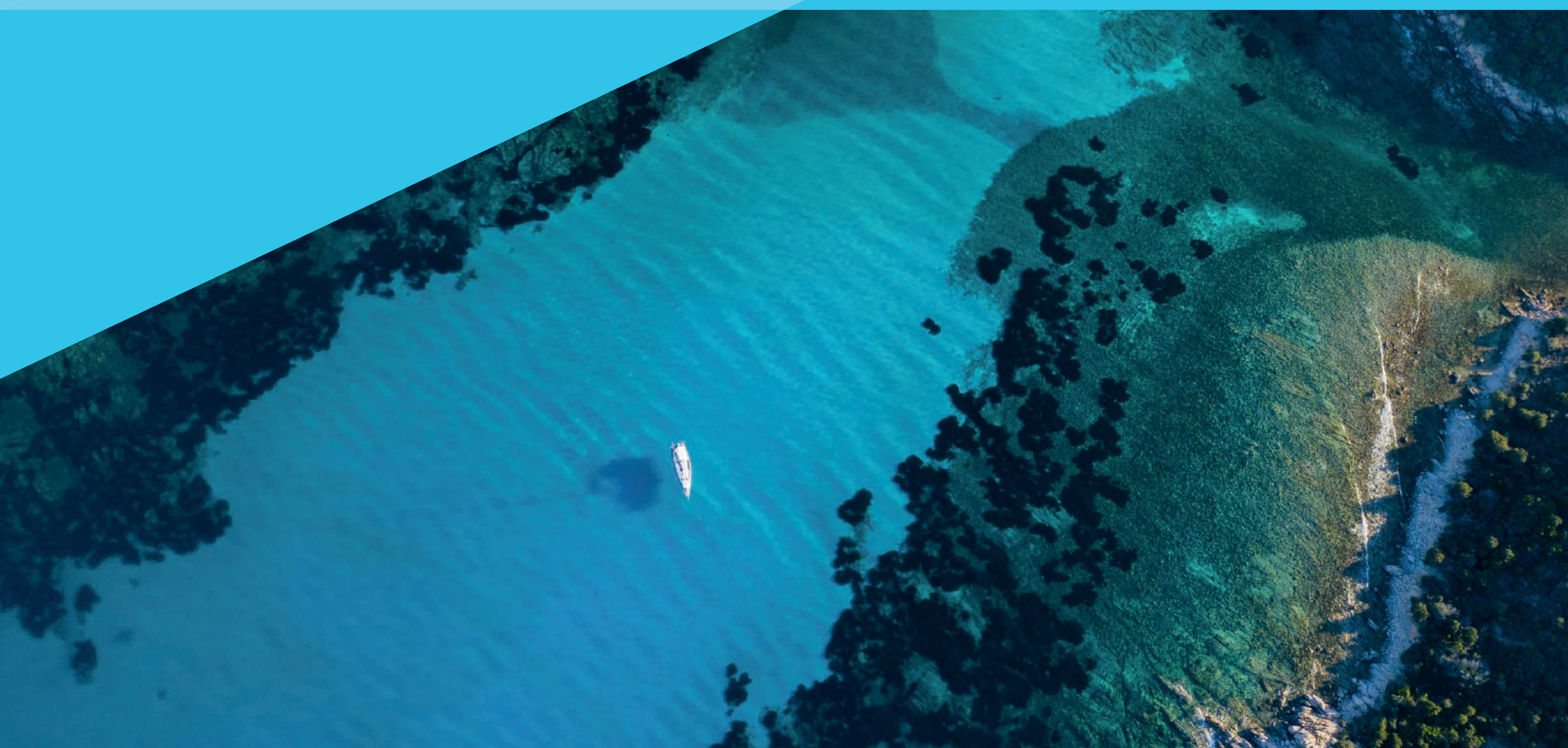
Resolution Life

50+

Retire your way
with Resolution Life

A planning guide for over 50s



A little planning could make all the difference

Turning fifty is a milestone to be celebrated... and one that takes you another step closer to retirement. While retirement might still seem a long way down the track, right now could be the most important time to think about your future. A little planning may help you look forward to a retirement that matches your expectations and your lifestyle.

For most people, superannuation remains one of the most effective ways to save for retirement. This information is for people who may still be some years away from leaving the workforce, but who want to understand how to take control and plan for the future with confidence.

We also explain some practical steps you may want to consider now that could give you more to look forward to – such as meeting with a financial adviser. The decisions you make now, and in the years ahead, may help ensure that you're on track for the future you want.

Understanding super

What is superannuation?

Superannuation, or ‘super’, is a system where employers contribute a percentage of your salary into a dedicated fund, that will help to support you in retirement. Currently, in Australia, the compulsory superannuation guarantee contribution your employer pays is 11.5% of your earnings. This is set to increase to 12% from July 2025. The money in your super is invested and managed on your behalf by your super fund. Generally, you can’t withdraw your super until you’re 65, or you meet certain other conditions.[1]

Why is super so important?

Saving and investing for your future

Super is designed to provide an income for you in retirement. How much you have in your super when the time comes to retire will depend on various factors, but as a general ‘rule’, the more you save now, the more you’ll have later. That’s why it’s important to understand how much you have now and how you can help your super balance to grow in the years ahead.

Over the following pages, we’ve outlined some of the factors which may influence how your super will grow in the years leading up to your retirement. Although it might seem like you have plenty of time, by putting in thought and planning right now, you could have even more to look forward to.

1 Australian Taxation Office, Super withdrawal options, August 2023, ato.gov.au/individuals-and-families/super-for-individuals-and-families/super/withdrawing-and-using-your-super/super-withdrawal-options

Keeping track of your super

Lost super?

Have you kept track of all your super accounts over the years? When you've worked in different jobs, spent time overseas, or moved interstate, it can be easy to forget that you may have more than one super account. Having multiple accounts could mean that you're paying more in fees, and may make it harder to keep track of your retirement savings and investments.

If there has been no activity on a super account for a long time, and the super fund has been unable to contact you, the money may still be held by your super fund. This is known as lost super. Under certain circumstances, lost super may be transferred to the Australian Taxation Office (ATO). This is known as ATO-held super. Either way, it's easy to find out if you have super out there with your name on it.

Did you know that

4 million

Australians have

more than one super account?[1]

View all your super in one place

You can use the **ATO online services** via MyGov to search for lost super, consolidate your accounts and view all your super accounts in one place. If you prefer, you can call the **lost super search line** on **13 28 65**, to complete a super search over the phone.

There is over $17 billion in lost and ATO-held super – so it's worth checking whether any of it is yours.[2]

1 Australian Taxation Office, Trends towards single accounts, September 2024, ato.gov.au/about-ato/research-and-statistics/in-detail/super-statistics/super-accounts-data/super-data-lost-unclaimed-multiple-accounts-and-consolidations/trend-towards-single-accounts

2 Australian Taxation Office, Total lost (fund-held) and ATO-held super, September 2024, ato.gov.au/about-ato/research-and-statistics/in-detail/super-statistics/super-accounts-data/super-data-lost-unclaimed-multiple-accounts-and-consolidations/total-lost-fund-held-and-ato-held-super

Understanding super contributions

Different ways to grow your balance

There are different types of **contributions** that can be made to your super. Generally, the more you contribute to your super, the more you will have in retirement.

1 Before-tax contributions

Before-tax contributions, also known as concessional contributions, are generally made by your employer, and include the 11.5% compulsory super guarantee contributions (which will increase to 12% in July 2025). If you want to top up your employer contributions, you can also ask your employer to pay some of your before-tax salary into your super account. This is known as salary sacrifice or voluntary contributions.

Before-tax contributions are taxed at 15%. For most people, this rate will be lower than their marginal tax rate (the percentage of tax paid from their salary), which means more of your money goes into your super account and less goes to tax. According to Government website Moneysmart, salary sacrifice may be an effective contribution option for people earning more than $45,000 per year.[1]

You can contribute up to $30,000 in before-tax contributions per year, including the super guarantee contributions from your employer. If you go above this limit, you could end up having to pay an increased tax amount on the contributions above the limit.

If you don't contribute up to the annual limit every year, you may be able to carry forward (or accrue) any unused concessional contributions. You should be aware, however, that you can only accrue these unused concessional contributions for 5 years, and your total super balance must be less than $500,000 to be eligible. Visit the ATO website for more information about the cap and carry forward rules for **concessional contributions**.

How much are you contributing to your super before-tax?

2 After-tax contributions

You can make super contributions from your after-tax money, such as your savings. These are also known as non-concessional or personal contributions. Because you have already paid tax on this money, you can contribute up to $120,000 each financial year.

You might also be able to bring forward 3 years of personal contributions, if you meet the eligibility criteria. Visit the ATO website for more information about the cap and bring forward rules for **non-concessional contributions**.

How much are you contributing to your super after-tax?

1 Moneysmart, Super contributions, moneysmart.gov.au/grow-your-super/super-contributions

Understanding super investments

Balancing risk and returns

The value of your money in super will fluctuate over time based on how that money is invested and how those investments perform.

Your super fund might have a default investment option for your super savings, which could be tailored to your age group or life stage. Many funds also let you choose your own investment options.

It's important that you feel confident and comfortable with the choices you make. How your super is invested can have a big impact on how much your super will grow in value. Most super funds offer investment options that generally include:

1. **Growth options,** which aim for higher-than-average returns over the long term. Keep in mind that this also means there may be a higher possibility of losses.
2. **Balanced options,** which aim for mid-range returns and any losses usually happen less frequently than might occur with the growth option.
3. **Conservative options,** which generally provide lower returns with the trade-off being that you'll likely experience fewer negative returns than you would with the balanced or growth options.

Your fund may offer other investment options. If you're not sure what's available in your super product, take the time to find out. To see how your Resolution Life super is currently invested, login to our online portal or check your latest annual statement at **resolutionlife.com.au**.

Whatever investment options you choose, you need to be comfortable with the risk versus return. For example, if you're not comfortable with the risk of more regular negative returns, high exposure to growth investments may not be the right investment option for you.

For some people getting closer to retirement, more conservative, lower risk investments are preferred as they want to protect their super against potential losses. Others may choose to keep their money in higher risk growth options to potentially earn higher returns and build their super balance. There is no 'one size fits all' approach. It's a personal decision that you need to feel comfortable with.

How is your super currently invested? Are you comfortable with the potential risk vs return?

Understanding super fees and insurance

Fees and charges

Know what you're paying for

There are various fees that apply to your super account, which generally include fees for administration and investment management. Some fees may be fixed while others are calculated as a percentage of your investment.

Depending on your super product, there may be other fees and charges. These may also depend on your investment options. High growth investment options, for example, generally have higher associated fees.

You can check what fees you're currently paying in your latest annual statement or the product disclosure statement.

How much are you paying in fees to your super fund?

Insurance inside super

What are you covered for?

Some super funds automatically include a basic level of life insurance cover for members, which is paid for by you from the money in your super. While insurance in super may be a worthwhile strategy for some, the premiums you pay along the way will have an impact on your super balance at retirement.

It's important to be aware of any life insurance you hold through your super and to know how much you're paying. And if you still have more than one super account, check that you're not paying more than once for insurance costs.

Make sure you're only paying for the insurance that you need. If your circumstances have changed, you may not need the same level of cover. To check your insurance cover with your Resolution Life super product, check your latest annual statement or login to our online portal at resolutionlife.com.au.

How much are you paying for insurance inside super?

When would you like to retire?

Making the most of your years until retirement

An important consideration in planning and managing your super is the number of years until you plan to retire. The longer you have until you need to start withdrawing from your super savings, the more time you have to accumulate additional contributions and benefit from potential investment returns. The time available may also influence your choice of how your money is invested.

65 is the average age

Australians intend to retire[1]

How many years until you expect to retire?

How much super do you expect to have at retirement?

How much would you like to retire with?

Assessing your expected super balance

It's important to understand how much you might have in super by the time you retire, so you can estimate how much you will have to live on. By taking a closer look at your current super balance and estimating how much it may grow, you can be more confident that you're making the best decisions to keep your super on track for the retirement you want.

The Moneysmart Retirement Planner can help you estimate what your super might look like at retirement, based on your current balance and your future contributions and investment earnings.

This Moneysmart estimate will calculate your potential balance at retirement and potential retirement income so you can see how long your money might last. The tool will also factor in when you might be eligible to start receiving the Age Pension, based on your super balance.

Keep in mind when using online tools, the estimates are based on various assumptions, which may be different to your circumstances. If you're after something tailored to your personal needs and circumstances, a financial adviser can help.

1 Australian Bureau of Statistics, Retirement and Retirement Intentions Australia, 2022–23 financial year, abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release

What will your retirement look like?

Your retirement lifestyle

Comfortable or modest? What will your retirement look like?

The Association of Superannuation Funds of Australia (ASFA) provides regularly updated benchmarks for retirement savings that can be used as a guide for your retirement goals. In 2024, ASFA's guidance for how much money you might need to have a modest or comfortable retirement is as follows:[1]

1 For a modest retirement lifestyle (aged 65–84):

To cover a basic but acceptable standard of living, ASFA calculates that a single person may need around $32,930 per year. A couple around $47,475 per year. These numbers are estimated to cover essential living expenses with minimal extras.

Single **$32,930**

Couple **$47,475**

2 For a more comfortable retirement lifestyle (aged 65–84):

If you're wanting a more comfortable lifestyle, ASFA calculates that a single person may require around $51,814 annually, and a couple about $73,031. 'Comfortable' might mean a higher quality of housing with enough money to enjoy dining out, holidays and recreational activities.

Single **$51,814**

Couple **$73,031**

It's worth noting that these estimates assume that you own your own home – you may need more if you'll need to pay rent or a mortgage in retirement. The figures are subject to change due to variable factors like inflation and the cost of living. That's why keeping an eye on your super is so important. Make the time to regularly review your balance and your investment performance to see how you may need to adjust your strategy as you work towards your goals.

To support a comfortable lifestyle, most people will need to accumulate a substantial retirement savings balance in their super. The amount you might need will depend on a range of factors such as your current savings and other investments, your anticipated investment returns, when you plan to retire and the number of years you hope to be enjoying your retirement.

For a 50-year-old to reach a comfortable retirement at 67, ASFA calculations indicate they should have about

$296,000 in super today[2]

How much super do you have now?

1 Association of Superannuation Funds Australia, Retirement Standard, September quarter 2024, superannuation.asn.au/resources/retirement-standard/

2 Calculated using ASFA Super Guru's Super Balance Detective tool, on 12 December 2024, superguru.com.au/calculators/super-detective

What will your retirement look like?

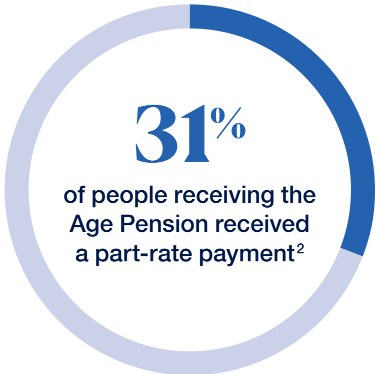
Will your super go the distance?

Life expectancy versus longevity

None of us can know for sure how long we'll live, but planning your retirement based solely on life expectancy can be risky. While the average life expectancy at birth in Australia is approximately 81 years for men and 85 years for women[1], some people will live well beyond these averages. Some people may not reach these ages.

If you plan to save enough super just to last until the average life expectancy, you risk running out of money if you live longer. On the other hand, if you save (and spend) too conservatively, you may be compromising your quality of life in retirement if you don't live into your 80s or 90s. Finding the right balance will depend on you and your needs.

The Government Age Pension is designed to provide a basic standard of living for retirees. On its own, it might not be enough to maintain the lifestyle you've enjoyed during your working years. Over time, the pension eligibility age has gradually increased, and it may change in the future. Keep in mind that you may not qualify for the full Government Age Pension or even a part pension if you have significant assets or income, or you might not qualify for any pension payments until much later in life.



The average Australian salary

Where do you sit?

The current average annual salary for full time workers in Australia is approximately $100,000.[3]

If you are earning significantly more than the average, you may need to consider what a comfortable lifestyle looks like to you. You might be used to a higher standard of living and your retirement planning might need to reflect that.

At this point in your working life, there are a number of things you might want to consider. Are your retirement savings proportional to your income and your future aspirations? Should you consider contributing more to your super through voluntary contributions? Do you need to adjust your lifestyle expectations in the years leading up to retirement? Will you have paid off your mortgage by the time you plan to retire?

1 Australian Bureau of Statistics, Life expectancy, 2021-2023, abs.gov.au/statistics/people/population/life-expectancy/latest-release

2 Australian Institute of Health and Welfare, Income support for older Australians, March 2023, aihw.gov.au/reports/australias-welfare/income-support-older-australians

3 Australian Bureau of Statistics, Average Weekly Earnings, Australia, May 2024, abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/may-2024

Retirement planning guide

The retirement you want starts here

Planning for retirement can be overwhelming. We know there's a lot to think about. You can use our guide to help get you started. We've included some considerations that may help you to get a clearer picture of your current position and your future needs.

Assess your current situation

1 Review your super balance

- Check your current super balance and growth projections.
- Login to My Resolution Life on our **website** or view your latest annual statement.
- Do you have super elsewhere? Don't forget to add all your account balances.

2 Calculate your retirement needs

- Use ASFA's benchmarks to estimate how much you might need for your desired lifestyle.
- ASFA's **Retirement Tracker** tool can help estimate how much you might need.
- Alternatively, if you have a retirement income goal in mind, include your own calculations.

3 Evaluate your contributions

- Ensure that your current contributions are adequate based on your retirement goals.

Retirement planning guide

Create a retirement plan

4 Set retirement goals	• Define what you want your retirement to look like in terms of lifestyle and activities. • Will you have enough money saved to support your retirement goals? If not, consider what adjustments you may need to make.
5 Develop a savings strategy	• Adjust your savings rate and investment strategy to align with your goals. • ASFA's **'Small change, big savings'** calculator may help you work out how saving a little extra now could impact your retirement savings.
6 Consider professional advice	• If you're unsure about how to plan effectively, seek advice from a qualified financial adviser. • Check out Moneysmart's guide on **choosing a financial adviser**. • Visit the **Financial Advice Association of Australia** for help finding an adviser.

Stay informed and review

7 Monitor changes

Keep up-to-date with changes in super policies, retirement age changes and pension eligibility.

8 Review annually

Regularly review your retirement plan and make adjustments as needed. This includes ensuring that your investment strategy is still relevant as you approach retirement, to deliver the outcome you are looking for.

Conclusion

Plan ahead to retire your way

As you enter your 50s, planning for retirement is a critical aspect of your financial management. The sooner you start thinking ahead, the more time you have to optimise your savings and plan for the future you want with confidence.

As outlined in this guide, it's time to think about your future needs and the lifestyle you'd like to enjoy in retirement. And that could mean it's time to adjust your savings strategy and take advantage of voluntary or personal contributions to grow your super balance.

There's a lot to consider between now and retirement, and if you're unsure where to start or how to proceed, you might want to consider talking to a qualified financial adviser. They can offer personalised advice based on your specific situation and help you navigate the complexities of retirement planning.

The **Financial Advice Association of Australia** has an online tool that can help you find a qualified financial adviser, allowing you to search by postcode and also specialty, such as retirement planning.

We're here to help

Visit our ***Retirement Insights*** *hub to explore more retirement planning topics. You can also chat with us online at* ***resolutionlife.com.au*** *or call us on 133 731.*

Please note that while we can't provide you with personal financial advice, we can help you with factual information and general advice about your Resolution Life product(s). We can also help you implement any product changes you've decided on.

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What you need to know

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