



# Nexia | Retirement Planning

# Who We Are

Our purpose is to deliver an exceptional partner-led service every step of the way, connecting our clients with their true potential.

At Nexia Australia, we are your dedicated personal and finance business partner – helping you achieve your goals and plan for future success with bespoke solutions and personalised, practical advice.

We specialise in several key industries and partner with a range of clients including not-for-profit entities, small to medium-sized businesses, publicly listed companies, and high-net-worth individuals.

Equipped with experience and expertise in advisory, tax, audit, business strategy, personal wealth services, and strategic thinking, we're the team you can trust to assist you and your family in reaching your unique goals and objectives.



# Where We Are

Brisbane

Darwin

Perth

Adelaide

Melbourne

Canberra

Sydney



89 +

Partners/Directors

600 +

Team members



## Our global network

Experience client centric excellence across advisory, tax, and audit with Nexia, the international network with a personal touch. Our global partner-led approach ensures a responsive and tailored service to meet your unique needs. With over 624 offices in more than 123 countries and almost 26,000 skilled professionals, we deliver a robust network of expertise to support your success.



\$2.9bn

Fee income for 2023

230

Member firms



624

Offices globally

123

Countries



22

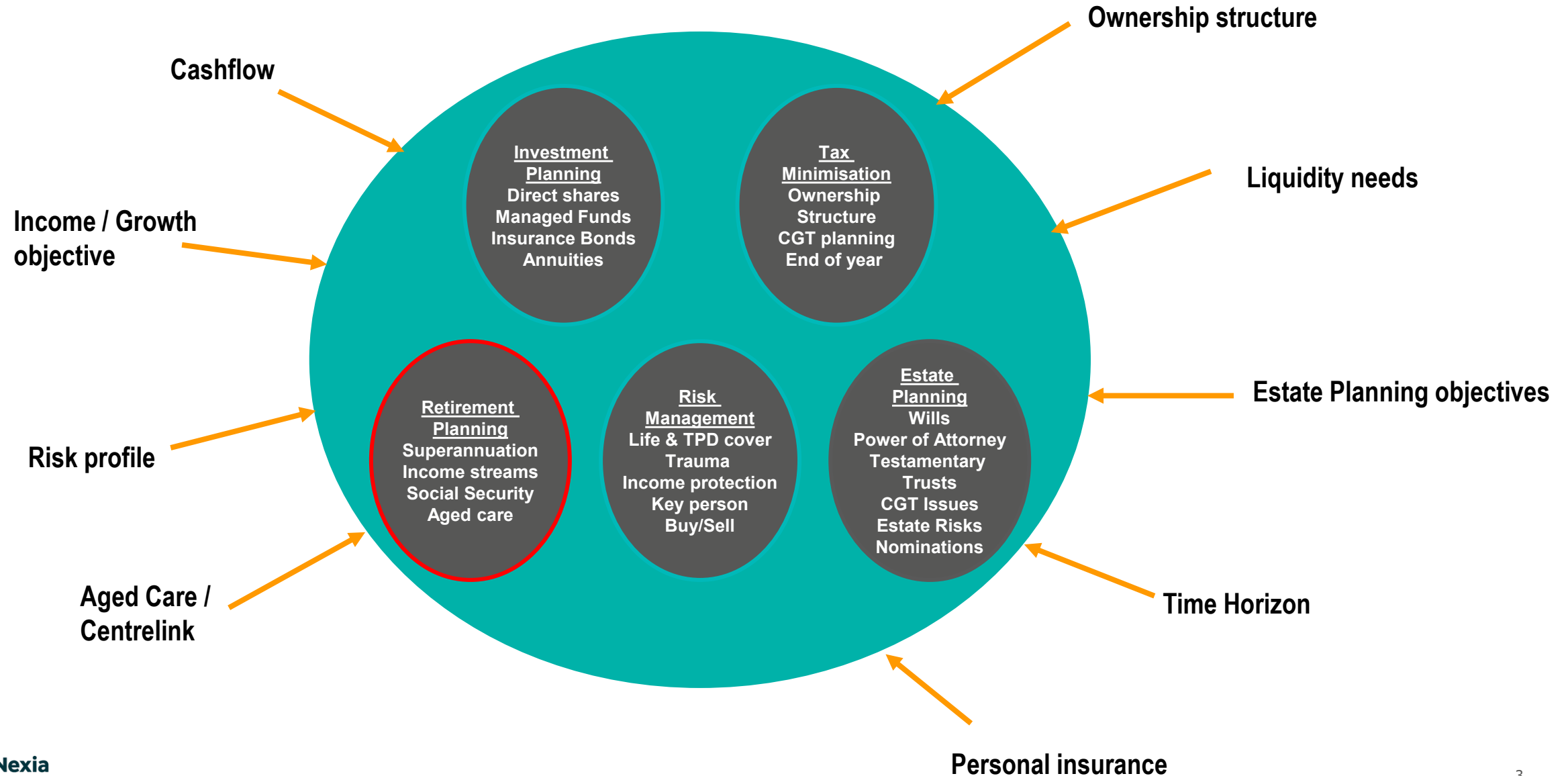
Committees & business groups

26,149

People worldwide



# Nexia Wealth Management

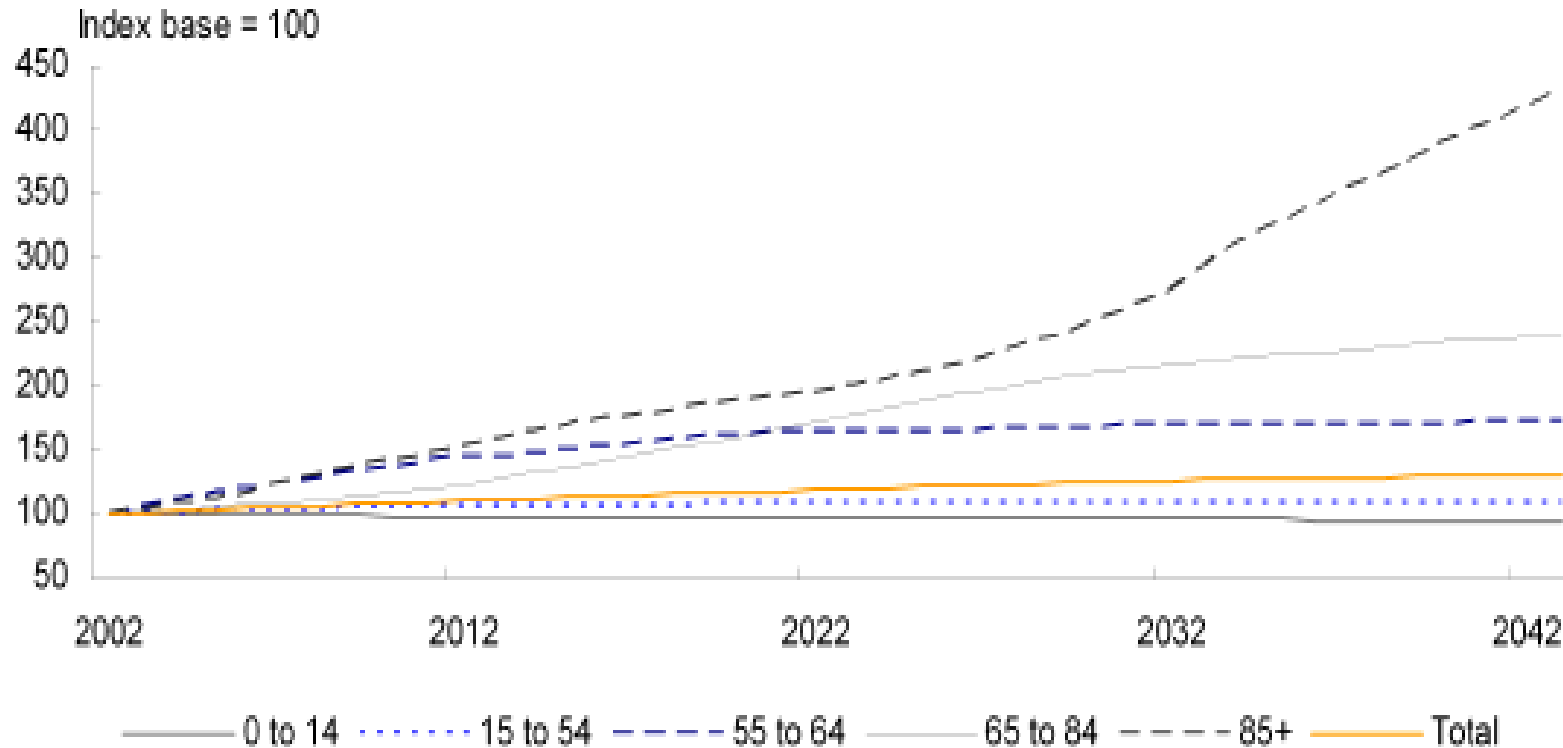


# Disclaimer

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# The ageing population - Australia

## Projected population growth indices by age group



The number of Australians aged 65+ is expected to increase from 13% of the population to around 25% by 2042.

# Statistics

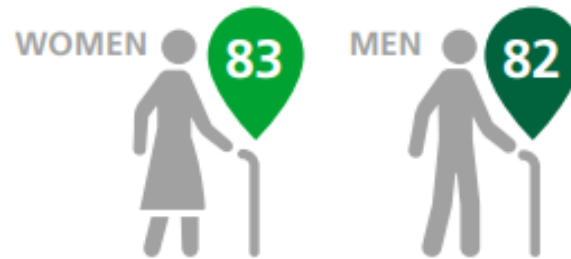
**THE EXPECTATION:**  
70% INTEND TO RETIRE  
FROM THE WORKFORCE  
AFTER REACHING AGE 65



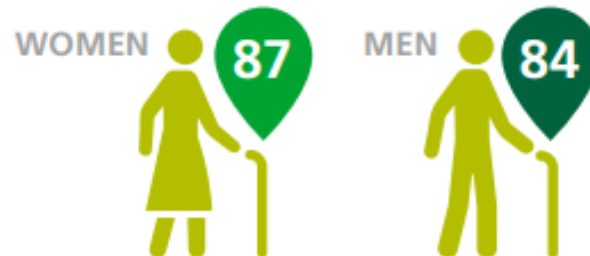
**THE REALITY:**  
AVERAGE RETIREMENT  
AGE IN THE LAST 5 YEARS  
WAS JUST UNDER 63



**WHAT'S THE AVERAGE  
AGE SENIOR AUSTRALIANS  
THINK THEY'LL LIVE TO?<sup>1</sup>**



**WHAT'S THE AVERAGE  
LIFE EXPECTANCY FOR  
PEOPLE AGED 65 TODAY?<sup>2</sup>**



**WHAT AGE COULD  
YOU BE LIVING TO,  
WHEN IMPROVEMENTS IN LIFE  
EXPECTANCY OVER THE NEXT  
25+ YEARS ARE FACTORED IN?<sup>3</sup>**

89 Female

87 Male



**AND REMEMBER, IF YOU'RE PART OF  
A COUPLE, THEN YOUR JOINT LIFE  
EXPECTANCY INCREASES AGAIN.<sup>4</sup>  
A COUPLE IS A POOL OF TWO  
PEOPLE, RATHER THAN ONE**

**SO THIS INCREASES  
THE CHANCE THAT  
ONE OF YOU WILL LIVE  
LONGER THAN YOUR  
COMBINED INDIVIDUAL  
LIFE EXPECTANCIES.**



**93**

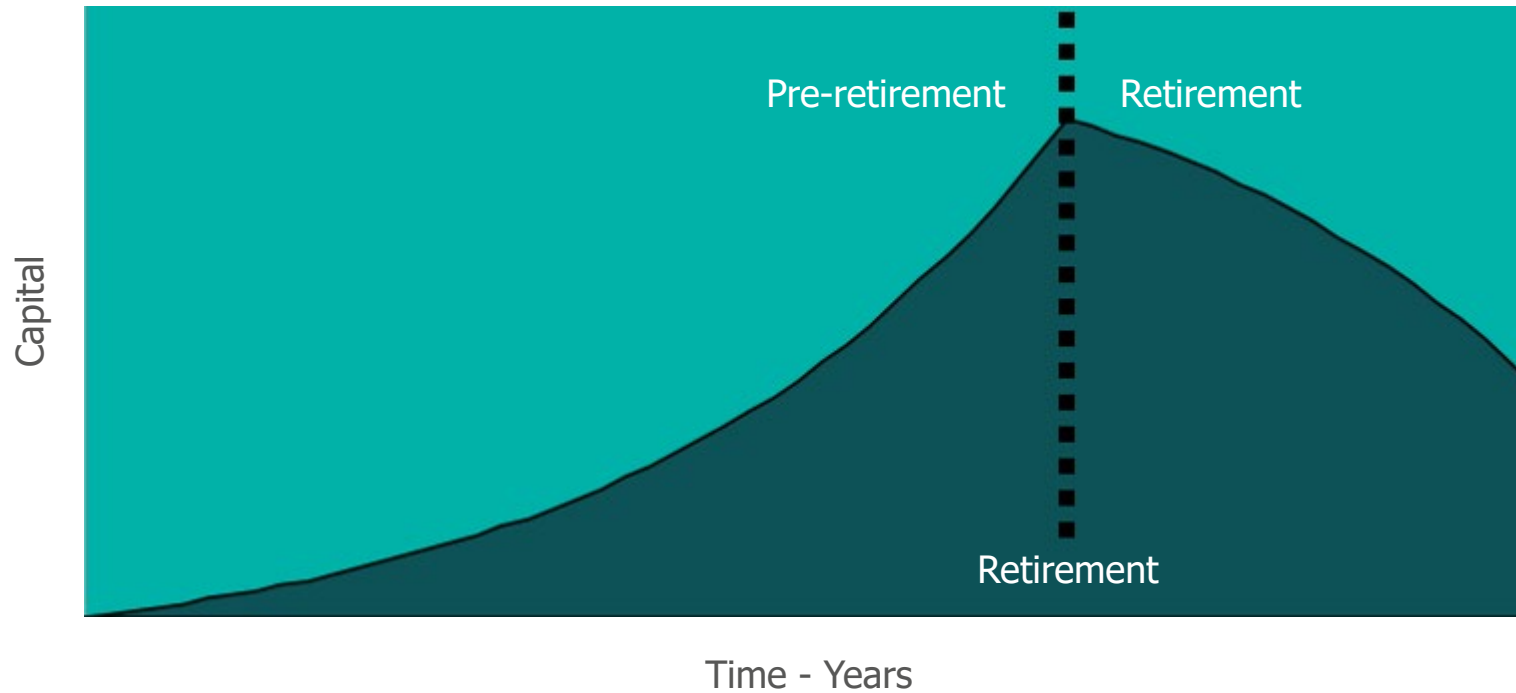
# Agenda

- 
- 1 Key principles of retirement planning**
  - 2 Building a robust plan**
  - 3 Ways to boost your retirement savings towards a comfortable lifestyle**
  - 4 Case study to illustrate how various smart strategies can optimise your financial position**
-



# Key principles of retirement planning

# Wealth creation and wealth drawdown



Retirement planning is about having sufficient funds set aside to adequately replace your income when you stop working.

# What is the current “Comfortable” retirement income?

## Budget for various households and living standards for those aged 65-84

	Comfortable Lifestyle	Modest Lifestyle	Age Pension
Single	\$54,240 a year	\$35,199 a year	\$30,646 p.a. <i>including supplements</i>
Couple	\$76,505 a year	\$50,866 a year	\$46,202 p.a. <i>including supplements</i>

For middle-income earners, it is suggested that you'll need

**65-75%**  
of your pre-retirement income to continue the lifestyle you're accustomed to.









Daily Essentials



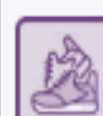

Staying fit and healthy

Staying socially engaged

Connecting with family

# “Comfortable” versus “Modest” Lifestyle

	Comfortable lifestyle	Modest lifestyle
	Top level private health insurance, doctor/specialist visits, pharmacy needs	Basic private health insurance, limited gap payments
	Fast Reliable internet/telco subscription, computer/android mobile /streaming services	Basic mobile, modest internet data allowance
	Own a reasonable car, car insurance and maintenance/upkeep	Owning a cheaper, older, more basic car
	Regular leisure activities including club membership, cinema visits, exhibitions, dance/yoga classes	Infrequent leisure activities, occasional trip to the cinema
	Home repairs, updates and maintenance to kitchen and bathroom appliances over 20 years	Limited budget for home repairs, household appliances
	Regular professional haircuts	Budget haircuts

	Comfortable lifestyle	Modest lifestyle
	Confidence to use air conditioning in the home, afford all utilities	Need to keep a close watch on all utility costs and make sacrifices
	Occasional restaurant meals, home-delivery meals, take-away coffee	Limited meals out at inexpensive restaurants, infrequent home-delivery or take-away
	Replace worn-out clothing and footwear items, modest wardrobe updates	Limited budget to replace or update worn items
	Annual domestic trip to visit family, one overseas trip every seven years	Annual domestic trip or a few short breaks

# How much do I need to have saved by retirement?

Superannuation balance required at age 67 to achieve a comfortable lifestyle

**\$690,000**

(couples)

**\$595,000**

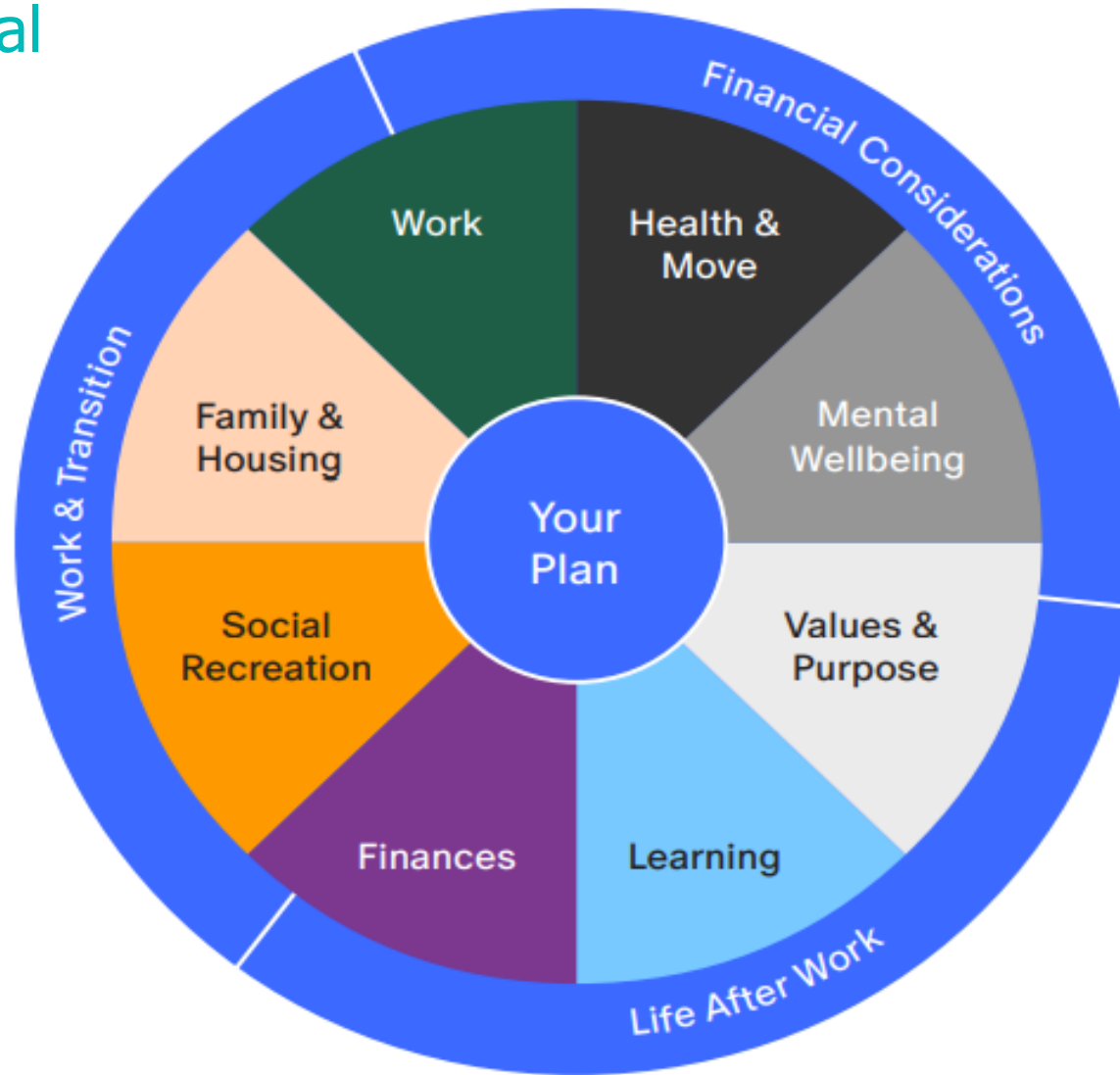
(single)

Assumes a 6% p.a. rate of return and capital runs down to nil by life expectancy.



# Holistic Retirement Planning

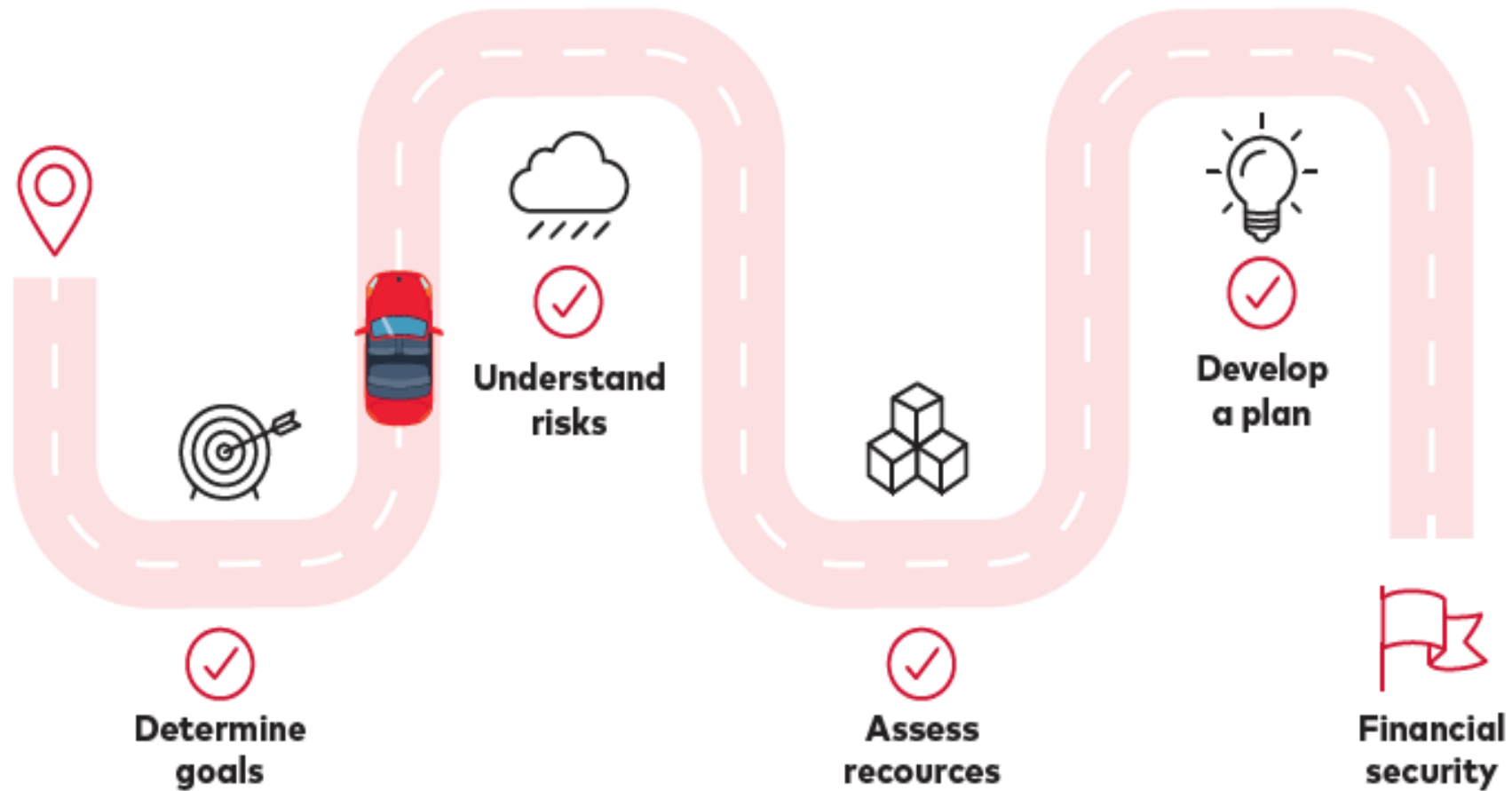
## Beyond the financial




“it is more likely that **non-financial considerations** dictate whether one has a good retirement”

# Building a robust plan

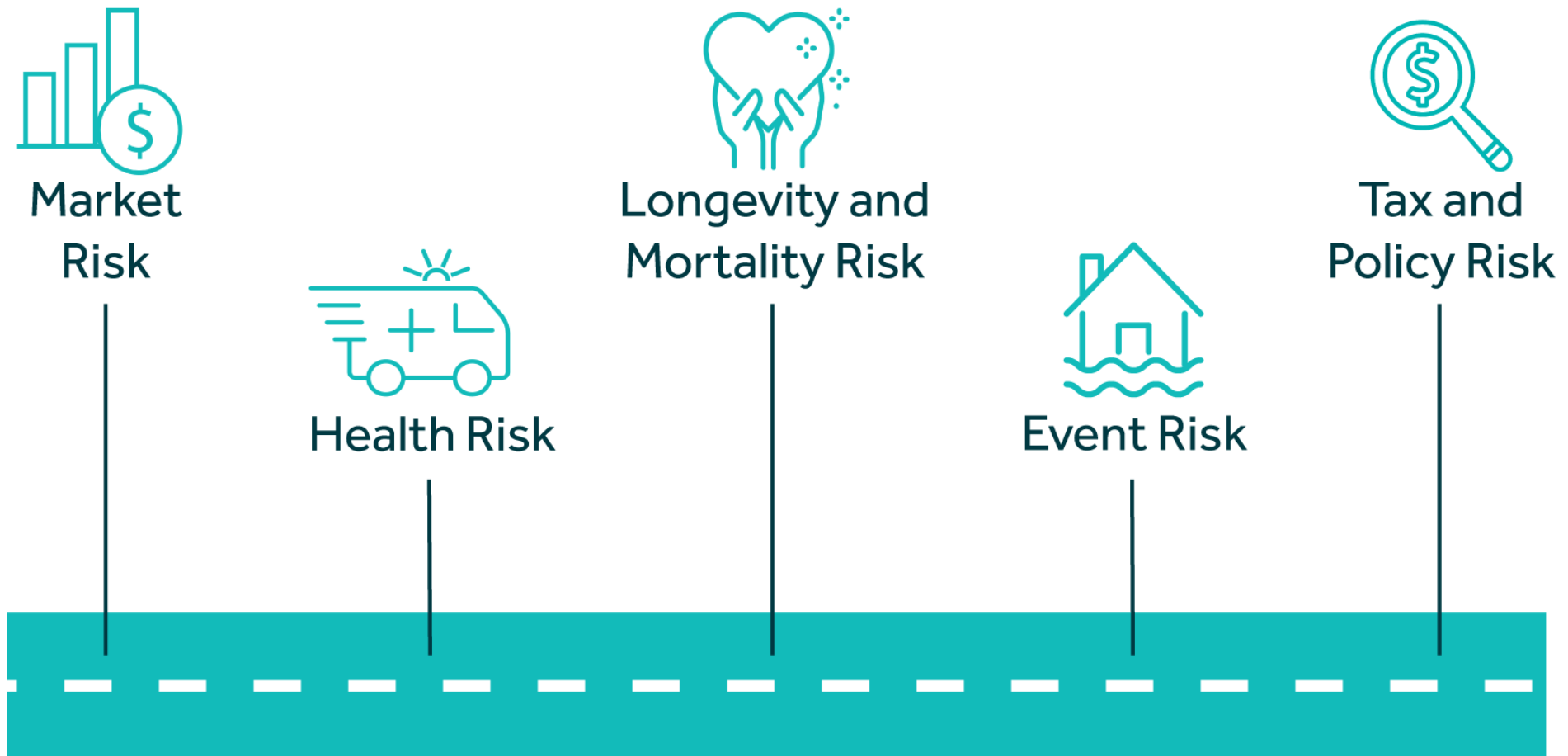
# 4 Step Plan to Financial Security



# 1. Determine retirement goals

1 - Basic Living Expenses	 <div>Less</div> <div>Ability to take risks</div> <div>More</div>
Create a base amount of retirement income to cover core non-discretionary, recurring living expenses, such as: <ul style="list-style-type: none"><li>• Food, housing, clothing, utilities and transportation</li><li>• Recurring health care expenses such as insurance premiums and out of pocket costs</li></ul>	
2 - Contingency Reserve	
Maintain a sufficient liquid reserve to address surprise events, such as: <ul style="list-style-type: none"><li>• Extraordinary health care expenses</li><li>• Aged care costs</li><li>• Unexpected, large, mandatory expenses (such as home repairs)</li></ul>	
3 - Discretionary Spending	
Enable a level of spending beyond basic living expenses to maintain a preferred lifestyle, such as: <ul style="list-style-type: none"><li>• Holidays, dining out, and other leisure activities</li><li>• Other large, discretionary expenses</li></ul>	
4 - Legacy	
Transfer wealth to heirs or charities.	

## 2. Understand the risks





### 3. Assess available financial resources



## 4. Develop a plan to achieve goals and mitigate risks

Goals Supported					
	Basic living expenses	Contingency reserve	Discretionary spending	Legacy	
<b>Guaranteed income</b> Pensions/Annuities	●	○	◐	○	
<b>Liquid Assets</b> Asset allocation/ Spending policy	◐	●	●	●	
<b>Other resources</b> Life, home, and health insurance	○	●	○	◐	
Work	●	◐	●	○	
Housing wealth	○	◐	○	●	
Risks Mitigated					
	Market & investment	Health	Longevity & mortality	Event	Tax & Policy
<b>Guaranteed income</b> Pensions /Annuities	●	◐	●	○	○
<b>Liquid Assets</b> Asset allocation / Spending policy	◐	◐	◐	◐	●
<b>Other resources</b> Life, home, and health insurance	○	●	◐	●	○
Work	●	◐	◐	◐	○
Housing wealth	○	◐	○	○	○

Legend

○	◐	●
Low/NA	Medium	High

# Ways to boost your retirement savings towards a comfortable retirement

# How to boost your retirement savings?

Strategies to assist you in working towards a comfortable retirement:

- Review your ownership structure
- Review your investment strategy
- Increase your super contributions
- Reduce the amount of tax you have to pay
- Work part time
- Save more and spend less
- Pay off non-deductible debt
- Downsize family home

# Ownership structure

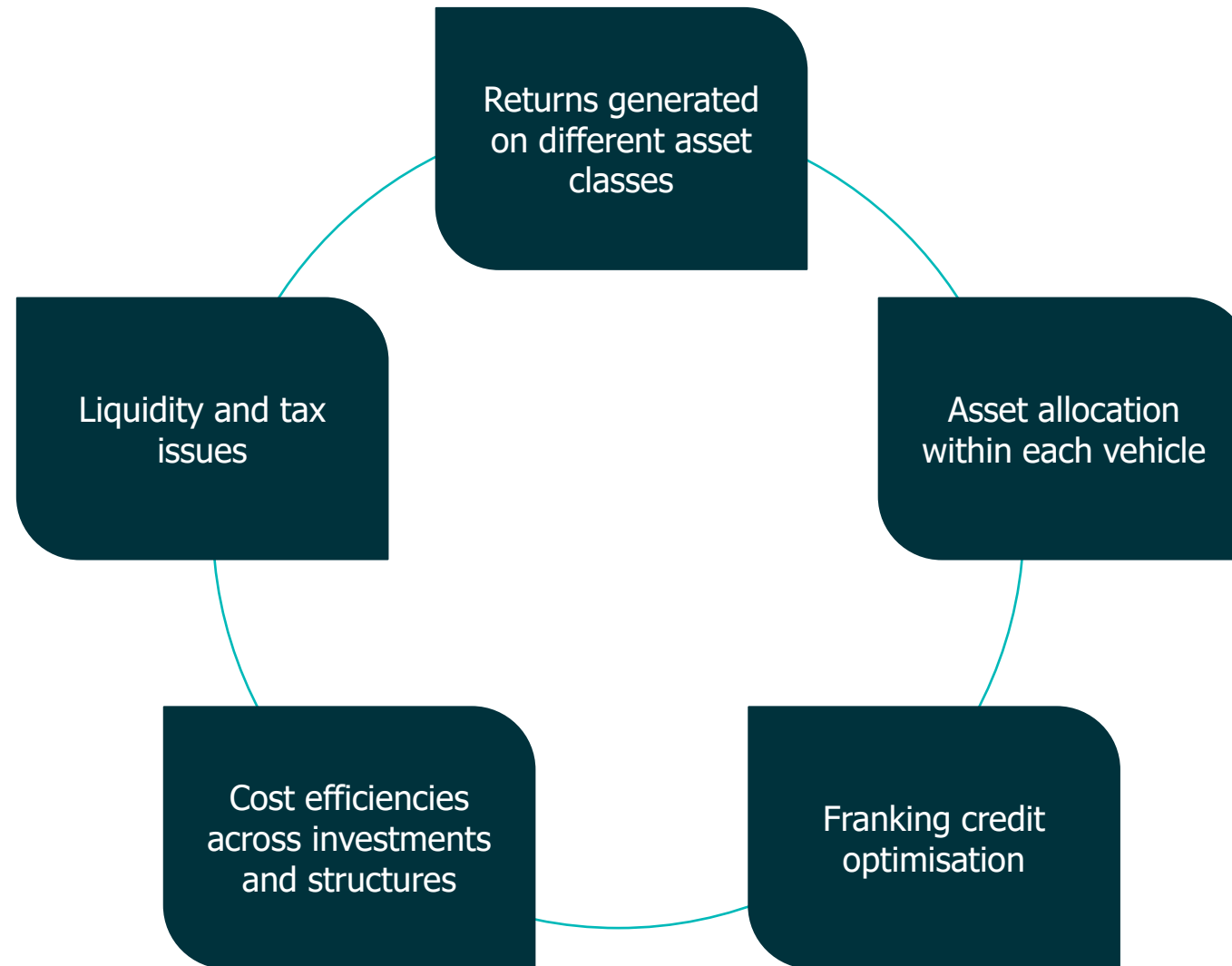
	Individual	Company	Trust	Superannuation fund
Cost to establish & run	Low	Higher	Higher	Low - high
Maximum tax rate	Top Marginal Rate + Medicare Levy	30%	Top Marginal rate or 30% if beneficiary is a company	15% (0% in pension phase)
Taxable capital gains	Paid by individual	Paid by company	Paid by beneficiary	Paid by trustee
Access to CGT discount	Yes	No	Yes	Yes



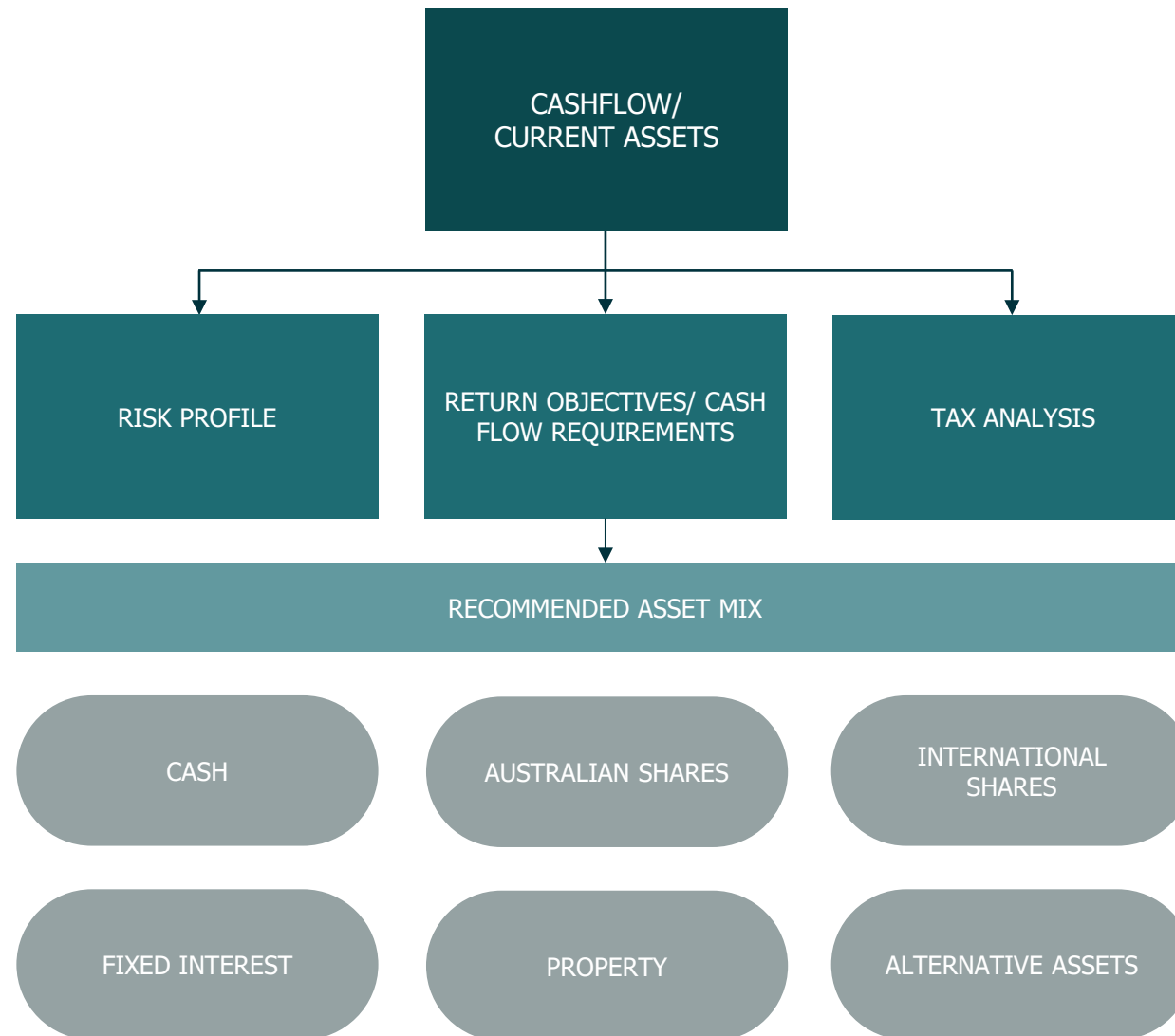
# Superannuation strategies

Strategies
Personal contribution (after-tax)
Personal deductible contribution
Salary sacrifice
Bring-forward rule
Spouse splitting contribution
Spouse contributions
Small business CGT
Carry-forward unused concessional contribution
In-specie contribution
Borrowing in super (LRBA)
Pre-retirement pension
Downsizer contribution
Re-contribution strategy
SMSF contributions reserving strategy

# Investment strategy considerations



# Investment strategy considerations



# Expected risk / return outcome



# Risk / return expectations for different risk profiles

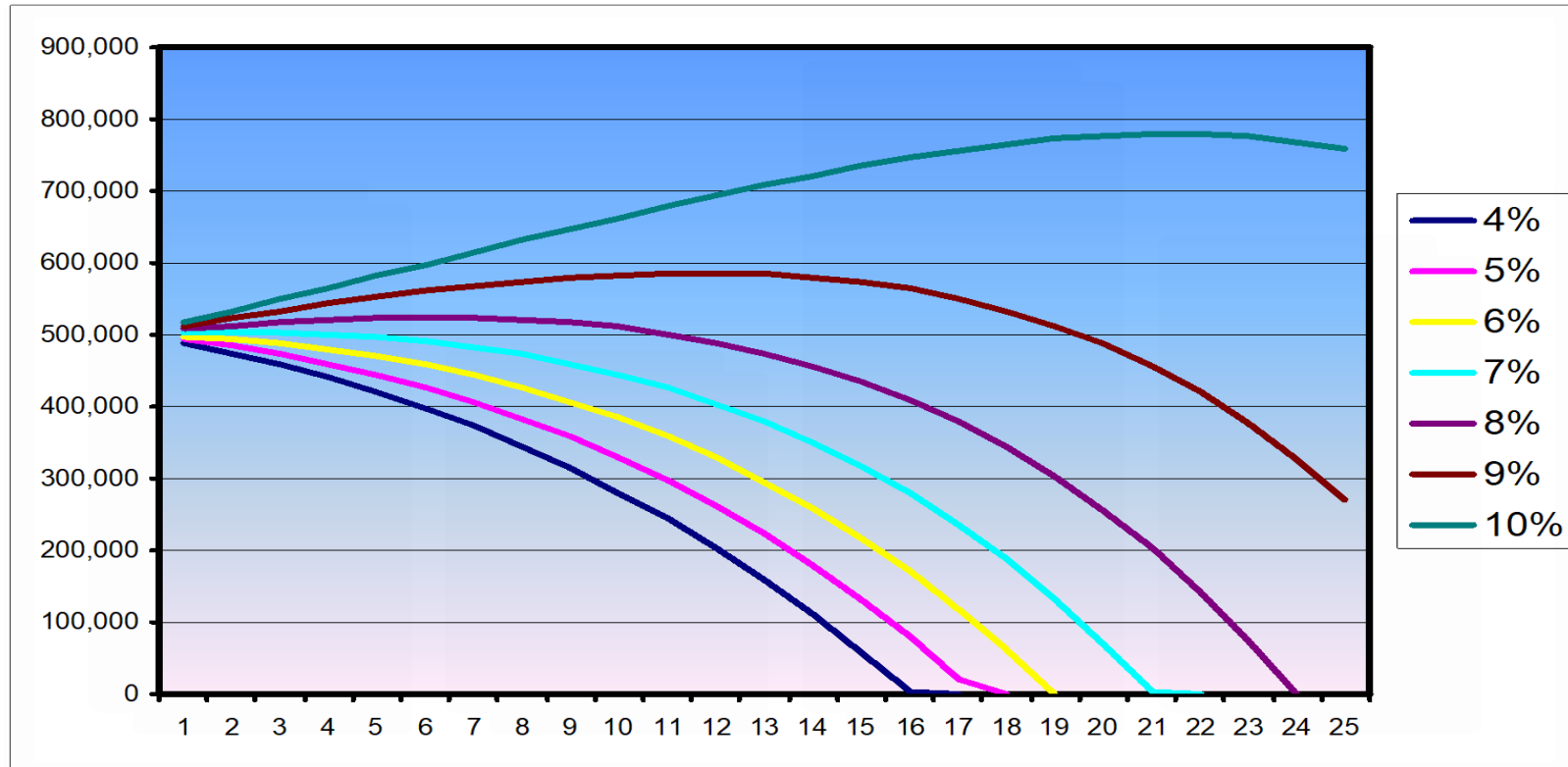
Risk Profile	Total Return (% p.a.)	Income Return (% p.a.)	Capital Return (% p.a.)	Risk (Standard Deviation) (% p.a.)	Standard Risk Measure^ - Risk Band	Standard Risk Measure^ - Risk Label	Est. no. of negative annual returns over 20 yr period
Secure	2.4%	2.4%	0.0%	0.3%	1	Very Low	Less than 0.5
Defensive	3.7%	3.0%	0.7%	2.8%	3	Low to Medium	1 to less than 2
Conservative	4.5%	3.1%	1.4%	4.5%	4	Medium	2 to less than 3
Balanced	5.2%	3.2%	2.0%	6.0%	5	Medium to High	3 to less than 4
Growth	6.1%	3.2%	2.9%	7.6%	5	Medium to High	3 to less than 4
High Growth	6.9%	3.2%	3.7%	9.4%	6	High	4 to less than 6

^ Please note these are expected outcomes based on long term asset classes return forecasts, and thus do not necessarily match the 'absolute returns' objectives set out in the SAA framework.



# Investment strategy considerations

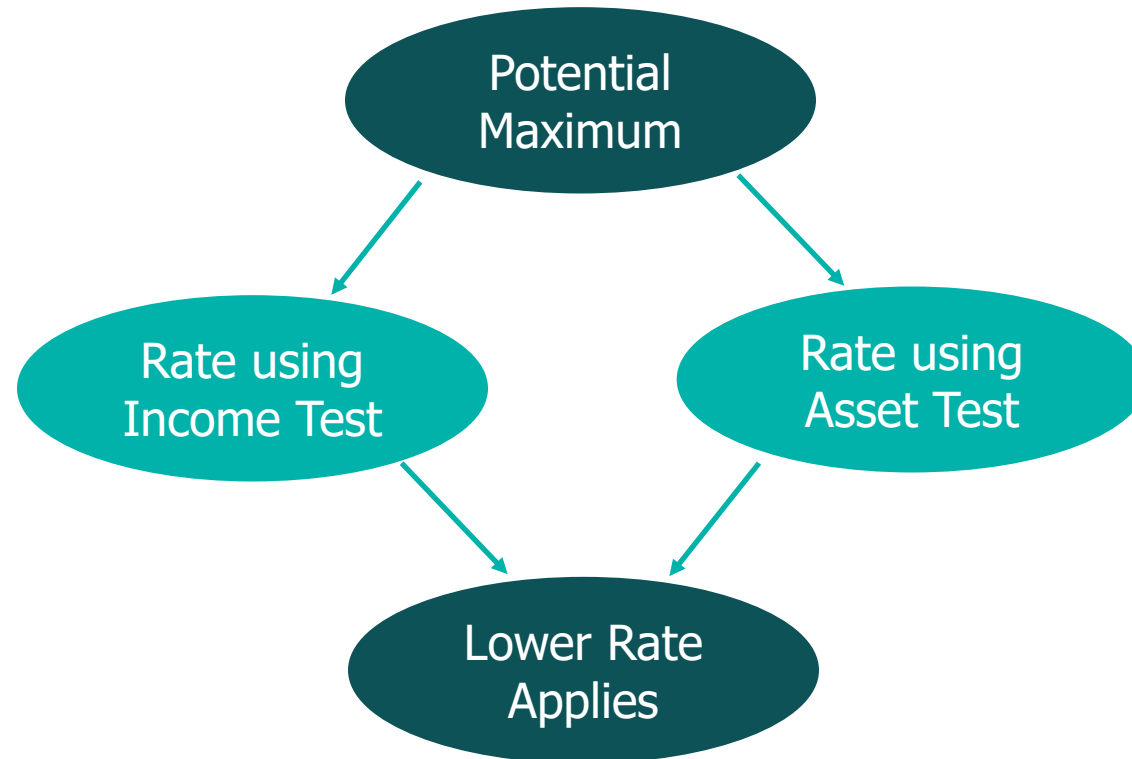
## Draw-down in retirement illustration



# Retirement income stream - choices

Income stream type	Account based pension	Lifetime annuity
Payment	Generally not guaranteed. Payments are impacted by share market movements	Guaranteed. Payments are not impacted by share market movements
Investment choice	Can choose from a range of investments	No investment choice
Payment term	Generally payable for as long as your account balance lasts	Your lifetime
Payment option	Payments can be varied at any time, but are subject to a minimum amount each year	Payments are fixed and do not change
Flexibility	Highly flexible. Full or partial withdrawal at any time. Regular payment amounts can be changed at any time	Limited flexibility. You can withdrawal within the withdrawal period only. Regular payment amounts cannot be changed
Centrelink assets test	Account balance is fully assessed	Only 60% of the investment will count as an asset to age 84 (or for a minimum of 5 years) and just 30% will count as an asset thereafter
Centrelink income test	Income is assessed under deeming rules that apply to financial assets	Only 60% of the income you are paid each year is assessable

# Age Pension – income and assets test



The applicable test may change as circumstances change

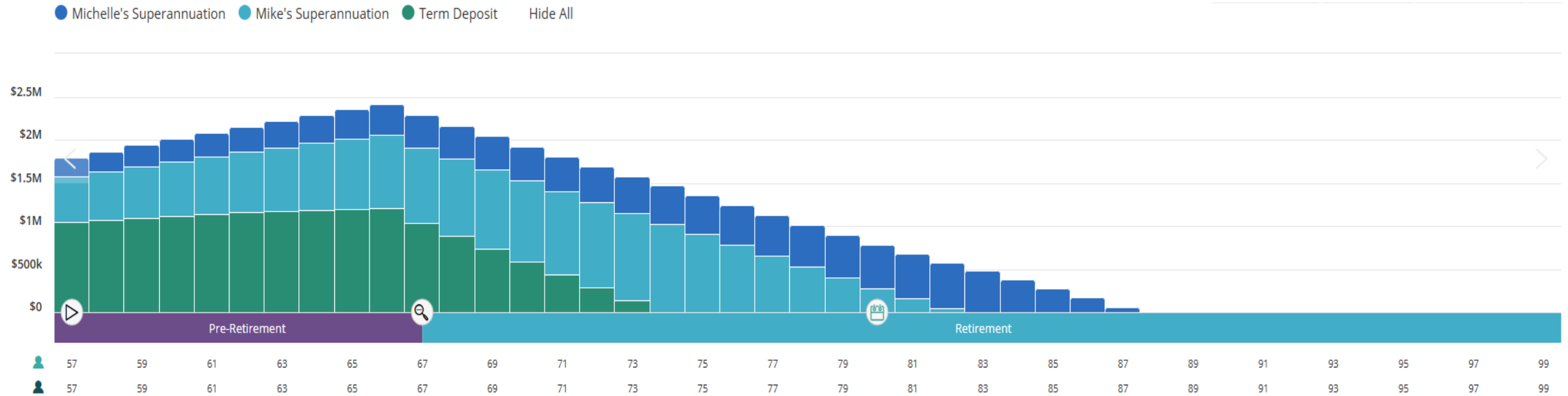
# Case study

## Case study – Mike and Michelle

- Mike and Michelle are aged 58, working full time, both retiring at age 67
- Mike's salary: \$200,000 p.a. and Michelle's salary: \$100,000 p.a. (plus SGC)
- Current cost of living \$175,000 p.a. indexed (combined)
- Retirement cost of living \$150,000 p.a. indexed (combined)
- Family home: \$3m debt free
- Joint term deposit: \$1,000,000
- Mike's super \$500,000; Michelle's super \$200,000
- Surplus income directed to cash account
- Balanced risk profile (rate of return 6.10% p.a.)



# Case study – Mike and Michelle (scenario 1)



- If Mike and Michelle were to retain their current position their capital will run out by age 88.

# Case study – Mike and Michelle (scenario 2)

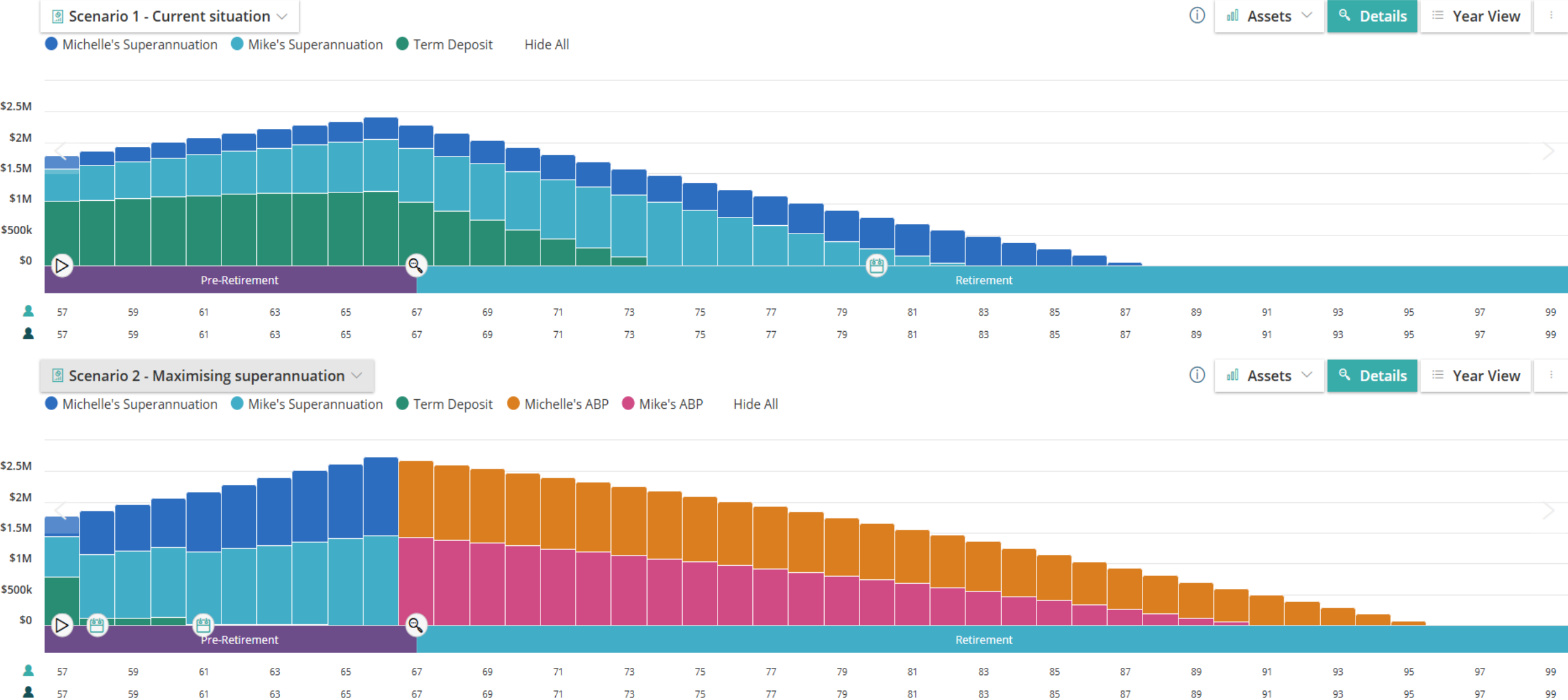
## Strategies:

- Maximise concessional contributions from now until retirement
- Make non-concessional contributions by transferring the term deposit into super

Financial year 2026	Financial year 2027
\$120,000 each	\$120,000 each (\$360,000 bring forward rule)

- Direct all surplus cashflow to superannuation evenly on an ongoing basis

# Mike and Michelle scenario comparison

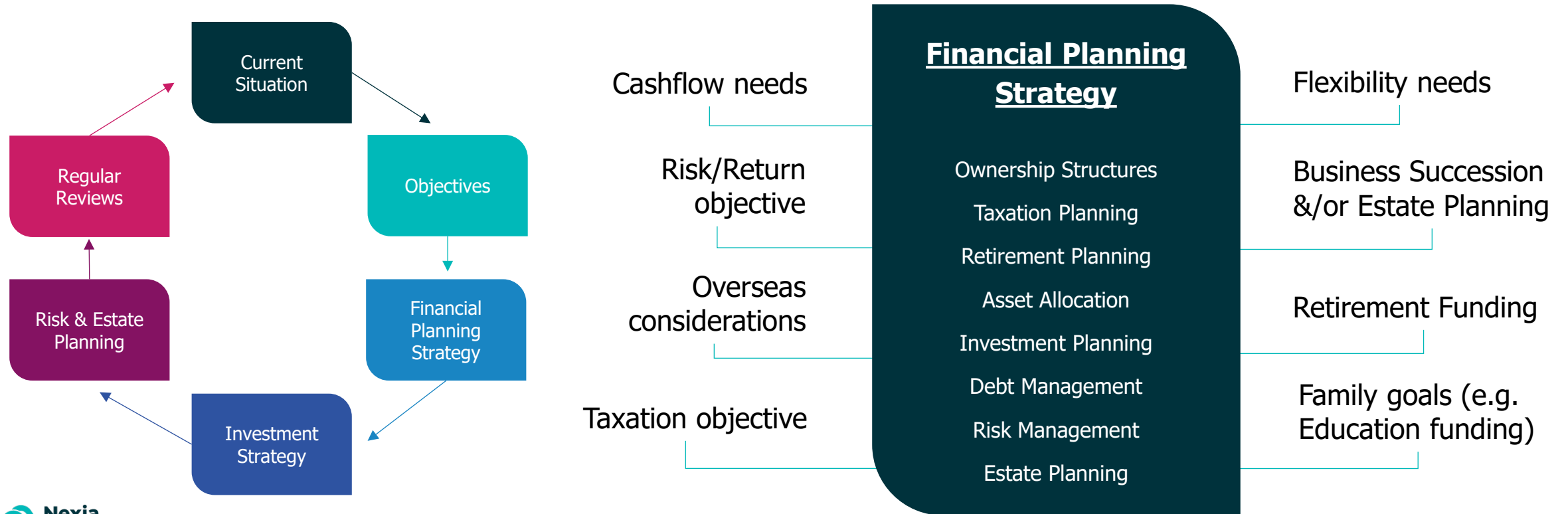




# Our Private Wealth Management Approach

# Our private wealth management advice process

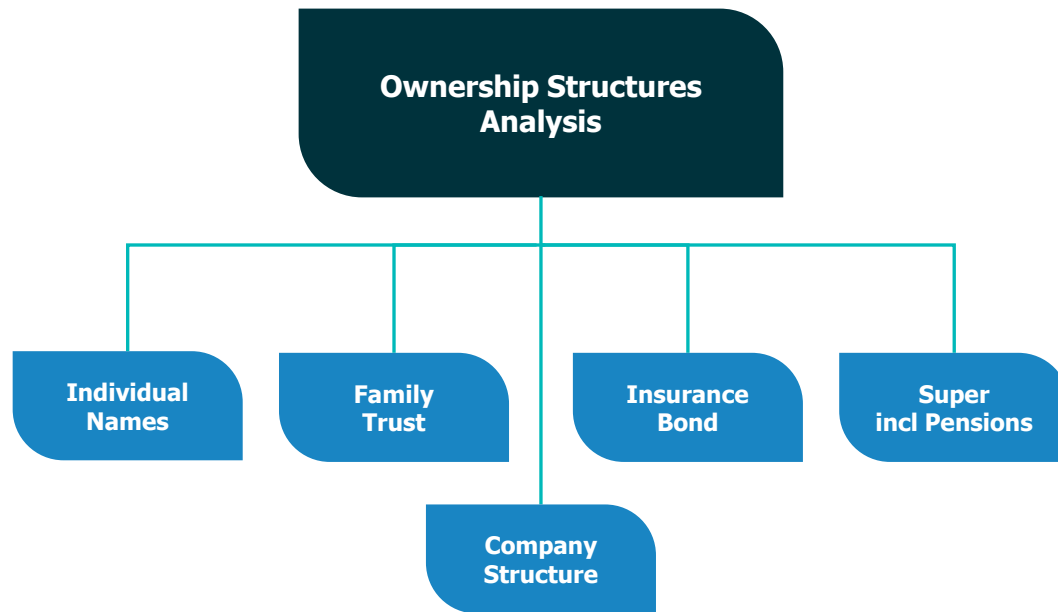
The Financial Strategy for each client is developed after carefully assessing the alternative strategies for their overseas and Australian financial interests. The final recommendation is ultimately a function of which strategy(ies) best meet the client's overall objectives over time. By illustrating the relative merits of each strategy, our goal is to help each client make an informed decision about the optimal way to proceed.



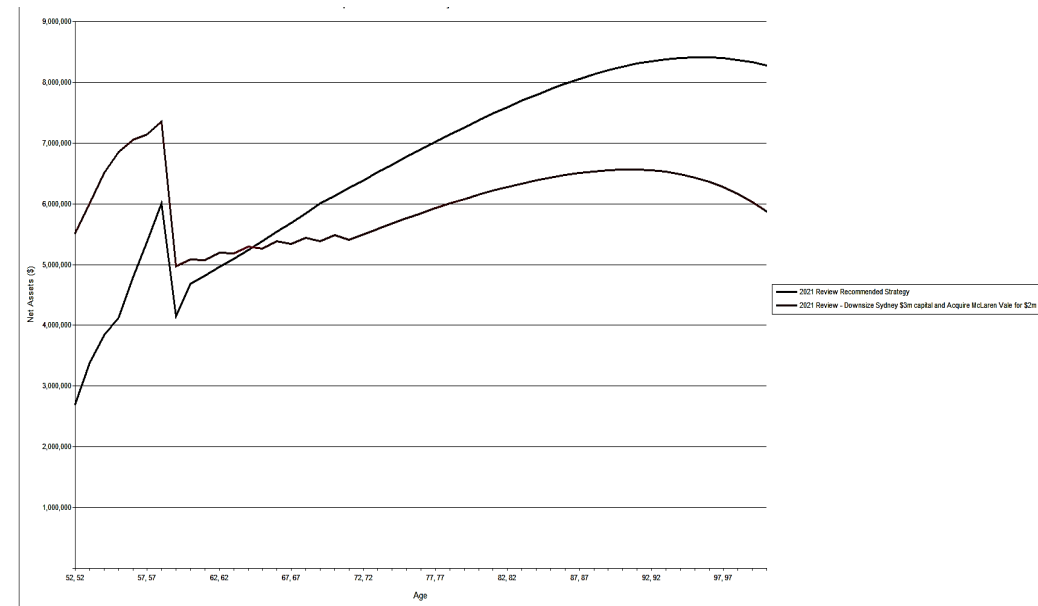


# Financial Advice Structural Advice Process

Ownership Structures advice is the first key part of this analysis process and is a detailed assessment of the appropriate tax and legal structures that may optimally achieve the family group's objectives (both quantitative and qualitative)

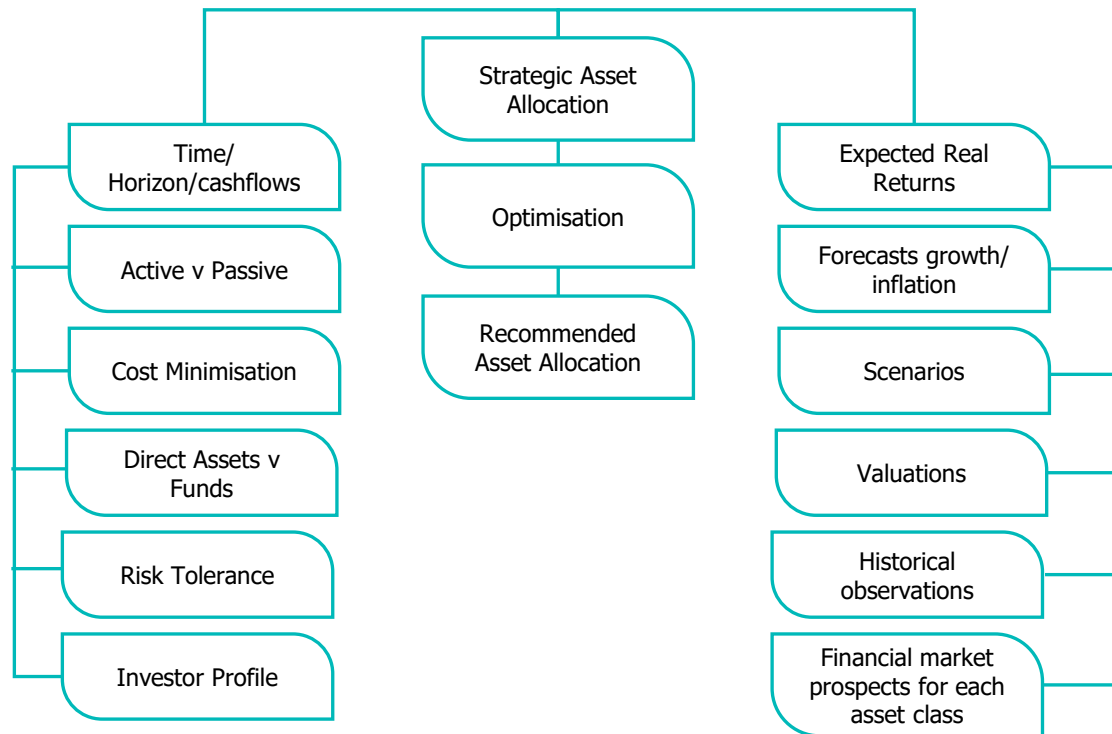


Nexia combines its knowledge across multiple teams to assess the relative merits of different structures (making clear to our client the risks, costs, flexibility, estate planning and tax implications of each strategy option). Importantly we continue to review the appropriateness of the strategy as circumstances change over time

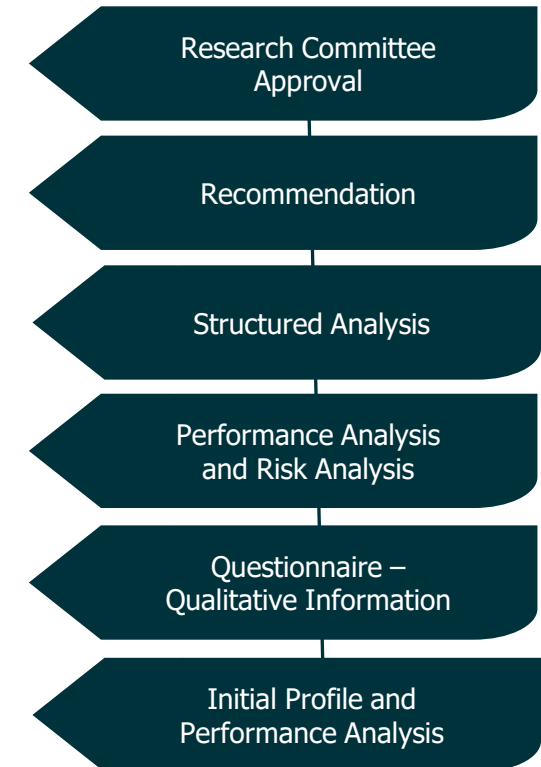


# How we design an investment strategy

We then design a tailored Investment Strategy for each client (with the right assets held in the appropriate entity in their Ownership Structure). Our process blends the client's specific investment goals with our own Portfolio Construction process to produce the final recommended mix of investments.

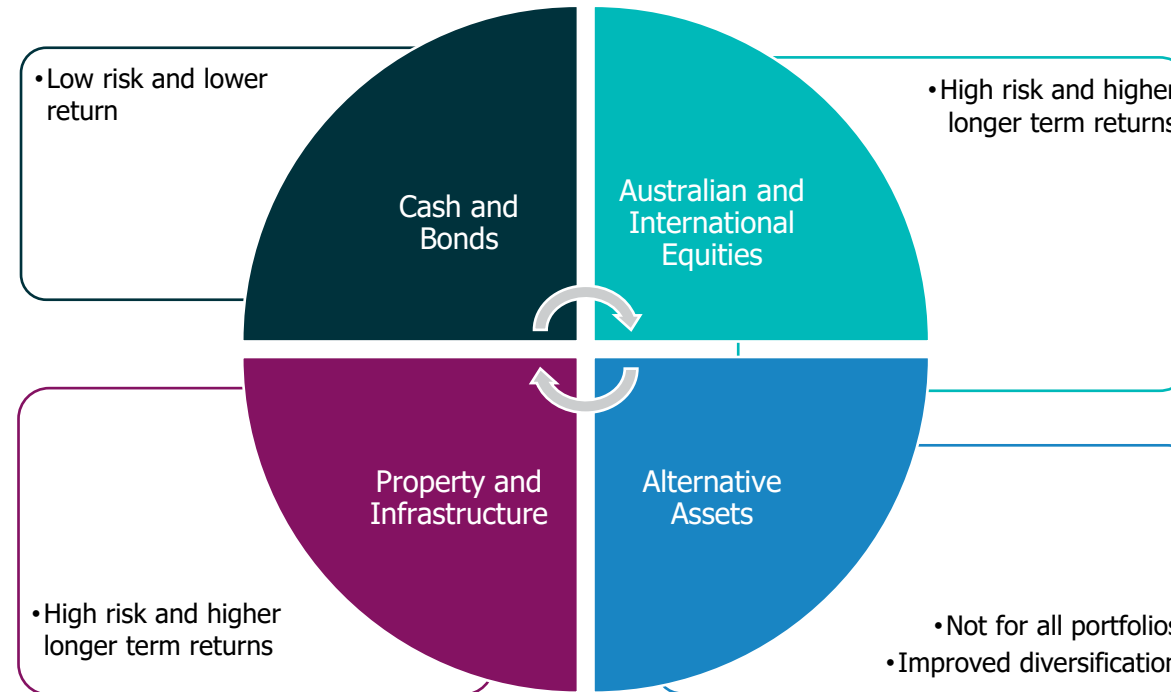


## Security and Investment Analysis

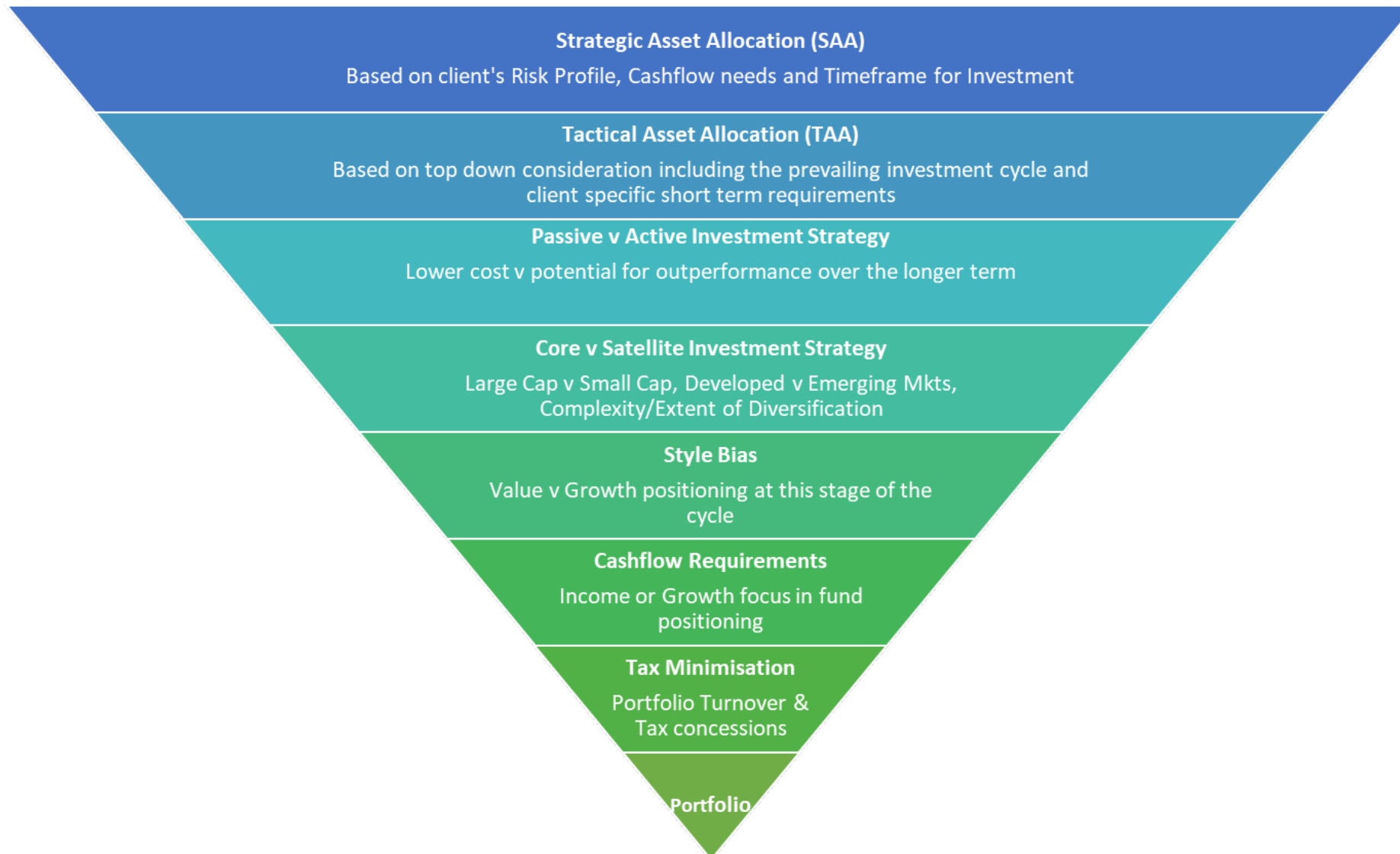


# How we design an investment strategy

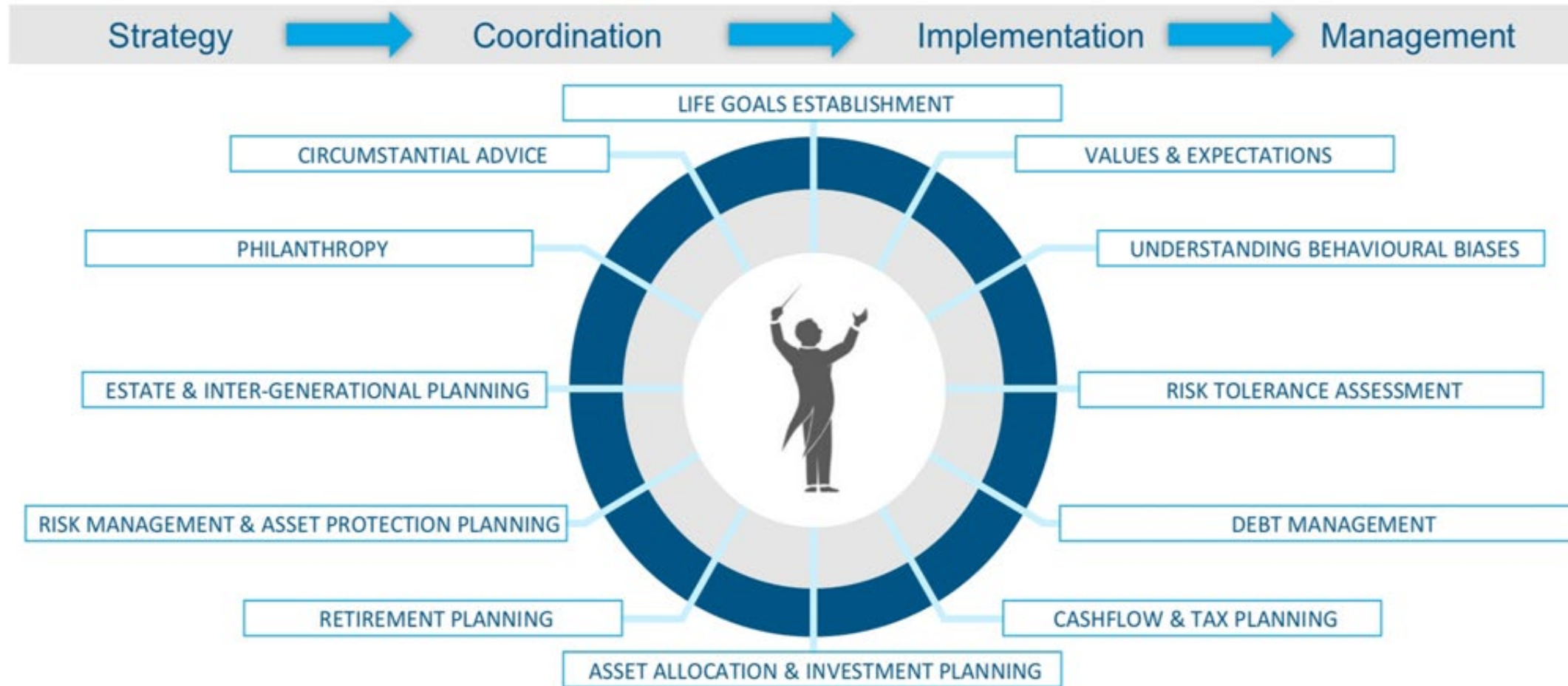
At its core, building an appropriate Investment Strategy is a function of diversifying the clients portfolio across various asset classes in light of their risk profile, liquidity requirements and time for investment. However, there are an increasing number of factors that need to be considered to tailor the final recommended mix of assets for each client



# How we design an investment strategy

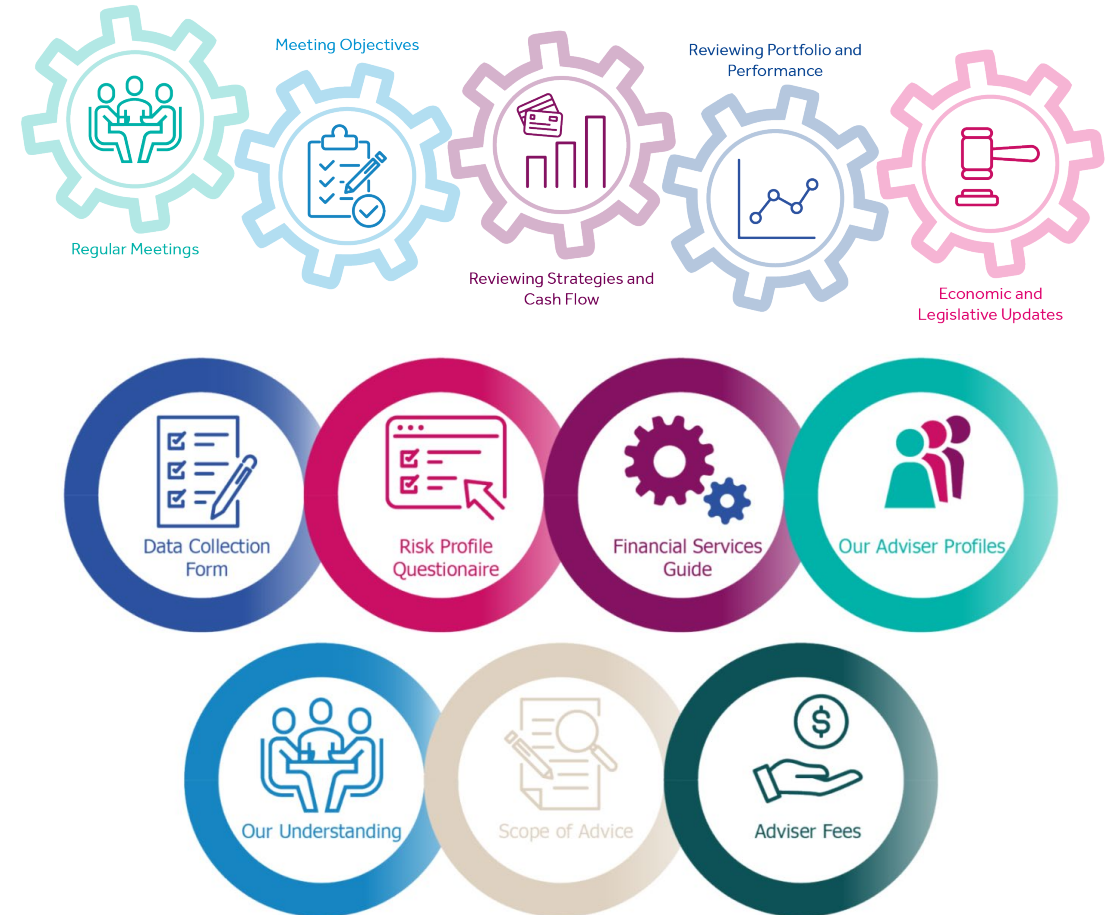


# Strategic advice and wealth management - Nexia can help



# How we operate

- Initial appointment no cost
- Initial analysis at hourly rate based on complexity of analysis
- Our Ongoing Advisory Review service is also provided on a fixed fee based the same time based approach above
- The Ongoing Advisory Review service is renewed every 12 months and can be maintained or discontinued at the client's discretion
- No commissions/No entry/No exit fees (except for Insurance and Mortgage Broking Advice)





# Contact Details



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Thank you