

Planning for Retirement

How much money you will need when you retire depends on the annual income you want to live on and the number of years that you'll be relying on your own funds. The higher the income you want, and the longer you need it, the more money you'll have to save.

If you're a 60 year old male and retire today, the general rule is that you should plan for your retirement funds to last for at least 20 years. You should plan for longer if you're a female.

Some of the other things to consider are:

- The earlier you plan to retire, the longer your money will need to last.
- Whether your home and any other large debts will be paid off.
- Whether you will work part-time or on a casual basis in retirement.
- What you want to do in your retirement years and how much this will cost.
- What capital expenses you will have in retirement (eg a new car, house repairs), and how much you will need for these expected, as well as unexpected, expenses.

With the right investment strategy, products such as allocated pensions and annuities can make your money work for you. Advantages of investing in these products include:

- Tax-effective regular income.
- Increased eligibility to potential Centrelink entitlements.
- Greater income via investment returns.

The tables below show various scenarios of how many years a person's superannuation will last in retirement, ranging from investing versus not investing, and the potential benefit of seeking a higher rate of return.

How long will your super last if not invested?*

Amount of super drawn each year	Amount of super available at retirement				
	\$200,000	\$400,000	\$600,000	\$800,000	\$1,000,000
\$20,000	10 years	20 years	30 years	40 years	50 years
\$40,000	5 years	10 years	15 years	20 years	25 years
\$60,000	3 years	6 years	10 years	13 years	16 years
\$80,000	2 years	5 years	7 years	10 years	12 years
\$100,000	2 years	4 years	6 years	8 years	10 years

How long will your super last if it is earning 4% per annum?*

Amount of super drawn each year	Amount of super available at retirement				
	\$200,000	\$400,000	\$600,000	\$800,000	\$1,000,000
\$20,000	12 years	39 years	50 plus years	50 plus years	50 plus years
\$40,000	5 years	12 years	22 years	39 years	50+ years
\$60,000	3 years	7 years	12 years	18 years	27 years
\$80,000	2 years	5 years	8 years	12 years	17 years
\$100,000	2 years	4 years	6 years	9 years	12 years

How long will your super last if it earning 8% per annum?*

Amount of super drawn each year	Amount of super available at retirement				
	\$200,000	\$400,000	\$600,000	\$800,000	\$1,000,000
\$20,000	19 years	50 plus years	50 plus years	50 plus years	50 plus years
\$40,000	6 years	19 years	50 plus years	50 plus years	50 plus years
\$60,000	3 years	9 years	19 years	50 plus years	50 plus years
\$80,000	2 years	6 years	11 years	19 years	50 plus years
\$100,000	2 years	4 years	8 years	12 years	19 years

- NB: The figures in the table are illustrations only and are not predictions or estimates of the actual number of years your accumulated super will last. Chart excludes individual taxation circumstances and any ongoing fees or interest charged.

These figures assume:

- Contributions are paid evenly throughout each year
- No tax is payable on superannuation upon commencement of retirement
- Interest earned is not subject to tax