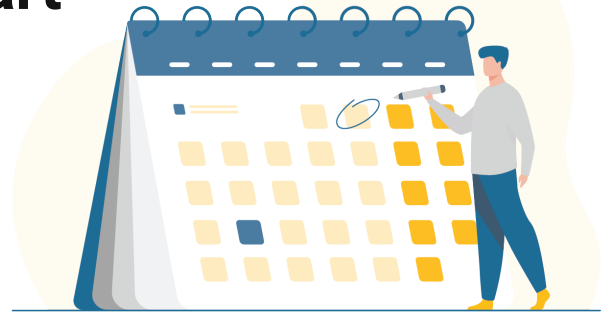


You may not be able to do everything in one go, but make sure you check off each step after you complete it so you know you're making real progress.

STEP
1

Set the date for the start of your retirement

(6–8 minutes)



- Review your planned retirement date and decide whether it's still right for you given your current personal circumstances.

i Learn more about creating a [retirement plan](#).

- Talk to your partner and family to ensure they're happy with your retirement plan.

i Learn about the [psychology of retirement planning](#).

- Review whether you have any work goals you still want to achieve.

- Consider whether you want to retire completely, or continuing working a few days a week.

- Think about whether you want to take any long-service, annual, or even extended unpaid leave you have before you retire permanently.

- Talk about your retirement plans with your employer.

- Update any skills you have that could be useful for earning extra income in retirement if you need it.

- Establish a timeline for your retirement so you can prepare a list of tasks to complete before the big day.

STEP
2

Work out your financial position at retirement

(9–11 minutes)



- Take stock of your current financial situation and start preparing a balance sheet showing your financial position at retirement.
- Login to your super account and check how much you currently have.
- Ask your super fund to provide an estimate of your super balance at your planned retirement date.
- Estimate how much your other financial assets like shares or investment properties (if any) will be worth when you retire, and consider whether you should sell any of them to contribute the proceeds to super and benefit from tax-free earnings in the retirement phase.

i Learn about [starting a pension from your super](#).

- Add up all your outstanding debts (including your mortgage) and other any financial liabilities.
- Subtract the total of your debts from your financial assets to work out your likely net financial position at retirement.
- Develop a plan for paying off any existing debts – either before or after retirement.

- Revisit your planned retirement date. Think about whether you can still afford to retire at that time, or whether you will need to work a bit longer to pay off debts or accumulation more super.

- Consider speaking to a financial adviser if you're concerned about your income in retirement. Your super fund may be able to offer you retirement planning services, or you can seek independent financial advice.

i Learn about [independent financial advice](#).

STEP 3

Calculate your likely income in retirement

(8–10 minutes)



- Work out what income you can expect to receive in retirement from your super and other financial assets. Remember to subtract any amount you intend to use to repay debts from the balance available to generate income.

- For your super account, check out [SuperGuide's Super to income reckoner tool](#). Or use the ASIC MoneySmart online [retirement planner tool](#) to create an estimate.

- Explore other ways to generate income in retirement.

i Learn about [reverse mortgages](#) and the [Home Equity Access Scheme \(HEAS\)](#).

Think about whether you plan to sell any of your financial assets at retirement, or keep them to provide some income (such as rent) in retirement.

Decide if you need to add some last-minute contributions to your super to generate more retirement income.

Work out which type of super contributions would be best to use.

i Learn about [your best mix of super contributions](#), [downsizer contributions](#) and [non-concessional contributions](#).

STEP 4

Prepare your retirement budget

(7–9 minutes)



Investigate how much you are likely to spend food, clothing and household items in retirement. Check out the [ASFA Retirement Standard](#) for current figures for the average retiree.

i Learn about [spending in retirement](#).

Develop a clear budget for your retirement spending, including regular bills, holidays, home maintenance and healthcare costs.

Ensure your partner agrees with the budget you set. Read some [tips for boosting your retirement finances](#).

Decide whether you'll [buy an annuity or take your super as a lump sum, super pension, or a combination of both](#).

Think about the different investment options available if you plan to take a super pension or buy an annuity.

i Learn about [choosing an investment option for your pension](#).

STEP 5

Verify the rules and check you're ready to go

(9–11 minutes)



Recheck when you can access your super using SuperGuide's [Retirement age calculator](#).

Recheck all the [conditions of release](#) if you're under age 60 or seeking early access to your super.

Estimate the tax you're likely to pay on your super savings when you retire [under age 60](#), or at [age 60 and over](#).

Investigate the current Age Pension rules.

i Learn about the current [assets test](#) and [income test limits](#).

Estimate the current value of your assets and income to see if you (or your partner) will be **eligible for the Age Pension**.

Check SuperGuide's [Age Pension Calculator](#) to find out how much you could receive.

Explore whether you'll qualify for the **Pensioner Concession Card**. Even if you only qualify for a small part-Age Pension, you could still get the card.

If you are not eligible for the Age Pension, investigate current eligibility rules for the **Commonwealth Seniors Health Card (CSHC)**.

Apply for the Seniors Card in your home state to access a range of money-saving benefits, including cheaper public transport.

i Learn about [state Seniors Cards](#).

STEP

6

Work out your financial position at retirement

(9–11 minutes)



Decide whether your current home is still suitable for your retirement lifestyle, or whether you'll need more or less space.


i Learn about the [importance of your home in retirement](#) and [location and retirement costs](#).

Assess your home to see if it needs any major renovations or maintenance.

Decide whether to undertake any necessary renovations or maintenance while you still have a regular income.

Check whether your car needs replacing and consider when the best time is to do it.

Collect information on any retirement travel you have planned.

 Watch SuperGuide's video on the [three stages of ageing](#).

Think about how you plan to keep your mind active and engaged in retirement.

 Learn about [dealing with boredom in retirement](#).

Investigate opportunities for further education such as short and online courses.

Get a thorough health check to identify any potential health problems.

Review the insurance provided through your super fund and decide if you will need different cover (or no cover at all) in retirement.

Review your current health insurance policy to check whether it remains appropriate.