



Traps to avoid in retirement – Going too hard too fast

Retirement: you've made it! And one of the rewards for all your hard work is that you can now access your superannuation. Suddenly a world of opportunities opens up – a Caribbean cruise, major home renovations or maybe helping your kids reduce some of their debt.

Of course, you deserve to celebrate your retirement, but bear in mind that your super might need to support you for the next 30 years or more. Eat too far into your nest egg in the early days and you significantly reduce the time that your super will last. This is particularly the case in a low interest rate environment.

Take Ron and Val. They retire with a combined super balance of \$800,000. At an interest rate of 4% pa this nest egg will

fund annual living expenses of \$60,000 for 19.4 years⁽¹⁾.

If they spend \$100,000 on travel and home renovations and give a further \$100,000 to their children, the reduced nest egg will now only last 13 years.

Planning for big expenses in retirement is just as important as it is pre-retirement. The longer that an expense can be deferred, the longer the money will last, and the greater the total income received.

In Ron and Val's case, this might mean scaling back the travel plans a bit, putting off the renovations for a couple of years, and helping their kids by making regular, small gifts rather than a large lump sum.

(1) Does not take account of any age pension entitlement.

Your super is there to help you enjoy life in retirement, but it's a balancing act. A little restraint now may allow for more fun later, so talk to your financial adviser about how you can make the most of your super in retirement.

In this article we have not taken into account any particular person's objectives, financial situation or needs. You should, before acting on this information, consider the appropriateness of this information having regard to your personal objectives, financial situation or needs. We recommend you obtain financial advice specific to your situation before making any financial investment or insurance decision.



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