

50s LAUNCH PAD TO RETIREMENT

You're cleaning up after your sensational 50th birthday party and you go through a mental checklist of where you are in life. Despite the hangover, you can feel pretty pleased about where things are at.

The kids are closing in on the end of high school and seem to be on the right path to university and beyond. The house is nearly paid off and the business you started in your 40s is ramping up just at the right time. The plan is to sell it in a couple of years and do all those things you've been promising yourself for years.

But thinking about the party, you understand you've been luckier than a lot of your friends of the same age who were celebrating with you. There were several divorces and even the amicable separations meant assets were halved and both parties had to reset their financial expectations and begin again.

Others had lost jobs and some

had been retrenched several times. The redundancies were nice at the time, but the money was squandered and finding another well-paid job later in life proved challenging.

Then there was the school friend who'd had that debilitating illness. Like everyone in her generation,

In your 50s, you have a good launch pad for retirement

she assumed she was bullet proof and that nothing bad would ever happen, so she didn't have income protection or disability insurance. She ended up moving back in with her elderly parents and becoming their carer as they became progressively more infirm.

So as you finish the cleaning up after the party, you are thankful for your good fortune. You have a good launch pad for retirement.

It's just sad that so many of your friends are not in the same position and, for many reasons, are set to spend their 50s pedalling frantically to play catch up.



IN YOUR 50s

you probably have more disposable income than you've had in years. Enjoy that, but don't waste it.

5 DON'T OVER-INDULGE THE KIDS: You had to make your own way in life and moved into a share house in your teens. Don't sacrifice

your own financial future to molly coddle your kids.

6 FOCUS ON HEALTH: Get those check-ups, keep up the exercise. If life is a marathon, you are barely two-thirds of the way there and you need to stay fit to make it.

OUR PANEL'S ADVICE

DAVID REED

Talk with your spouse about what you'd like your retirement lifestyle to be. Explore how a transition-to-retirement pension could work for you. Research shows planning for retirement five to 10 years ahead results in an increase of \$157,427, compared to those without a plan. Consolidate your super funds to take greater control and perhaps lower fees.

ADRIAN PATTY

There's still time to make up for any shortfall in your retirement fund. Increase tax-free super contributions. Review your investment allocation. If your portfolio balance is where you need it to be for a comfortable retirement, it may be appropriate to reduce the risk of your portfolio. If you're far off your required balance, it may be important to increase the risk.

BILL BRACEY

Review the "bedroom plan" formed 20 years ago to see if it still matches your goals. Reprioritise and effect changes based on your updated objectives. Retirement is now tangible. Will you be debt free by then? If the kids move out, it might be time to think about downsizing and freeing up some capital-gains-tax-free funds to shore up your wealth-creation strategy.

CASE STUDY

WHEN GERRY AND Janelle Taniane decided to go their separate ways after more than 30 years and three children together, they needed a clean financial settlement.

The 50-somethings from Sutherland Shire in Sydney's south agree their divorce has set them back financially and means they'll have to keep working longer, but both can also look forward to what most would call a comfortable retirement.

Six years ago, Gerry sold his audiometry practice and rolled part of the proceeds into a self-managed superannuation fund (SMSF) he had set up with Janelle after rolling over accounts they held in industry super.

Meanwhile, they had sold the family home and bought a duplex, where they lived with one of their sons.

About two years ago, they separated and agreed the assets should be divided equally between them.

They each took \$250,000 from the sale of the duplex, leaving about \$340,000 sitting in a solicitor's trust fund to be divided between them when the settlement is agreed.

They are in the process of negotiating the division of



NEW BEGINNINGS

assets in the SMSF.

With her \$250,000, Janelle has purchased a house with her daughter and son-in-law, who are expecting their first child.

She has a mortgage of about \$300,000 on her share of the new property, but that is largely covered by repayments from one of her sons. "He borrowed some money from us to set up his business, and he's paying that off over the next eight years and that largely covers my mortgage," says Janelle.

"I also have the option of taking my share of the rest of the duplex sale and paying that off the mortgage as well."

Janelle works full time as a nurse manager at a public hospital. In addition to her employer's contribution, she is paying \$500 a fortnight into super through salary sacrifice.

"I think I'll work for another 10 years or so, but I've also got the option of going part time," she says. "I'm financially worse off as a result of my divorce, but I'm still quite comfortable."

Gerry has re-located to the South Coast of NSW where he works for the company that bought his business.

"The relocation was a necessity to ensure continuity of employment, however I have grown to enjoy the stress-free life down here," he says. With the proceeds from the duplex sale he has purchased a town house, which he has a mortgage on.

When the balance of the duplex funds comes through, he is tossing up whether to pay off the mortgage or buy an investment property.

"I think by coming down here, where property is so much cheaper, I've managed to side-step some of the negative financial impacts of the divorce," he says.

"I will need to salary sacrifice superannuation payments to ensure a comfortable retirement. Now I'm hoping to get around to the things on my bucket list, such as travel and golf, and perhaps buy a little boat.

"In terms of a retirement date, I'd like to say 2021, when I turn 65, but I really like what I do and I love my clients, so I think I'll also see if there's an opportunity to go part time and keep active."