Retirement By Design:

The 4 Simple Steps for a Successful Retirement

ASPIRAM

Transparency is Trusted Advice

Does the thought of planning for retirement stress you out?

Do you worry about…

...whether you'll have enough to retire the way you want to?
...what's actually happening with your assets (because your statements are all shoved in a drawer, unopened?)
...if you left it too late to make any real impact on your retirement savings?

If so, you're not alone.

Most people put off getting serious about retirement planning for one reason: they're overwhelmed. In the financial year 2018-2019 there were 3.9 million retirees. Majority of these retirees relied heavily on the Government's Age Pension as their source of income with only 35% as self-funded (Source: ABS Retirement and Retirement Intentions, 2018-2019 based on Cat 6238.0) Most people don't know how to make sense of all the conflicting information and aren't sure how to begin.

That's where this guide comes in.

Instead, imagine if retirement planning gave you peace of mind...

- Knowing you'll have enough for the retirement you dream about.
- Confident you're making the most of your money, because you explored all the financial options available and chosen the very best for your situation.
- Excited to keep doing the things you love for the rest of your life, knowing your financial plan will support you every step of the way.

No matter where you're starting from (even if you're only a few years out from retirement), there are things you can do to drastically improve your situation and set you up for stress - free golden years.

It's much easier than you think to retire on $75,000 per annum...I promise!

About Roger

Hi, I'm Roger Sousa and I help individuals like yourselves get clear on the specific financial strategies that will help them achieve a successful retirement.

In this guide, we'll focus on four key steps to help you design your retirement. Think of this as your starting point — these are the big things you need to take action on. Don't worry, they're clear, simple, and straightforward... no overwhelm needed.

If you're stressed out thinking about retirement, here's a line I often quote:

> *The best time to start planning for retirement was 20 years ago. The second-best time is **NOW**.*

There's no time like the present to start planning for retirement.

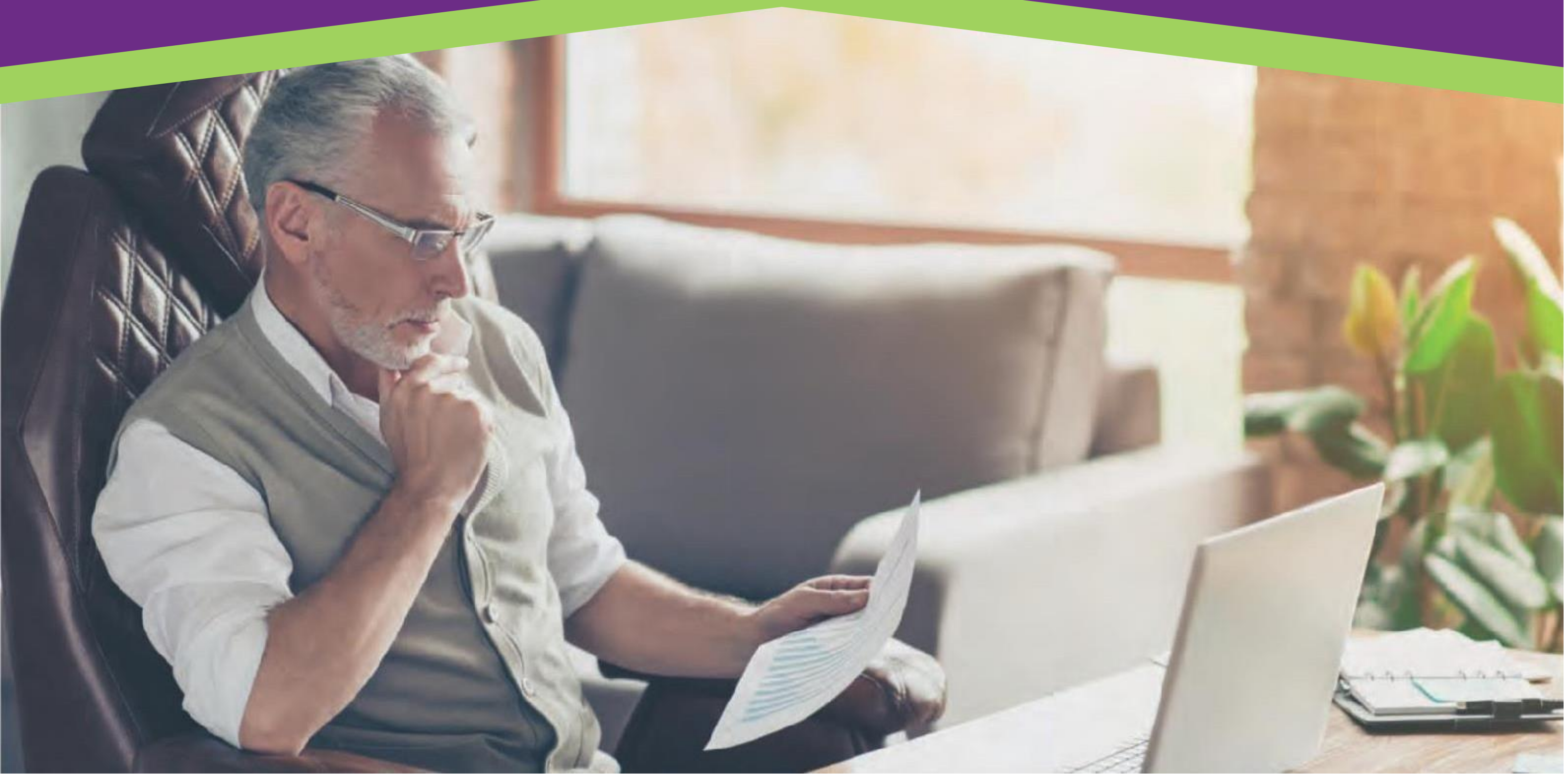
Just take small steps. Keep it simple. It's going to be okay!

Roger Sousa

02 9621 6111

rsousa@aspiram.com.au

4 steps to plan for a stress-free retirement



1. Calculate how much you need for retirement

If you were my client, the first thing we'd do together is determine how much you need for retirement. There are a lot of government guidelines that can help you estimate how much you'll need each year, but I want you to make this customised to YOU.

The first step is to tally up your total expenses right now, taking off whatever you're currently making in home loan payments (if applicable and assuming that by the time you retire, you'll pay off the mortgage and be debt-free).

Then, have a think about how life could be different in retirement:

- Will you be doing more traveling or less?
- Are you willing to downsize your home?
- How will your lifestyle change?
- What type of activities will you be doing?
- Any bucket list trips or experiences? Make sure you factor those in.

ASPIRAM
Transparency is Trusted Advice

Come up with a solid estimate of how much you'll need each year in retirement.

Each year in retirement, you'll withdraw an income from your super assets, ideally not exceeding 4-14% *per annum. Why between 4-14% per annum? This amount helps to ensure your assets don't get eroded over time and don't need to be invested in a risky manner.

**Note: Allowable Pension drawdowns - Minimum 4% (for under 65yrs) and Maximum 14% (95 yrs. and over)*

To determine the total amount you need to save for retirement, simply divide your yearly estimate by between 4-14%.

Let's say you want to retire on $1,450 per week, then you'll need $75,000 per year in retirement (if 6% is used as an example).

$75,000 = 6% of <u>what total amount</u>?

In this case, that total amount would be $1,257,000. You need $1,257,000 in your account to retire comfortably.

Keep that number close as we move to Step 2…

Note, this is a rough estimate and other factors need to be considered, such as lump sum withdrawals for items like home maintenance, cars, holidays, helping family and emergencies.

The types of investments made, and level of risk also impacts how much can be withdrawn annually. Therefore, it's important to seek advice in this area to ensure you have a customised plan.

2. Get clear on how much you currently have

This part's simple. We just need to calculate the total for your various retirement accounts.

Add up the balances for ALL your accounts:

- Super
- Shares
- Investment properties
- Savings accounts
- Etc.

ASPIRAM
Transparency is Trusted Advice

...So you have just ONE number. Even if this number is $0 or very low, don't skip this step! You need to know where you're starting to strategically create the rest of your plan.

Next, check in: Is this amount enough for you to retire on (the amount you calculated in Step 1)?

If so, great! Your work here is done. :)

But if you're like most people and have a deficit, don't panic. There's still plenty of opportunity to plan for a comfortable retirement. Let's keep going…

3. Grow your assets, in the most effective way

The next step is to get more money into your super. Seems pretty straightforward, right?

But when it comes to retirement planning, there are all sorts of rules and regulations that can make your Dollar count for much more...or much less. **You want to make sure you're using the superannuation and retirement system to your full advantage.**

For example, did you know…?

Every person who's working in Australia (regardless of income level) is able to put a maximum of $27,500 per year (2023-2024) concessional contribution into super (subject to age restrictions). Many people add $27,500 to their savings accounts each year...not realising that it may not be effective. Here's why...

The way our retirement system works is that your employer must contribute 11% (Superannuation Guarantee 2023-24) of your income into your nominated Superannuation Account. If you earn $75,000 for example, your work will already be putting in $8,250 for the financial year.

What you want to do is top-up the difference (Salary Sacrifice) to hit the $27,500 threshold ($19,250 in this case).

Taking into account your salary sacrifice of $19,250 top up and super contributions tax, there would be an estimated tax saving of $3,916.75 per year based on the current rules 2023-2024 in example above.

At that point, if you have additional funds to save, you can choose from many other investment vehicles that give you more bang for your buck than simply dumping more into your super.

Successful retirement planning isn't just for those who have millions in surplus cash lying around. It's about knowing the rules and regulations and investing strategically, so you can make every penny stretch as far as it can go.

Knowledge is power. This is just one example to show you how you can use the retirement system to your advantage if you understand it. (Want to learn more strategies like this one? You can request a complementary Retirement by Design Strategy Call here).

Keep reading, if you're ready to start planning your ideal retirement now …

4. Make sure your accounts are set up correctly

In practice, most people pay too much tax on their investments...and this is one of the common reasons why.

There are two main types of super accounts:

- Accumulation accounts
- Pension accounts

As the name suggests, an accumulation account is one you add money to when you're working. Investments are taxed at a concessional rate (up to 15%).

When you retire, you can open a pension account. This is where you want to withdraw your monthly pension from, since the investments in this account maybe tax free (depending on your age and employment status).

There are lots of rules and regulations around these accounts. For example, it's possible to have a pension account before retiring depending on your age.

I met a retiree the other day who was 74 years old, who had been withdrawing his monthly payments from the wrong account (and hence overpaying in tax) for years. After explaining this to him, he said, "Thanks, if only we could go back 10 years to get this right then I'd be miles ahead now."

There are many other strategies to make sure your accounts are well structured and you are taking advantage of all the opportunities available. Properly utilising the correct accounts is the important first step in the right direction.

Retirement planning is personal.

In this guide, we followed the example of retiring on $75,000 per annum. I don't know what your exact number is, maybe it's more or less than $75,000. **But what I do know is that most people under-estimate what they can achieve, and they give up, rather than talking to a professional to get started with a plan.**

This guide follows the four steps I use when working with clients one-on-one. Within each step of this guide, there are many complexities that vary for every person. Factors like lifestyle, goals, existing savings, tax contributions, income level and risk tolerance will determine the best course of action for YOU.

Maybe you want to be completely self-funded. Or maybe you'll choose to strategically include some government assistance. The keyword is **CHOICE.**

That's why I'm excited to offer you a FREE Retirement by Design Strategy and Clarity Call this month, to help you make the best choice for you…

In just 30 minutes over the phone, we'll talk through custom financial strategies that would work in your unique situation. After the call, you'll receive a Retirement by Design Blueprint, so you'll have the steps and guidance laid out in black and white, to ensure you have the retirement you've always wanted.

I know how overwhelming retirement planning can be. (Google is not always your friend here!) That's why I love hopping on the phone and helping you make sense of the complications during these free calls. You'll walk away with tangible options that would make the most sense, given your situation... even if you currently have minimal funds saved for retirement.

Full disclosure: I only offer a few of these calls each month — and once they're gone, they're gone.

So click below to schedule a time — it's free!

CLICK HERE to schedule a call!

If you have any questions, you can always find me at rsousa@aspiram.com.au

ASPIRAM
Transparency is Trusted Advice

Hi, I'm Roger Sousa. I am passionate about placing clients in a better position than when we first met, this is one of the most rewarding feelings I get along with delivering a sense of satisfaction on client's faces when they have reached their goal.

Seeking professional advice to help achieve your financial goals is an important investment in your future. I am committed to working with you to help you define your goals and design your ideal plan to meet your needs.

I do not take lightly what clients have entrusted my team and I with, their objectives, needs and goals! I hold a degree in Master of Financial Planning.

I have been a Financial Planner since 2000.

The trust that clients place on me is a trust I do not waiver on. Financial advice is a people business. Empowering myself with the appropriate expertise and knowledge gives me a sense of helping the community.

I'm certain I can help you. In fact, think of me as your best friend in retirement.

The information contained in this guide is intended for general use and should not be considered as financial advice. Before making any change to your situation, seek personal financial advice.