



**How to
develop
an income
strategy that
can help you
retire with
confidence**

How to develop an income strategy that can help you retire with confidence

Retirement can be a life-changing event. Moving from earning an income to drawing on your retirement savings and investments can mean a change in your thinking. And it can bring up financial concerns you've never had to think about before, such as outliving your savings and keeping up with inflation.

Below I'll show things you might consider in building a resilient retirement portfolio and enjoy the peace of mind that can help you spend confidently in retirement.

- ▶ Spend with confidence
- ▶ Combine with your account-based pension
- ▶ Resilient retirement portfolio
- ▶ How your financial adviser can help
- ▶ Seek help from an expert

Spend with confidence now, and in the future, with a comprehensive retirement income plan

Every type of income has its benefits. A smart retirement portfolio can help manage risk and make sure your money is working for you at every stage of your retirement. Like any kind of investing, tapping into diverse sources of retirement income is key in helping you balance risk and return.

When you're working it's reassuring to know there's money coming in each month. Then retirement happens and it's up to you to generate income to live on. The good news is you don't need to give up that stability.

As humans, we're wired to stick to what we know. It feels familiar and comfortable, but it can help to change our thinking so that our assumptions can match up with reality.

Super is only one part of your retirement income plan. In reality, most people will rely on other sources such as income from other investments like shares or property or the Age Pension.

- ▶ Spend with confidence
- ▶ Combine with your account-based pension
- ▶ Resilient retirement portfolio
- ▶ How your financial adviser can help
- ▶ Seek help from an expert

- ▶ Spend with confidence
- ▶ Combine with your account-based pension
- ▶ Resilient retirement portfolio
- ▶ How your financial adviser can help
- ▶ Seek help from an expert

Here are two key sources of retirement income.

1 **Income from your super: Account-based pensions or allocated pensions**

When you retire, one option is to roll your super over into an account-based pension to provide you with a regular income in retirement. You get to choose how often you receive your income payments, and how much you withdraw each year (provided it meets the minimum withdrawal requirements). You can generally make lump sum withdrawals at any time.

Account-based pensions allow you to take out more money from one year to the next so your income can keep pace with inflation. But this can introduce the risk of running out of money, depending on investment returns and how much you withdraw over time.

This highlights a common misunderstanding about the level of certainty account-based pensions offer. As each payment will draw from your super savings, your payments will generally stop when your savings run out.

2 **Lifetime income streams**

A lifetime income stream, such as a lifetime annuity, delivers guaranteed regular income payable for life, in return for a lump sum from your super or savings. You usually have the option to choose payments that are fixed, or linked to changes in inflation, interest rates or investment markets.

Unlike an account-based pension, payments from your lifetime income stream will be made for as long as you live and if you choose, for your spouse's life. This is how lifetime income options can help protect you from longevity risk in a way many other investments can't.

A lifetime annuity can work alongside your account-based pension

People often think they must choose between an account-based pension and an annuity. But you don't have to put all your super or savings into just one or the other. You can put some money towards an annuity, while the rest stays in your super or other investments.

An annuity can provide an additional layer of protection in retirement. With income payments guaranteed for your lifetime you can feel more confident about your retirement spending now.

- ▶ Spend with confidence
- ▶ **Combine with your account-based pension**
- ▶ Resilient retirement portfolio
- ▶ How your financial adviser can help
- ▶ Seek help from an expert

Building a resilient retirement portfolio

Being smart about how you combine your sources of income can help provide you with enough to live on today, and over the long term. What could a comprehensive retirement income plan look like? Including both of these options can help you put yours together:

- 1. Safety net income to cover your basic living costs** – making your safety net income a priority means ensuring you have enough income for day-to-day costs, for however long you live. The Age Pension alone may not be enough to cover even a modest cost of living. Combining any Age Pension payments with regular income from a lifetime annuity can top up your income to help cover essential costs.
- 2. Money you can access at any time** – with the basics covered, you can plan for additional regular income for the extras, such as going out to dinner or holidays. As account-based pension payments aren't guaranteed and may run out over time, it may be best to put this income towards non-essential spending.

- ▶ Spend with confidence
- ▶ Combine with your account-based pension
- ▶ **Resilient retirement portfolio**
- ▶ How your financial adviser can help
- ▶ Seek help from an expert

Three ways a financial adviser can help you plan for retirement

A financial adviser can make all the difference when it comes to getting the most out of your super savings and reducing potential risks as you enter a new phase of your life. Here are three ways an adviser can help you achieve the retirement you deserve.

1 Making sure your retirement savings will last the distance

One of the risks in retirement is that of outliving your savings. An adviser will help you calculate the amount of super you'll likely need for your retirement – based on your short, medium and long-term goals – and they'll tailor a personalised strategy for growing your nest egg while you're still working.

That way, you'll be able to retire when and how you choose, with peace of mind that your savings will last the distance. What's more, an adviser can make sure you know about any Centrelink entitlements and they can consider your changing medical and health needs as you move through the different phases of retirement, so you can set aside enough to afford quality care.

- ▶ Spend with confidence
- ▶ Combine with your account-based pension
- ▶ Resilient retirement portfolio
- ▶ **How your financial adviser can help**
- ▶ Seek help from an expert

Three ways a financial adviser can help you plan for retirement

- ▶ Spend with confidence
- ▶ Combine with your account-based pension
- ▶ Resilient retirement portfolio
- ▶ **How your financial adviser can help**
- ▶ Seek help from an expert

2 Structuring your retirement portfolio

Depending on your circumstances and retirement goals, you may want to create a retirement portfolio that consists of several types of investments that will all provide you with different benefits in retirement. For example, an annuity to provide guaranteed regular income payments, an account-based pension to continue building your wealth, and a term deposit or cash account to provide easy access to your money. An adviser can help you navigate the different options available and structure your retirement portfolio to reduce potential risks from market volatility while also ensuring that you'll get the most out of your investments.

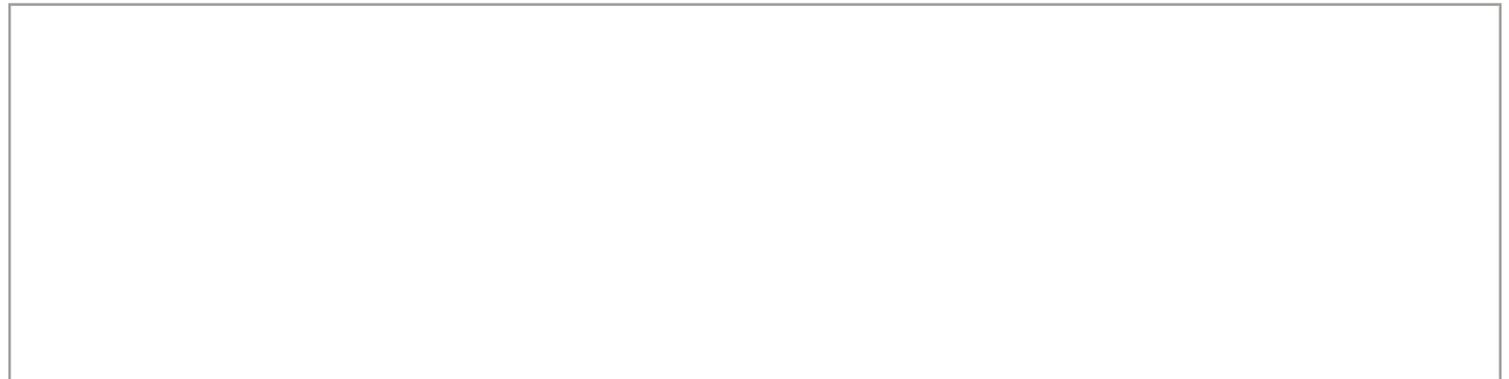
3 Downsizing the family home

You may be planning a sea or tree change during retirement, looking to move closer to your grandchildren, or just want to simplify your life. An adviser can assist you by determining the financial implications of keeping or selling the family home. They can also help you make informed decisions about what to do with the proceeds of the sale – ensuring this money works hard for you in retirement.

Seek help from an expert

Everyone's plans for retirement are unique. That's why it's worth getting the right financial advice before you retire, so you can relax and enjoy your golden years knowing your future is taken care of.

Contact your financial adviser to determine what mix of retirement income is right for you.



- ▶ Spend with confidence
- ▶ Combine with your account-based pension
- ▶ Resilient retirement portfolio
- ▶ How your financial adviser can help
- ▶ **Seek help from an expert**

- ▶ Spend with confidence
- ▶ Combine with your account-based pension
- ▶ Resilient retirement portfolio
- ▶ How your financial adviser can help
- ▶ Seek help from an expert

Disclaimer:

Current 1 September 2023 and is general information only. It does not take into account your objectives, financial situation or needs and is not intended to constitute personal financial product advice and may not be appropriate for you. Challenger Life Company Limited ABN 44 072 486 938, AFSL 234670 is the issuer of Challenger annuities.

Investors should consider the relevant Product Disclosure Statement, Target Market Determination and the Statement of Advice prepared by their financial adviser before making an investment decision.

Challenger Life is not an authorised deposit-taking institution for the purpose of the Banking Act 1959 (Cth), and its obligations do not represent deposits or liabilities of an authorised deposit-taking institution in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Challenger Life.

Neither Challenger nor its related bodies corporate nor any of their directors or employees, or associates of any of these, receive any specific remuneration or other benefits for any advice provided in this document in respect of the applicable product. Some or all of Challenger group companies and their directors or employees may benefit from fees and other benefits received by another group company. Financial advisers may receive fees if they provide advice to you or arrange for you to invest with us.

Any illustrations involving taxation or Centrelink rules or benefits are based on current laws at the date of this document Challenger gives no representation or warranty (express or implied) as to its accuracy, completeness or reliability. The information presented is not intended to be a complete statement or summary of the matters to which reference is made. To the maximum extent permissible under law, neither Challenger nor its related entities, nor any of their directors, employees or agents, accept any liability for any loss or damage in connection with the use of or reliance on all or part of, or any omission inadequacy or inaccuracy in, the information.

55225/0923