

Media Release



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Nine tips for retiring in 2009

Financial markets are in turmoil and as an investor, you might be thinking of delaying retirement to avoid calling on your hard-earned savings during a market downturn.

But perhaps you and your partner had your hearts set on sticking to your retirement plans in 2009. What can you do now to make sure your nest egg – and the quality of your retirement outcome - is as healthy as possible?

Dante De Gori, Technical Manager at ClearView Retirement Solutions outlines below the nine top tips to retiring in volatile markets.

1. Review your portfolio allocations and your accepted level of risk

If all of your investments are in growth assets, you may want to re-balance the portfolio and re-direct some of your super contributions to cash or defensive investments either through salary sacrifice or employer contributions. This could be a handy way to enable you to call on those funds when you retire rather than drawing down on your growth assets.

2. Consider drawing from cash, not your growth assets, to provide income over the next two to three years

When you do retire, stick to drawing funds from your cash or income-producing assets such as bonds, as opposed to selling your growth assets at low prices. Keep the shares and sell them when the market is stronger.

3. If you haven't already retired, take advantage of the market by contributing more to your superannuation

Australian tax laws favour superannuation investments. Earnings are taxed at a rate of 15 per cent, compared to investment earnings outside super being taxed at your marginal tax rate, which could be as high as 46.5 per cent (including the Medicare levy). If you contribute more into super now, you'll also be buying assets at low prices.

4. Consider a regular 'dollar cost averaging' savings plan

Pre-retirees can invest in shares or their superannuation to take advantage of the market downturn. Rather than trying to time the market, buying small parcels of shares or super over a period of time can enable you to average out the cost – reducing the risk of buying at the worst time.

5. If you want to save more in super without spending more, consider a TTR strategy

If you're 55 years or older, a Transition To Retirement strategy involves increasing the amount you put into super via salary sacrifice. You can 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 to 'top-up' your pay is generally less than the extra amount you are contributing into super, therefore allowing you to save more in your super without having to reduce your take home pay.

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6. Take advantage of the superannuation rules

Superannuation provides many great concessions and benefits when used properly. Salary sacrificing to reduce assessable income and reduce tax, Government benefits via co-contributions and spouse rebates, contribution splitting to help top up your spouse's superannuation account, reduce capital gains tax after a sale of an asset and starting a tax-free superannuation pension are all possible strategies that you may want to consider for your situation.

7. Take advantage of falling interest rates.

Reducing interest rates mean that your home loan repayments may reduce as a result of less interest payable, however, by keeping the same repayments (where possible) you will be paying more principal off your home loan at a quicker rate.

In addition to your home loan other debts such as personal loans, car loans and credit cards (also know as bad debt) are costing you money, therefore you're better off paying it down now as quickly as possible so you can then start to concentrate on building your wealth.

8. Don't forget government benefits

Don't forget to check in with Centrelink now rather than later because as assets are dropping in value, your age pension may be increasing in value. If you don't ask, you won't receive money to which you may be entitled.

9. Talk to a professional about your financial situation before you make any changes

To take advantage of the above-mentioned tips it is important that you seek advice. It's also vital to get good financial advice to understand your investments and the level of risk, which suits your financial plans.

The key to successful investing is to develop a plan, maintain your course and avoid emotional decision-making. With sound financial advice, solid goals and clear objectives you can combat market volatility - patient investors who maintain their course will benefit in the long run.

To contact your local ClearView adviser, please visit www.clearview.com.au/advisers

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About ClearView

ClearView Retirement Solutions is a financial services organisation 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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