Retirement guide

Helping you plan and enjoy your life in retirement

Get started →

Why is it that many of us spend more time planning our holidays, than we do planning and budgeting for what could be one of the longest breaks from work that we're likely to ever have?

"It's never too early or too late to start planning for your retirement."

Retirement. For some it's fast approaching. While for others, it's an abstract concept.

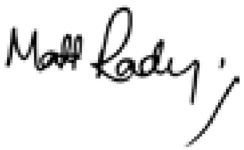
The good news is, by reading this booklet, you're one step closer to setting yourself up for the future.

Whether it's around the corner or still some years off, how you live during retirement, where you'll travel, what hobbies you'll have, and what you'll spend, will all depend on your financial wellbeing, and your personal wellbeing.

BT undertook some extensive research with our customers to uncover common concerns when planning for retirement. The following pages include information and tools to help you maximise your super, manage potential risk, and take advantage of lifestyle programs to help you get financially well-organised, save money and get fit.

It's never too early or too late to start planning for your retirement, and the earlier you start, the longer you give yourself to influence your future. And when it is time to retire, BT can help you maximise your retirement income, and manage any risks to the stability and sustainability of that income.

You can read more about tips for planning for your retirement here. Or speak to your financial adviser, if you have one, for personalised advice.



Matthew Rady
Chief Executive Officer
BT Financial Group

About BT

1 Make your future financially fit

2 Tools and resources

3 SMSFs

4 Tricky terms explained

About BT

BT is one of Australia's leading wealth management brands.

What will my retirement look like?

About BT

As one of Australia's leading wealth experts, BT has been helping Australians build and protect their wealth since 1969. We provide superannuation and investments solutions to help you today, and prepare for tomorrow.

	Long-standing history	For over 50 years, BT has helped individuals and families accumulate, protect, and manage their retirement income aspirations.
	Product pioneers	Our success in managing ~$62 bn of super investments means we continuously evolve product offerings to meet customer needs.
	Expert team	Our specialist team actively oversees a portfolio of investment managers, and provides ongoing due diligence to help ensure you have a suitable range of investment options to choose from.
	Industry endorsed	Our numerous industry awards and accolades* are a testament to our focus on helping our customers and their families prepare for their best financial future.
	Service quality	Our dedication to providing quality expert service gives customers the confidence and security knowing that their retirement endeavours are professionally managed over their working life to achieve their desired goals.

* Awards are opinions only, are not recommendations and are only one factor to be taken into account when deciding to acquire, dispose of or hold a financial product.

How will you go in retirement?

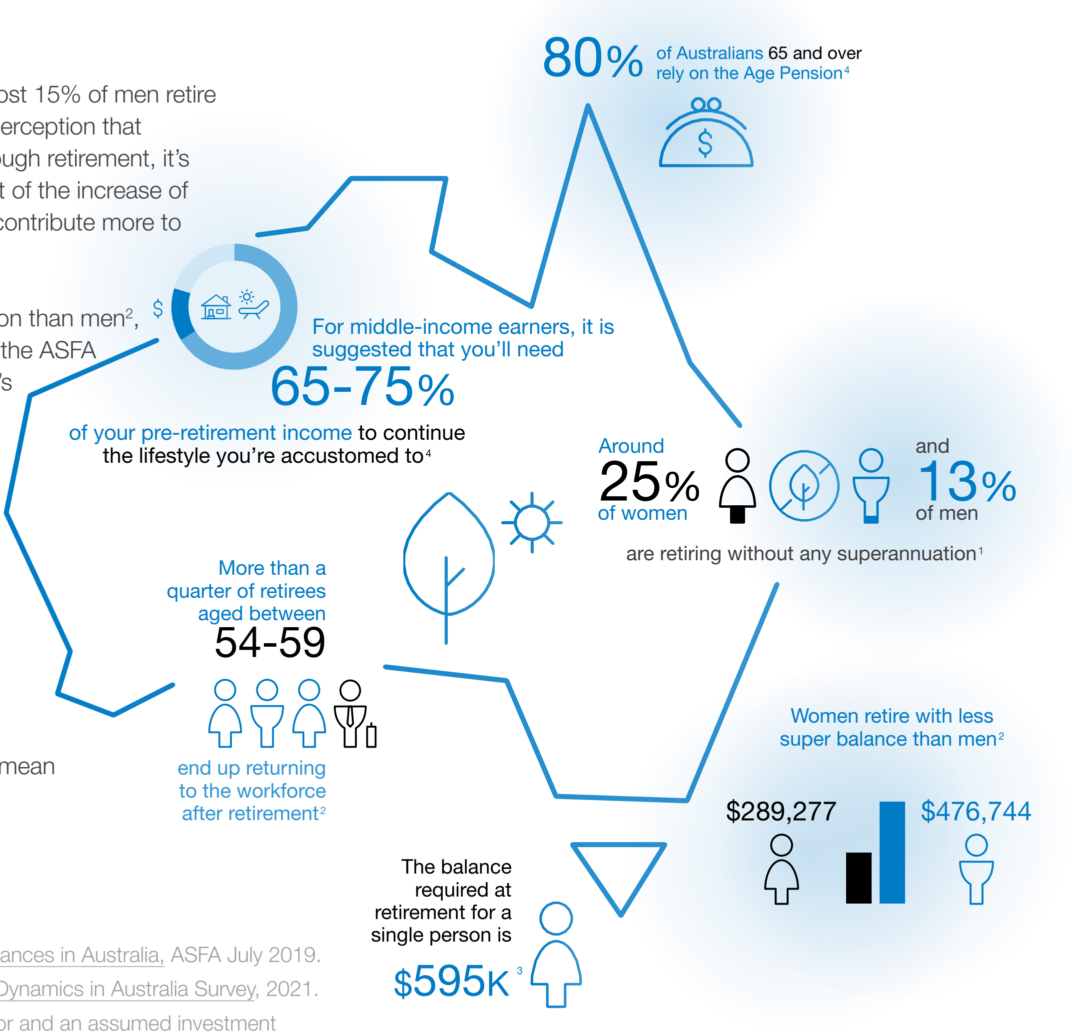
Did you know that over a quarter of women and almost 15% of men retire without any superannuation at all? And despite the perception that superannuation savings will be enough to get us through retirement, it's predicted that those who don't receive the full benefit of the increase of Super Guarantee to 12% in July 2025[1], will need to contribute more to their super in order to have enough at retirement.

Currently, women retire with much less superannuation than men[2], and both men and women retire with less than what the ASFA Comfortable Retirement Standard[3] is, meaning there's a potential shortfall in retirement savings.

In fact, more than a quarter of retirees aged between 54 and 59 end up returning to the workforce[2], and 80% of Australians end up relying on the Age Pension to help fund their retirement[4].

Fortunately, there are a range of strategies you can tap into, to help grow your super — such as making personal super contributions.

Taking active steps to boost your super today could mean enjoying a better quality lifestyle in retirement.



1 Better Retirement Outcomes – a snapshot of account balances in Australia, ASFA July 2019.

2 Melbourne Institute, The Household Income and Labour Dynamics in Australia Survey, 2021.

3 All figures in today's dollars using 2.75% AWE as a deflator and an assumed investment earning rate of 6 per cent. Source: ASFA Retirement Standard, accessed April 2024.

4 Retirement Income Review - Final Report, November 2020.

1 Make your future financially fit

What will my retirement look like?

Planning for a long life

When will I retire?

What do I want in retirement?

How much is enough?

How can I fund my retirement?

How do I boost my super and retirement savings?

Transitioning to retirement

Accessing my super

Life during retirement

Who gets my super when I die?

1 Make your future financially fit

By understanding things like additional super contributions, the age you'll retire, whether you'll have debts at retirement, how long you might live, whether you expect to need access to health or aged care – can all help you plan and make ongoing decisions while you're still working as well as into your retirement.

2 Make your future financially fit
What will my retirement look like?
Planning for a long life
When will I retire?
What do I want in retirement?
How much is enough?
How can I fund my retirement?
How to boost my super and retirement savings
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

What will my retirement look like?

What you do (or don't do) with your super, and general finances throughout your working life, can influence where you land financially when you retire.

When you hear the word retirement, what do you think of? Perhaps it's a dream of taking up a new hobby. Maybe it's extensive travel, volunteering for a charity, or spending more time with your family and friends.

Understanding what the word 'retirement' means to you and your partner or loved one – whether it's a hard stop to working life, something you ease into or an opportunity to pursue other money-making or passion projects – may sound simplistic, but the conversation will help you address the big question on how to fund retirement, including whether the Age Pension will play a part in your retirement income.

There are several factors that play a part as to when we do.

While there's no hard or fast rule as to when you should retire, there are a few things to consider when planning to do so.

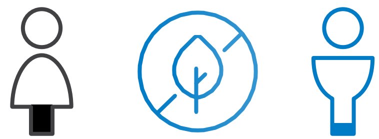
Planning for a long life

We're living longer! Australia ranks #6 in the world for female and male life expectancies[1]. Women can expect to live to 87.8 and men, 85.2[1]. And you may live longer than this, but of course won't know in advance.

Because Australians have one of the longest life expectancies in the world, having enough money in retirement is important. Potentially you'll need more money to see you through than you may have originally anticipated.

"We're living longer! Australia ranks #6 in the world for female and male life expectancies[1]."

Around **25%** of women and **13%** of men



are retiring without any superannuation

Source: Better Retirement Outcomes – a snapshot of account balances in Australia, ASFA July 2019.

1. Australian Institute of Health and Welfare, accessed 19/06/2024.

1 Make your future financially fit

What will my retirement look like?

Planning for a long life

When will I retire?

What do I want in retirement?

How much is enough?

How can I fund my retirement?

How do I boost my super and retirement savings?

Transitioning to retirement

Accessing my super

Life during retirement

Who gets my super when I die?

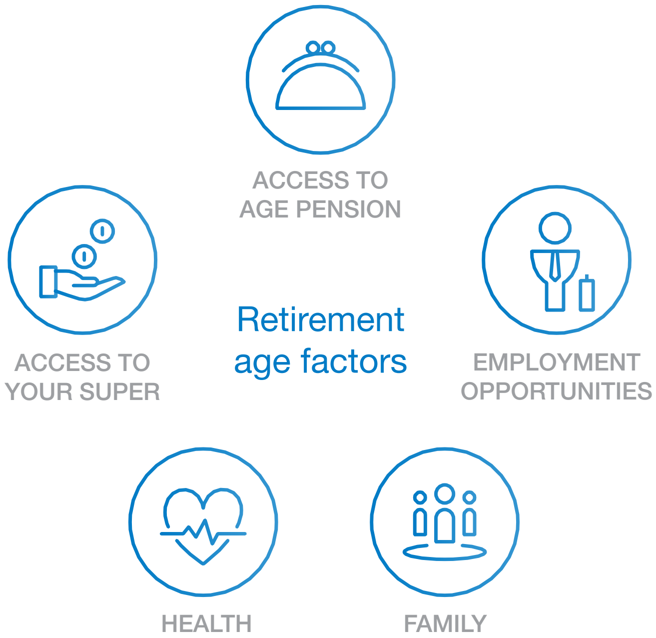
When will I retire?

The age you choose to retire at may depend on when you can access your super and the Age Pension. Factors like your employment opportunities, your health, and your family, may also impact your decision.

According to The Australian Bureau of Statistics, the average age at retirement in Australia is 56.9 years.[2]

Average age at retirement in Australia

56.9 years



While there's no hard or fast rule as to when you should retire, there are a few things to consider when planning to do so, including:

- [ ] What you want in retirement
- [ ] How much might be enough for a modest or comfortable retirement
- [ ] What sources of income you may have access to

2. The Australian Bureau of Statistics, accessed 19/06/2024

1 Make your future financially fit

What will my retirement look like?

Planning for a long life

When will I retire?

What do I want in retirement?

How much is enough?

How can I fund my retirement?

How do I boost my super and retirement savings?

Transitioning to retirement

Accessing my super

Life during retirement

Who gets my super when I die?

What do I want in retirement?
When imagining your retirement, it might be worth thinking about the things you want to do as well as how often you want to do them. A comfortable retirement is based on a whole range of factors including:

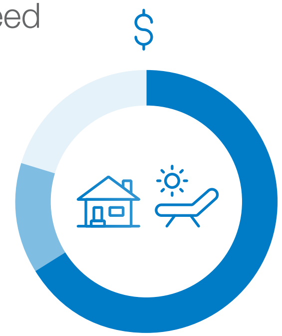
- ☐ When will you retire?
- ☐ How long you'll spend in retirement?
- ☐ What sources of income might you have access to?
- ☐ How long will you be able to maintain your health?
- ☐ How are your assets invested?
- ☐ And the most important question; how do you even know if you're on track?

It's also worth thinking about your household expenses, transport, clothing and entertainment, hobbies and holidays, and whether your debts are going to be paid off.

For middle-income earners, it is suggested that you'll need

65-75%

of your pre-retirement income to continue the lifestyle you're accustomed to.



Source: Retirement Income Review – Final Report, November 2020.

Try our Retirement Lifestyle Calculator to estimate what you might need to fund the lifestyle you want in retirement.

You can find it here.

1 Make your future financially fit

What will my retirement look like?

Planning for a long life

When will I retire?

What do I want in retirement?

How much is enough?

How can I fund my retirement?

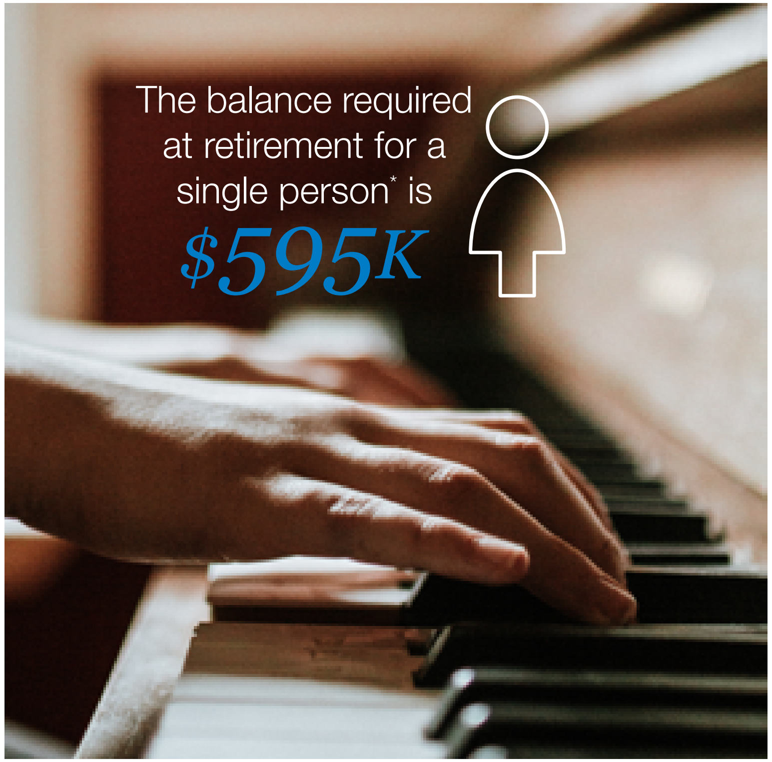
How do I boost my super and retirement savings?

Transitioning to retirement

Accessing my super

Life during retirement

Who gets my super when I die?



* This figure assumes you own your own home with no mortgage according to the ASFA Comfortable Retirement Standard.

Source: ASFA Retirement Standard, accessed May 2024.

How much is enough?

While we all hope for a simple answer, how much you need for retirement differs from one person to the next.

Thankfully, there are some elements of guidance you can refer to, but you do need to remember that they are for guidance only.

A modest or comfortable retirement?

The *ASFA Retirement Standard* is published each quarter by the Association of Superannuation Funds of Australia (ASFA) and provides figures to approximate the level of income required for a modest or comfortable lifestyle.

The latest figures available state that a single person (aged 67) requires an annual income of $32,666 for a modest retirement lifestyle and $51,278 for a comfortable lifestyle. For a couple (around 67 years of age), the figures rise to $46,994 and $72,148[3].

A modest retirement lifestyle is considered better than the Age Pension, but where you are only able to afford fairly basic activities. A comfortable retirement lifestyle enables an older, healthy retiree to be involved in a broad range of leisure and recreational activities and to have a good standard of living through the purchase of such things as household goods, private health insurance, a reasonable car, good clothes, a range of electronic equipment, and domestic and occasionally international holiday travel. Both budgets assume that you own your own home outright, and are relatively healthy.

3. ASFA Retirement Standard for the December 2023 quarter

A comfortable lifestyle means different things to different people. Use our calculator to learn more about how much the retirement lifestyle you have in mind might cost. Try the Retirement Lifestyle Calculator found here.

1 Make your future financially fit
What will my retirement look like?
Planning for a long life
When will I retire?
What do I want in retirement?
How much is enough?
How can I fund my retirement?
How do I boost my super and retirement savings?
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

		Comfortable retirement	Modest retirement	Age Pension
	Household improvements	Replace kitchen and bathroom over 20 years	No budget for home improvements. Can do repairs, but can't replace kitchen or bathroom	No budget to fix home problems like a leaky roof
	Household purchases and personal grooming	Better quality and larger number of household items and appliances and higher cost hairdressing	Limited number of household items and appliances and budget haircuts	Less frequent haircuts or getting a friend to cut your hair
	Utilities	Can run air conditioning	Need to watch utility costs	Less heating in winter
	Eating out	Restaurant dining, good range and quality of food	Take out and occasional cheap restaurants	Only club special meals or inexpensive takeaway
	Connectivity	Fast internet connection, big data allowance and large talk and text allowance	Limited talk and text, modest internet data allowance	Very basic phone and internet package
	Clothing	Good clothes	Reasonable clothes	Basic clothes
	Holidays	Domestic and occasional overseas holidays	One holiday in Australia or a few short breaks	Even shorter breaks or day trips in your own city
	Private health insurance	Top level private health insurance	Basic private health insurance, limited gap payments	No private health insurance
	Vehicles	Owning a reasonable car	Owning a cheaper more basic car	No car or, if you have a car, it will be a struggle to afford repairs
	Leisure	Take part in a range of regular leisure activities	One leisure activity infrequently, some trips to the cinema or the like	Only taking part in no cost or very low cost leisure activities. Rare trips to the cinema

Source: ASFA Retirement Standard, accessed May 2024.

1 Make your future financially fit

What will my retirement look like?

How can I fund my retirement?

How much do I have now?

Age Pension

Savings and investments

Superannuation

How do I boost my super and retirement savings?

Transitioning to retirement

Accessing my super

Life during retirement

Who gets my super when I die?

How can I fund my retirement?

A common expectation is that when we hit retirement age, the super we've saved during the accumulation phase will be enough to hit a desired figure, and enough to see us through our retirement years.

However, there's likely to be a variety of factors that make up your income for retirement. Sources include your superannuation, shares, assets, any savings you've accumulated, the Government's Age Pension, perhaps an inheritance, and, returns you earn on your investments during retirement.

How much do I have now?

Based on the ASFA Retirement Standard's definition of a comfortable lifestyle, it is worth understanding how much you currently have in super, what other sources of income you may have access to when you retire, whether you will be eligible for the Age Pension, and determine if there is a gap in your expectation.

If you would like advice regarding your personal situation, please contact your financial adviser (if you have one).

> "It is worth understanding how much you currently have in super and determine if there is a gap in your expectation."

Not sure if your super will last the distance in retirement? This Super and Retirement Calculator can provide you with a guide on what income you might have in retirement and how long it might last – based on your super balance today, and what age you might retire at. Try it here.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How much do I have now?
Age Pension
Savings and investments
Superannuation
How do I boost my super and retirement savings?
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

Key sources of retirement income

- Age Pension
- Savings and investments
- Superannuation
- Returns on investments during retirement

Age Pension

The Age Pension is a source of retirement income available to eligible Australians to help them cope with the costs of living once they've retired. To be eligible, you will need to be age 67 or over if you were born from 1 January 1957 and meet income and asset means tests requirements. For more information visit humanservices.gov.au.

It's important to note, the qualifying age for the Age Pension will depend on your date of birth.[4]

To see both when you can get your super as well as when you can apply for the Age Pension, use ASIC's super and pension age calculator, found here.

If you were born between	You qualify at
1 July 1952 to 31 December 1953	65 years and six months
1 January 1954 to 30 June 1955	66 years
1 July 1955 to 31 December 1956	66 years and six months
From January 1957	67 years[5]

4. Age Pension, Australian Securities & Investment Commission, MoneySmart.
5. Who can get the Age Pension, Australian Government Department of Human Services.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How much do I have now?
Age Pension
Savings and investments
Superannuation
How do I boost my super and retirement savings?
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

74% of Australians 65 and over rely on the Age Pension*

Source: Retirement Income Review Final Report, November 2020.

Savings and investments
Consider what money you may already have in savings outside of super. This money can help support your retirement, or it could be added to your super balance. Likewise, do you have investments, like property or shares? What do you want to do with them? You can either hold onto your investments, and they will hopefully provide you with an income. Or you can use these investments as income or reinvest them for further growth.

Speak to a financial adviser – they can help you with this.

* in 2020 - comprises 46% full-rate age pensioners 28% part-rate age pensioners

Source: Retirement Income Review Final Report, pg 390.

Not sure if your super will last the distance in retirement? This Super and Retirement Calculator can provide you with a guide on what income you might have in retirement and how long it might last – based on your super balance today, and what age you might retire at. Try it here.

1 Make your future financially fit

What will my retirement look like?

How can I fund my retirement?

How much do I have now?

Age Pension

Savings and investments

Superannuation

How do I boost my super and retirement savings?

Transitioning to retirement

Accessing my super

Life during retirement

Who gets my super when I die?

If you drawdown on your super savings towards the beginning of your retirement, chances are you're drawing down on the returns you're earning or have earned to date. Not on the capital itself. This means that you have the potential to earn returns throughout your retirement.

Superannuation

Super can only be accessed under a few conditions, called 'conditions of release'. This includes:

- when you've reached your 'preservation age' (see table below) **and** have retired;
- when you've reached your 'preservation age' **and** have started a transition to retirement income stream;
- being over 60 years of age and have stopped working;
- being over 65; or
- dying.

Date of birth	Preservation 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
From 1 July 1964	60

For more information visit ato.gov.au.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How much do I have now?
Age Pension
Savings and investments
Superannuation
How do I boost my super and retirement savings?
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

Earning returns on your investment post-retirement

Recommendations given by the Russell Investment Group (who create investment products for US retirees) is that understanding the 15/35/50 Rule can help you reach your retirement objectives.

The 15/35/50 Rule[6] suggests that the income you have in retirement generally comes from three areas:

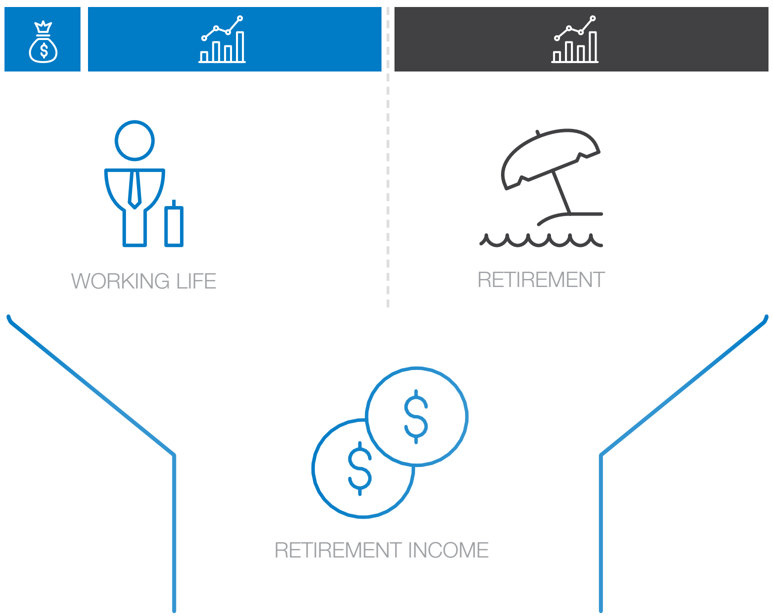
- 15% from the money you've saved up **during your working life.**
- 35% from the returns you earn on your investment **before you retire.**
- 50% from the returns you earn on your investment **during retirement.**

In practical terms, this means earning a return on the savings you have **post-retirement** may be just as important, if not more important, than those you earn during your working years.

You may wish to consider where your money is invested – whether it has an allocation to growth assets (generally riskier, generally higher return investments like shares and property) to help provide you with an income as well as focusing on defensive assets to help protect your savings from investment volatility.

Seek financial advice if you require help.

The 15/35/50 Rule



6. The 15/35/50 Retirement Lifestyle Rule. Russell Investments, 2015.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Find lost super
Additional contributions
Superannuation and downsizers
Support for lower income earners
Spouse contributions
Review your investment strategy
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

How do I boost my super and retirement savings?

Do you know what to do if you think you don't have enough?

Generally, your employer will make regular contributions to your super fund, currently at 11.5% of your Ordinary Time Earnings. This is called a Superannuation Guarantee, or SG contribution*. If you don't think your SG contributions alone will support you in retirement, you can boost your super with extra funds, either before or after-tax contributions, which over time is likely to help your final retirement balance.

Superannuation is one of the most tax-effective forms of long-term savings both on the way in, and on the way out.

* SG is going up in increments until it reaches 12% on 1 July 2025.

Here are some strategies to consider that you can put in place now to help you save for retirement:

- [ ] Find lost super
- [ ] Consider making additional contributions
- [ ] Consider contribution types
- [ ] Look into superannuation and downsizing
- [ ] Research support available for lower income earners
- [ ] Change investment strategies

1 Make your future financially fit

What will my retirement look like?

How can I fund my retirement?

How do I boost my super and retirement savings?

Find lost super

Additional contributions

Superannuation and downsizers

Support for lower income earners

Spouse contributions

Review your investment strategy

Transitioning to retirement

Accessing my super

Life during retirement

Who gets my super when I die?

Find lost super

Did you know that there's around $16 billion worth of super currently at the ATO that belongs to everyday Australians, just like you?[7]

If you've changed or have held multiple jobs, lived overseas, not updated your personal details, or simply forgotten about your super, chances are some of this $16 billion could be yours in the form of lost and unclaimed super.

You can find your lost super by logging in to your myGov account linked to the ATO, and click on Manage my super. Or you can visit the ATO website or call the ATO automated super search line on 13 28 65.

> It's a good idea to check with your other fund(s) to see if there are any exit or withdrawal fees for closing your account, or loss of benefits such as insurance cover.

7. Australian Taxation Office.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Find lost super
Additional contributions
Superannuation and downsizers
Support for lower income earners
Spouse contributions
Review your investment strategy
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

Additional contributions

You can boost your super with extra funds, with either before or after-tax contributions, which over time is likely to help your final retirement balance.

Non-concessional contributions

You can make a contribution (within the caps) to your super with your own 'after-tax' money. This is called a non-concessional contribution.

Concessional contributions

Superannuation contributions that are made before tax, or where you claim a personal tax deduction, are called concessional contributions, and are generally taxed at a flat rate of 15%.

Superannuation Guarantee contributions from your employer are concessional contributions.

Personal deductible

After-tax super contributions can be claimed as a tax deduction, potentially lowering your taxable income. The same tax benefit as concessional contributions applies, so your contribution is taxed at 15%. Personal deductible contributions count towards your concessional contributions cap.

Check your contribution caps

The general concessional contributions cap is **$30,000 pa**

This includes your super contributions from your employer.[9]

The annual limit for after-tax contributions is **$120K**

provided your total super balance is less than

$1.9M

9. https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/

Are you under 75 years of age?
After-tax contributions have an annual cap of $120,000, however with the three-year bring forward rule, if you are under age 75 you may be eligible to essentially 'bring forward' the next two years' worth of non-concessional contributions and contribute a maximum amount of $360,000 in one financial year. You might consider this if you've come into a sum of money like an inheritance or you've sold a large asset and want to add more after-tax money to your super.

If you have a total super balance of less than $500,000 at the end of the previous financial year, you may be able to contribute more than the general concessional cap by carrying forward your unused concessional cap amounts (accrued from 1 July 2018) for five financial years.

You can read more about the contribution caps and bring-forward rules at the https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Find lost super
Additional contributions
Superannuation and downsizers
Support for lower income earners
Spouse contributions
Review your investment strategy
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

Superannuation and downsizers

If you are looking to downsize your family home of ten years or more and are over 55, you may be able to contribute up to $300,000 from the sale proceeds to super as a 'downsizer' contribution.

Downsizing involves selling your home and moving to a cheaper property and using the remaining profit from the sale as funds to live on.

Downsizer contributions can be handy if you've not been able to save enough funds for a comfortable retirement. They don't count towards your contribution caps.

It does not, however, allow you to invest more than your transfer balance cap (currently $1.9m from 1 July 2023) in super income streams.

Support for lower income earners

If you're a lower income earner, you may be able to receive extra support for your superannuation in a few ways.

Government superannuation co-contributions

If you're a low or middle-income earner, and make a personal after-tax contribution, the government may make a super co-contribution to your account to a maximum of $500[10], providing you meet certain eligibility criteria.

This co-contribution amount changes from time to time, so it is worth visiting the ATO's website for the latest eligibility criteria and amounts.

10. https://www.ato.gov.au/rates/key-superannuation-rates-and-thresholds/

Spouse contributions

If your spouse or partner is a low-income earner, a stay at home parent, or not working at present, he or she may not be receiving superannuation contributions from an employer.

This makes it worth looking at ways to grow their super and by making a contribution yourself to your partner's super account, you could benefit from a tax rebate.

With a variety of ways to grow your superannuation it's worth exploring the different options available to see which best suit your budget today – to help you achieve your goals for tomorrow.

Women retire with less super balance than men

Source: The Household Income and Labour Dynamics in Australia Survey, Melbourne Institute, 2021.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Find lost super
Additional contributions
Superannuation and downsizers
Support for lower income earners
Spouse contributions
Review your investment strategy
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

Review your investment strategy

You are free to choose how your super is invested – and that choice can have a big impact on the final value of your retirement savings.

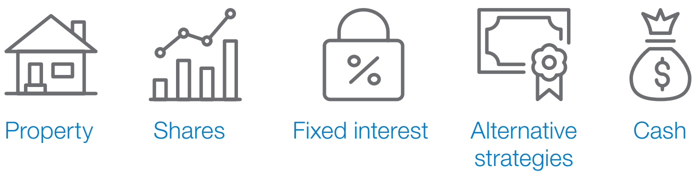
Most funds offer a range of investment options to choose from. If you don't change super investments, your money is likely to be invested in a 'default investment option' which may not suit your needs or preferred risk level.

Generally, your super fund will allocate a percentage of your money to be invested across the five main asset classes (cash, fixed interest, property, shares and alternative strategies) and generally classified as either growth assets, or defensive assets. It's important to look closely at exactly how the fund allocates your investments.

Examples of growth assets are shares and property. They generally have higher levels of investment risk, but also have the potential to generate higher returns over the longer term.

Examples of defensive assets are cash and fixed interest. They generally have lower levels of risk, but tend to produce lower, more stable returns.

Five main asset classes

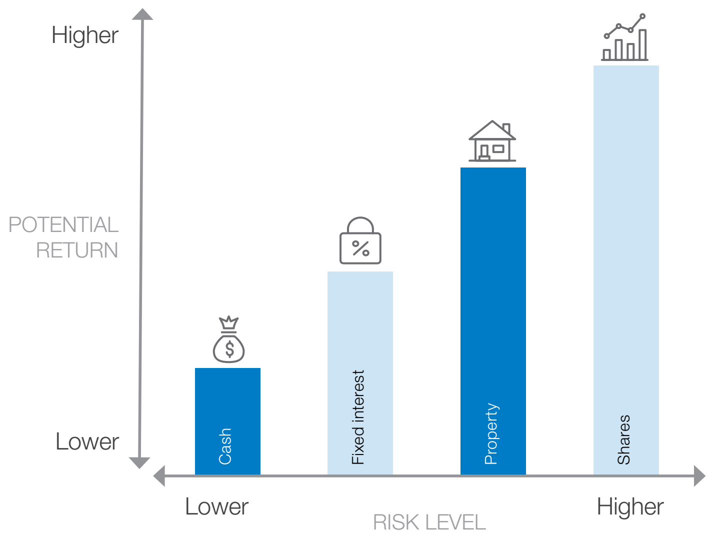


Changing your strategy

Determining the exact mix of investments in retirement can be a juggling act – more so because our needs and lifestyle change as we get older, calling for fine-tuning over time.

If you have limited experience in choosing investments, you could start by considering what level of risk you are comfortable with.

Generally, the higher the level of risk you're prepared to accept, the higher the potential returns or losses. Growth assets, such as shares and property, are generally considered the most volatile assets – that is, they're likely to experience greater fluctuations in value than defensive assets, such as cash and fixed interest.



1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Find lost super
Additional contributions
Superannuation and downsizers
Support for lower income earners
Spouse contributions
Review your investment strategy
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?

As you approach retirement you may prefer to dial down the risk of your super investments and opt for a more conservative strategy with a greater proportion of your super invested in lower risk through less volatile assets like cash.

Bear in mind though, longer life expectancies could mean it may be appropriate for you to continue to have some exposure to growth assets through your superannuation.

The main take-out is to take an active approach to how your super is invested. After all, it is your money and the investment strategy you select can have a major impact on the returns your superannuation earns over time.

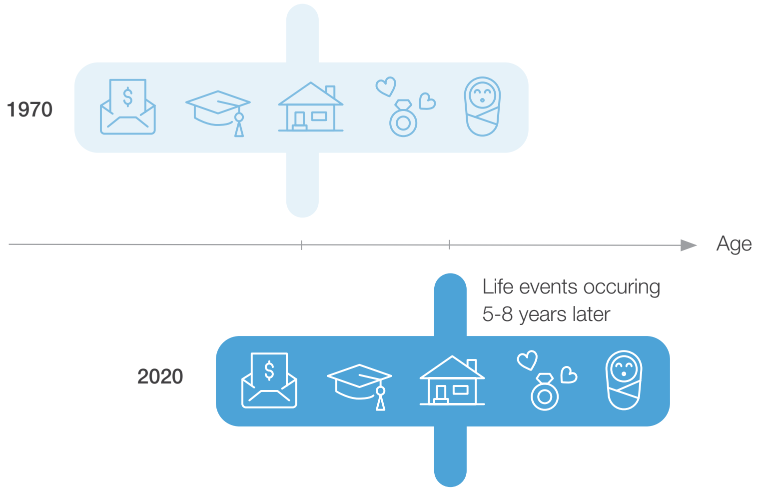
1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Transitioning to retirement
Delaying life events
Easing into retirement
Supplementing my income
Paying less tax
Making contributions after 67
Accessing my super
Life during retirement
Who gets my super when I die?

Transitioning to retirement

Whether you choose to gradually wind down your working week, or take the plunge into full-time retirement, one of the key challenges faced by many new retirees is the need to fill each day productively.

Rather than exit the workforce overnight, you may have the option of winding down your working week ahead of full-time retirement.

Delaying life events
Over the last 50 years the median age of home purchase increased from 27 to 33, obtaining a first job to age 25, finishing education is delayed by five years, having a child is delayed by seven years, and people are getting married eight years later.[11]



11. Housing in an ageing Australia, ARC Centre of Excellence in Population Ageing Research (CEPAR). November 2019

12. https://moneysmart.gov.au/retirement-income/transition-to-retirement

Based on Australians generally delaying life events, you may wish to consider when you're planning to retire, and whether you will have expenses like a mortgage to continue to pay off, even if you've hit retirement age.

Easing into retirement
Considering a transition to retirement (TTR) may be an option for you.

A transition to retirement pension (TTR) strategy provides you with the ability to receive an income stream from your super without having to give up work entirely, so you can reduce your working hours.

It's important to note though, the tax you pay on investment earnings outside super is generally higher.[12]

Supplementing your income
Perhaps the most popular strategy is an 'income swap' strategy. This generally suits pre-retirees hoping to ramp up their super savings ahead of full-time retirement. In practice, it involves making additional super contributions via salary sacrifice (or personal contributions if self-employed), while making up the difference in take home pay with payments from a TTR pension.

The second type of strategy focuses on replacement of income. Here, you may choose to wind back your working week and use the funds provided by a TTR pension to supplement your income.

You can read more about an income swap strategy here.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Transitioning to retirement
Delaying life events
Easing into retirement
Supplementing my income
Paying less tax
Making contributions after 67
Accessing my super
Life during retirement
Who gets my super when I die?

Paying less tax

Depending on your super, some of the money you withdraw as a TTR pension may be tax-free. The rest is assessed at your marginal tax rate (can be up to 47 per cent including Medicare levy), but with a 15 per cent tax offset.

Once you turn 60 however, any money you withdraw from your super is completely tax-free.[13]

Making contributions later in life

Aged 67-74

Just because you may be winding down your work doesn't mean you can't contribute money to your super.

- If you're still working, your employer can make Superannuation Guarantee (SG) contributions to your super account.
- You can continue to make salary sacrifice and non-concessional contributions to your super without needing to satisfy the 'work test'. In addition, you could consider bringing forward your non-concessional contribution caps if eligible – see page 37 for more information.
- You could also consider making a downsizer contribution of up to $300,000 from the proceeds of the sale (or part sale) of your home into your superannuation account. (Please see the Australian Taxation Office website for more information.)

Please note: to claim a tax deduction on a personal (concessional) contribution, you will still need to satisfy the 'work test' requirement. Refer to the Australian Taxation Office website for more information.

Age 75+

- If you're still working, your employer can make SG contributions to your super account without needing to satisfy the 'work test'.
- You could also consider making a downsizer contribution of up to $300,000 from the proceeds of the sale (or part sale) of your home into your superannuation account. (Please see the Australian Taxation Office website for more information.)

In the 28 days in the month after you turn 75, if you satisfy the 'work test' (see page 41), you can also have the following contributions made to your super account:

- Personal or spouse contributions.
- Salary sacrifice contributions from your employer and other employer amounts like administration fees or insurance premiums.

If you're considering a transition to retirement strategy you may consider working with a financial adviser, if you aren't already, to ensure your strategy achieves the best outcomes possible for you.

The average lifespan for Australian males is 85.2 and for females is 87.8

At 67 you could invest for another 15 to 20 years or so

13. Transition to retirement, ATO.

Source: Life Tables, States, Territories and Australia, 2017-2019 – Australian Bureau of Statistics, November 2020.

1 Make your future financially fit

What will my retirement look like?

How can I fund my retirement?

How do I boost my super and retirement savings?

Transitioning to retirement

Accessing my super

Can I take my super as a lump sum?

How do I start a pension from my super?

Life during retirement

Who gets my super when I die?

Accessing my super

When drawing down on your super, some important considerations include managing your spending and income, as well as timing of your withdrawals.

For example, if you withdraw from your super early in retirement, chances are you're drawing down on the returns you're earning or have earned to date. Not on the capital itself. This also means that you have the potential to earn returns throughout your retirement.

Can I take my super as a lump sum?
Yes. Lump sum super withdrawals are tax-free from the age of 60.

If you decide you wish to withdraw from your super before the age of 60 even though you have met your preservation age, there may be taxation implications. You can learn more about taking your super as a lump sum here.

In addition, depending on what you do with the lump sum after you draw down may impact your eligibility for the Age Pension.

You may also wish to consider using your super as a pension.

How do I start a pension from my super?
You first need to meet a relevant superannuation condition of release before you can withdraw your super. Once you've done this, rather than take your super as a lump sum, you can also receive the money as a super income stream – often called an account based pension.

This means you receive a series of regular payments from your super fund and in this sense it can be just like receiving your regular wage or salary. This makes budgeting easier and you still enjoy the benefits of tax concessions that apply to superannuation, including tax free payments once you turn 60.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Transitioning to retirement
Accessing my super
Life during retirement
Aged care considerations
Who gets my super when I die?

Life during retirement

Withdrawing your super as income in retirement

In July 2020, the Treasury's Retirement Income Review found that retirees may be reluctant to withdraw their super as income in retirement because of complexities, worry about consuming their 'nest egg', and concerns around out-living retirement savings.

Your superannuation is designed to assist you with your retirement income, and you can use this Retirement Guide as well as visit BT's Retirement Hub to find resources, calculators and tools, and articles to help you get a better understanding of how much you may need in retirement, how long your super may last, and the ways you can access your retirement income. You can also find BT's Retirement Income Strategy, which shows how we can assist you with valuable tools and resources as you approach, or are in, retirement, so that you may have the confidence to withdraw your super as income in retirement.

Aged care considerations

The decision to move into aged care can come with a raft of emotional issues, in addition to financial considerations.

That could be because nursing home accommodation can involve substantial costs, especially for self-funded retirees who need their finances to last the distance.

Longer life expectancies mean you could be in retirement for 20, maybe 30 years.

While your health may influence when you retire and your life expectancy, it can also have a major impact on your finances in retirement. As you age, you may find medical bills comprise a growing part of your household expenses.

Some things you may wish to consider when planning for Aged Care in retirement include:

- [ ] The cost of an aged care facility
- [ ] How you'll pay for accommodation costs
- [ ] If there is a basic daily fee

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?
Nominating my beneficiaries
Tax payable on super death benefits
Life insurance
Estate planning

Who gets my super when I die?

It's not surprising many retirees want to maintain their legacy of generosity by offering a financial helping hand to their children and grandchildren or leaving them their superannuation if they die.

Nominating my beneficiaries
To ensure you can help contribute to your loved ones' future, it's a good idea to think about who you'd like to leave your super to, in the case of your death.

Super law says that an eligible beneficiary can be your spouse or de facto, your children, someone who's financially dependent on you, or someone you have an interdependency relationship with.

If you'd like your super to go to someone else, like a parent, a sibling, or perhaps a charity, then you can nominate the executor of your estate as a beneficiary, who can then deal with your super as a part of your Will.

Whatever your decision, it's important you nominate your beneficiaries properly for things to go the way you plan.

Three common types of nominations

It's important you deal with nominating your beneficiaries properly for things to go the way you intend. There are three types of nominations that you can make.

1. Non-lapsing nomination
A non-lapsing nomination allows you to instruct the super fund trustee who to pay your benefit to in the event of your death. The trustee must follow a valid nomination. You must also nominate the proportion of your death benefit each beneficiary is to receive.

2. A non-binding nomination
Making a non-binding nomination is a preference made by you on who you want your super benefit to go to should you die. It does mean however that your super fund's trustee could ultimately use its discretion and distribute your super to people other than who you've stated.

This may happen, for example, if someone is financially dependent on you.

3. Binding nomination
A binding nomination allows you to set out to the super trustee how you wish some or all of their superannuation death benefits to be paid on your death. The nomination is generally valid for a maximum of three years and lapses if it is not renewed. If this nomination is valid at the time of the member's death, the super trustee is bound to follow it. This nomination must be in writing, signed and dated in the presence of two witnesses who must not be minors and are not nominated beneficiaries. The witnesses must also sign and date the notice to confirm the nomination was made in their presence.

To help contribute to your loved ones' future, even if you're no longer around, talk to your super fund to either nominate or update your beneficiaries.

1 Make your future financially fit
What will my retirement look like?
How can I fund my retirement?
How do I boost my super and retirement savings?
Transitioning to retirement
Accessing my super
Life during retirement
Who gets my super when I die?
Nominating my beneficiaries
Tax payable on super death benefits
Life insurance
Estate planning

Tax payable on super death benefits

The taxation treatment of your superannuation in the case of your death is determined based on whether one of your dependants is the recipient, if it's paid as a lump sum or as an income stream, as well as the age of your dependants, and your age when you die.

You can read more about what tax is payable on super death benefits here.

Life insurance

Many people opt to have life insurance inside their superannuation, meaning premiums are taken out of super rather than after-tax dollars.

In many cases life insurance forms an important part of estate planning as it provides a financial safety net which your family can use to pay for funeral expenses, enable the payout of large debt such as a mortgage or buy out a business partnership for instance.

Many super funds offer life insurance which can be adjusted according to your needs. If you hold life insurance outside of your super, a lump sum will be paid to any nominated beneficiaries upon your passing.

If you have a life insurance policy within super, it's a good idea to ensure your beneficiaries are up to date.

In the case of your death, taxation on life insurance proceeds can be complex, so it is worth speaking with a financial adviser to understand the implications as they may apply to your circumstances.

Estate planning

Did you know that superannuation is not automatically part of your estate?

An estate plan includes your Will and other key documents that detail how you would like your assets distributed after your death.

Your estate is made up of your assets and are distributed according to your Will. These assets are in your name, and are generally yours to instruct to the Executor of your Will to distribute however you see fit.

Whereas because your super is being held on Trust for you, it is treated in parallel to your estate. This means you need to instruct the Trustee of your super fund as to where and whom you wish to leave your super if you die, known as nominating your beneficiaries. If you do not do this, the Trustee will use its discretion to decide who should receive your super.

Not sure where to start with planning your estate? Have a look at the NSW Government's information on 'Why planning is important.'

2 Tools and resources
Super and Retirement Calculator
Retirement lifestyle calculator
Budget planner
Mortgage versus super
Age Pension calculator
Obtaining financial advice

2 Tools and resources

2 Tools and resources
Super and Retirement Calculator
Retirement lifestyle calculator
Budget planner
Mortgage versus super
Age Pension calculator
Obtaining financial advice

Tools and resources

There are a lot of tools and resources you can take advantage of to help set you up for your retirement. We've listed a few below to help get you started.

Super and Retirement Calculator
Not sure if your super will last the distance in retirement? And will you have enough to live the lifestyle you have in mind? Our Super and Retirement Calculator can provide you with a guide on what income you might have in retirement and how long it might last. Try the calculator here.

Retirement lifestyle calculator
A comfortable retirement means different things to different people. This calculator allows you to estimate the annual income you might need to support a retirement lifestyle based on the expenses you input. Try the calculator here.

Budget planner
A budget could help you work out where your money is going, and if you're spending more or less than you can afford.

Using a budget planner can take the heavy lifting out of sorting out your budget – you simply enter in the amount of money you've got coming in (such as your salary) and then put in the expenses you've got coming out.

Try the MoneySmart Budget planner today, found here.

Get retirement ready It's never too early or too late to prepare for your retirement. Our Retirement hub has calculators, tools, easy-to-read articles and more resources to help get you started. bt.com.au/retirement.

2 Tools and resources
Super and Retirement Calculator
Retirement lifestyle calculator
Budget planner
Mortgage versus super
Age Pension calculator
Obtaining financial advice

Mortgage versus super
When it comes to saving for your retirement, is it better to put extra money into your mortgage so that you can pay off your debt quicker, or put extra money into your super to benefit from compounding?

The answer will differ for different people. You can use the MoneySmart tool at moneysmart.gov.au to see what might suit your circumstances.

Age Pension calculator
To see both when you can get your super as well as when you can apply for the Age Pension, use ASIC's super and pension age calculator, found at moneysmart.gov.au.

Obtaining financial advice
Planning for and managing the financial aspects of retirement can seem complicated, and it is an area where good financial advice can make a difference.

Decisions you make early on can set you up for a retirement free from concerns over money matters.

It's important that you don't invest in what you don't understand. Take time to understand the risk and return profile that is suitable to you and adjust your investment strategy accordingly.

Speak to your financial adviser for help deciding the sort of retirement you can comfortably afford, how to invest for your needs and the best way to put your superannuation savings to work.

If you don't have a financial adviser, you can refer to the government's website moneysmart.gov.au > Tools and resources > Choosing a financial adviser to find out more about choosing a financial adviser.

3 SMSFs – a few different rules for you

3 SMSFs – a few different rules for you

SMSFs

A self-managed super fund (SMSF) can have real plusses, allowing you to have more control over how your super is invested (within superannuation and taxation laws).

In addition to determining if you have sufficient capital for an SMSF to be worthwhile, consider whether you want the added responsibility, as managing your own retirement savings comes with costs of its own.

Keep in mind, there are also strict laws and regulations that govern SMSFs. As a trustee of your own super fund, you're held responsible for your investments and complying with superannuation and taxation laws. Please ensure you consider the risks before setting up an SMSF.

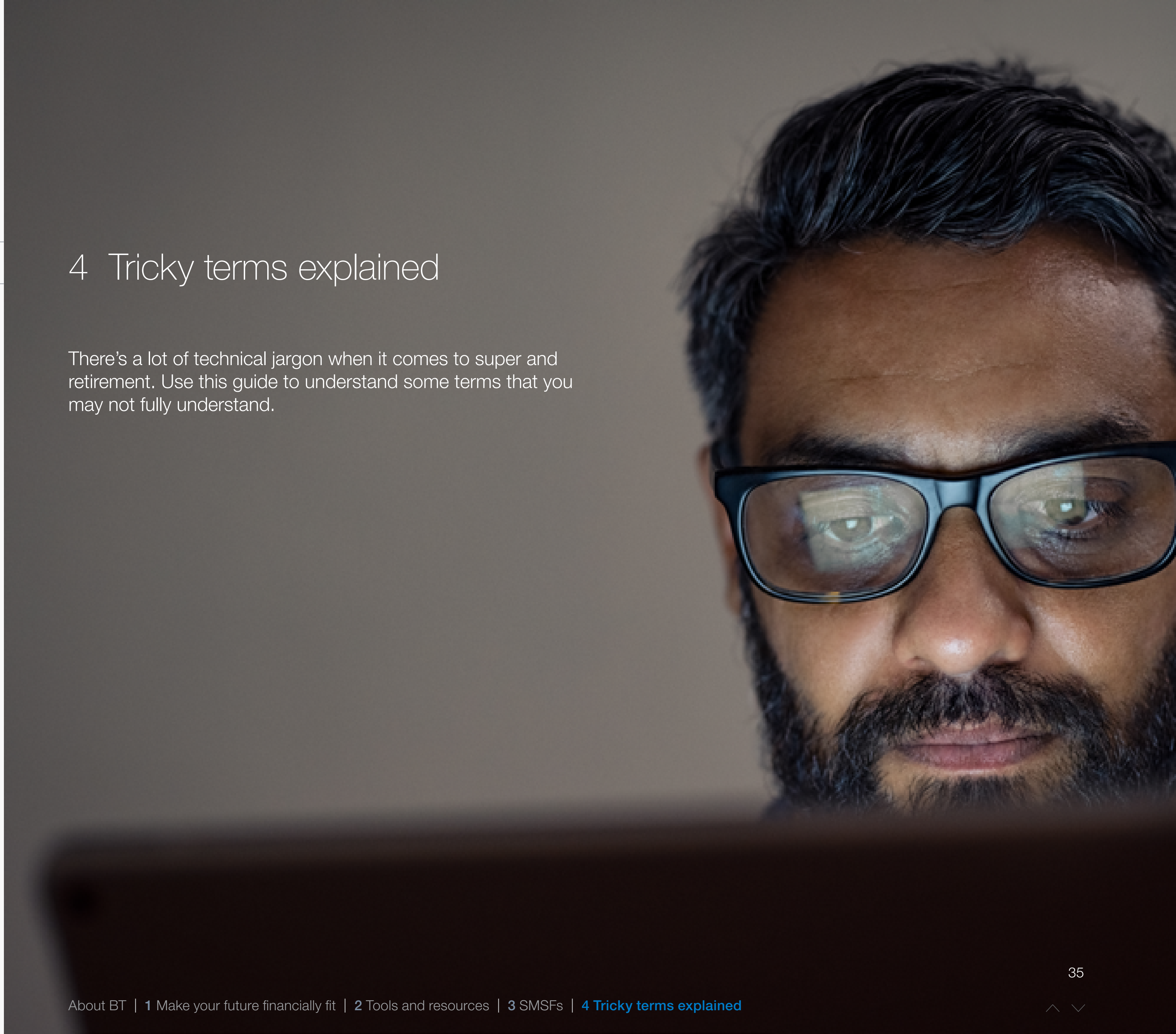
There are a few different rules regarding accessing an account-based pension as well as other retirement considerations if you run your own SMSF.

A good source of information is the Australian Taxation Office.

You can visit them and read more here.

4 Tricky terms explained

There's a lot of technical jargon when it comes to super and retirement. Use this guide to understand some terms that you may not fully understand.



Definition of terms

Accumulation phase	This is phase where you can make or receive contributions to your super account. You can't generally access your super savings during the accumulation phase unless you meet a superannuation condition of release.
Age pension	If you pass certain assets, and income means tests, meet certain residency definitions, and are at the 'Age Pension' age, you may be eligible for a payment from the Australian Government. You can find out more about how much you may be able to get, as well as eligibility criteria at Services Australia.
ASIC	Australian Securities and Investments Commission. They're the regulators who ensure Australian companies, markets, and financial services comply with the Corporations Act.
Beneficiary	A beneficiary is someone who you wish your superannuation savings to be given to in the case of your death. Super law says that a superannuation benefit can only be paid to an eligible beneficiary. An eligible beneficiary can be your spouse or de facto, your children, someone who's financially dependent on you, or someone you have an interdependency relationship with. If you'd like your super to go to someone else, like a parent, a sibling, or perhaps a charity, then you can nominate the executor of your estate as a beneficiary, who can then receive the benefit and distribute your super along with the other assets of your estate according to your Will. Whatever your decision, it's important you nominate your beneficiaries properly for things to go the way you plan.

Binding nomination	A binding nomination means your super will go to the specific person, or people that you've nominated, as long as they're eligible beneficiaries. And if things do change, at any time, for instance if you get married or divorced, it's important that you update your nomination so it reflects your wishes. A binding nomination allows you to set out to the super trustee how you wish some or all of their superannuation death benefits to be paid on your death. The nomination is generally valid for a maximum of three years and lapses if it is not renewed. If this nomination is valid at the time of the member's death, the super trustee is bound to follow it. This nomination must be in writing, signed and dated in the presence of two witnesses who must not be minors and are not nominated beneficiaries. The witnesses must also sign and date the notice to confirm the nomination was made in their presence.
Bring forward rule	If you are eligible, you can make non-concessional (after tax) contributions up to $360,000 over a three-year period. What this means is you 'bring forward' your non-concessional contributions caps (currently $120,000 per annum) from up to two future financial years. You can do this in one go, or as several contributions. Your eligibility to use this rule in a financial year will depend on whether you have already applied it in the last two financial years and also your total super balance as at the previous 30 June.
Carry-forward rule	If you do not reach your cap of $30,000 on concessional contributions in a year and your total super balance is less than $500,000 at the end of the previous financial year, you can carry forward your unused concessional contributions accrued from 1 July 2018. Unused amounts are available for a maximum of five years and will expire after this.

Concessional contributions	These are contributions you can make to your super from before tax monies. This can include your superannuation guarantee (SG), any salary sacrifice arrangements, or personal contributions that you claim a tax deduction on. They're called concessional because they're taxed at a 'concessional' rate (currently 15% – an additional 15% applies to high income earners.) The general (annual) concessional contributions cap is $30,000 (2024/25). If you don't contribute the entire $30,000 in one year and your total super balance is less than $500,000 at the end of the previous financial year, you can carry-forward any unused concessional contributions accrued from 1 July 2018. Unused amounts are available for a maximum of five years and will expire after this.
Condition of release	Super can only be accessed if a condition of release is met. There are several common releases, including: – Meeting the preservation age and retiring, or, meeting the preservation age and starting a transition-to-retirement income stream – Being over 60 years of age, and stopping work – Being over 65 – Dying You can read more about conditions of release here.
Contributions caps	There are limits on how much you can contribute to your superannuation every year. The limits are different depending on whether you make contributions that are before tax (concessional) or after tax (non-concessional). – The general concessional contributions cap is $30,000 per year (2024/2025), unless you use the carry-forward rule. – The non-concessional contributions cap is $120,000 per year (2024/2025), unless you use the bring-forward rule.

Defensive assets	Defensive assets include things like cash and fixed interest. They generally have lower levels of risk, but tend to produce lower, more stable returns.
Death benefit	When you die, your super fund will give your super savings to your beneficiary. This is called a death benefit.
Downsizer contribution	If eligible, you could contribute up to $300,000 from the proceeds of the sale of your home. If you have a spouse, they are also allowed to contribute up to $300,000 from the sale proceeds to their superannuation under this policy (provided they also meet the eligibility criteria).
Executor	An executor is a person or institution that has been nominated to carry out the terms of a Will.
Growth assets	Growth assets include things like shares and property. They generally have higher levels of investment risk, but also have the potential to generate higher returns over the longer term.
Non-binding nomination	A non-binding nomination is where you nominate the preferred beneficiaries that you wish your super to go to, however the nomination is not binding on the Trustee. The Trustee will consider your nomination along with any other dependants, the financial circumstances and needs of your dependants and whether your circumstances have changed since you made your nomination (e.g. you have since re-married or had a child) before deciding who will receive your benefit. This means your super fund's Trustee could ultimately use its discretion and distribute your super to eligible beneficiaries other than who you've stated. This may happen, for example if someone is financially dependent on you but you haven't specifically nominated them as a beneficiary.

Non-concessional contributions

These are contributions you can make to your super from after tax monies. This can include any funds you contribute and do not claim as a tax deduction (also known as voluntary contributions) and spouse contributions.

They're called non-concessional because the funds have already had tax taken out of them, therefore there is no further tax paid on these sorts of if you do not contribute an amount to exceed your cap.

The annual cap on non-concessional contributions is $120,000 (2024/25), unless you take advantage of the three-year bring it forward rule.

If you're aged between 67-74, you won't need to satisfy the 'work test' before making non-concessional contributions and salary sacrifice contributions to your superannuation, unless you intend to claim a tax deduction on that contribution. See the explanation for the work test below.

Preservation age

The preservation age is the age that you can access your super, and is determined by the date of your birth.

Date of birth	Preservation 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
From 1 July 1964	60

Superannuation Guarantee	A Superannuation Guarantee (SG) payment is the amount that an employer pays into their employee's super fund to help them save money for retirement. It is currently 11.5% for 2024/25 of ordinary time earnings. You can read more here.
Three year bring forward rule	If you are 74 years or younger, you may be able to make after-tax contributions of up to three times the annual limit in a single year by utilising the three-year bring forward rule (subject to your total super balance).
Transfer balance cap	If you've retired, you can access your super as a lump sum, or an income stream (or perhaps both.) If you decide to start an income stream, you can invest up to $1.9m for 2024/25. There is a cap on this as it is taxed at 0%.
Transition to retirement	If you've reached your preservation age, and have cut back on your work hours, you can start accessing your super as an income stream while you are still working. This is called a Transition to Retirement pension or a TTR pension.
Trustee	A trustee is the person or entity that is responsible for ensuring a super fund is administered properly and is legally compliant.
Work test	The 'work test' is annual, and means you need to work for at least 40 hours in a (consecutive) 30-day period within the financial year that contributions are made to your super – If you are aged 67-74 years of age, you will need to satisfy the work test to claim a personal superannuation contribution deduction

For more information

Consider speaking to a financial adviser or call 1300 881 716

bt.com.au

BT000775A-0624