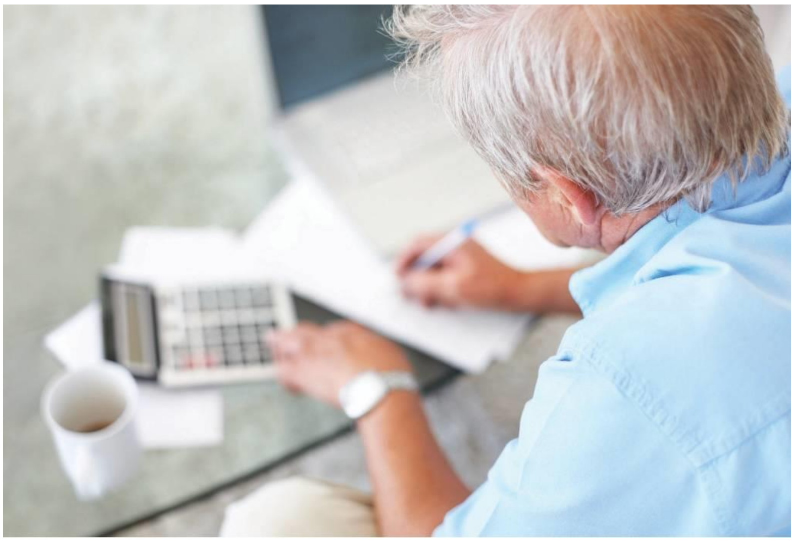
Financial plans

WORDS NADJA FLEET

Don't outlive your savings. Plan a wealthy and healthy retirement, experts say.



Australians are healthier and wealthier than ever before, but financial advisers warn living longer could also mean outliving savings. Seeking early advice on whether your savings are sustainable is the key to comfortable retirement, according to Adelaide's leading financial planners.

"In an ideal world, don't wait until you retire," financial strategist Theo Marinis says. "See an adviser (when you're) as young as possible. When you see an adviser when you have retired, all they can do is work with what they have in front of them."

The UN forecasts the number of over-60s in Australia will grow from 20.4 per cent of the population in 2015 to 24.6 per cent by 2030.

Worldwide, the population is also increasingly ageing, from 12.3 per cent to 16.5 per cent of people expected to be over 60 by 2030.

Global Ageing Institute president Richard Jackson told last year's Association of Superannuation Funds of Australia conference on the Gold Coast that the world was on the threshold of a "stunning demographic transformation".

Older Australians are resisting downsizing their homes and are increasingly maintaining their current lifestyle into their 70s and 80s, said fellow speaker Laura Demasi, director of social trends at Ipsos.

A financial planner can help you understand the details of your current financial assets and living costs and project an overall cost of retirement.

But Wealth and Track principal Steve Greatrex says many clients should continue working to afford the lifestyle they were aiming for.

"I see a lot of people who are retiring too early," he says.

He says retirees need to identify how they want to spend their retirement – whether it includes renovating a kitchen or travelling the world – before seeking financial advice.

"You need to ask 'How can I retire at the time I want to retire the way I want to retire?'," he says.

In addition, Federal Government changes from July 1 will reduce the amount of money that can be contributed and held in superannuation.

January 1 also brought changes to asset limits for age pensioners, and doubled the rate at which their payments reduce.

Almost 315,000 pensioners are losing some entitlements, including 88,500 having their pension cancelled, while 166,000 get more money.

Under the new rules, a homeowner couple can have $375,000 and still receive the full age pension, but their part pension is cancelled if their assets exceed $816,000.

For single homeowners, the full pension is paid on assets under $250,000 and no pension is paid on assets above $542,500. The family home is not counted.

Mr Marinis warns South Australians to hold on to their assets and "don't panic".

"Don't start blowing money," he says. "Once it's gone, you won't get it back. Over time, as your assets go, then Centrelink payments can still come in."

The free Financial Information Service at Centrelink can help people to understand Centrelink assessments and any concessions for pensioners.

Senior financial adviser Ian Helmore says it is important to understand Centrelink rules and limits, which then affect possible age pension payments and concessions

"There are a number of services, both government and nongovernment, that are available to help people understand their options in retirement," he says.

Tips to top Advice

- Seek advice early.
- Shop around for advice.
- Avoid advisers associated with certain financial products, such as property schemes or early-release superannuation schemes.
- Look out for dodgy financial schemes and advisers who offer services for free.

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