The Daily Telegraph

Retire richer by planning early, but research shows most don’t

The age at which Australians start planning their retirement is surprisingly late, and it’s costing many a comfortable lifestyle.

Anthony Keane National personal finance writer Follow

@keanemoney

2 min read October 28, 2021 - 3:16PM The Australian Business Network

2 comments

Australians risk missing out on retirement riches by waiting at least a decade too long to start serious planning.

The average age people start planning and thinking about life after work is 61, according to a new analysis of 3000 people by retirement planners The Moreton Group.

This leaves precious few years for strategies to produce a zero-tax retirement income and make the most of compounding investment returns. For many people, 40 should be the new 60 to start thinking about retirement and its massive tax benefits available.

The Moreton Group managing director Cameron Dickson said people started planning for retirement at least 10 years too late.

“People mostly put off retirement because they don’t know what they want to do, and therefore push it to the back of their minds,” he said.

“Then there’s the scaremongering about how much superannuation you need to retire, and out-of-date predictions about what the best age to retire is, which have left many Australians thinking they have to work for longer than they actually do.”

Mr Dickson said retirement seemed far away for people aged in their 40s but “time is a very powerful ally, and there are always small steps you can take earlier in life that can have a powerful impact”.

Strategies can include injecting extra cash into superannuation, which becomes tax-free for retirees aged over 60, using government incentives such as co-contributions and super splitting, and switching share and property investments into super to avoid capital gains tax later in life.


Australians who don’t plan their retirement may end up working for longer than they need to.

Financial strategist Theo Marinis said he recommended injecting extra money into super “as soon as you can, as much as you can, for as long as you can”.

He said starting at 40 gave people at least a couple of decades to supercharge a nest egg with compound interest, but added it was “human nature” to put off retirement planning.

“You tend to kick the can down the road and invariably you leave it too late and are caught behind,” Mr Marinis said.

“But the compulsory super guarantee system will be putting money away for you on automatic pilot. The fact it’s compulsory and you don’t have to think about it is the secret why it works, and why we have $3.4 trillion in super.”

Tribeca Financial CEO Ryan Watson said “retirement is a bit of a dirty word” for those who avoided thinking about it, and while 61 was late to start planning, it was better late than never.

“The longer it’s left, the less options people have – less time and less opportunities,” he said.

Mr Watson has noticed more people in their 40s wanting to take greater control of their finances, particularly during the pandemic.

“With the advent of Covid people have had more time to think,” he said.

https://www.dailytelegraph.com.au/news/national/retire-richer-by-planning-early-but-research-shows-most-dont/news-story/821cfa503379cfb72f8cbb811c79afc5

Cameron Dickson, managing director at The Moreton Group, says time is a powerful ally.

TAKE ACTION EARLY

- Think about what you enjoy, what would make you happy in retirement, and work backwards to set yourself up for that goal.

- Consider how a mixture of super and age pension payments can work together – you may not need as much as you think.

- Seek professional financial advice to keep you on track and open opportunities and strategies.

- Check what other government benefits are available, such as the Commonwealth Seniors Health Card

Source: The Moreton Group

Originally published as [Retire richer by planning early, but research shows most don't]

[https://www.dailytelegraph.com.au/news/national/retire-richer-by-planning-early-but-research-shows-most-dont/news-story/821cfa503379cfb72f8cbb811c79afc5]

Financial Strategies (SA) Pty Ltd trading as Marinis Financial Group
T 08 8130 5130 | F 08 8331 9161 | A 49 Beulah Road, NORWOOD SA 5067
E admin@marinisgroup.com.au | W marinisgroup.com.au
ABN 54 083 005 930 5067 | AFSL No: 326403

Reproduced with the permission of Anthony Keane

Disclaimer:

Performance data quoted represents past performance and does not guarantee future results.

The information in this article is general information only. It is not intended as financial advice and should not be relied upon as such. The information is not, nor is intended to be comprehensive or a substitute for professional advice on specific circumstances. Before making any decision in respect to a financial product, you should seek advice from an appropriately qualified professional on whether the information is appropriate for your particular needs, financial situation and investment objectives.

The information provided is correct at the time of its creation and may not be up to date; please contact Marinis Financial Group for the most up to date information.

https://www.dailytelegraph.com.au/news/national/retire-richer-by-planning-early-but-research-shows-most-dont/news-story/821cfa503379cfb72f8cbb811c79afc5