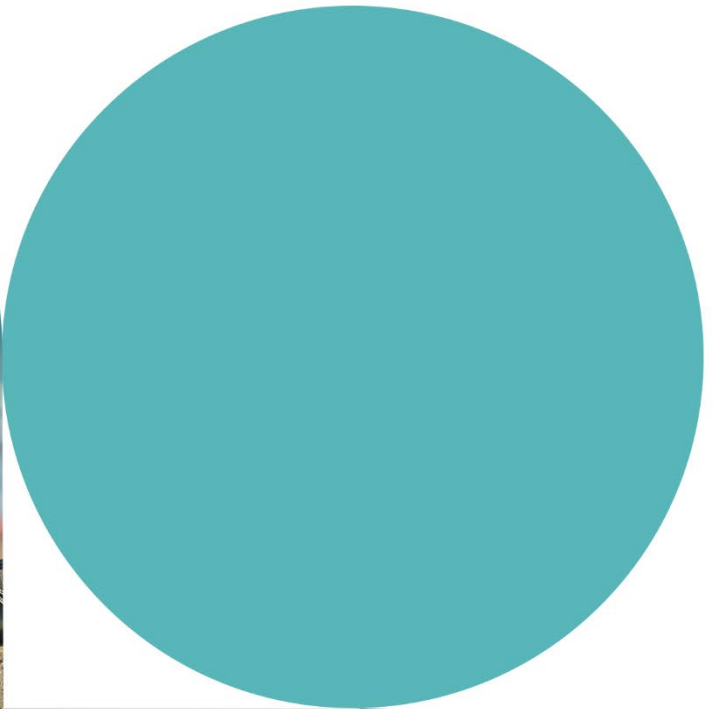




Plan Your Ideal Retirement





What Does Your Ideal Retirement Look Like?



The answer to the question “What does the ideal retirement look like?” is different for everyone.

Everyone's vision of the ideal retirement is unique and personal to them. For some, it may involve selling their home and travelling as grey nomads, while others may choose to stay in their family home and take periodic overseas trips. There are also those who prefer downsizing their living space and using their retirement to assist with their grandchildren's upbringing.

Regardless of your vision, it's crucial to take the time to consider and quantify what your ideal retirement will entail so that you can calculate the costs of maintaining that lifestyle. By doing so, you can ensure that your retirement plans are financially feasible and sustainable in the long run.



When To Start Planning For Retirement?

Retirement planning is often the last thing on our minds when we start our first job and open a superannuation account. However, this is when the seed of retirement planning is planted. The choices we make between this point and retirement can determine the kind of lifestyle we have in our golden years. It's like tending to a rose, giving it the care, it needs to blossom, rather than treating it like a cactus that just needs to be set and forgotten.

Although retirement may seem distant when we're 18, it's important to start planning as early as possible to take advantage of the power of compounding interest. By our early 40s, when we have an established career, a strong income, and enough life experience to make informed decisions about our retirement plans, it's an ideal time to give it serious consideration. However, if we have left it a little later than our 40s, the next best answer is to start planning now. The sooner we start, the better prepared we will be for a comfortable retirement.





Stages of Retirement

When planning for retirement, it's important to consider the different stages that retirees typically go through in this phase of life. For those who live well into their late 80s, there are usually three stages: the fun stage, the quiet stage, and the care stage. These stages typically last for about 10 years each if you retire at 65, but if you retire earlier, such as at 60, your fun stage may last longer.

Stages Of Retirement



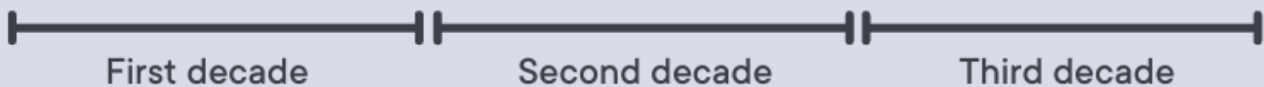
Fun



Quiet



Care



The **fun stage** is characterised by an active body and the ability to enjoy the things you love, such as travelling and being physically active.

The **quiet stage** comes when the body may not be as willing, but the mind is still sharp. This is a time for less active pursuits and more intellectual or artistic pursuits.

The **care phase** is when you require assistance from someone, whether it's in a nursing home or at home.

While it may be challenging to think about the care stage, it's essential to seize the day and make memories during the fun stage, as health issues can arise at any time and push you into later stages earlier than expected. This realisation should guide your retirement planning to ensure that you can make the most of your golden years.

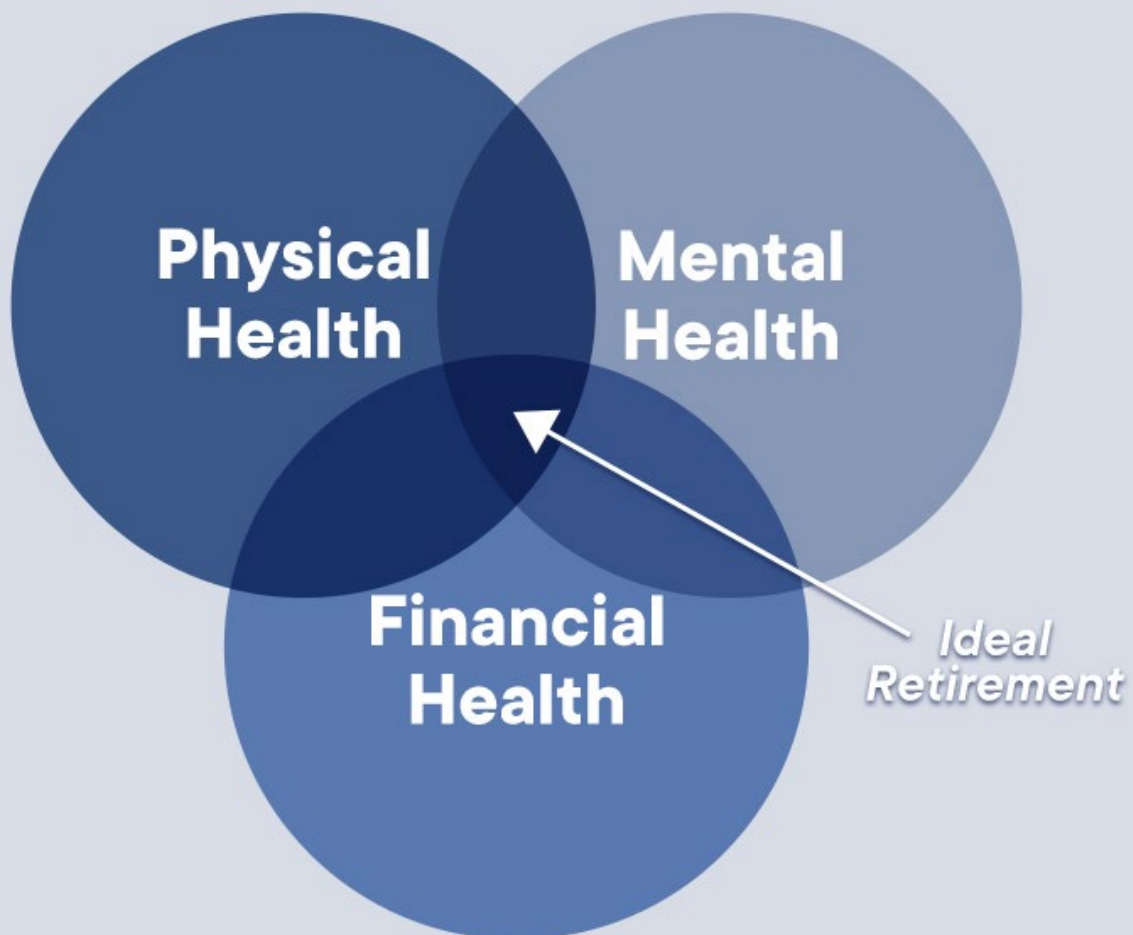


Planning Your Ideal Retirement

Retirement means different things to different people. For some, it's a chance to explore new interests and pursue passions, while for others, it can be a difficult transition marked by a sense of loss, both financial and personal. As such, planning for retirement requires careful consideration and strategies to help retirees thrive in the next phase of their lives.

Many approaching retirement worry about maintaining their lifestyle without their employment income and seek to make financial plans. However, research shows that maintaining mental wellbeing in retirement involves finding purpose, prioritising physical health, making social connections, feeling safe, and accessing support. Therefore, planning for retirement should encompass not just financial considerations but also strategies to promote mental and physical health. These three elements are interconnected and essential to achieving the ideal retirement.

Ideal Retirement



Beyond Blue says it is thought that between 10 and 15 per cent of older people experience depression and about 10 per cent experience anxiety.¹ Pre-retirement planning should include a holistic approach that encompasses not just financial aspects, but also personal, social, and emotional factors that can impact one's retirement experience. By considering the six W's, individuals can gain clarity and focus on the different aspects of their retirement plan:

- **Where:** Where do you want to live in retirement? Will you stay in your current home, downsize, or move to a new location?
- **Who:** Who will be part of your support network in retirement? Will you maintain connections with friends and family, or seek out new social opportunities?
- **Wants:** What do you want to do in retirement? What hobbies, activities, or passions do you want to pursue?
- **Why:** Why do you want to retire? What are your goals and priorities for this phase of life?
- **Wow:** What excites you about retirement? What are the positive aspects of this new chapter?
- **Wealth:** What is your financial situation and how can you use your resources to support your retirement goals?

By taking a comprehensive approach and considering these factors, individuals can create a retirement plan that aligns with their values, interests, and aspirations.



¹ [Statistics - Beyond Blue](#) "National Ageing Research Institute. (2009). beyondblue depression in older age: a scoping study. Final Report. Melbourne: National Ageing Research Institute.



Where



Who



Wants



Why



Wow



Wealth



Retirement Planning – Where

Where you want to live in retirement fundamentally impacts your retirement lifestyle. Do you want to continue living in your family home or do you want to downsize? Do you want to relocate to another town, state or country for a sea-change or tree-change? Do you want to move closer to family to help look after grandchildren or have family members look after you in your senior years?

Do you want to move into over 55s living and reap the benefits of not having to look after large home and yard? The options are endless, but the decisions are up to you and form a major part of retirement planning. When considering the options keep in mind which of the options will help foster a sense of community for you, help keep you active and bring you joy. What will the impact of your chosen location have on your physical and emotional health, for example, will living by the bay motivate you more for daily walks? Would living closer to family keep you active looking after grandkids, would living in over 55s accommodation help you keep connected to a new community of likeminded people?

Where you want to live may change with the stages of retirement. Where you live in the 'fun' stage may differ to the 'quiet' and the 'care' stages. This can be incorporated into your retirement planning.

Depending on what you choose there can also be financial benefits. For example downsizing your family home gives you many options for growing your wealth for retirement and is an option to consider in the retirement planning process when you get to 'Wealth'.



Retirement Planning – Who

Who you will retire with is just as important as the where. Will you be retiring on your own? Or will you retire with a partner? Will they be ready to retire at the same time as you? Is their plan or idea for retirement the same as yours? Your retirement impacts those around you and it is important to communicate your expectations with those in your family.

If you have a partner and they continue working after you have retired, will that hold you back from doing the things that you want to do in retirement. Conversely, if they continue working, they continue to bring an income into the household, and this can be beneficial for retirement planning from a financial point of view. All these considerations have implications for how your retirement will look and the retirement planning process.



Retirement Planning – Wants

Probably like no other stage in life, retirement gives you the opportunity to reinvent yourself. It is a stage in life where you have the time to invest in learning new things, take up new hobbies, live the life you want without the burden of work. Consider what makes you happy, what excites you and design your new life around that. Is it study, golf, grandchildren, travel? This is an important consideration for maintaining your mental health.

But most importantly, when do you WANT to retire? Plan for when you want to retire, is it 55, 60, 65, 67, 70? As discussed earlier, the sooner you give your retirement planning and superannuation focus, generally the more options you will have to retire on your own terms. Some people want to retire from full-time work but want to keep their toe in the workforce with consulting or part-time work because that is what fulfills them. Still a valid option, and something that can be incorporated into your financial plan for retirement.



Retirement Planning – Why

Whether you retire on your own or with a partner, the concept of companionship or how you keep yourself engaged with community is an important factor to consider. Too often retirees launch into retirement, enjoy the honeymoon phase of not working then when that passes find themselves disenchanted with their new life. Boredom is the enemy in retirement and can lead to a sense of discontentedness. Your WHY is what gets you out of bed in the morning. Designing your new life around something that gives you a purpose is crucial for a mentally healthy retirement. Regardless of whether your WHY is to spend time caring for and building relationships with your grandchild, to give back to the community volunteering at the local soup kitchen, or to achieve your goal of reducing your golf handicap, it is important to have a WHY. Something in retirement that gives your purpose, brings you joy and connects you with community.

This can often be the most difficult of questions for clients to answer. It is a redefining of your life purpose, for many of whom their answer would have been their work. If you do not have a why you can often feel aimless, and the feelings can lead to depression. To help maintain your mental health in retirement, considering your WHY is another crucial step in planning your retirement.



Retirement Planning – Wow

The WOW is often the easiest thing that those approaching retirement can articulate. Those bucket list items. The thing/s that they have wanted to do in retirement since they can remember. How many times have you heard people say, “When I retire, I want to: do a world trip, see the sites of Australia in a caravan, go fishing every day”. Whatever the WOW, articulating, and planning for that “once on a lifetime” holiday or goal is important for a fulfilling retirement. When it is articulated it can be planned for, funded, mapped out in the retirement phase of your life.

The sense of accomplishment of completing a bucket list item cannot be undersold. You have worked hard all your life and you deserve to enjoy your retirement, spend your savings, and treat yourself to the thing you have always wanted to do.



Retirement Planning – Wealth

WEALTH is the final of the six W's to discuss, and it's the most important. Wealth is the W that underpins the others: **Where, Who, Wants, Why, and Wow.**

Retirement planning is a critical process that involves preparing for the lifestyle you desire during retirement, and wealth accumulation is a significant factor in achieving those retirement goals. The retirement nest egg or wealth accumulation typically comes from your superannuation and personal savings, and sometimes from the age pension in combination with superannuation.

It's important to start planning for retirement early, ideally in your 40s, to give your superannuation and savings enough time to grow. However, if you haven't done so yet, it's never too late to start planning. Consulting with a financial adviser can help you identify strategies to maximise your wealth accumulation and achieve the retirement lifestyle you desire.

When it comes to retirement planning, an experienced financial adviser can be an invaluable resource. They can not only help you grow your wealth but also guide you in planning your retirement in a way that aligns with your unique needs and desires. This can include helping you make decisions about where you want to live, how you want to transition to retirement, and what you want to do in your retirement years to find purpose and fulfillment.

To achieve your ideal retirement, a financial adviser can help you put careful consideration into the six W's we discussed earlier: Where, Who, Wants, Why, Wow and Wealth. They will work with you to understand your wealth requirements and create a financial plan that is tailored to your specific wants and needs. Whether your retirement lifestyle goals are simple or involve luxury travel, your adviser can help you plan for how to fund your retirement and make your goals a reality.

The more thought you put into the type of retirement lifestyle you want to live, the more tailored your financial plan can be to help you achieve your wealth accumulation requirements. This is why working with a financial adviser is so important in the lead up to retirement. They can help you with a range of strategies, including:

- debt reduction
- superannuation boosting
- tax minimisation
- investment and wealth creation
- Centrelink strategies
- government incentives like downsizing your home into superannuation.

Overall, retirement planning is about much more than just accumulating wealth. It's about designing a retirement lifestyle that aligns with your unique needs and desires, and a financial adviser can be a valuable partner in helping you achieve that vision.



Debt Reduction Strategies



Super Boosting Strategies



Tax Minimisation Strategies



Investment and Wealth Creation



Centrelink Strategies



Government Incentives



Will I Have Enough To Retire On?

According to the Association of Superannuation Funds of Australia (ASFA)², for retirees who own their own home, a lump sum of retirement of \$690,000 is requested to support a “comfortable lifestyle” for a couple, and \$595,000 for a single person. However, what the ASFA consider a “comfort lifestyle” could be quite different to what you are accustomed.

“The comfortable retirement standard allows retirees to maintain a good standard of living in their post work years. It accounts for daily essentials, such as groceries, transport and home repairs, as well as private health insurance, a range of exercise and leisure activities and the occasional restaurant meal. Importantly it enables retirees to remain connected to family and friends virtually – through technology, and in person with an annual domestic trip and an international trip once every seven years.”

Travel overseas once every seven years may not be what you deem to be your ideal lifestyle?

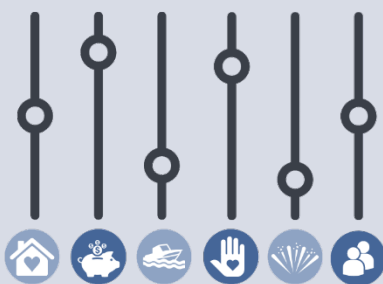
In yearly terms this is:

	Single	Couple
Total per year	\$49,462	\$69,691

Another way to estimate how much money the average person or couple will need yearly for retirement is to calculate 60-80% of their pre-retirement annual income. However, this assumes a drop in income requirements because you are no longer paying your home loan or other debts.

So, if your household income was \$90,000 at retirement, you would want to earn between \$54,000 and \$72,000 per year in retirement.

But, once again, these are just estimates. It is important to thoroughly consider what you want your retirement to consist of and plan from there – as already mentioned your comfort level could be considerably different to the next person.



Use our **Retirement Income Estimator** to see how much money you might be living off in retirement.

² [Retirement Standard - ASFA \(superannuation.asn.au\)](https://www.superannuation.asn.au)



Prior Planning Provides Flexibility

The beauty of the six W's is that as long as you have been working hard at accumulating your wealth early on, the thing that underpins the other five W's, then you likely will have the wealth and flexibility to adjust the other five W's. You never know where life will take you.

Having built a strong foundation of wealth gives you the freedom and flexibility to make changes to your plans. What is important is to make considered decisions about what will give you a mentally and physically healthy retirement and these decisions may change over time. Put thought into what makes you happy, what will give you a sense of purpose and plan your ideal retirement.





Why Do I Need an Estate Plan?

Estate plans help ensure that your assets are appropriately transferred to the heirs of your choice. They can help minimise taxes, transfer costs and reduce family disputes. Although not an enjoyable task, it is important that you consult your financial planner and solicitor on how to best transfer your estate upon your passing.



For more information see
our **Estate Planning Guide**

Your **FREE** Guide to Estate Planning

Get Expert Advice

Many Australians are concerned about their futures. According to a recent MLC white paper, 'Close to three in five (56%) were concerned about being able to maintain their lifestyle in 10 years' time, with those aged 50–70 (61%)—who are more likely to be either already retired or approaching retirement—more likely to worry about being able to keep the same lifestyle'.

Seeing a financial planner can help alleviate the stress, it can make a significant difference in the quality of life after work.



Contact us

Act sooner rather than later! Seek advice from one of the expert financial advisers at Elliot Watson Financial Planning. Contact us for an initial consultation on **02 4038 1623** and find out how we can help you achieve your financial and retirement goals.

Notes:

1: *Beyond Blue: Beyond Blue: Getting Older* [link to: <https://www.beyondblue.org.au/who-does-it-affect/older-people/>]

2: *Association of Superannuation Funds of Australia* [link to: <https://www.superannuation.asn.au/>]



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