

# Retiring in five years.

## Retirement checklist

So retirement is not too far down the track. Are you thinking about slowing down at work, perhaps going part-time, or are you still as busy as ever?

Your lifestyle may be influenced by the size of your superannuation and your plans to boost it between now and retirement. That could mean working harder or perhaps it could just mean working smarter.

If you'd like to retire within five years then there are steps you can take to help secure your retirement lifestyle. Because everyone's circumstances are different this is by no means a complete list, nor is it advice. But it will give you a starting list of things to consider.

### 1 – 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 \$120,000 per year to fund your retirement lifestyle then at retirement you could invest \$2million 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 interest 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 than you think you can generate or are entitled to through a full or part pension, you have two choices:

A – Boost your nest egg.

B – Invest with the aim of greater return, but this will carry greater risk.

You will also need to consider the impact inflation will have on your retirement plan.

[Retirement planning calculator.](#)

([www.moneysmart.gov.au/tools-and-resources/calculators-and-tools/retirement-planner](http://www.moneysmart.gov.au/tools-and-resources/calculators-and-tools/retirement-planner))

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

Now is probably not the time to make a mad rush to the retirement finish line and try to boost your eventual lump sum through risky investments.

As a basic rule of thumb when it comes to an investment time-frame the following are sensible guidelines:

- **Retiring within 2 years** – many people consider that your primary focus should be earning interest from cash and other term deposits, with minimal investment risk.
- **Retiring in 2 to 5 years** – many people consider that your focus should still be earning interest income, but some capital growth assets are likely to be considered as part of the mix of investments.
- **Retiring in 5 years or more** – generally seeking greater exposure to capital growth assets (such as shares and property) and hence greater investment risk, while still receiving some level of income.

A risky investment now could severely impact your retirement.

[Risk profile calculator](#).

([www.onepath.com.au/demo/investorprofile/index.htm](http://www.onepath.com.au/demo/investorprofile/index.htm))

### 3 – Consider working longer.

Knowing how much you need to generate your retirement income, can be sobering. But having a target gives you something to aim for. In some cases you may decide you need to work for a few extra years or alter your investment strategy.

Getting the appropriate advice from an ANZ Financial Planner can also help you establish your lump sum target and develop your strategy to help you achieve it.

### 4 – Consider ‘Transition To Retirement’

Transition To Retirement is a Government initiative, which allows people 55 and over who are still working to either boost their superannuation or cut back their hours. Generally this strategy gives you the chance to access an income stream from your superannuation while you are still working and to receive additional tax benefits by making additional before tax contributions.

### 5 – Considerations when making additional after tax contributions to your super.

Any contributions you make to superannuation above the capped rate will attract taxation. However, this may still be a worthwhile strategy as once your money is in the superannuation environment it will then attract tax concessions. To determine if you are better off making additional contributions or investing elsewhere you should speak to an ANZ Financial Planner.

### 6 – Review your insurance.

Suffering an uninsured 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.

### 7 – 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.

### 8 – 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 benefits and discounts available for customers aged 50 and over that could save you money with fee waivers and discounts. [Visit anz.com/over50](http://anz.com/over50)

### 9 - 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. [Make an appointment with an ANZ Financial Planner.](http://www.anz.com/personal/investments-advice/products-services/financial-planning/) (<http://www.anz.com/personal/investments-advice/products-services/financial-planning/>)

### 10 – 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/) (<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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