

Super way to ease workers into retirement

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MONEY EDITOR

TURNING 55 is opening up a new world of financial opportunities thanks to the new Transition to Retirement scheme.

By working part-time and accessing superannuation payments while increasing salary superannuation contributions, workers can significantly boost their retirement funds.

At the same time, by scaling back employment obligations, many people take the opportunity to extend their working lives.

John Thomson first took advantage of Transition to Retirement in 2001.

At the time, he had sold his financial advisory business and was looking to retire.

"There were a lot of changes going on in the industry and I had been working since I was 12 years old," he said. "New regulations had come in and it became far more complex."

"It was, in effect, a new industry and new ball game which required a lot more time and energy. I had always worked, worked, worked."

"I wanted to spend more time with the grandkids and I wanted to travel."

Even so, the decision to sell his business was difficult and the impact on his future financial wealth was one consideration.

When the new owner, Theo Marinis, asked him to stay on as an employee in a part-time capacity, he jumped at the chance. Four years later, he is still a key element of the success of Marinis Financial Group, formerly known as Wealth by Design.

“ Work is very enjoyable . . . and at the same time I’ve made a significant difference to my superannuation pool

Mr Marinis said many of the business's long-standing clients had kept in touch with Mr Thomson.

"They have a lot of respect and trust for him and they value his opinion," he said. "He has also been a mentor to me."

"It has been invaluable having someone who has worked in the industry for so long available to offer an insight and another perspective to challenges and issues."

Meanwhile, Mr Thomson says he has the best of both worlds.

"I'm staying in contact with my clients and the industry without the stress of managing the business," he said.

"In 2001, when I scaled back to four days a week, I thought 'Bugger it - I'll take up art classes'. Then I took on golf and bowls."

"Working less enabled me to catch up with a lot of things."

"A year later, I scaled down to three days, then two days, and now I'm here one day a week. The stress has been removed. At the same time, I've made a significant difference to my superannuation pool."

Transition to Retirement rules - which give workers aged 55 or over significant tax reductions - are expected to reverse the trend of the past half-century, which saw Australians retiring at 55 and investing their superannuation tax-free in allocated pensions and then "double dipping" by claiming Centrelink benefits.

Transition to Retirement allows older workers to draw down on their superannuation while reducing their working hours but also to continue to contribute to their savings while paying just 15 per cent tax on those contributions.



STILL WORKING: Financial a

Flexibility

GOVERNMENTS and employers have realised times have changed dramatically, and Australians want greater flexibility in their work and retirement options.

"Older Australians make a significant contribution to our workforce," federal Assistant Treasurer Mal Brough said.

"While early retirement might be an attractive lifestyle choice for some, we know that there



ties is opening up



advisor John Thomson, right, with his employer, Theo Marinis.

y for changing times

are many Australians who just aren't ready to leave altogether.

"They have amazing life and career skills which are invaluable in the modern workforce, and an admirable work ethic."

The Transition to Retirement policy recognises the changing nature of the working culture.

Since July this year, a person who has reached their preservation age can access their superannuation through a non-

commutable income stream without having to retire permanently from the workforce.

"We hope this innovation will help older Australians who want to stay connected to the workforce by removing what has been an artificial barrier," Mr Brough said. "This initiative will provide more options for people making the transition from work to retirement."

Over 40s now regarded as 'important pool'

MELISSA KING

THE tide might have turned for older workers but employers are being warned they still need to undertake more planning for the future. Employment authorities say recruiters' attitudes towards over-40 year old workers have changed dramatically over the past year.

A group once mistakenly seen as "too old" is now being acknowledged as an important pool of talent and experience.

But key organisation Don't Overlook Mature Expertise (DOME) says many employers are yet to look far enough ahead and plan for the future needs of older workers.

DOME chief executive Sharon Davis said some industries had not even thought about whether there would be a future supply of workers.

She said the positive side was that many employers were now "very keen" to take on mature workers.

However, the age and retirement plans of the current workforce needed to be mapped now while plans also must be made to keep older workers' skills up-to-date.

With the baby boomers heading into retirement as the biggest group of retirees in history, and the declining birthrate to result in fewer young workers, older employees would need to be encouraged to stay on the job longer than they had planned.

"I think the fact is we haven't got a choice," Ms Davis said.

"There isn't going to be anybody to do the work if we don't change their mindset."

She said many people with enough superannuation wanted to retire at 55 and enjoy their post-working life.

"There's not enough incentive for them to stay on," she said.

But keeping older workers in the workplace was not the only answer. Ms Davis said those encouraged to stay on needed more flexible working conditions, such as the availability of part-time work.

Offering such flexibility would be just one of the incentives employers could offer to get, and keep, older workers. DOME has placed more than 15,000 older people in jobs since 1981.

It has 3500 members on its books, of whom 1500 are looking for work. Ms Davis said the largest group of

people placed in jobs in 2004-05 took up full-time work.

However, DOME members had also undergone a shift in thinking, with many prepared for the first time to consider "something less than full-time".

But for those in the long-term unemployed category, the loss of spirit, confidence and motivation needed to be addressed.

Many people on DOME's books did not want to go back to their old trades because of the workload or hours involved, meaning they needed retraining.

By 2044, one in four Australians will be aged 65 or older.

The cost of health expenses will double and people will have to work longer in order to cover the cost.

Sex Discrimination Commissioner Pru Goward told a recent conference in Adelaide that the baby boomers would be the most expensive generation of elderly people. With many working women now in the situation of caring for both children and elderly parents, the pressure on families would continue to rise.

Ms Goward said the cost of formal aged care was increasing but it was not clear if women would be willing to continue to provide the current level of informal care.

She said employers would have to be more flexible to accommodate the carer responsibilities of many workers.

"If we all share the care well, then nobody actually has to leave the workforce... give up their superannuation... risk their own old age," she said.

"Along with older workers, women's labour force participation must increase. If you don't have many workers, you don't have much growth and you don't have prosperity."

Ms Goward said Australians were stoic, putting up with droughts, bushfires and floods so they felt they could deal with rapid changes to society and the way families worked.

"But I'm not sure for how much longer we should be stoic," she said. "The stoic never change society. It's only the disgruntled who've brought change."