



Retirement Planning

"The challenge of retirement is being able to spend time without spending money." Unknown.



"If I could see the future, I'd feel so much better about my pension plan."

Everyone has different plans for what they want to do in their retirement and at what age they wish to retire. Because of this everyone will have different financial needs in retirement. There is no text book amount that is enough to provide for your retirement. Everyone will be different. Some will be happy on the Age Pension. Some will travel six stars others budget. Some will have no desire to leave their property and will be happy to stay there doing what they can until their last days with the help of family or employees.

Plan for a tax effective retirement

Retirement planning should be integral with tax planning and vice versa. Careful long term tax planning using appropriate tax structures can result in a tax free retirement. Not paying income tax on your investment earnings can significantly increase the cash you have available for discretionary spending. Further, it may be possible to structure your affairs to get some of the tax your business has paid over the years refunded to you in retirement.

"A man is not old until regrets take the place of dreams". John Barrymore.

There are no rules on how you should retire, when you should retire or what you should do in retirement. If you haven't done so already you need to stop and think about what your dreams are. Set some goals and make some plans to achieve them. Life is too precious to be filled with regrets.

"I try to treat each evening and weekend as little slices of retirement because no one is guaranteed a lengthy one at the end of their career." Mike Hammer.

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Eighteen years ago I met a retired man at a bowls club that my wife was doing a presentation at. We had a conversation I will never forget. He was on the age pension. He had worked all his life in the railway and had the belief that he would be looked after when he retired. The pension was enough to feed and water him but he could not afford to visit his family who lived across the country. He told me he really regretted his mistake of relying on the Pension. His son who is a successful musician was able to help him out. Without his help he would have struggled through retirement being constantly restrained by money.

"You can be young without money but you can't be old without it." Tennessee Williams.

The majority of the population will be in the same boat or worse. Very few people will be able to continue their current standard of living when they retire. They simply will not have enough. It is terribly sad for someone to reach the "best years of their life" only to not be able to do the things they would love to do because of a lack of money.

"Preparation for old age should begin not later than ones teens. A life which is empty of purpose until age 65 will not suddenly become filled on retirement." Arthur E Morgan.

Planning for retirement should start early. It should be integral with your overall plans and goals. For city folk the focus needs to be on having enough assets to generate enough cash to allow them to live the life they want. They often don't have to relocate but may choose to. If they have a business they may sell it or hand it over to their family.

"Retirement is wonderful if you have two essentials - much to live on and much to live for." Unknown.

For primary producers retirement is much more daunting. Not only do they have to worry about having enough money, they are faced with selling or leaving a property which they have become very attached to after a lifetime of work. Their property is often a part of them and the thought of selling it or leaving is very emotional. They can't simply finish work on Friday and sleep in on Saturday.

The matter is even more complex if the property is being handed to the next generation. A retiring couple may have worked hard and accumulated great wealth but it is all too often tied up in the property or properties being handed over to their children. They not only have the worry of having enough cash to live off in retirement but they may also have to have enough funds to purchase a new home to retire to if

continuing to live on the property is not practical.

"The best time to start thinking about your retirement is before the boss does". Unknown.

Who is your boss! You need to start planning for your retirement now regardless of your age. The younger the better! Too often I hear primary producers say that "their land is their superannuation". This may be the case and might be an

appropriate plan. However for this to be the case you will need to sell it. So if you have no intention of selling your property (you may be planning to pass it on to the next generation) then it cannot be your "superannuation". You need other plans.

"The trouble with retirement is that you never get a day off." Abe Lemons.

Retirement is a state of mind.