

# Will I have enough superannuation to retire on?

## Investing in property could boost your retirement fund.

If your retirement strategy depends on the superannuation guarantee and topping it up with the maximum allowable contributions in the later stages of your working career, it could be time for a rethink! Why not consider incorporating a property portfolio into your retirement plan?

Did you know that if you wanted to retire on an annual income of \$30,000 you will need approximately one million dollars (\*\$1,000,000 invested at 3% pa net return) invested to generate that retirement income? How is your superannuation looking now - more like a quail's egg than a nest egg! How many positively geared investment properties would you need to produce a similar level of retirement income?

As part of your retirement rescue plan, now is the perfect time to look at property investment strategies. Property has been a proven medium to long term investment for many Australians. It is now certainly worth considering property investment as a viable component of your retirement strategy. Remember, you

don't have to divest yourself of your investment property portfolio when you retire. There is no reason why an investment property that you buy now could still be increasing in value and paying you rent when you are 90.

Research has shown that a high percentage of Australians approaching retirement have superannuation balances roughly equivalent to their mortgage balance. What does that leave for living on for the next 20 years or perhaps even longer? And we are living longer....

Based on 2000-02 mortality rates, a 65 year old man could expect to live for another 17.7 years. This is almost 45% longer than just 30 years ago. A 65 year old woman could expect to live for another 21.1 years, an increase of over 30% since the early 1970's.

Life expectancy research now shows that a person may live 25+ years beyond their retirement age of 60 - 65 years. In 2008 the average superannuation payout for women was \$37,000 and for men \$110,000. Frightening figures when

you think that once your super has run out, the current Age Pension is only \$496.30 per fortnight each for couples and \$658.40 for singles. These pension figures should be enough to send us all back to our personal drawing boards to rethink our retirement investment options. Given that you may still have dependent children on your hands when you retire (yes many of our cherubs aren't leaving home until their late 20's and early 30's and many couples are also choosing to have children later in life), you might need to reassess your retirement income needs!

For most of us, this needs to be addressed as a short, medium or long term strategy depending on where you are in your working career right now. Start the ball rolling now to becoming 'retirement savvy' and educate yourself on your retirement options. No one else will be preparing a rescue plan for you.

Before making decisions we encourage you to call the office to discuss how we can help you incorporate a property portfolio into your retirement resuscitation plan.



\*Disclaimer: This article is generic in nature and the information it contains does not constitute financial or investment advice and is made available for information purposes only. It is not a substitute for the readers own independent professional advice. All investment decisions should be considered wisely and based on your personal and financial circumstances. ©2010