

Media Release



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Ways to help achieve many good returns in 2009

People nearing retirement age who had ruled out leaving work in 2009 because of the stock market downturn may want to think again.

Dante De Gori, Technical Manager at ClearView Retirement Solutions, urges people aged 55 and over to consider the full picture when assessing their pre-retirement position.

“There is more to the retirement equation than simply thinking about underlying investment returns,” he said.

If you can't stop full-time work, because of market conditions, but you'd like to work part-time, you can draw a transition-to-retirement (TTR) pension to help you sustain your take-home pay while continuing to contribute into your super, according to Mr De Gori.

“If you're 55 years and over, you can use a TTR strategy to help you to cut back your hours and pay less tax, while maintaining your take-home pay,” he said.

“In certain circumstances, you can maintain your ordinary income, but pay less tax than you would if you were drawing a full-time salary.”

Mr De Gori has provided a five-point checklist on the Transition to Retirement Strategy.

Five-point checklist for commencing a TTR strategy:

1 Protect your income

Your income is one of your most important assets and should be protected by Income Protection insurance. Otherwise, if you fall sick, and lose your job, your TTR strategy could fall over. You might be forced into retirement early, meaning you run down your superannuation much earlier than you had expected.

2 Make sure you can salary sacrifice

Check with your employer whether you can salary sacrifice your income into superannuation. Some employers either won't allow it or limit the amount employees can salary sacrifice into super.

3 Determine how much you need

Do your sums to determine how much income you need to (a) salary sacrifice into superannuation and (b) draw down from your superannuation to maintain your take-home pay or a reasonable pay level.

4 Check whether you have enough super

Check whether you have the funds required to draw the required income. You're limited to drawing down 10 per cent of your overall account balance.

5 Reassess the numbers at 60

Once you turn 60, you need to redo your sums as income from a TTR pension becomes tax free. That means you might need to draw less from your super to maintain your pay than in previous years (From age 55 to 59 you receive tax concessions rather than a full tax exemption).

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ClearView Retirement Solutions has launched an online calculator to illustrate the benefits of using a TTR strategy. "Our calculator, designed for those aged 55 years and over, can show you exactly how much more you could put into superannuation without reducing your take-home pay," said Mr De Gori.

See <http://www.clearview.com.au/calculators.html>

What is a TTR pension?

A TTR strategy involves increasing the amount you put into super via salary sacrifice. You then top-up your reduced pay by drawing an income from your accumulated superannuation. Because of super tax concessions, the amount you need to draw down from your superannuation to 'top-up' your pay is generally less than the extra amount you are contributing into super.

-ENDS-

About ClearView

ClearView Retirement Solutions is a financial services group of companies that specialises in providing financial advice, products and services to people nearing, or in their retirement. ClearView Financial Advisers are committed to making high quality retirement advice and service accessible to their local community. Initial meetings are free of charge and without obligation.

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