Acenda Life

Retire your way

A planning guide for over 65s

Get set to retire your way

Remember when retirement still seemed like a distant dream? Once you reach the age of 65, it suddenly becomes more of a reality. As the possibilities for your future come into focus, maybe it's time to get your retirement plans into shape so you know what's ahead. This general guide will show you how some careful planning now may help you move into retirement with confidence.

At this important stage, you may want to focus on future-proofing your retirement savings. And you may want to find out how to structure your savings to give you a regular income in retirement. This guide for people aged over 65 outlines all that and more. Benefit from our insights and experience around important considerations including how to help ensure your money can last as long as you do, understanding your investment options, whether you might qualify for the Age Pension, and the benefits of meeting with a financial adviser.

What will your retirement look like?

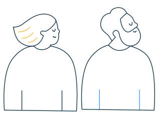
The ASFA Retirement Standard can help

The Association of Superannuation Funds of Australia (ASFA) is the superannuation industry's peak body for research and advocacy. They have developed benchmarks that can be used as a guide for how much money a person might need to have a modest or comfortable retirement.

1. For a modest retirement lifestyle (aged 65–84):

To cover a basic but acceptable standard of living, ASFA calculates that a single person may need around $34,522 per year and for a couple, around $49,992 per year. These numbers are estimated to cover essential living expenses with minimal extras.

Single
$34,522

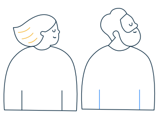


Couple
$49,992

2. For a more comfortable retirement lifestyle (aged 65–84):

If you're wanting a more comfortable lifestyle, ASFA calculates that a single person may need around $53,289 annually, and as a couple this figure increases to about $75,319. 'Comfortable' might mean a higher quality of housing with enough money to enjoy dining out, holidays, and recreational activities.

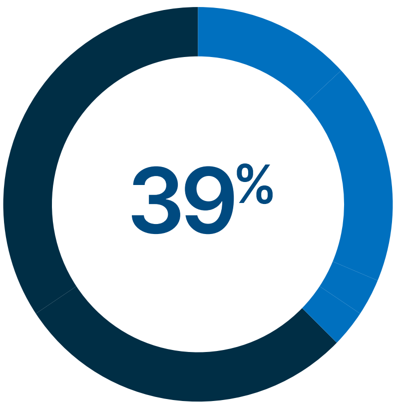
Single
$53,289



Couple
$75,319

To achieve a comfortable retirement, ASFA suggests that super balances at age 67 would be $690,000 for a couple and $595,000 for a single person.[1]

Retirees in Australia using their super as a source of income at retirement.[2]



Retirees in Australia relying on a their super as a source of income at retirement 39%

The information on the ASFA website can help you assess whether your current super savings might provide a comfortable retirement lifestyle.

If your super balance isn't where you want it to be, don't panic.

Everyone's circumstances are different and it might be helpful to engage a financial adviser to discuss tax-effective ways you may be able to boost your super savings, or explain how a Government Age Pension or part pension could support your income in retirement.

1. ASFA Retirement standard, June 2025 superannuation.asn.au/resources/retirement-standard/
2. Australian Bureau of Statistics, Retirement and Retirement Intentions Australia, 2022-23 financial year, Table 6, Sources of income in retirement **abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release#data-downloads**

What happens to your super at retirement?

Next step options

While you're planning to stop working, your super can keep working for you. Until you take action, your money will remain in your super account, continuing to fluctuate in value based on market and investment returns.

Over the next few pages, we provide general information about some of the investment options for your super. Deciding on what to do with your super money doesn't have to be an all or nothing choice. Depending on your individual circumstances and your retirement goals, your next steps may include a mix of options. You should consider speaking to a financial adviser before deciding what is best for you.

Account-based pension

Get a regular income from your investments

This option is designed to provide you with a regular income payment in retirement, from the money you've saved in super.

To receive an account-based pension, which is also known as an allocated pension, you transfer your money from your super account into an account-based pension account. Just like your super, your money can be invested in a range of different asset classes, and these are subject to similar risk and returns.

Depending on your chosen provider, you usually have some choice in how the money is invested, how often you receive payments, and how much you want to receive. Your payments are also subject to minimum draw down requirements, set by the Government.

Account-based pension payments are usually tax free for people aged over 60. However, the total account balance and payment amounts are factored into the income and asset test for the Age Pension qualification.

Once your account balance reaches $0, your payments will stop.

An account-based pension is different to the Government's Age Pension, as it uses your own money that you have saved in super.

Government website Moneysmart, has a calculator which may help you work out how long your super savings could last using an account-based pension.[1]

1. Moneysmart account-based pension calculator **moneysmart.gov.au/retirement-income/account-based-pension-calculator**

What happens to your super at retirement?

Annuities

Guaranteed income for fixed terms or for life

These are low risk investment products that guarantee a regular income, either for a fixed term or for life. You can purchase annuities using your super or other personal savings. When you apply for an annuity, you can determine how much you want to invest, how often you receive payments, for how long, and whether you want indexation applied. With these factors in mind, your preferred provider can give you a quote that details what and when your payments will be.

Unlike your super, the money you invest in an annuity isn't subject to market fluctuation. As you don't get to choose where the money is invested, annuities may be considered less flexible than an account-based pension.

And once you agree on the payment amount, frequency and term, they can't be easily changed. What you do get, however, is the certainty and peace of mind of knowing exactly what and when your future payments will be.

Once you're over 60, annuity payments are generally tax-free if purchased with super money. However, the purchase price and income payments will be factored into your income and asset test for the Age Pension. Lifetime annuities are generally factored at 60% of the asset and income value for Age Pension assessment.

Acenda offers a guaranteed annuity product. You can find out more about the product and review the product disclosure statement (PDS) at **acenda.com.au/annuities**

Moneysmart has an online budget planner which can help you plan your spending and decide if a lump sum withdrawal could work for you.[1]

Lump sum withdrawals

Your money, your way

Another option you have is to withdraw your money from your super account. You might choose to make a full withdrawal and close your super account or a partial withdrawal. If you choose to withdraw just some of your money, your remaining funds can stay invested in your super fund account.

Why choose a lump sum withdrawal? For some people, it's about clearing debts, taking that dream world trip or making new investments. For others, it's about the security of having cash in the bank and not having to rely on income payments. It's worth keeping in mind, however, that once you withdraw your money from super, you may have to pay income tax on any interest or earnings from that money.

Before withdrawing money from your super, it could be helpful to create a household budget. Your budget should consider how you plan to spend any lump sum withdrawals and how long you expect (or need) your money to last. Keep in mind that once it's spent, it's gone.

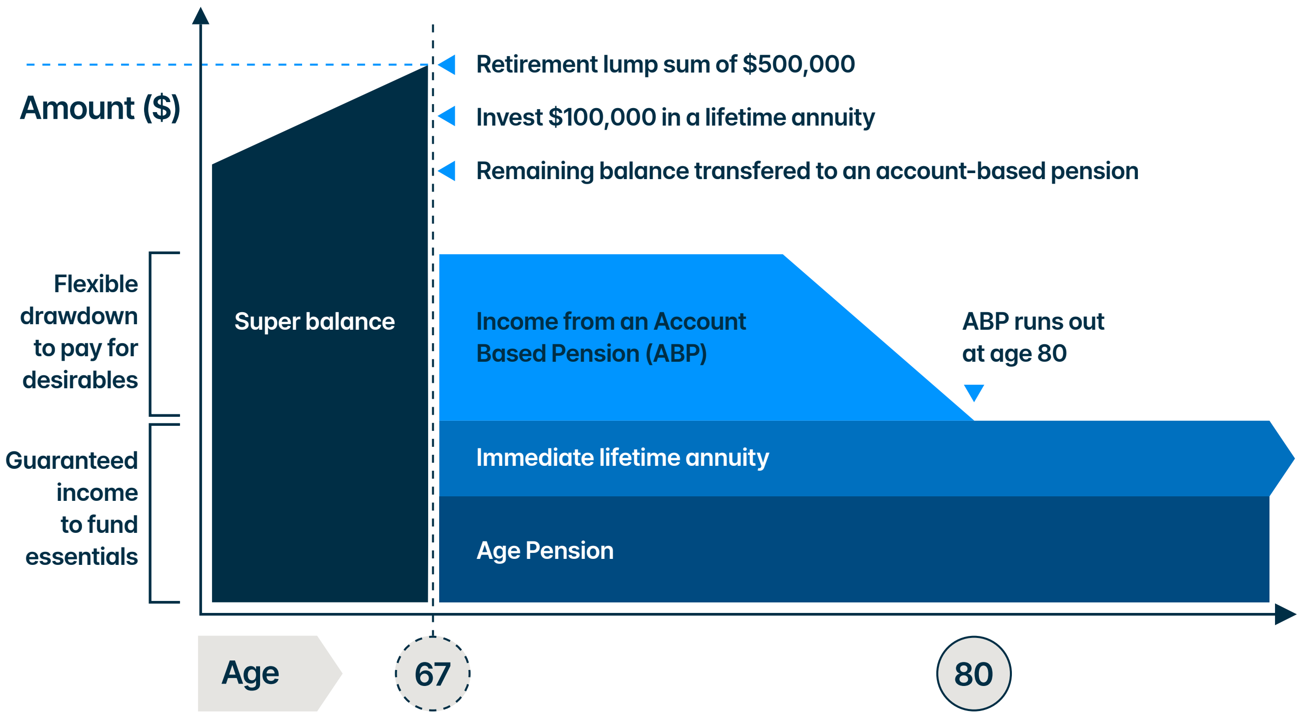
An annuity term can be as short as 1 year or up to 30 years, with some providers selling lifetime annuities, which guarantees you an income for life.

1. Moneysmart budget planner **moneysmart.gov.au/budgeting/budget-planner**

What happens to your super at retirement?

Mix and match your options

Here's an example of how someone might include a mix of retirement income options, to fund their retirement. A financial adviser can help you work out the best mix for you.

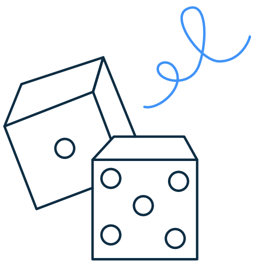


Considering risk with your retirement savings

What if you outlive your money?

None of us know how long we'll live. That's why one of the most significant risks in retirement planning is the risk of outliving your savings – also known as longevity risk.

The average life expectancy at birth for men in Australia is 81 years and women in Australia, on average, can expect to live to 85[1]. But what happens if you live well beyond life expectancy? How can you be better prepared for longevity risk? When planning your investments for retirement, here are a couple of strategies to keep in mind that may help.



1. Diversify your investments

Investing across different types of investments and asset classes – shares, bonds, property, for example – may help spread the risk of rises and falls in the value of the investments. Shares, for instance, offer much higher growth potential than an investment in bonds, but they also have a higher risk of falling in value.

Diversification may help your money go the distance.

2. Inflation protection

Over time, inflation can erode the purchasing power of your money. What you can buy with $100 today, for example, is much less than what you could 20 years ago. To help protect your money from the longer-term effects of inflation, you might consider investing in products that are indexed to inflation. Some annuities, for example, can provide a guaranteed income for life, mitigating the risk of outliving your savings. Fixed annuities offer predictable income, while inflation protected or index-linked annuities adjust payments according to inflation, helping to maintain your purchasing power over time.

1. Australian Bureau of Statistics, 2021-23, Life Expectancy, **abs.gov.au/statistics/people/population/life-expectancy/latest-release**

The Government Age Pension

Are you eligible and how do you apply?

For many retirees, the Government Age Pension is a key source of income. To qualify for the pension, you'll need to meet the eligibility criteria and assessment of your income and assets.

The **Services Australia** website details everything you need to know about the Age Pension. We've summarised some of the key information below.

Eligibility criteria

Once you're 67 years old and if you're an Australian resident who meets the income and assets tests, you may be eligible for an Age Pension. The Age Pension amount you may receive depends on your assets and incomel.

Income and Assets Test

Generally, the more money and assets you have, the less Age Pension you're likely to receive. Factors that will be considered include any income you receive from investments, what property you own, and whether you are part of a couple or are single.

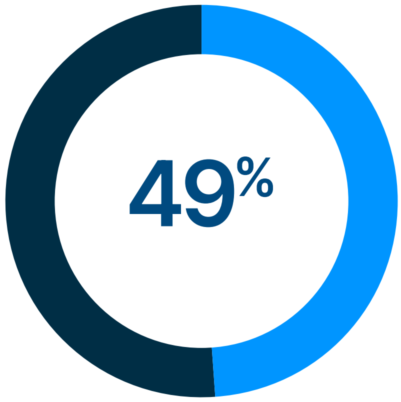
It's important to understand the thresholds and how your personal financial situation impacts your eligibility. Even if you don't qualify for the full Age Pension, you might still be eligible for a part pension. And keep in mind that your eligibility can change over time. So, as you start spending your super and your assets reduce, your eligibility may change.

The Government's **income test** is an assessment of how much money you earn from all sources including your super, shares, properties and other investments.

The **assets test** allows you to own assets up to a certain value before the Age Pension payments are impacted. If you have assets valued above the thresholds, you may still be eligible to receive a part pension. If you don't own your own home, you can have a higher level of assets before your Age Pension is affected. This is to help ensure you can pay rent and other life essentials.

Around 2.6 million people received Government Age Pension payments in March 2023.[1]

Retirees in Australia relying on a Government Pension as a source of income at retirement.[2]



Retirees in Australia relying on a Government Pension as a source of income at retirement 49%

Visit

servicesaustralia.gov.au for comprehensive information about the Government Age Pension, including the income and assets tests.

1. Australian Bureau of Statistics, Retirement and Retirement Intentions Australia, 2022-23 financial year, Table 6, Sources of income in retirement **abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release#data-downloads**
2. Australian Institute of Health and Welfare, Income support for older Australians, 7 September 2023 **aihw.gov.au/reports/australias-welfare/income-support-older-australians**

The Government Age Pension

Applying for the Age Pension

You can apply for the Age Pension through Services Australia. Your application can be made online, by phone, or by visiting a Centrelink office. Before you start the process, you'll need to prepare your supporting documentation.

At a minimum, you'll need to provide your:

- Age
- Tax File Number
- Information of your relationship status i.e. are you single or part of a couple?
- Details of your income and assets.

If you plan to apply online, you should also set up your online MyGov and Centrelink accounts, making sure they are linked, and you have confirmed your identity.

When can you apply?

There's no need to wait until you turn 67. You can claim the Age Pension 13 weeks before your 67th birthday. Services Australia will write to you to let you know if you're eligible to apply.

Services Australia recommend that you apply as soon as you're eligible because the process can take some time and can't be completed until you have submitted all of your required documentation.

Keep in mind that applications for the Age Pension can't be backdated.

So, if you wait until you're age 70, for example, you might be missing out on three years of Age Pension payments.

31%

of people receiving the Age Pension received a part-rate payment[1]

Can you claim the Age Pension and still work?

It's important to understand how the Age Pension can be affected if you're still working or want to work

1. Income test

Your income will be assessed against the Age Pension **income test**. Be aware of income limits as a higher income may reduce your Age Pension payments

2. Work Bonus

The Government also offers a **Work Bonus**, which is an incentive to keep older Australians in the workforce for longer. The Work Bonus lets you earn up to certain amounts every fortnight before your Age Pension is impacted. Your eligible Work Bonus amount isn't included in your income test calculation, so it may provide a way to supplement your Age Pension and use less of your super while you're still working.

1. Australian Institute of Health and Welfare, Income support for older Australians, 7 September 2023 **aihw.gov.au/reports/australias-welfare/income-support-older-australians**

Thinking ahead about aged care

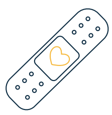
Be prepared for whatever the future holds

While retirement opens the door to a new and exciting chapter in your life, in time it can also bring new challenges around managing your health and potential future care needs. Hopefully that's still a long way ahead, but while you're planning for your retirement, it might also be a good time to think about your potential future needs and the impact they might have on the financial decisions you make now.

For many, the thought of becoming a burden on children or family in the years ahead can be stressful. It doesn't need to be. Here are a few general things to consider:

1. Planning for potential costs

When it comes to aged care, one of the biggest concerns for most people is the cost. Funding for aged care services can be complex, but understanding your options and preparing financially can make a world of difference. You may want to research services and associated costs of Government-supported providers such as home care packages and residential aged care. A great place to start is the online resources provided by the Australian Government's **Department of Health, Disability and Ageing** where you can access research, information about services and packages and useful links to additional information.



2. Setting up advance care directives

While it may be uncomfortable to think about right now, setting up advance care directives may be an important step in ensuring that your wishes will be respected, especially if you're ever unable to make decisions for yourself. An advance care directive outlines your preferences for medical treatments and interventions, providing clear instructions for your family and caregivers during difficult times. Organisations like **Advance Care Planning Australia** offer guidance on how to create your advance care directive and having open conversations with your loved ones.

3. Exploring home modifications

There's no place like home and staying there for as long as possible may be a priority for you. In time, you might need to consider modifications to your home so you can stay there safely. Installing handrails, ramps, or grab bars, for example, could help ensure that your living space remains comfortable and easier for you to access. You can find advice on home modifications and suitable housing options through online resources such as **My Aged Care**.

4. Researching aged care facilities

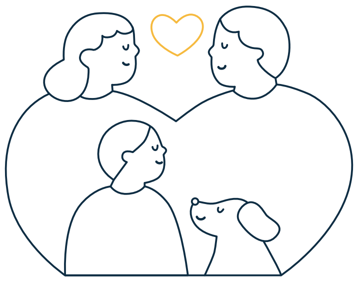
If the time comes when moving into an aged care facility is necessary, it's important to understand your options. You might want to research facilities in your area, considering factors such as location, facilities and services, and staff qualifications. **The Aged Care Quality and Safety Commission** oversee the quality of care provided in these facilities and their website has lots of good information to help guide your decisions.

Estate planning

Where there's a will...

While estate planning is important at every age and stage of your life, it becomes more important the older you get. An estate that you've thought about and planned, and that can make life easier for your loved ones, is one of the best parting gifts you can make.

Of course, it's not just about money – it's about ensuring that your affairs are in order and that your final wishes will be taken care of. Estate planning can be complex, so it's best to seek legal and financial advice, before putting any plans in place. Here are some general things you might want to consider and discuss with your solicitor or financial adviser.



Do you have a current Will?

If you die without a Will, your assets will be distributed according to the relevant laws in your state. This may not always be in line with your wishes, so it helps to make sure your intentions are clear. A Will gives you peace of mind that:

- you get to decide who gets your assets and personal effects
- you have documented plans in place for your children, especially if they're under 18, about who will care for them.

It's also important to keep your Will up to date. If you have a current Will, think about what's changed in your life since you last updated it, and whether it needs updating.

What is an Enduring Power of Attorney and do you need one?

An Enduring Power of Attorney is a legal document that allows someone you've nominated to make important decisions on your behalf when you can't make them yourself. These decisions can include financial,business and personal matters, and in some states, it gives authority for that person to also make decisions about your health care you get to decide who gets your assets and personal effects.

Do you have life insurance?

If you have any form of life insurance policy that includes a death benefit, you should let your insurance provider know your nominated beneficiary who will receive the insurance payout in the event of your death

Who will receive your super?

Are you aware that your super account isn't automatically paid to your estate when you die? Many people aren't. There are rules around who can legally be your super beneficiary so to avoid any confusion or unnecessary delay, you can complete a beneficiary nomination form with your super provider. If you haven't done that already, contact your super fund and do it today. It's a quick and important process.

Retirement planning guide

The retirement you want starts here

Planning for retirement can be overwhelming. We know there's a lot to think about. You can use our guide to help get you started. We've included some considerations and options that may help you to get a clearer picture of your current position and your future needs.

If you choose to speak to a financial adviser, your completed guide may be a good place to start the conversation.

When should I apply for the Age Pension?

Do I want to supplement my Age Pension payments with additional income?

Where will this income come from?

How much do I have in savings?

How much do I have in super?

How much am I likely to have when I retire?

What do I want to do with my super money?

Do I want to invest in any retirement income products, such as an annuity or account-based pension?

Retirement planning guide

Do I have any large debts I want to pay off?

Do I have any large purchases planned, like a car or a holiday?

Where will I live?

For homeowners, is my house in need of any repairs? Will I still have a mortgage? Will my income be enough to cover my loan repayments?

If renting, what proportion of my retirement income can I afford to spend on rent? Where will this income come from?

What other sources of income do I have outside of super?

What will my weekly/monthly income look like?

Do I want to speak to a financial adviser to help me with my retirement options?

Do I need to update my Will or consider other estate planning issues?

The benefits of financial advice

Asking for help if you need it

If you've ever planned a wedding, you know there's a lot of planning for a single day. And we often plan holidays with detailed itineraries and budgets. So why should planning for retirement be any different? After decades in the workforce, it's time to enjoy the next chapter of your life, and planning your retirement can help you look ahead with confidence.

At this significant time in your life, talking with a financial adviser may provide invaluable assistance in managing your money and planning the retirement you want.

A qualified financial adviser can help you with:

1. Personalised planning

Your financial situation, goals and needs are unique. A financial adviser can assess your personal circumstances and help you develop a comprehensive retirement plan. Your plan is likely to cover income strategies, investment options and risk management. Professional advice can help make sure you're on the right path in retirement and your nest egg is protected and working hard for you.

2. Retirement income strategy

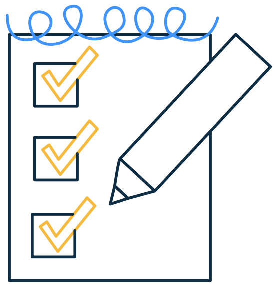
A financial adviser can help you decide on the best mix of account-based pensions, annuities and other income sources to meet your needs and maximise your income. They can show you how to optimise your Age Pension entitlements and manage your super throughout your retirement.

3. Longevity and inflation protection

A financial adviser can help you structure your investments to protect against longevity risk and inflation, to help ensure your money lasts as long as you do.

4. Keeping you on track

In the years ahead, your circumstances may change and your financial adviser can provide ongoing support and adjustments to your retirement plan, to help ensure it's working hard for you at every step of your life



Finding a financial adviser

When it comes to helping you plan for the retirement you want, you want to be confident you're in good hands. So where do you start?

Referrals from family or friends can be a good place to start. They may already have been through the process or are going through a similar stage in their lives. They can probably share insights into the process and the cost involved.

Doing your own research is essential. Make sure you research any prospective financial advisers online, checking their reviews and making sure they are accredited. Check out Moneysmart's guide on **choosing a financial adviser**, to help you decide if they are the right fit for you.

Industry associations are another good source to help you find a financial adviser.

The Financial Advice Association of Australia has an online tool to help you find a financial adviser, allowing you to search by postcode and also their specialty, such as retirement planning.

Conclusion

It's not the end, it's just the beginning

Ready to retire your way? We hope this guide will help inform your decisions so you can look ahead with confidence and peace of mind.

At age 65 and beyond, retirement planning may involve a careful balance of managing your assets, securing a steady income, and protecting your nest egg against risks such as inflation and longevity.

Understanding the ASFA Retirement Standard, leveraging various investment options, and making use of the Age Pension, may help you to build a solid foundation for a comfortable and secure life in retirement.

Engaging with a qualified financial adviser may further enhance your retirement strategy. Personalised advice and ongoing support could help you navigate the opportunities, challenges and the complexities of planning for your retirement years ahead.

We're here to help

Visit our **acenda.com.au** to explore more retirement planning topics. You can also call us on **13 57 22**.

Please note that while we can't provide you with personal financial advice, we can help you with factual information and general advice about your products with us. We can also help you implement any product changes you've decided on.

Want to know more?

Visit **acenda.com.au**
or call us on **13 57 22**