



vision
super

Retirement Guide



A no-nonsense guide to preparing for retirement

Preparing and planning early for your retirement can help provide you with a lifestyle that allows you to live the life you want and to enjoy the best years of your life. A successful retirement is about more than just organising your money. Instead of viewing it as retiring from work, think about it as moving on to the next stage of your life. This puts a whole new spin on what you need to consider and how you approach it.

This guide is designed to highlight some of the key things you can think about now, and can help you determine what to do today to make the most of your future years.



Ready.

How ready are you?

The first step towards achieving the lifestyle you want in retirement is to assess your current situation. It's important to have a good understanding of how much you're spending, and how your savings compare against your debts.

What's your cash flow like?

Do you save regularly or do you live from one payday to the next? This is a good indicator of your cash flow. Can you make any changes to save a little more each month? Even small savings now can help make a difference to your long-term finances.

Try using a budget planner. Setting up a good budget allows you to get an accurate reflection on your true spending patterns and habits, and often provides an eye-opening experience on where your money is really going. Budget planners are a good way to help you monitor your spending and hopefully find ways to save more. You can try the one at [moneysmart](#).

Assets and Liabilities

Write down all your investments, including your super balance. You can quickly check your Vision Super account balance by visiting [Members Online](#). With the Retirement income modeller calculator, you will be able to estimate what your super balance will be when you retire. You'll also see how long your super may last and if it will be enough to finance your desired retirement lifestyle.

Calculate your debts. Do you own your home? Or are you paying a mortgage or renting? Do you have any other loans? Are there restrictions on when you can access any of your assets? Once you know what your debts are, look at ways to reduce or, even better, clear them. This is a key consideration when planning for retirement and your superannuation may be one way to eliminate debt.

Do you make personal contributions to your super?

Are you contributing more to your super, above the 9.5% Super Guarantee contribution your employer makes? Did you know you're able to make tax deductible contributions into your super? You can make a direct contribution into your Vision Super Accumulation account, notify us using the ATO form and then claim a tax deduction at the end of the financial year. Concessional contributions are currently capped at \$25,000 per year. This cap applies to employer contributions, including contributions made by your employer (before tax) under a salary-sacrifice arrangement, and personal (after tax) contributions you claim a tax deduction for. More information on the cap can be found [here](#).

Checklist

Here's a checklist to refer to, to help keep track of what you may want to do and what you've done. Once you've completed an action you can come back and tick it off.

- Attend a Vision Super seminar or expo
- Find out more about the different investment options
- Nominate beneficiaries
- Download the Vision Super App
- Look for lost super
- Consider consolidating your super into one Fund
- Speak with a Financial Planner



Aim.

What are you aiming for?

If you don't know where you're going, how will you know when you get there?

Retirement means something different to everybody

For some, it's about slowing down and having time to relax with family and friends. For others, it's a time to do all those things you've never had the time for, from taking up a hobby to regular overseas holidays.

You've taken a good first step in assessing your current situation. Now it's time to think about what your life beyond work will look like and then start planning and act accordingly so you can get there.

Why not write down what your ideal retirement looks like

Discuss it with your partner, family or friends. Try to imagine what life might be like without the salary you currently receive, will you spend more in the first few years of retirement compared to your later years? We all have different goals in retirement and different ideas about what a 'comfortable' retirement means.

How much will you need to fund the lifestyle you want?

The 'ASFA Retirement Standard' can give you an objective idea of a savings target and what type of lifestyle it will provide in retirement. Look at the [ASFA Retirement Standard](#) and while the figures may shock you somewhat, remember, there are other factors to consider. Such as whether you'll be eligible for the Age Pension, and what action you take between now and the day you retire. It's also important to remember that your lifestyle will differ from the next person, so what you need will be based on your lifestyle and life choices, that's why we believe it is important to formalise your own budget to understand your needs.

What's important to you?

Item	Essential	Optional
Own House	<input checked="" type="checkbox"/>	
New Car	<input type="checkbox"/>	
Computer	<input type="checkbox"/>	
Mobile Phone	<input type="checkbox"/>	
Meals Out	<input type="checkbox"/>	
Holidays – Local	<input type="checkbox"/>	
Holidays – Overseas	<input type="checkbox"/>	
Grandkids	<input type="checkbox"/>	
Education	<input type="checkbox"/>	
Health Insurance	<input type="checkbox"/>	
Leave an Inheritance	<input type="checkbox"/>	
Caravan	<input type="checkbox"/>	
Other	<input type="checkbox"/>	

Timing, as they say, is everything

Having a good idea about when you plan to retire and setting a realistic date can help bring into focus the things you can do between now and then to make sure you're properly prepared and have the retirement lifestyle you want.



Retire.

How can you retire your way?

What can you do now to prepare for the day you retire? Think about planning for retirement as an investment in your future. By investing time now by preparing your finances, you can approach your next stage of life with every prospect of it being a happy and satisfying time.

Planning your future

Budgeting in retirement

Once you fully retire, you'll be paying yourself for the first time, which may not last forever. It's important to think about what that may mean for your lifestyle and spending habits.

A budget planner can help you see where and how you spend.

- ✓ What is essential and what's discretionary?
- ✓ Prioritise what's important to you
- ✓ Think about how you can reduce wastage
- ✓ What will give you maximum enjoyment from your money?

Debt vs. Super

If you're approaching retirement and you still have a mortgage, should you pay off the debt or put the money into your super? The answer is not black and white, and depends on several factors, including your personal circumstances and preferences.

- ✓ Do you plan to pay off your mortgage before you retire?
- ✓ Will you use some super to pay it off?
- ✓ Will you need to access some of these funds before you retire?
- ✓ Do you have savings outside super, such as an emergency fund, to call on if unexpected expenses arise?
- ✓ Do you have any other high-interest debt that needs to be repaid?
- ✓ Will you receive an inheritance in the future?

Of course, it doesn't have to be one or the other. If you are unsure we recommend you speak with a Financial Planner.

Boosting your super

Before or after tax contributions?

You can make contributions to super in a few ways, and each has its benefits. After tax contributions are contributions you make from your take home pay, after income tax has been deducted and you have not claimed a tax deduction for them. These are known as non-concessional contributions.

In addition to any before tax (concessional contributions) your employer makes for you, you can arrange additional before tax contributions through 'salary sacrifice'. Salary sacrifice is a voluntary arrangement between you and your employer. If your employer agrees to participate, it means you'll be able to elect how much and how often some of your pay goes straight into your super instead, before it's taxed.

For Defined Benefit Members, employer contributions made to the Defined Benefit pool and any personal contributions made (before tax, by your employer) to/ or in respect of your Defined Benefit are referred to as Notional Taxed Contributions (NTC) and are also classed as concessional contributions.

Making spouse contributions

If your partner earns less than \$40,000 and other criteria is met, you can make an 'after-tax contribution' of up to \$3,000 into their super account and receive a tax offset of up to \$540 in a financial year. The maximum potential tax offset stops if your partner earns \$40,000 or more.

Grow your super with an Accumulation account

If you are a Defined Benefit member, a Vision Super Accumulation account may boost your super, allowing you to make additional contributions, transfer in any other superannuation you hold with other super funds, and if appropriate, take out insurance with your superannuation. When deciding whether to open an accumulation account, you should consider the applicable Vision Super Product Disclosure Statement available from our website.

What's the benefit of salary sacrifice?

The example shows how salary sacrificing may save tax. The amount of your salary that you 'sacrifice' for superannuation contributions gets taxed at a concessional rate of up to 15% (30% if your income exceeds \$250k) provided we hold your tax file number. This can be tax-effective for anyone whose total earnings is more than \$40,000 p.a. as they're on a higher marginal tax rate.

Let's look at an example of how this works. By making salary sacrifice contributions you could reduce your tax and Medicare levy payable and increase your take-home pay.

2020/21	With salary sacrifice	Without salary sacrifice
Salary	\$60,000	\$60,000
Salary sacrifice	\$5,000	–
Super Guarantee contribution	\$5,700	\$5,700
Net salary	\$55,000	\$60,000
Estimated income tax on net salary and Medicare ¹	\$8,187	\$9,987
Income tax benefit ²	\$1,800	–
Tax on super ³	\$1,605	\$855
Total net salary and net super contributions ⁴	\$55,908	\$54,858
Total tax saving	\$1,050	–

1. Includes Low income tax offset (LITO) and Low and Middle Income Tax Offset (LAMITO).

2. Uses 2020/21 tax rates, including the Medicare levy (2%).

3. Assumes tax on additional salary sacrifice contribution at maximum rate of 15% on \$5,000. The tax rate payable by the fund may be less due to the impact of tax deductions.

4. Includes Super Guarantee contributions of 9.5% from employer after tax on contributions.

Note: this illustrates potential tax benefits only. It does not consider other implications, for example, the impact of fees, costs and investment returns on your additional contributions. Additional super contributions cannot generally be accessed until you retire or meet some other condition of release.

Consolidate and save

By consolidating your funds into one account, you could:

- ✓ Save on fees – you may be paying multiple administration fees for different funds
- ✓ Benefit from compound earnings on a higher balance
- ✓ Reduce the risk of paying multiple life insurance premiums that may continue to be deducted from your funds, eating away at your savings
- ✓ More easily manage your super – having all your super in one place can save time and hassle

To find super you hold in other accounts and transfer it into your Vision Super account, log in to [Vision Online](#), click on the Transfer/Rollover link and follow the prompts.

There are things to think about before transferring your super – fees may be applied by the other fund to the transfer and any insurance you hold in another existing super account may be cancelled.

Get a co-contribution from the government

In the 2020/21 year, if you earn less than \$54,837 a year before tax and meet a few other criteria you may be entitled to up to \$500 in a government co-contribution. The maximum co-contribution is only available if you earn less than \$39,837 in the year.

Find any lost super

This is as easy as making sure we have your Tax File Number (TFN) and giving your consent for us to search for your super (including lost super) via the ATO's SuperMatch search facility. If we find any lost super of yours, we'll let you know.

Remember your contribution limits

Concessional contributions are capped at \$25,000 a year for all individuals. Concessional contributions include any employer contributions including Super Guarantee [SG] contributions and salary sacrifice contributions. The \$25,000 cap also applies to Notional Tax Contributions (NTC).

More information on contribution caps is available [here](#).



Transitioning into retirement

As you approach retirement you may start thinking about how your super is invested, reducing your working hours and what else you might be entitled to.

Transitional income streams

Once you reach your preservation age you can open a Vision Super Non-Commutable Account Based Pension (also referred to as a Transition to Retirement Pension) to supplement your income. Whether you receive any tax savings through a transition to retirement (TTR) strategy will depend on your individual circumstances. The benefits of transitional income streams are largely dependent upon your age, taxable income and your personal cash flow position. This strategy is designed to increase your cash flow position to meet your lifestyle goals, or in some instances may be used to reduce your income tax liability and boost your superannuation savings while still meeting your income needs. Should you require further information how Vision Super can support you transitioning to retirement please contact us. Or if you want to know whether this may be an appropriate strategy for you, please make an appointment with a Vision Super Financial Planner. See the further information about Vision Super Financial Planners on www.visionsuper.com.au/retire/financial-advice/

Investment strategies

If you have an Accumulation account or a Pension account (also referred to as an Income Stream account), returns are based on your selected (or default if you made no choice) investment option performance.

You may have different goals depending on the nature of the superannuation account you hold. Often this depends on how close you are to retirement.

Vision Super offers a range of member investment choice options to select from to meet your objectives. Underpinning the investment options are foundational principles that we adhere to. We have more information about our [investment beliefs](#) on our website.

What sort of investor are you?

Everyone has differing attitudes towards risk. When it comes to investing, it helps to know what type of investor you are and the level of risk you are prepared to take. Take some time to think about what your investment goals and objectives are, and what is important to you.

Will you get the Age Pension?

Receiving the Age Pension (full or part) may be important to your retirement plans. The trouble is the eligibility rules keep changing. Essentially, you need to meet the age criteria and satisfy the Age Pension Assets Test and the Income Test. The amount of Age Pension you receive is based on the lowest entitlement as calculated by both tests. If you end up with no government pension based on one of the tests, then you're not eligible.

To find out more, call Centrelink on **13 20 00**.



Peace of mind

Whether you need life insurance as you approach retirement depends on your circumstances. How would you, or your family cope if you were unable to work any more?

- ✔ Is your salary critical to achieving your super goals?
- ✔ Are you still paying a mortgage or do you rent?
- ✔ Do you have dependants or grandkids you want to help?

Insurance through super

Having insurance through your super means the premiums can be lower than purchasing life insurance outside super due to group discounts and premium deductibility within the fund. We recommend you speak to a financial planner for more information.

Vision Super Defined Benefit fund members receive access to default Death and Disability benefits as part of their active membership. The amount of a Defined benefit member's death and disability benefits is based on their salary, years of service and age. If a Defined benefit member wants more cover, they can apply to join the [Vision Super Personal Plan](#) for additional¹ life insurance cover.

Estate planning

No one likes to think about the possibility of death or becoming incapacitated. So making a Will is often low on the 'to do' list. But if you pass away unexpectedly without a Will, you may leave a complex burden on those you love at the very moment they're in need of support.

It's much better for everyone if you make clear your intentions in case something happens to you. This is an important part of good estate planning, however it is not

the only part because a Will is not determinative of what happens to your super.

An up-to-date Will and Power of Attorney

Take the time to review your will and make sure it still reflects your wishes, as priorities can change over time. Also, consider setting up a medical and financial Power of Attorney to ensure your affairs are well managed, should you be unable to make important decisions for yourself.

Choose who your super goes to

Super is one of your biggest assets. You can determine who receives your super (other than Defined Benefits) by making a Binding death benefit nomination. You can do this by completing and submitting the [Beneficiary nomination form](#). You can nominate one or more beneficiaries and what proportion they will each receive. Binding death benefit nominations are subject to special considerations that determine their validity and/or effectiveness. You cannot nominate a person who is not your dependant (or legal personal representative, if you wish your super to be paid to your estate) and to remain valid they need to be renewed every three years.

If you don't make a binding death benefit nomination, or you make a non-binding death benefit nomination Vision Super will determine who your super benefit goes to. Vision Super will consider your personal circumstances (including your will, if any) at your time of death before distributing your benefit.

1. Insurance cover is subject to eligibility criteria and other terms and conditions in the Policy (including limits on the age that insurance cover can commence and must cease). Please note the cost of the premium will usually be covered as part of the fees and charges of the Vision Super Personal Plan, however if you hold a Vision Super Saver or ASU account the cost may be covered under your existing membership depending on your circumstances. Please read the relevant Product Disclosure Statement, available at visionsuper.com.au for more information.

How we can help you ready, aim, retire

Vision Super exists to help our members secure the best for their future. We place great importance on making it easy for you to get the information you need and to have the retirement you want.

Who can you speak with?

If you have a question about super, your first call should be to one of our experienced Superannuation Consultants.

Free seminars run for you

We also run regular expos and seminars throughout the year, on a wide range of super topics that you and a guest can attend for free. You'll find a list of upcoming seminars and how to book [here](#).

The experts in your fund

As a Vision Super member, you also have free access to our experienced Client Partners, at no additional cost. They understand the type of work you do, and are the experts in your fund.

They can provide general advice regarding your super, including:

- ✓ understanding your benefits
- ✓ explaining your resignation and retirement options
- ✓ exploring ways you can boost your super

General advice, however, does not take into account your personal circumstances.

What if you want personalised financial advice?

While our Client Partners can give general advice, if you need personal financial advice having regard to your personal situation, they will refer you to a Vision Super Financial Planner who will take a look at your relevant financial circumstances and help you plan the best way to achieve your financial goals.

How can a financial planner help?

- ✓ If you're planning for retirement
- ✓ If you're contemplating a career change
- ✓ If you need advice on multiple super topics
- ✓ If you want to discuss, and structure your benefits for, matters outside of super such as tax or possible Centrelink benefits
- ✓ If you are a defined benefit member seeking additional accumulation or insurance benefits, or alternative pension strategies
- ✓ If you want to discuss other investments outside of superannuation (for example you receive a lump sum such as an inheritance)

Vision Super Financial Planners can help you develop a comprehensive tailored financial plan for the matters you need advice on, or provide advice on a single topic. Your first appointment is obligation free. This meeting will help determine what level of advice is right for you and what fees may apply.

Need information or advice?

Contact us on 1300 017 589 and we'll point you in the right direction.

Vision Super Financial Planners (VSFP) are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514).

We're here to help

Retirement hotline 1300 017 589

8:30am – 5:00pm Monday to Friday AEST

 memberservices@visionsuper.com.au



Retirement Guide March 2021 This guide includes general information or advice only. It is provided to help you understand Vision Super's products, services and features. It does not take into account your personal objectives, financial situation or needs. You should consider whether it is appropriate for you and your personal circumstances before acting on it and, if necessary, you should seek professional financial advice. Before making a decision to invest in any Vision Super product, you should consider the relevant Product Disclosure Statement (PDS) available at www.visionsuper.com.au. Vision Super Pty Ltd ABN 50 082 924 561, AFSL 225054