

Nexia | Retirement Planning



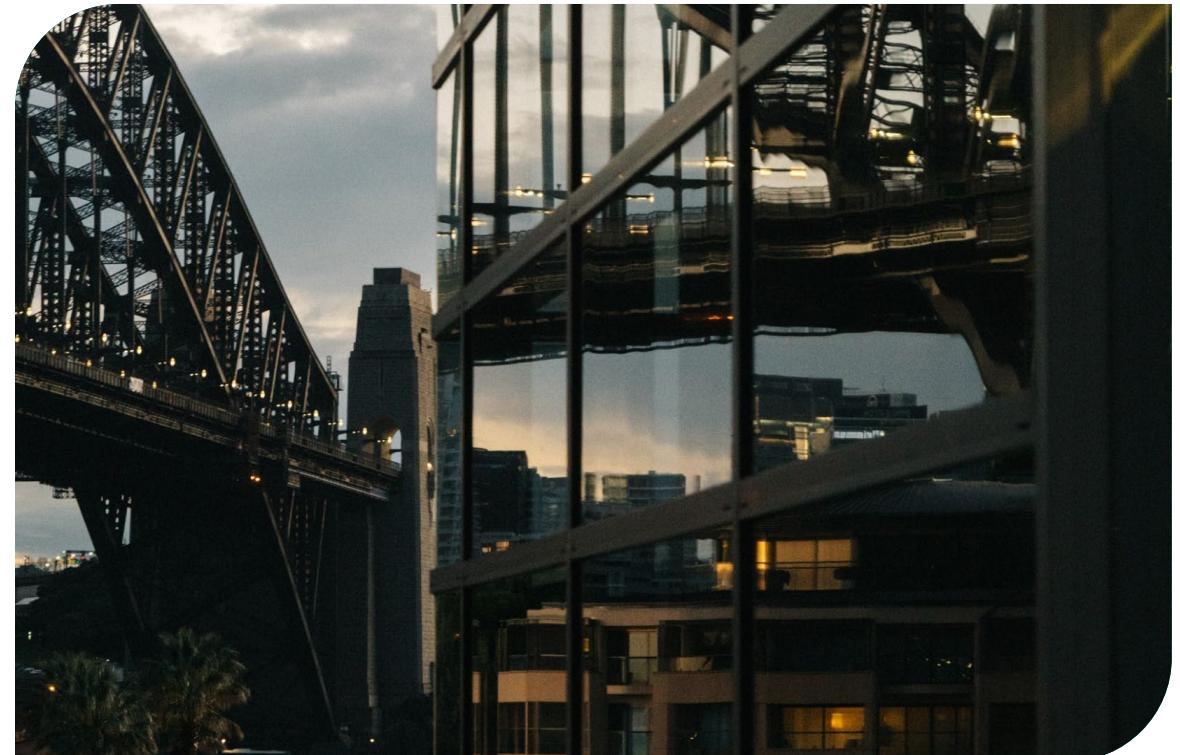
Who We Are

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



624

Offices globally



22

Committees & business groups

230

Member firms

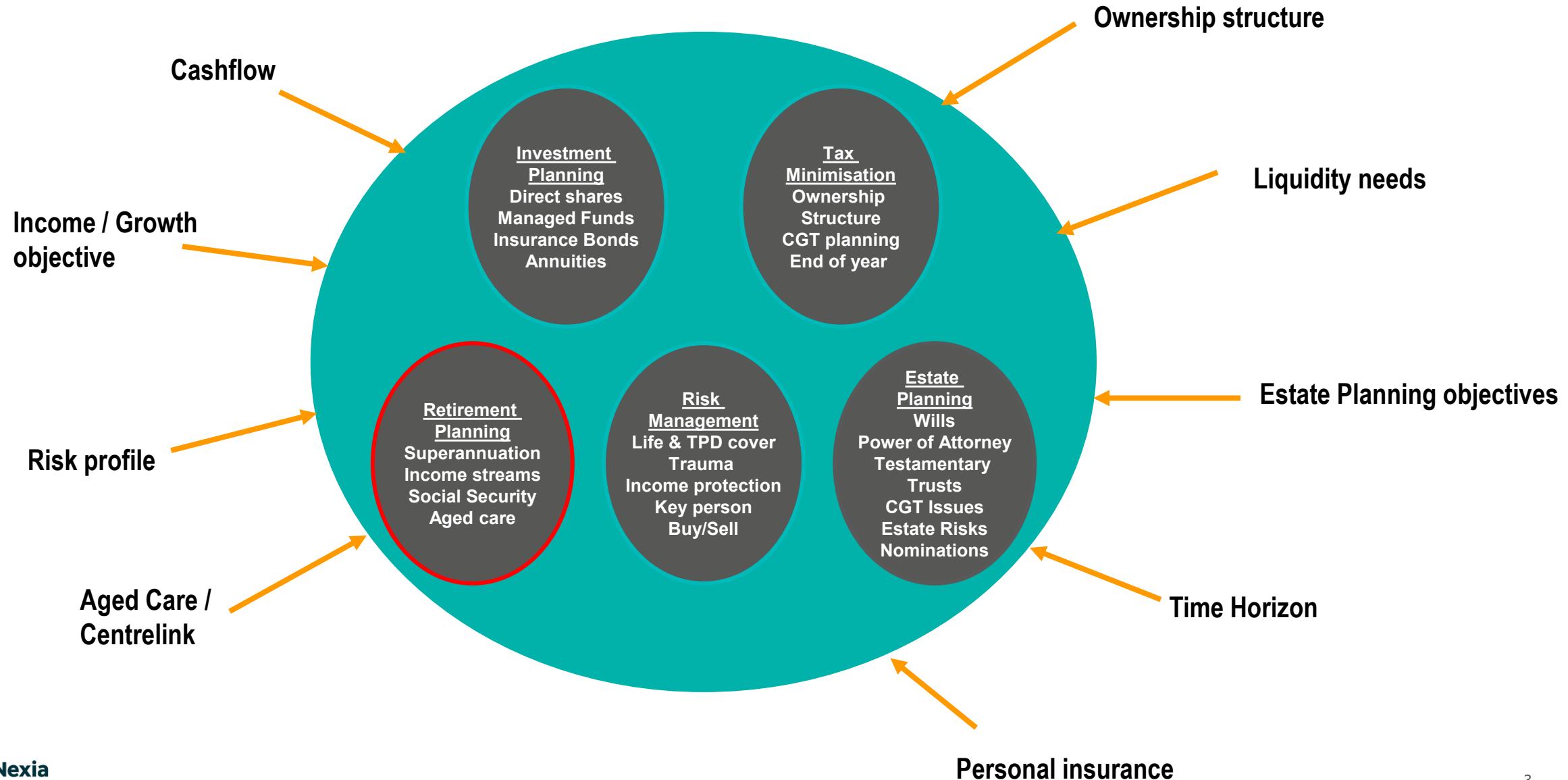
123

Countries

26,149

People worldwide

Nexia Wealth Management

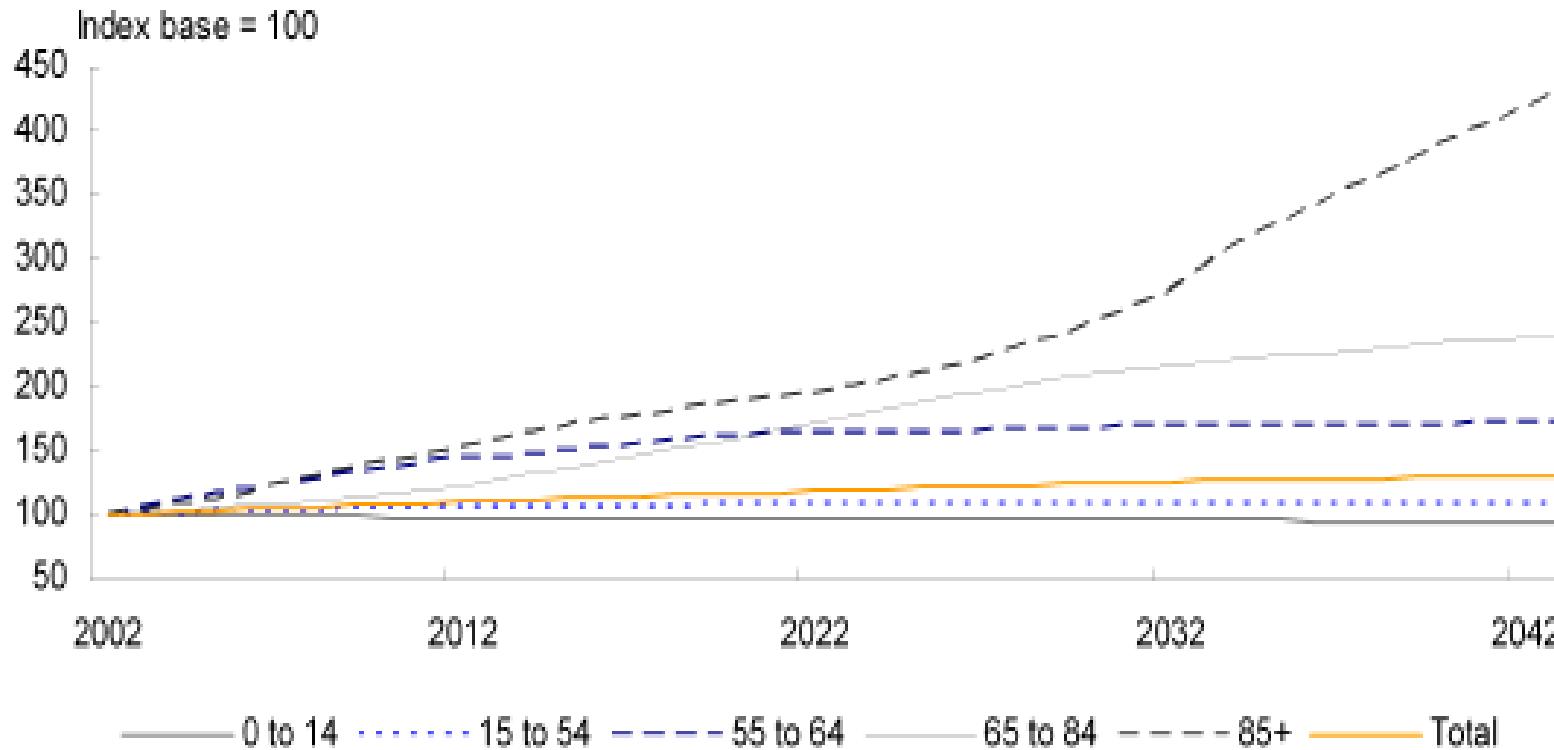


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The ageing population - Australia

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



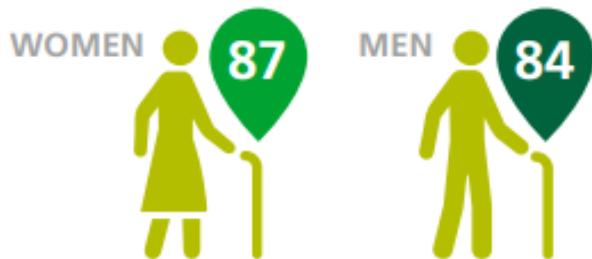
**WHAT'S THE AVERAGE
AGE SENIOR AUSTRALIANS
THINK THEY'LL LIVE TO?**¹



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



**WHAT'S THE AVERAGE
LIFE EXPECTANCY FOR
PEOPLE AGED 65 TODAY?**²



AND REMEMBER, IF YOU'RE PART OF
A COUPLE, THEN YOUR JOINT LIFE
EXPECTANCY INCREASES AGAIN.⁴
**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**

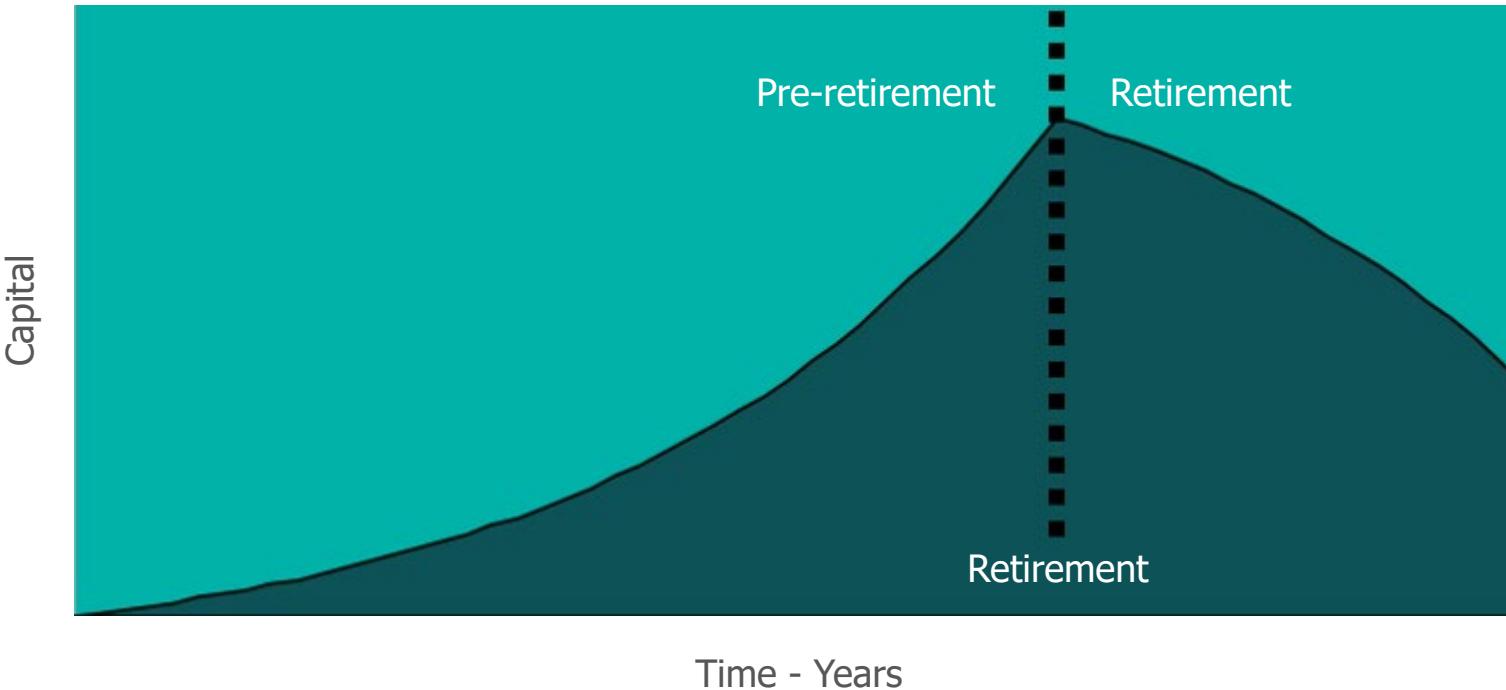
- 2 Building a robust plan**

- 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

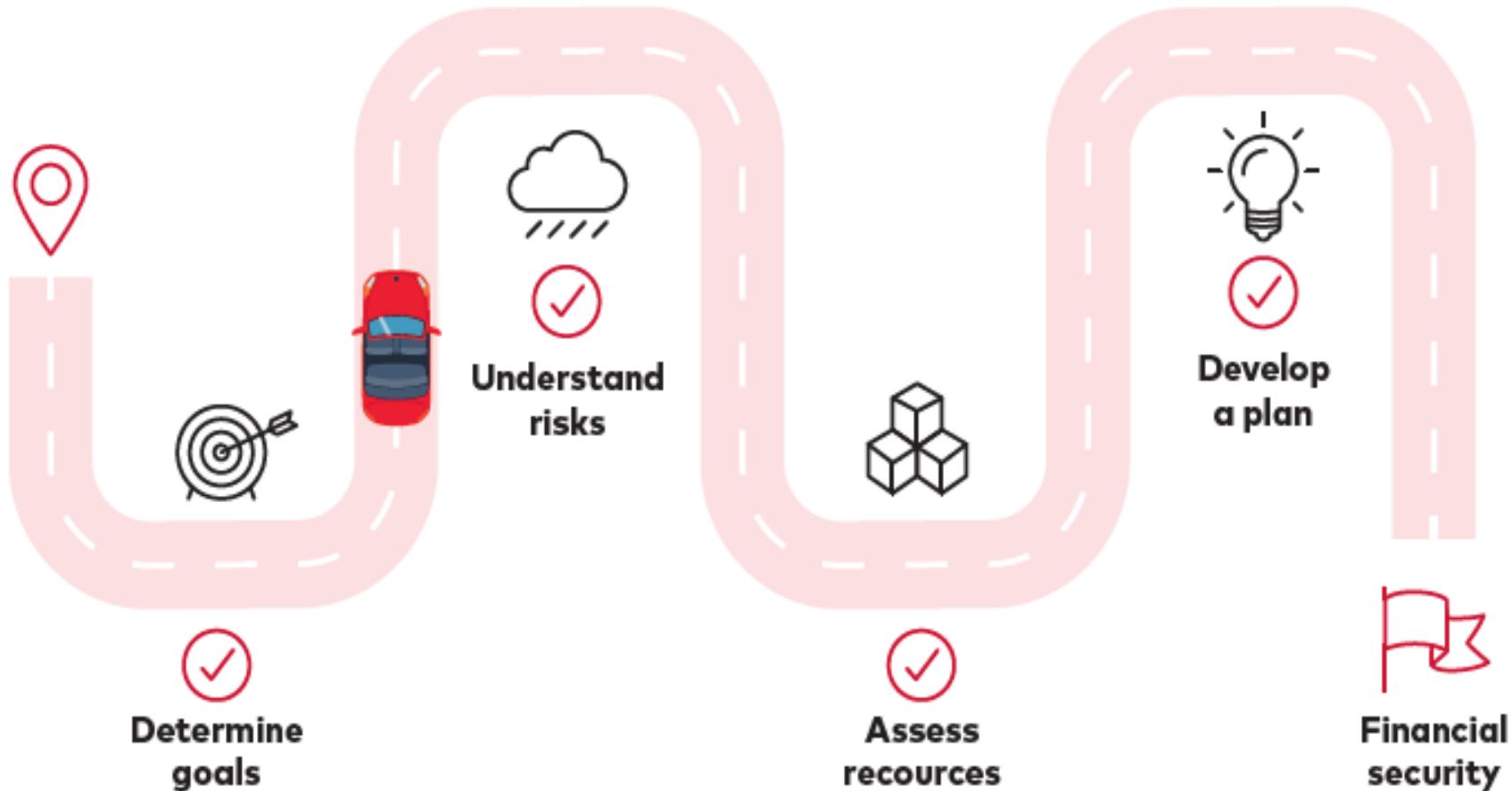


"it is more likely that non-financial considerations dictate whether one has a good retirement"

Building a robust plan



4 Step Plan to Financial Security



1. Determine retirement goals

1 - Basic Living Expenses

Create a base amount of retirement income to cover core non-discretionary, recurring living expenses, such as:

- Food, housing, clothing, utilities and transportation
- Recurring health care expenses such as insurance premiums and out of pocket costs

2 - Contingency Reserve

Maintain a sufficient liquid reserve to address surprise events, such as:

- Extraordinary health care expenses
- Aged care costs
- Unexpected, large, mandatory expenses (such as home repairs)

3 - Discretionary Spending

Enable a level of spending beyond basic living expenses to maintain a preferred lifestyle, such as:

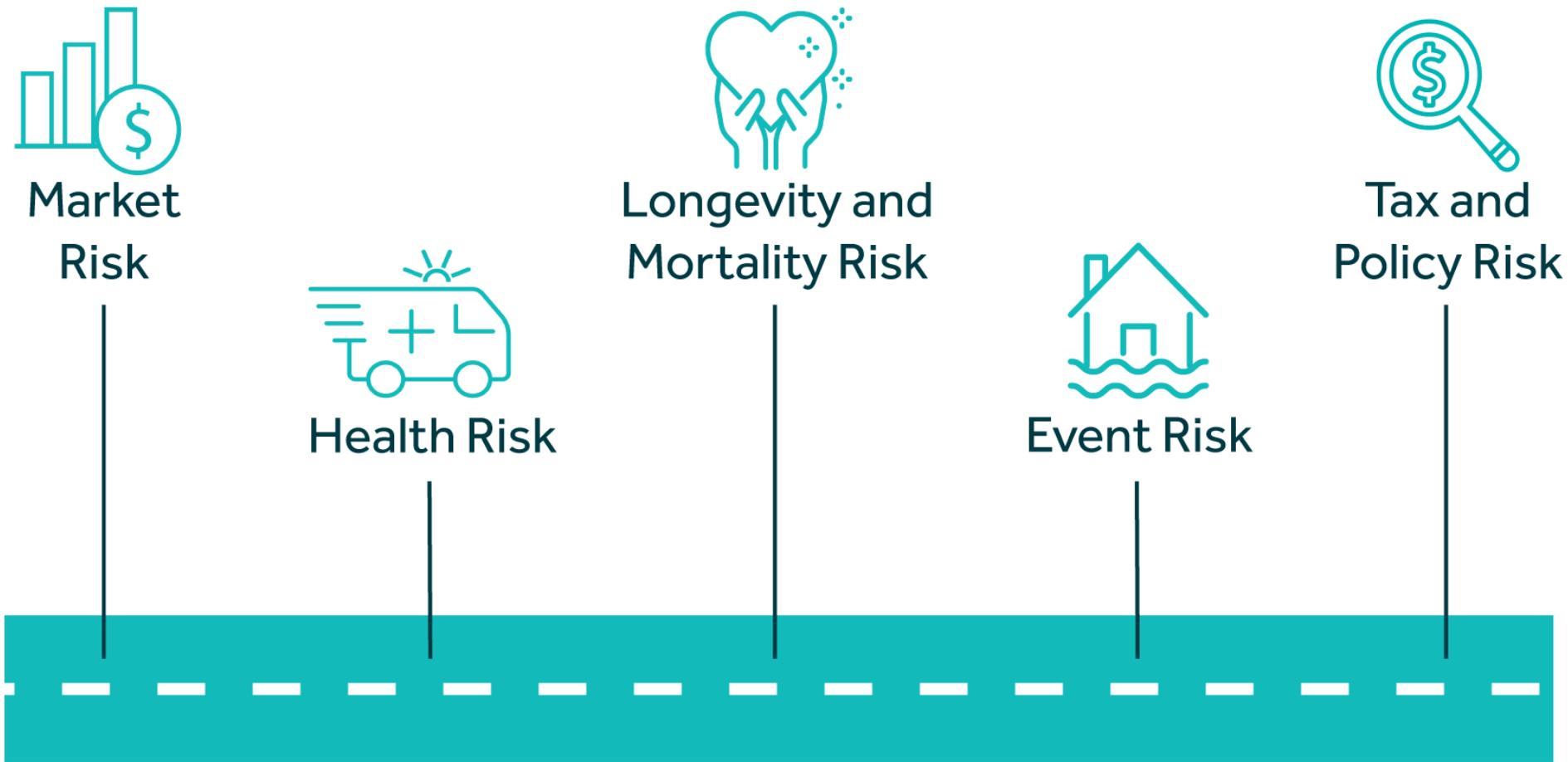
- Holidays, dining out, and other leisure activities
- Other large, discretionary expenses

4 - Legacy

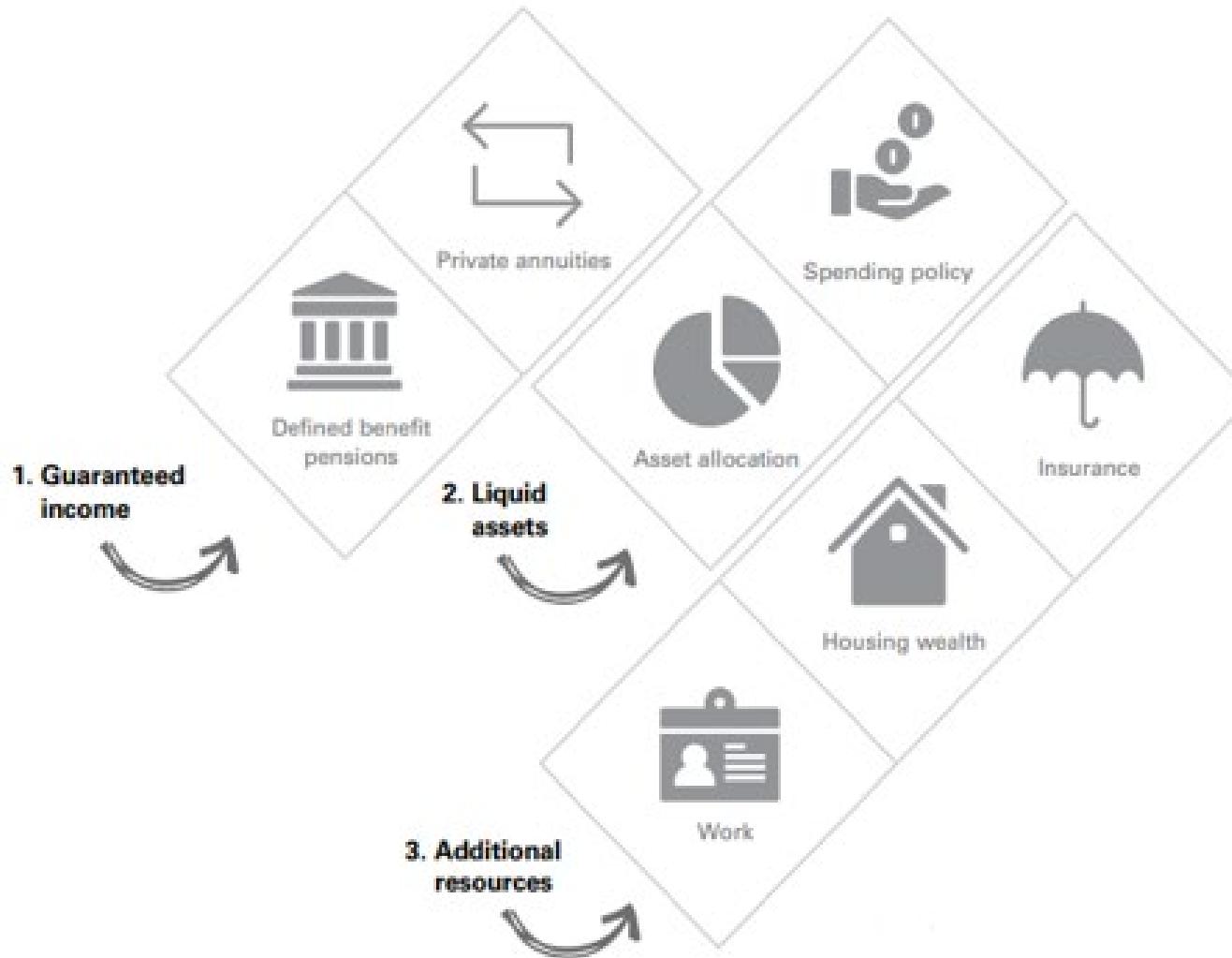
Transfer wealth to heirs or charities.



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 |
|--------------------------|-----------------------------------|-----------------------|---------------------|------------------------|--------|
| Guaranteed income | Pensions/Annuities | ● | ○ | ● | ○ |
| Liquid Assets | Asset allocation/ Spending policy | ● | ● | ● | ● |
| Other resources | Life, home, and health insurance | ○ | ● | ○ | ● |
| | Work | ● | ● | ● | ○ |
| | Housing wealth | ○ | ● | ○ | ● |

| Risks Mitigated | | | | | |
|------------------------------------|---------------------|--------|-----------------------|-------|--------------|
| | Market & investment | Health | Longevity & mortality | Event | Tax & Policy |
| Guaranteed income | ● | ○ | ● | ○ | ○ |
| Pensions / Annuities | | | | | |
| Liquid Assets | ○ | ○ | ○ | ○ | ● |
| Asset allocation / Spending policy | | | | | |
| Other resources | ○ | ● | ○ | ● | ○ |
| Life, home, and health insurance | | | | | |
| Work | ● | ● | ● | ● | ○ |
| Housing wealth | ○ | ● | ○ | ○ | ○ |

Legend



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

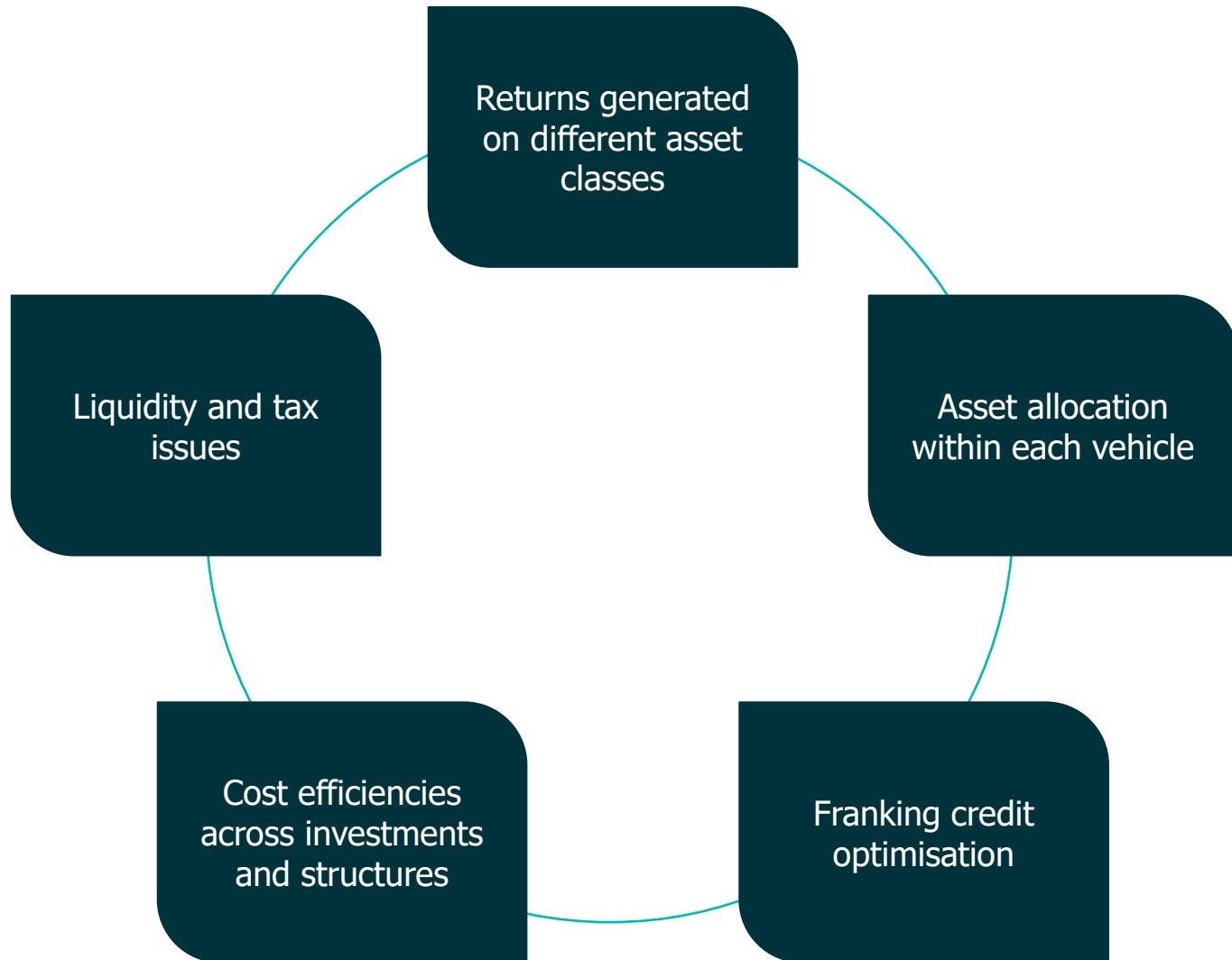
Ownership structure

| | 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 |

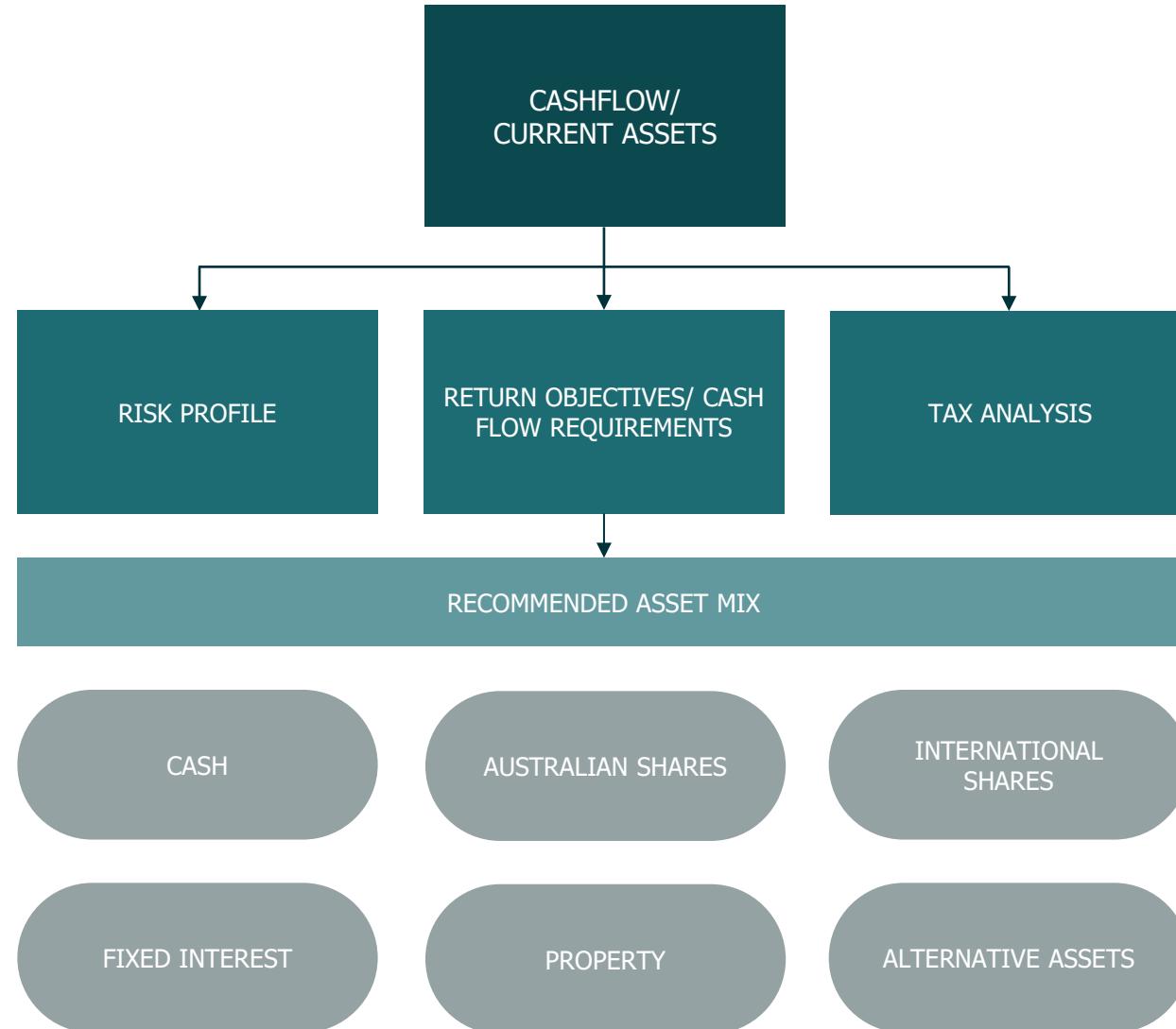
Superannuation strategies

| 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



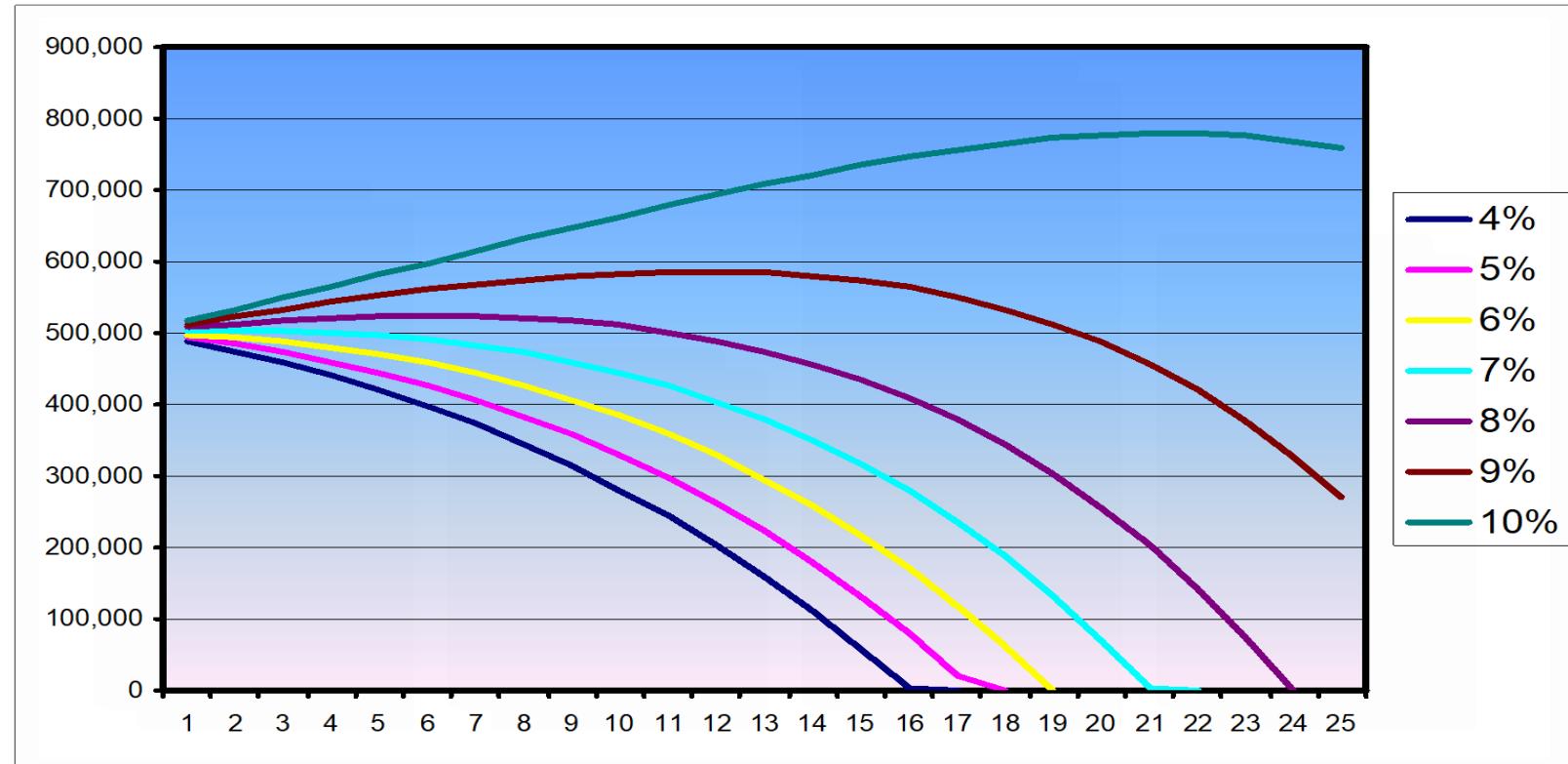
Risk / return expectations for different risk profiles

| 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

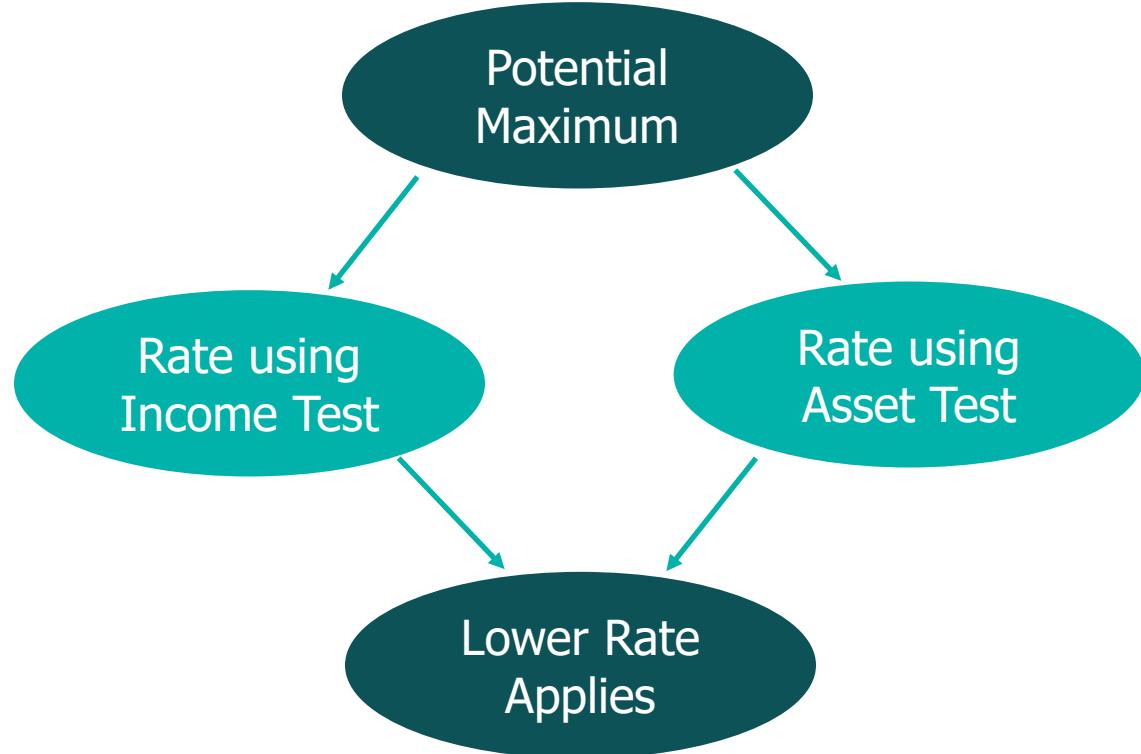
Draw-down in retirement illustration



Retirement income stream - choices

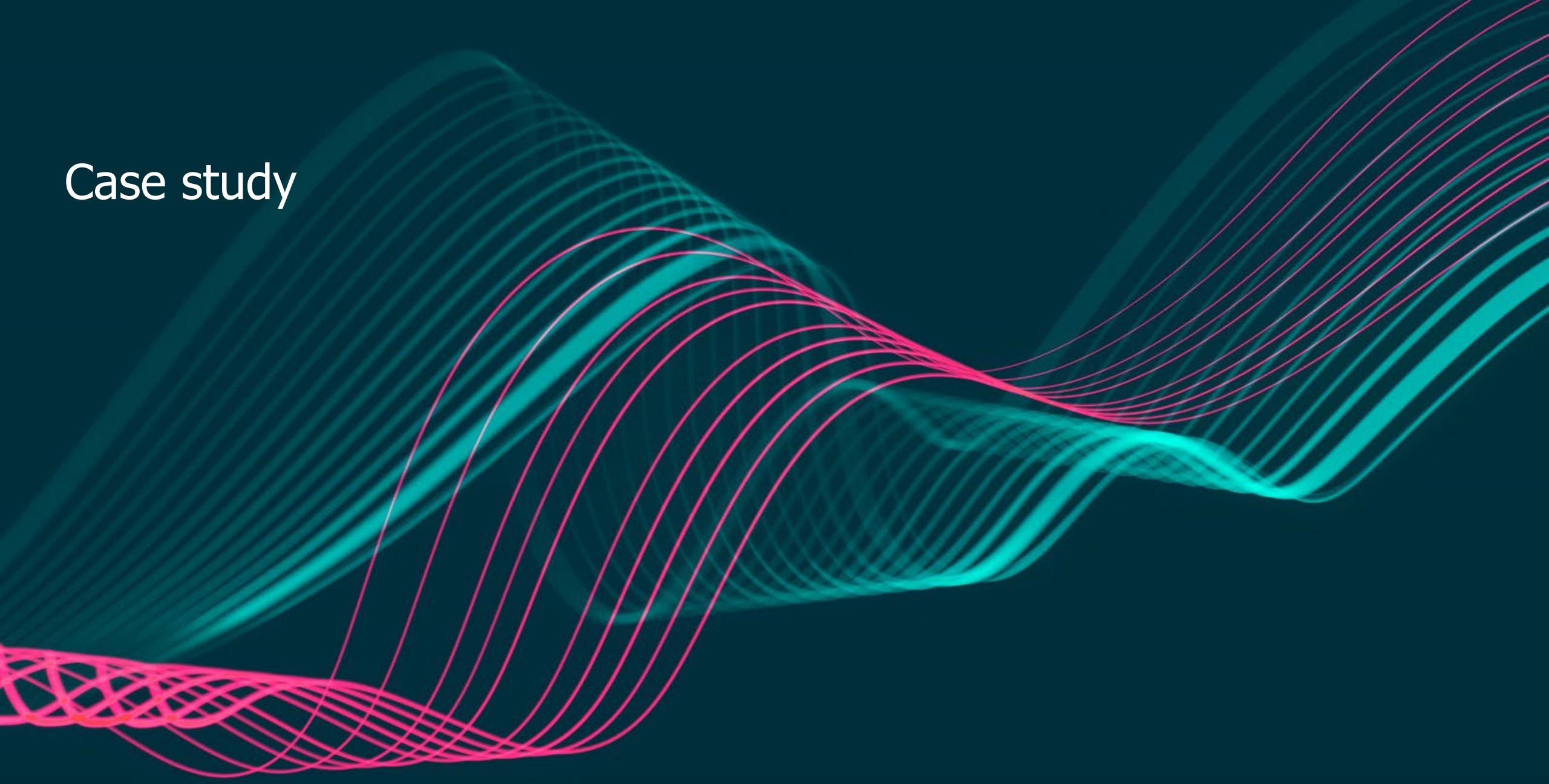
| Income stream type | Account based pension | Lifetime annuity |
|------------------------|---|--|
| Payment | Generally not guaranteed. Payments are impacted by share market movements | Guaranteed. Payments are not impacted by share market movements |
| Investment choice | Can choose from a range of 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 withdraw 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

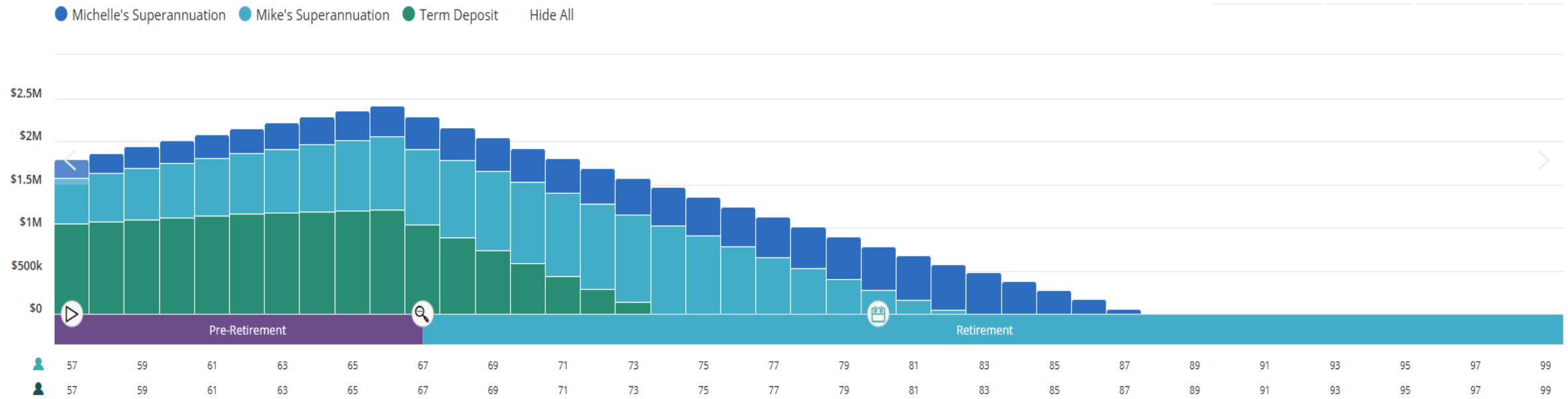
Case study



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)

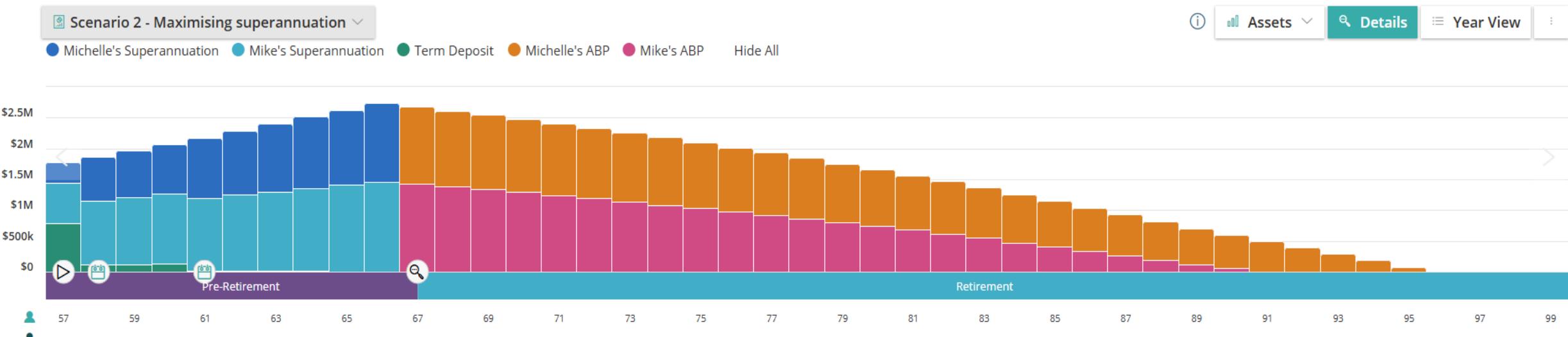
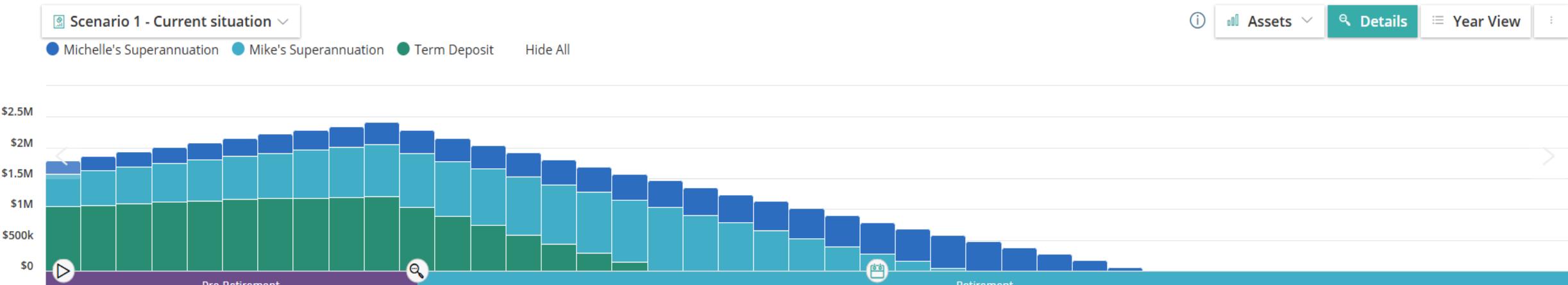
Strategies:

- 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

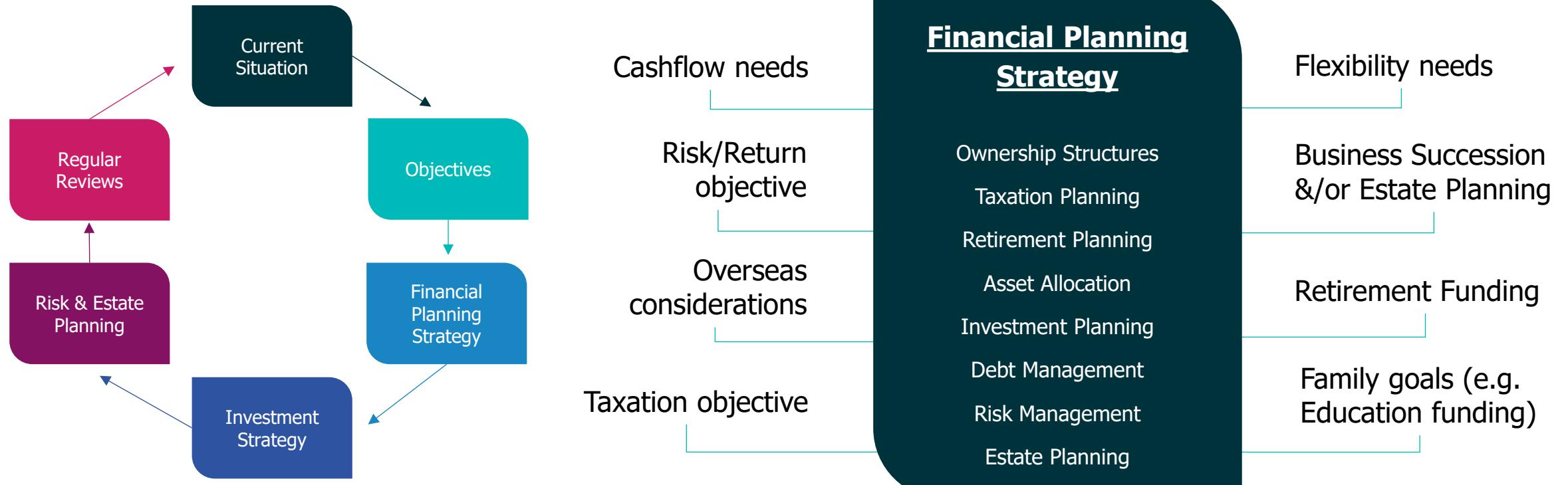


Our Private Wealth Management Approach



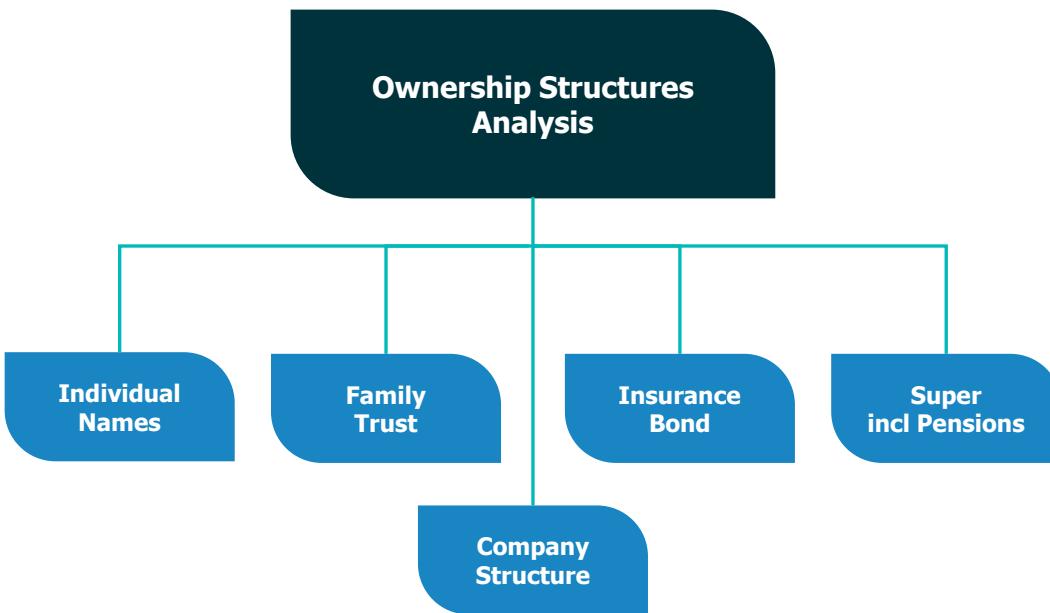
Our private wealth management advice process

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.

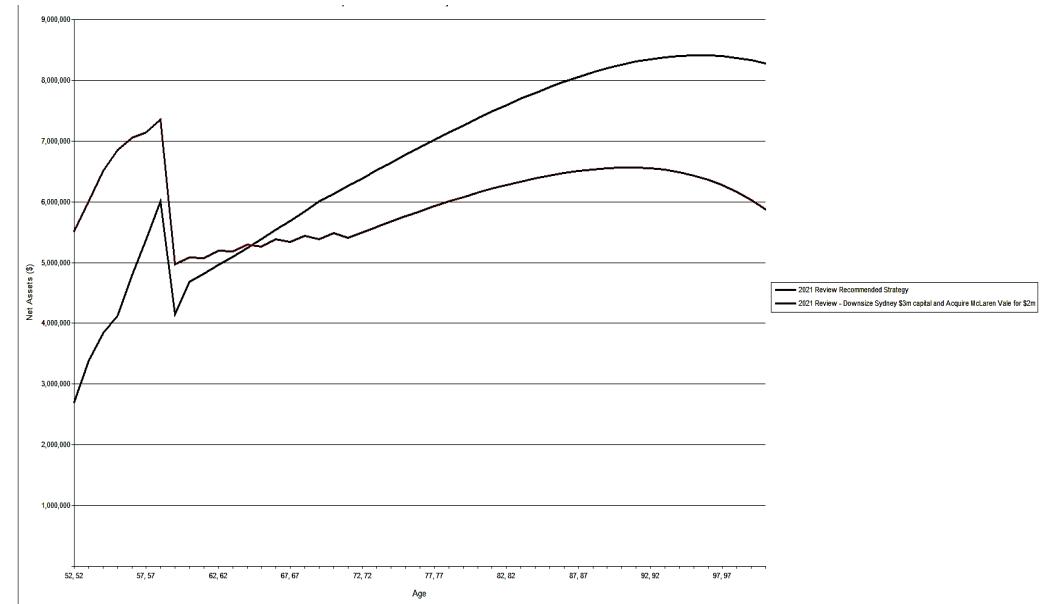


Financial Advice Structural Advice Process

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)

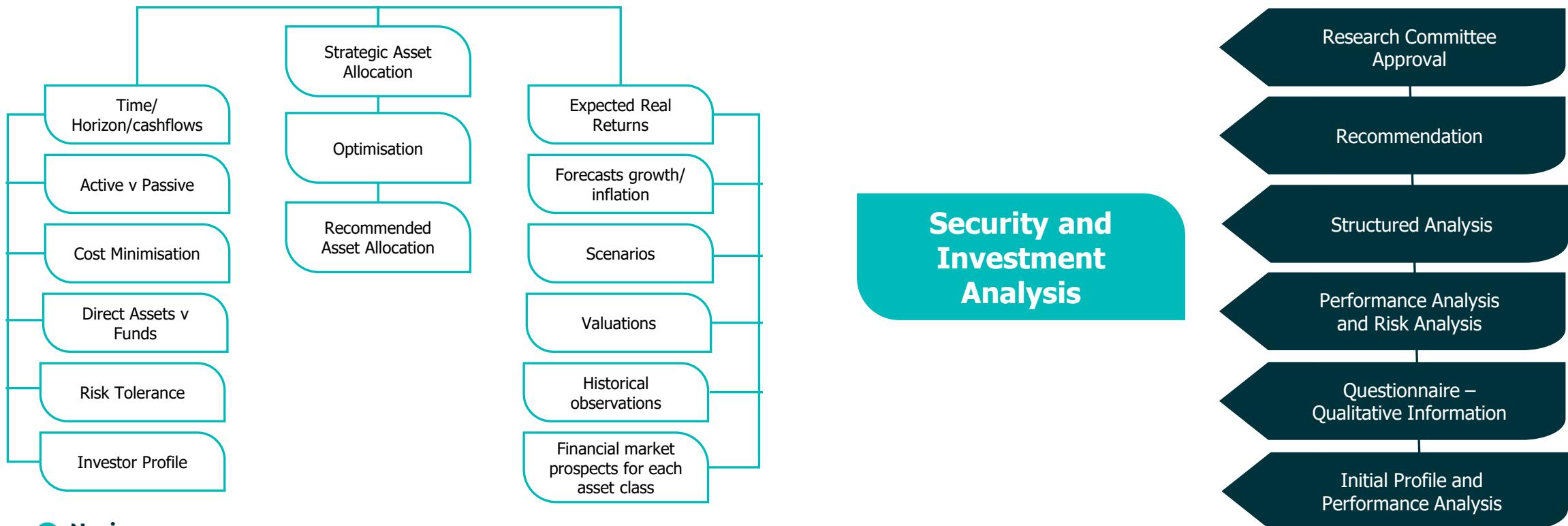


Nexia combines its knowledge across multiple teams to assess the relative merits of different structures (making clear to our client the risks, costs, flexibility, estate planning and tax implications of each strategy option). Importantly we continue to review the appropriateness of the strategy as circumstances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



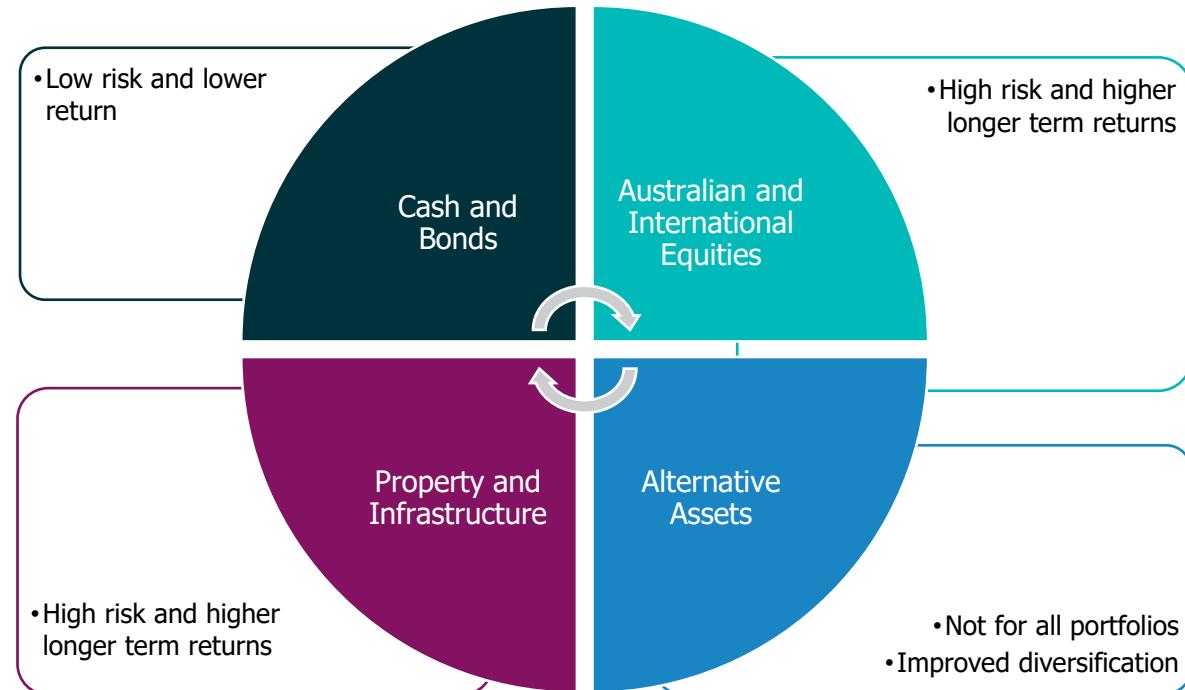
How we design an investment strategy

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.



How we design an investment strategy

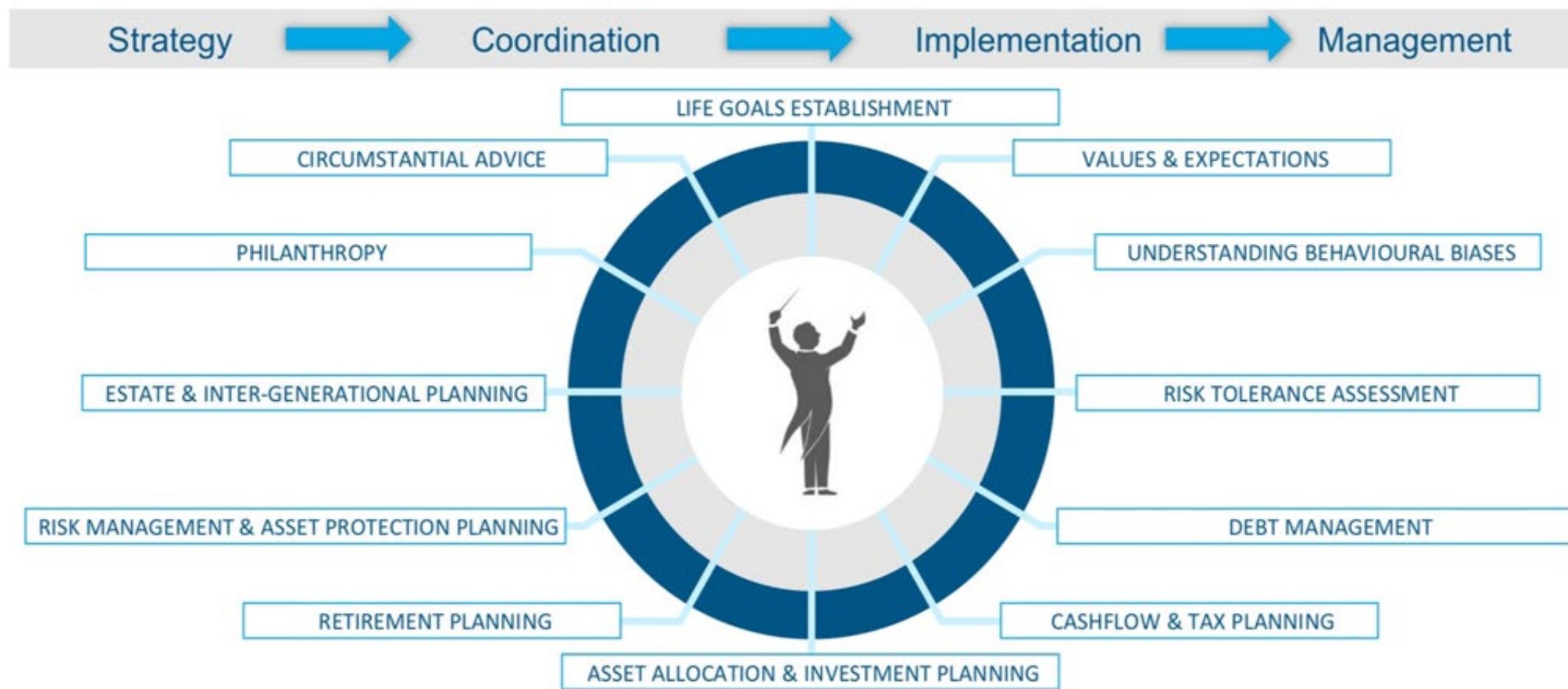
At its core, building an appropriate Investment Strategy is a function of diversifying the clients portfolio across various asset classes in light of their risk profile, liquidity requirements and time for investment. However, there are an increasing number of factors that need to be considered to tailor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



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Thank you

