# Make your nest egg last

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NEST eggs now need longer lifespans to keep up with Australia's growing number of active retirees, and there are several ways to make your money last.

Financial experts say a mixture of prudent budgeting, smart investing and maximising government benefits will help drive your retirement dollars further.

It starts with saving as much as you can – usually in superannuation to get good tax benefits – in the years leading up to retirement, but once you've retired there are still options.

## KNOW YOUR SPENDING

Planning for Prosperity principal Bob Budreika says it's difficult to make meaningful calculations if you don't know how much money you need in retirement.

"From our experience, few really know their living costs," he says.

Bourke Shaw Financial Services principal Lawrence Orlando says a good budget will identify areas of overspending. "Work out exactly where your money is going," he says.

Pensioners can access a range of discounts from governments and local councils, Mr Orlando says.

"I'm not a great advocate of junk mail, but major retailers all offer discounts on food and groceries on a weekly basis, some up to half price," he says.

## PENSION POWER

Financial strategist Theo Marinis says you are not on your own in retirement.

"The government provides an age pension safety net to anyone who needs it, and it only cuts out the pension for those who have significant savings other than their home," he says.

A pensioner couple can currently have $1.305 million in assets excluding the home before their pension disappears, Mr Marinis says.

Mr Budreika says a few hours a week of work can add a nice boost to any age pension payments you receive.

"Centrelink allows a pensioner to earn $6500 per year without affecting their entitlements. For a couple, this means they can earn $13,000 per year and still receive the full age pension," he says.

## INVEST WISELY

Mr Budreika says investments in retirement do not need to be completely conservative, such as only cash deposits.

"This could be a disastrous long-term strategy because returns are low," he says.

"The result might mean drawing down on capital to fund the shortfall in living costs and could result in you outliving the capital."

Finance commentator Kerrin Falconer recommends a "bucket" approach where three or four years of money needs are in cash, some money sits in fixed interest and the rest is in growth assets such as property and shares.

"If you need to make your money last longer, a portion of the nest egg will need to be invested in the growth assets," she says.

"This is because over the longer term, shares and property have the potential to provide higher returns than the defensive assets such as cash and fixed deposits.

## IGNORE INHERITANCES

Ms Falconer says some retirees will restrict their spending to try to maintain an inheritance for their children and grandchildren.

"However, most of the younger generations are more than happy for their parents and grandparents to enjoy their retirement even if this means using the capital," she says. "Only lend or give money to your children if you can afford it.

Making significant capital drawdowns will deplete nest eggs and consequently the income from them."

### MONEY AND HOME MAINTENANCE

Maintaining your home can be costly, and many retirees have to employ trades- people to do jobs they used to do themselves.

Here are some of our experts' tips to cut home maintenance costs:

1. Talk to your children about helping you out, especially if they stand to inherit the house.
2. Boarders can help cover the costs of maintenance and deliver an extra income.
3. Have a separate account to cover unexpected maintenance issues.
4. Consider a reverse mortgage to unlock equity in your home, but understand the costs and how they work.
5. Think about downsizing or retirement villages to free up some extra cash and lower maintenance expenses. Selling a house you have lived in for decades can be emotionally and physically demanding, so speak with your family.