Transition to retirement:
revolution, not just evolution

As advisers we are all too often failing in our obligation to provide our clients with the best possible financial strategies for achieving their financial goals.

Retirement is arguably the most important part of our clients' lives and we need to ensure the strategies we recommend provide the optimum opportunity to achieve their dreams.

Transition to retirement (TTR) is currently the most important tool for delivering results to clients and yet so many people in our industry ignore it – or are just too ill-equipped to understand it.

The introduction of TTR to the Australian market three years ago provided the biggest revolution to superannuation since the introduction of compulsory contributions in 1986.

TTR was a revolution in the evolution of the superannuation environment, but best of all it can provide benefits to all Australians nearing retirement.

As a pioneer of TTR, I have seen how it has benefited my clients. They have been able to make the most of tax benefits or take advantage of working part-time. TTR has enabled me to offer many of my clients a way to make a difference to their superannuation in those all-important years before they retire.

However, despite the appropriateness, many advisers – and in their case, I use this term loosely – are still not using TTR for their clients. If the clients' best interests are paramount, then TTR should form part of all strategies for those aged over 55 and still working or earning an income from investments.

It is amazing TTR still has not been embraced by more advisers. Are we as a profession not confident to use it? Is there not enough technical support? Is the concept too complicated to explain to clients? Are the taxation aspects still murky?

The answer to all these questions is obviously no. There are technical support and well-designed client materials to assist the process. There is no Part IV A taxation issue. That issue was clarified by the taxation commissioner in November 2005. There is no good reason not to be providing our clients with TTR advice. In fact, we may be neglectful in our advice if we do not consider TTR for all relevant clients. I think the answer to the question is really that many advisers out there are just too dumb or lazy to offer TTR.

Some may say the slow uptake of TTR is because only one or two platforms were agile enough

Image: AbleStock

to implement TTR strategies from July 2005; other providers were slow to implement. Today, three years down the track, most platforms can accommodate TTR strategies but often the process is clunky and time consuming.

Despite TTR being available for some time, implementation through a platform is still largely a paper-based process, which requires plenty of time, patience and persistence. Most important of all, it is inconvenient for the clients who in some instances can wait up to 60 days for their first pension payment. Perhaps the difficulty in implementing TTR strategies is why we are shying away from using them.

So what is the future of TTR? What can providers do to encourage us to use TTR and make it an effective yet easy strategy to implement?

The answer is simple – faster and easier facilitation. Simple, online facilitation needs to replace the onerous manual process and reduce the up to 60-day processing time with some platforms. Not only would it be a win situation for us as advisers, but for our clients too, who would be able to access their funds faster.

With TTR in its third year, it is more than time for advisers and platforms to embrace this superannuation revolution and make recommendation, implementation and facilitation a simple and straightforward process.

If advisers do not start using TTR for their working clients over 55, they should be prepared to explain to the regulator and their professional indemnity insurers why not. □

I think the answer to the question is really that many advisers out there are just too dumb or lazy to offer TTR.

Theo Marinis is a financial strategist with Marinis Financial Group and the author of *Sexy Super?*