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Get your retirement timing right

The perfect retirement revolves around getting three things right – the financial, the emotional and the practical. Figure these out and the timing of your retirement will become clear.



During your downtime over the upcoming holiday period, it could pay to consider how your retirement might look and when it will likely happen, no matter how far away it might be. This helps to answer one of life's big questions – when exactly will you retire? Fortunately, these days there are a lot of options in terms of timing of and transitioning into retirement. In this story we look at the three big areas of consideration – wealth, emotional health and practical issues.

When can you afford it?

The amount of money required for retirement varies from individual to individual. Are you after a simple life filled with basic pleasures or an outrageously luxurious celebration of finally being out of work? There are many ways to figure out how much money you'll need in retirement. None are perfect but at least they offer an idea. Current figures from The Association of Superannuation Funds

Australia (ASFA)'s retirement standard¹ say those aged around 65 and desiring a comfortable lifestyle will require \$42,861 annually for a single and \$58,784 for a couple. Or it may suit you better, in the years before retirement, to simply remove a certain

amount from your current after-tax income, perhaps \$100 per week, for a rough guide to what you might require. There are various ways to figure out how much money you'll need in retirement and each is unique to the individual's needs. This is where your financial planner also becomes very valuable.

Your adviser will not only help you figure out the amount of income you'll need in retirement. Once you are retired they will also consider the current economic and regulatory environment to ensure your investments are properly diversified and spread between defensive and growth asset classes, so they continue to deliver the income you need over the period of your retirement.

How will you get what you really need?

The idea of leaving work is often a wonderful one, but sometimes you don't realise the many benefits of a job or a career, until you leave. Often the biggest change for those leaving work, the most unexpected shock, is the lack of social connection. We all know about the importance of self-worth, which jobs often give us, but just as vital is the emotional satisfaction we gain from having people around us.

Social contacts from work will need to be replaced with new relationships. Where are these going to be found? Many discover new and meaningful connections by volunteering. Others do it in the sporting arena, perhaps in golf or bowling, swimming or cycling clubs. And some join hobby groups.

Those that find great satisfaction in the emotional side of retirement often begin experimenting with such social connections – clubs, volunteering etc – before they retire. They build new networks before leaving the old ones. This is particularly important for those that are single. Couples might consider staggering their retirements, to allow each partner to ease into their new lifestyles.

Day-to-day practicalities

Immediate retirement – going from full-time work to full-time leisure – is becoming a thing of the past. While few people choose to work full-time beyond the age of 65, many retirees say that they retire several times over, between the ages of 65 and 70, as their skills and knowledge are put to good use on a part-time or casual/consultant basis. Working a few days a week has many benefits beyond financial.

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It is good for an individual's self-esteem, social connection and ongoing learning. It is also good for industry in terms of knowledge retention and diversity. And for once in your life, the choice of where and when to work is yours.

These days 'semi-retirement' is becoming the new retirement. Whether that means working, volunteering, transitioning to retirement or turning a hobby into a side business, its benefits are immeasurable.

So take some time to figure out the things you can control about your retirement – financial, emotional and practical – and other considerations, such as timing, will fall into line behind them.

Speak to us for more information

Speak to your Russell R Farr & Associates Financial Adviser if you would like to understand more about how this information might impact your financial situation.



Important information

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