

MAHER DIGBY SECURITIES PTY LTD  
LICENCED DEALERS IN SECURITIES

**THE ESSENTIAL RETIREMENT PLANNER**

**MY RETIREMENT CHECKLIST**

How prepared are you for retirement? Complete this quick checklist and note where you need to take action.

	Yes	No	Details
<b>WHEN TO GO</b>			
Have I set a retirement date?	<input type="checkbox"/>	<input type="checkbox"/>	Date .....
Have I told my employer if applicable?	<input type="checkbox"/>	<input type="checkbox"/>	Date .....
Have I notified my superannuation fund(s)?	<input type="checkbox"/>	<input type="checkbox"/>	Date .....
Have I considered the government's bonus for delaying retirement and deferring the age pension?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>TRANSFER BALANCE CAP</b>			
Do I know if the transfer balance cap of \$1.6 million will be exceeded? No tax on lump sums withdrawn after age 60 and retired.	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
Is it likely I will exceed my transfer balance cap?	<input type="checkbox"/>	<input type="checkbox"/>	By \$.....
Have I received expert advise about this?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>MY PAYOUT</b>			
Will I take part of my payout as a lump sum?	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
How will I spend my superannuation payout?			
• Pay off loans	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
• Travel	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
• Invest in property	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
• Invest in shares	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
• Invest in interest-bearing deposits of one kind or another	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
• Invest in managed funds	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
• Fix up my home	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
• Buy a car	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
• Other	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
Have I received expert advice about this?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>RETIREMENT INCOME</b>			
Do I have an estimate of my monthly income in retirement?	<input type="checkbox"/>	<input type="checkbox"/>	\$ .....
Is it enough to live on?	<input type="checkbox"/>	<input type="checkbox"/>	
Do I understand the different investment options, such as annuities, allocated, complying pensions and new simple pensions and rollovers?	<input type="checkbox"/>	<input type="checkbox"/>	
Do I need expert financial advice about this?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>TAXATION</b>			
Have I received expert advice on taxation of my investments and income?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>SOCIAL SECURITY</b>			
Will I need the age pension?	<input type="checkbox"/>	<input type="checkbox"/>	
Do I know when I should first apply for it?	<input type="checkbox"/>	<input type="checkbox"/>	Date .....
Do I need rent assistance?	<input type="checkbox"/>	<input type="checkbox"/>	
Should I make an appointment with Centrelink?	<input type="checkbox"/>	<input type="checkbox"/>	

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<b>ADVISERS</b>			
Do I have:			
A well-informed financial advisor who wants to help me reach my goals?	<input type="checkbox"/>	<input type="checkbox"/>	
A solicitor who is a good communicator?	<input type="checkbox"/>	<input type="checkbox"/>	
A doctor who listens to me and is supportive?	<input type="checkbox"/>	<input type="checkbox"/>	
Someone to prepare my tax returns and offer tax advice?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>LEGAL AFFAIRS</b>			
Do I have:			
An up-to-date Will?	<input type="checkbox"/>	<input type="checkbox"/>	
A power of attorney?	<input type="checkbox"/>	<input type="checkbox"/>	
An enduring power of attorney?	<input type="checkbox"/>	<input type="checkbox"/>	
Appointment of enduring guardian?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>HOUSING</b>			
In retirement, will I live in my current home?	<input type="checkbox"/>	<input type="checkbox"/>	
Do I want to sell my home?	<input type="checkbox"/>	<input type="checkbox"/>	
Do I want to move to a smaller home?	<input type="checkbox"/>	<input type="checkbox"/>	
Do I want to move to another suburb/town/city?	<input type="checkbox"/>	<input type="checkbox"/>	
Do I want to move to a manufactured housing estate or caravan park?	<input type="checkbox"/>	<input type="checkbox"/>	
Am I considering moving to a retirement village?	<input type="checkbox"/>	<input type="checkbox"/>	
Will I require public housing?	<input type="checkbox"/>	<input type="checkbox"/>	
<b>HEALTH</b>			
Am I satisfied with my level of fitness?	<input type="checkbox"/>	<input type="checkbox"/>	
Am I satisfied with my diet and weight?	<input type="checkbox"/>	<input type="checkbox"/>	

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**FIVE YEARS BEFORE RETIREMENT**

**Money**

At least five years before you plan to retire, aim to:

- Develop your basic investment strategies and
- Gain experience with investments.

By this time you should already have experience with investments both inside and outside superannuation: shares, property (even if just your own home), interest-bearing deposits and, possibly, managed funds. Consult your financial adviser and/or accountant about a number of issues, but especially about:

- The **best retirement age** for your circumstances.
- The **amount of money** you will require at that time.
- The best and most **tax-effective ways** of building assets.
- The retirement **investment options** and
- The possibilities if any of getting **social security assistance**.

You must also gain familiarity, sooner rather than later, with the benefits under your employer's superannuation plan and/or your own personal arrangements. The details you need to monitor closely are:

The retirement benefits,

- Annual changes to these benefits,
- Ways to increase your benefits and
- Potential future tax problems, including **Contribution Limits** (after which penalty tax rates can apply).

If you plan to retire after you have reached Age Pension age (currently 65 for men and 62 for women), and you think you will be eligible for the pension, contact Centrelink and register for the government's bonus for deferring retirement. This is a valuable benefit, but you must fulfil the conditions. Registration must take place within 13 weeks of reaching Age Pension age. The earlier you start planning, the more scope you will have to alter your plans to cope with unexpected changes or developments.

**Lifestyle**

- Discuss retirement with your partner.
- Reach agreement on the general timing.
- Will one of you continue to work after the other has ceased?

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**TWO YEARS BEFORE RETIREMENT**

**Money**

If you have not already done so, now is the time to check your plans and figures with your adviser. By now you should, through budget analysis, have a clear idea about:

- How much money you need to live on in retirement and
- Where that money is to come from.

Contact **Centrelink** to find out about any social security entitlements and eligibility criteria. In particular, consider registering for the bonus for deferring retirement: See *Five years before retirement*. Your financial advisor and/or superannuation fund administrator can confirm details about your retirement benefits and the income this money will generate annually. The issues to consider now are:

Whether you can **afford to retire** by preparing a detailed budget of your living expenses, extraordinary expenses such as travel and new vehicle and projected income, and

The most suitable **date for your retirement**.

You should receive a tentative plan about your retirement income sources and possible yields. If you have a large superannuation benefits, a meeting with your accountant can confirm whether you have Reasonable Benefit Limit (RBL) problems and identify strategies on how to deal with them. By now you should also have started thinking about your investment options and have started with a small **share portfolio or managed funds portfolio** to gain experience with dealing with investments. Remember, before long you will have much larger superannuation benefits to invest.

**Lifestyles**

**Get your home into good shape** - you'll either sell it (because you want to move out) or, once retired, you might find it harder to get the money together for substantial repairs or upgrading (a new kitchen, for example). You might have to start a maintenance program. If you need to borrow money to finance the work, now is the time to do it (while you are still employed). Get your friends and family involved if they want to help.

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**ONE YEAR TO GO**

**Money**

This is the time to make your final decision about whether to go (retire at the planned time) or not. While you may be able to save quite a large amount in your last year of work, by now the money needed for a comfortable retirement should largely be available to you.

Among the issues to consider with your advisers are:

- Progress to date with existing investments,
- The best time to leave to maximise your superannuation payouts,
- If you have not already done so, finalise plans as to whether you are taking your payout as a lump sum, an annuity or complying pension, or a bit of both,
- How to minimise your tax bills in your final working year and
- Lawful and appropriate strategies for income and asset splitting with your spouse.

You want definitive advice from your advisers about how to invest your money. Now is also the time to approach **Centrelink** via its free **Financial Information Service** about possible help with the Age Pension or other social security benefits. In particular, consider registering for the bonus for deferring retirement: See *Five years before retirement*. Registration must take place within 13 weeks of reaching Age Pension age. Prepare a checklist of all the details required to successfully complete your retirement, well before you have to go.

**Lifestyle**

Start planning any holiday **travel** for the weeks or months following retirement. Collect brochures and keep an eye out for good deals and 'earlybird' fares.

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**SIX MONTHS TO GO**

**Money**

Now is the time to change your mind if you want to. Even if your plans are going well, be warned about giving your employer **notice of your intention to retire** until the last moment. There is one very important reason for keeping your cards close to your chest: Many employers, particularly governments and large employers, are aggressively trying to shed staff through **redundancy and early retirement programs**. Your employer will be inclined to provide these incentives to retire only for employees likely to work on for an extended period.

If you broadcast widely your intention to retire, the chances of an early retirement package will be greatly reduced.

**Lifestyle**

Go to your doctor for a thorough **health check-up**. Get any necessary tests if your information is now out of date: cholesterol, skin cancer, mammogram and so on. You want to be ready to enjoy the first stage of your retirement.

- Do you need new glasses/contact lenses?
- Now that you have a good idea of how much money you will have, check your Will. Does it need updating? Have circumstances changed? Are you happy with your choice of executor?

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**THREE MONTHS OUT**

**Money**

This is now the time to implement the fine details of your retirement plans. In all the relevant area, you want precise figures both before and after tax. From your **paymaster or personnel office** you want an estimate of your **final payouts** for:

- Leave.
- Long Service Leave.
- Leave bonus.
- Final pay where relevant.

From the **superannuation fund**, you must collect precise details of:

- Your benefit options.
- Tax payable.

This information is essential for you and your advisor to decide upon your best options. Ensure you have correctly and fully filled in all the **forms** and notices required by your superannuation fund or funds (if more than one). Check that the funds have received your forms and that there is **nothing further they require**. Consider whether you will use part of your superannuation to pay out, in part or full, any outstanding loans. By now you will have decided the best time to leave - usually in the middle of a tax year, but be careful about time. Some superannuation schemes provide larger benefits after birthdays or salary increases. Sometimes it can pay to **delay a departure** to benefit from a salary increase, especially if there is a large accumulated leave payout involved.

- Applying for the Age Pension: The earliest you can apply for the **Age Pension** is three months before you reach the Age Pension age. For men this is age 65, for women it is a sliding scale from 60 to 65 depending on the date of birth.
- Find out if you are eligible for the GST compensation bonuses from the Commonwealth government - you must apply on or before 30th June 2001.

**Lifestyle**

- Do you have any **benefits provided by your employer** - such as a car - which you would like to kept after retirement? It might be possible to arrange this advantageously - make enquiries.
- Your **life insurance**, if paid as part of your superannuation contributions, might cease when you stop contributing. Decide if you want to continue life, income protection and other insurances. Make appropriate arrangements.
- Has your employer been giving you any other benefits, which might suddenly cease, leaving you vulnerable?

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**YOUR LAST WEEK**

**Money**

This is a crucial time. You are no longer dealing with estimates. You want precise figures and details about your superannuation fund monies. You must have a clear idea, helped by a **meeting with your advisers**, as to:

- Where all the money received will be invested.
- What new superannuation fund to use if you are required to change funds.
- What social security assistance, if any is available to you.

Social security benefits are payable from the **date of application**, so if you are eligible, you should lodge your application based on earlier Centrelink advice in the week before you leave. The pension payments will be backdated to the date of application even if it takes Centrelink some time to determine your eligibility.

**Public servants** should ensure they are maximising their benefits, under sometimes generous retirement schemes. Have you discussed this with your personnel office.

**Lifestyle**

Hand over to others any important work **now!** You don't want to be finishing a report or struggling with a difficult deadline on your last day. Understand this (if you don't already know it): you are not indispensable.

Take the opportunity to deliver your farewells.

**RETIREMENT DAY**

**Money**

There should be nothing financial to do today. Give your worries a rest.

**Lifestyle**

Enjoy yourself! Say goodbye to your work friends. Do you really want to burn your bridges behind you? Maybe you should throw away that 'farewell' speech you've been working on for the last three years!

Make sure you **don't leave your partner out of the celebrations**, particularly if he or she will be continuing to work after you retire. Bring home a bottle of champagne, go out to dinner or, in other ways, celebrate together.



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**TWO MONTHS AFTER RETIREMENT**

**Money**

Many superannuation funds are slow in making their payments - you can expect to wait up to six weeks, on average, for your money. You can help speed up the process by having all the forms and details correctly filled out and submitted before retirement.

There is no need, moreover, once you have received your payouts, to invest all the monies you have received at once. One month or six weeks after retirement, when all the superannuation benefits should have been received by you, many be too early to have implemented all your investment decisions. With large amounts of money, you can attempt to reduce market risks (particularly where share markets are high and doing well) by **phasing in your investment actions**, for example, at quarterly intervals. Be careful to check with your adviser and/or accountant the tax implications of any action taken as well as the investment risks involved with your chosen portfolio. Keep a record of how much money you are spending and on what you are spending it. See how this lines up with your actual income. Make any necessary adjustments to your lifestyle or, where possible, the flow of money.

**Lifestyle**

It is a good time for a **holiday**. Take a break, see new sights, catch up with old friends, meet new friends. It doesn't matter if you plan to cross the globe or drive to the next city. The important thing is to enjoy yourself and experience new, stimulating things. **What do you intend doing** with your time?

- Become a volunteer with a charity or community organisation?
- Look for a part-time or casual work?
- Enrol in an educational course?
- Practise your hobbies?
- Take up new interests - painting, car maintenance, gardening?

Do you intend **giving back** something to the community? It could be time, money or your experience. Don't leave this out of your plans.

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**ONE YEAR AFTER RETIREMENT**

**Money**

The proof of the pudding is in the eating. If you have planned well and made the right decisions, you are now in the ranks of the large number of happy retirees. Only when your plans have not been soundly based should you face serious problems.

By now you will have submitted your **final tax return from work** and, hopefully, received a **tax refund**. Unfortunately, because governments all too frequently change the rules and investment conditions change, you will need to **monitor future developments** and change your **strategies** appropriately from year to year. Make these moves:

- See your financial adviser for an annual 'check up', just to fine-tune your investments if necessary.
- This is also the time to discuss whether you are finding it possible to live on the 'allowance' derived from your investments. If not you may need to restructure your investments.

Your previous planning for your retirement will put you in good stead to control your own destiny in the long period of retirement ahead.

**Lifestyle**

- Are you thinking about buying or starting **your own business**? This is not something you should rush into as you could be putting all your savings at risk - which is why it appears at this point of the timeline. (Over a ten year period 30% fail and 20% fail in the first year)
- If you and your partners are both 'retired' or at home together, do you need **your own space**? Discuss this issue. Maybe one of you will get a shed while the other takes over the spare bedroom. Don't crowd each other.
- **Where will you live now?** Do you want to sell the family home and move to something smaller or to somewhere else? (See Checklist under Housing)