

Should you retire or delay?



HERE'S WHAT TO CONSIDER BEFORE JUMPING INTO ANY DECISION ABOUT LEAVING YOUR JOB

FINANCE

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CCOVID-19 is changing retirement across Australia, and older Australians are being urged to check their finances.

Whether it's getting stung by weaker superannuation and investment assets, or collecting extra cash from cancelled or postponed holidays, 2020 has delivered retirees and those nearing retirement plenty of volatility.

MLC's group executive of retirement and investment solutions, Tim Steele, says many people's retirement plans have been altered this year.

"Those nearing or planning retirement may have started to look at shifting their retirement timeline," he says.

But before rushing into major decisions, consider all your options for work, income and investment.

"It's important to take a step back and pause," Steele says.

"Having a clear picture of your desired retirement lifestyle sets an important baseline to work from and helps you to identify what really matters.

"It is never too late to start budgeting, saving, planning and investing, even if you're nearing or in retirement."

Steele says international travel is a common retirement goal for many Australians, and its sudden stop this year has been a beneficial financial buffer for some through COVID-19.

Pre-retirees who were planning a big overseas trip could consider working a little longer if they're happy with their job, says financial strategist Theo Marinis.

"Psychologically you may be better off continuing to work, because you are retired a long time," he says.

"The longer you work, the better off you will be, and once you are retired it's hard to get back into the workforce."

Marinis says older Australians can examine part-time work using the transition to retirement rules that allow withdrawals of super to top up wages, while retirees whose assets have dropped during the pandemic may now qualify for a part age pension or more pension.

He says many people thinking about retirement are actually richer than they think.

"Ninety-nine per cent of people coming to my office don't think they can afford to

retire, but probably 90 per cent of them can afford to retire," he says.

Almost three decades of compulsory superannuation has created nice nest eggs through its forced savings.

"Even people on modest incomes have a reasonable amount of super," Marinis says.

Retirees can preserve more of their assets after the government halved minimum

drawdown requirements on superannuation pensions this financial year. For example, people aged 65 to 74 only need to withdraw 2.5 per cent from their account based pension rather than the usual 5 per cent.

Recent research by Allianz Retire+ found prospective retirees felt less in control of their financial future than current retirees and have been reducing their spending more in the pandemic.

"Sadly, in addition to watching their wealth fall during COVID-19, many prospective retirees have had their work hours cut, or lost their job," says Allianz Retire+ CEO Matthew Rady.

"They need to rebuild their retirement savings, but have limited capacity to re-enter the workforce during the pandemic."

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