

It's time to bust some retirement money myths

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RETIREMENT money myths are causing unnecessary worry for Australians aged in their 50s, 60s and beyond. Financial planners say misinformation is scaring people, but the truth is usually more positive than people may think.

Today we bust four money myths and worries that affect older Australians.

1 YOU NEED \$1 MILLION TO RETIRE COMFORTABLY

While \$1 million will generate a healthy income for a self-funded retiree, many people have no time to build such a sum, but can still be comfortable with a combination of pension and their own money. Financial strategist Theo Marinis says Australians who can't see themselves building a big super balance should not panic.

"For a traditional Australian couple, with one stay-at-home partner and the other aged 65, on an average annual income of \$65,000 plus \$200,000 in superannuation, the actual take-home income from the combination of age pension and super will be very similar to what they were earning when working full time," he says.

2 THE GOVERNMENT WILL LOOK AFTER YOU

The maximum Centrelink age pension, plus pension supplements, pays about \$22,000 to a single and \$33,000 to a couple. "You can't rely just on Centrelink — \$33,000 a year for a couple is a reasonable starting point but not many people in this day and age can live on that," Marinis says.

"People who lived through the Depression would have got by on that, but the standard of living of the Baby Boomers has increased."

But most new retirees today have some sort of superannuation nest egg.

3 YOU WON'T GET A HEALTH CARD

The Commonwealth Seniors Health Card and its associated benefits is seen by some as a holy grail, but many people mistakenly think a few hundred thousand dollars of assets will push them over the threshold.

Goldsborough Financial Services director John Oliver says the health card is tied to an income test — rather than an assets test — and available to any retirees earning less than \$80,000 as a couple or \$50,000 for a single. He explains: "A lot of people who think they may be over the assets test don't think they can get a health card."

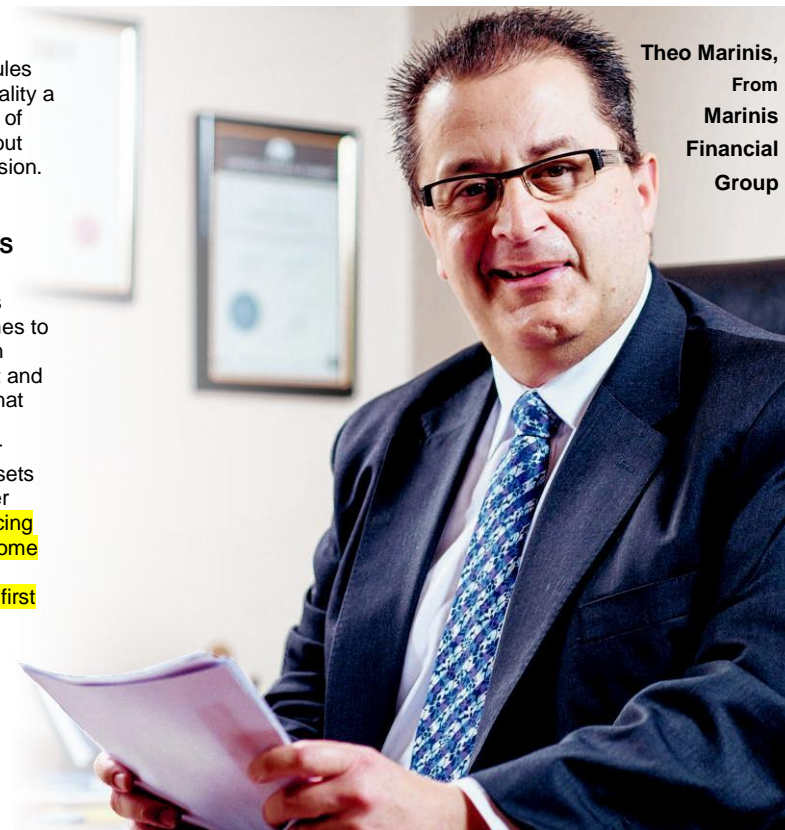
Means testing for the card is changing in January next year but most retirees will still be able to access it, Oliver says.

He says there is a lot of confusion about pension rules and thresholds, when in reality a couple can have \$700,000 of assets and still receive about \$17,000 a year of age pension.

4 YOUR HOME AFFECTS YOUR PENSION

Despite recent discussions about the potential for homes to be included in age-pension means testing, it is exempt and advisers expect it to stay that way.

"A lot of people think their home is included in the assets test, which is wrong," Oliver says. Marinis says introducing means testing the family home would be political suicide. "Treasurers are politicians first and foremost."



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