Retiring in 10 - 15 years.

Retirement checklist

If you're 10 to 15 years away from finishing work then you have time to make a real difference to more than just your lifestyle in retirement.

Because you have time on your side you could also be thinking about building wealth now and the things you can do to make life a little easier along the way.

Of course everyone's circumstances are different, so this is by no means a complete list. And it's also just general information and not advice. But it will give you some things to consider.

1 – Take stock.

Find out where you are at financially right now. List your assets: including your home, savings, cars (caravans, boat etc) and your investments; (Managed funds, shares, property, cash management accounts, term deposits and Super).

Then list your liabilities: Mortgage, credit cards and other debts.

Deducting your current liabilities from your current assets will give you some idea of your net worth.

Net worth calculator.
(www.moneysmart.gov.au/tools-and-resources/calculators-and-tools/your-net-worth-calculator)

2 – Do a budget.

This may sound like a very basic approach, but having a budget will help you determine how much money you have available to invest.

Online budget planner
(www.anz.com/common/calculators/budgetplanner/exampleau.asp)

3 – Consider your investment time-frame and tolerance to risk.

One of the secrets to investing is time. Indeed it's often said that investing is not about "timing" as in picking the right time to invest. It's about "Time In" – meaning time in the market.

Given you have up to 15 years of regular income you can consider investing in growth assets such as property and shares. That's because you have time to ride out any short term fluctuations.

But remember the higher the potential return the higher the potential risk.

Risk profile calculator
(http://www.onepath.com.au/demo/investorprofile/index.html)

4 – Diversify.

Diversification is one of the key building blocks of a wealth creation strategy. You should consider how you can manage to diversify your investments across the four main asset classes – cash, fixed interest, property and shares.

Depending on your situation and the amount you have available to invest you may consider a managed fund with exposure across all four asset classes.

5 – Using the equity in your home to invest.

You may have greater opportunities to build wealth than you realise. Have you considered using the equity in your home to invest?

This could open the door to investing in property, shares or managed funds. You should speak with an expert about what's right for you but borrowing to invest can magnify your profits although it is a step up the risk ladder and as such can magnify any losses.

6 – Consider a margin loan

A margin loan is where you borrow to invest in the share market and the loan itself is secured against your share portfolio. It's a strategy that can help you access your desired returns because you have more money to invest. Of course you are also going into debt to invest so there are risks and you have to be careful that the income and capital growth are sufficient to make this worthwhile. Again you should speak with an expert before making any decision as borrowing to invest can magnify your profits but it can also magnify any losses. Find out more about margin lending. (www.anz.com/personal/investments-advice/products-services/investment-lending/)

7 - Determine how much money you will need to fund your retirement.

This can be a complex exercise, some experts suggest you can determine a ballpark figure by budgeting to have 75% of your current income to live on. However, this may not be suitable for you.

You also have to factor in one off costs such as a trip, a new car or home renovations.

Once you have an estimate you then need to consider how you will generate that income. For example, if you believe you need $90,000 per year to fund your retirement lifestyle then at retirement you could invest $1.5 million dollars with a 6% fixed rate of return. This investment would generate a fixed income stream as long as the initial investment amount remained untouched and the rate did not change.

Note: The calculations in this example should be used as a guide only and assumes you will generate your entire income from your lump sum. In many cases you may top this up with a full or part pension and you may also choose to gradually draw down from the lump sum itself. This means the investment will gradually diminish along with the level of income it can generate. You will also need to factor in inflation and tax to your retirement income calculation. The timing and size of your withdrawals need to be made with a view to your life expectancy and potential other needs, such as buying into an aged care facility. You should seek advice from an ANZ Financial Planner.

If you need more income then you need to consider how you will boost your nest egg or if you are willing to invest it in growth assets which may return more than 6% but will carry greater risk.

8 – Review your insurance.

Suffering an unissued loss this close to retirement could set you back years. A meeting with an expert could also make your insurance more cost effective; for example some insurance could be paid through superannuation.

9 – Clear your bad debts.

If you have debt that is not attached to an income producing asset or a growth investment that is delivering growth beyond the cost of servicing the debt then you should consider taking steps to clear that debt as soon as possible.

10 – Make sure you are receiving any benefits available.

If you are over 50 there are many companies, which provide age based rewards and benefits. ANZ has a range of product benefits and discounts for customers aged over 50 that could save you money with fee waivers and discounts.
www.anz.com/over50

11 - Find a Financial Planner you can work with and trust.

The decisions you make now can have a lasting impact on the rest of your life. Don't leave them to chance.

ANZ Financial Planners can provide advice and a personalised financial plan tailored to your needs. They are also backed by the research and expertise of ANZ. Your initial discussion is complimentary and without obligation. Find out more or make an appointment with an ANZ Financial Planner. (www.anz.com/personal/investments-advice/products-services/financial-planning/)

12 – See a Retirement Banking Specialist.

There is more to retirement planning than just your superannuation. Getting your everyday banking in shape can make a difference. The good news is you don't have to be retired to benefit from a session with these specialist bankers. ANZ's Retirement Banking Specialists can help you access benefits, get your banking in order, maximise your returns and make your banking as convenient as possible. Request an A-Z Review®. (http://www.anz.com/personal/ways-bank/fifty-plus/specialist-support/)

The information is general in nature and does not take into account your personal objectives, financial situation and needs and you should consider whether it is appropriate for you. ANZ strongly recommends that you seek independent professional advice before making any financial decisions.

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