

Are you Saving for Retirement?

Most of us dream of the day when we can finally finish work and retire. Since we're living (and working) longer than ever before, the thought of saving for retirement can seem like a problem for another day — but the evidence shows that planning earlier for retirement can make a huge difference to your future.

Many of us spend our lives working hard and looking forward to retirement, but often don't think about what we'll need financially once we get there. Saying goodbye to the office for good might seem like a faraway dream right now, but the reality is that it's never too early to start planning for retirement.

For one thing, we're living longer than ever before, with men having an average age of 86 and 89 for women. That's expected to rise to 91 for men and 93 for women by 2050. Conversely, as the cost of living gets more complicated, you might need to save more money for retirement than you think.

According to the Association of Superannuation Funds of Australia (ASFA), couples should aim for \$690,000 (\$75,319 a year) and singles for \$595,000 (\$53,289 a year) to have a comfortable standard of living during retirement. This is not just for daily essentials like secure housing, groceries, and clothing, but activities, travel and recreation — all the things you deserve after years of hard work.

The stats show a different reality for a lot of us: ASFA points out that Australians aged between 60-64 have a median super balance of \$178,808 for men, and \$137,051 for women. The discrepancy in retirement savings remains especially high for women, who on average **earn \$1m less than men in their lifetime**. (Source: The Guardian)

Fortunately, there are many things you can do in the present to plan for a comfortable retirement, even if it's still years away.

KEEP YOUR FUTURE IN MIND

The way we spend, save and invest in the present has a direct effect on what we have later. Saving (and planning) for retirement is one of the most crucial financial decisions you'll ever make.

When it comes to retirement planning, there are hundreds of unpredictable factors that can affect your ability to maintain financial security, including job loss, serious illness or taking time off for childcare.

In some ways, it's harder to plan for retirement than 50 years ago: Rising costs and stagnant wages can make saving more difficult than before. If you're already under financial strain, looking at your retirement options is probably the least of your worries right now.

Our brains also play a role in how we think about money. We know we need that nest egg for a guaranteed income in our 'golden years', but it's hard to think about the future when we're influenced by what we can have in the present.

If you're in your 20s or 30s, retirement can be more than a little daunting, and this makes it easier to think of it as a problem for another day. By doing this, though, we underestimate how long it will take to achieve our savings goals.

WHAT CAN YOU DO RIGHT NOW?

One of the hardest parts of planning for retirement is knowing where to start. Here are some helpful hints to get you started:

Think about what you want from retirement:

Forget money for a second and think about what can of retiree you want to be. Do you envision yourself travelling around the world or campervanning around Australia? Or maybe you just want to make sure you'll be prepared for emergencies? Depending on your circumstances, a bit of foresight and detailed planning



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can help you save for a specific goal.

Examine your personal finances:

This goes beyond creating a budget to save money for later. A clear understanding of debt, income, assets and expenses can help you look at the bigger financial picture. For instance, if you have one account for everything (savings and expenses), it may be an idea to make a separate emergency account for retirement (separate from super and other savings).

You can also do a bit of research by looking at ASFA retirement standard to get a better idea of how much you should save.

Don't rely on super alone:

Superannuation is a great savings device, but there may be times when you have to rely on your super earlier than planned. Your superannuation is also dependent on job security, tax, inflation and interest rate changes, so it may be a good idea to look at other avenues.

Think about investing:

Investing for your retirement can help provide income to support your expenses and lifestyle. There are advantages and disadvantages to investing in different assets, but there are many options if you're looking for long-term growth.

Get help if you need it:

If you're looking for advice, you can contact a professional financial advisor, your super fund, or you can access the government's free financial service line. (<https://www.servicesaustralia.gov.au/financial-information-service>) You can also get help through your EAP with Financial Coaching.

Converge offers free and confidential help through your EAP, including Financial Coaching. You can call our team for a friendly chat on 1300 687 327.



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