

Advice on allocated pensions

Allocated Pensions can be purchased with super money and are a very common way to receive a tax effective retirement income – paid monthly, quarterly, half-yearly or yearly.

Flexibility and tax efficiency

Some of the features of allocated pensions include:

- ✂ The income paid from an allocated pension may have a 'deductible amount' – an amount that is exempt from tax
- ✂ The income paid by allocated pensions usually carries tax offsets if you're aged over 55 years
- ✂ Allocated pension funds do not pay tax on their investment earnings
- ✂ The entire amount invested can be accessed at any time (subject to tax)
- ✂ Investment choice is available
- ✂ You can change your investment mix or income to suit your circumstances (within limits).

Make it work for you

As you approach retirement, you'll face some difficult questions and decisions:

- ✂ What is my budget?
- ✂ Will my money last?
- ✂ How much super should I place in an allocated pension?
- ✂ How do I arrange everything?
- ✂ How do I keep it simple?
- ✂ Can I put money in my spouse's name?

We'll guide you through

Setting up an income stream in retirement shouldn't be complicated.

Future Wealth Planners can provide you with financial advice that:

- ✂ Appreciates your views on risk and return
- ✂ Makes the most of Social Security
- ✂ Works out the most effective way for you to use allocated pensions

- ✂ Clears up the jargon (tax offsets, Eligible Termination Payments, deductible amounts, etc)
- ✂ Assists you with the paperwork!

An example of how we can help you:

David and Dianne, both 60, have just retired. They own their own \$600,000 home, a hobby farm worth \$210,000, have \$250,000 in super and \$15,000 in shares.

They list their retirement goals as:

- ✂ Move to their hobby farm full-time
- ✂ Draw a comfortable income in retirement
- ✂ Grow their savings over time.

David and Dianne are particularly uncertain about how to best draw an income in retirement.

Future Wealth Planners prepared a strategy that examined their taxation status, risk profile, life expectancy, Social Security eligibility and Reasonable Benefit Limits.

Future Wealth Planners recommended that David and Dianne:

- ✂ Establish an allocated pension
- ✂ Draw a \$50,000 p.a. income and pay minimal tax
- ✂ Arrange their investments to ensure they are eligible at Age Pension age for the Age Pension, without reducing their income
- ✂ Establish an emergency fund and provisions to cater for one-off expenses.

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