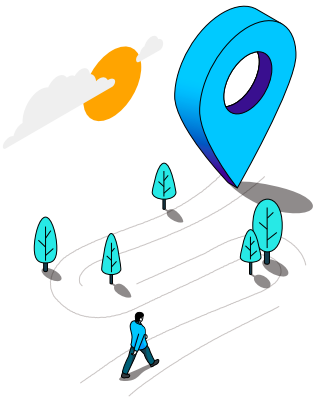
Equip Super

Learn how to retire better with Equip Super

Equip Super transition to retirement strategies



Whether you're looking to reduce the hours you work or grow your super savings, Equip Super can help ensure you're super equipped for your retirement.



What is a transition to retirement strategy?

A transition to retirement strategy can be a great way to help you ease your way into retirement. It allows you to draw a regular income from your super while you're still working and before you fully retire.

You can use a transition to retirement strategy to:

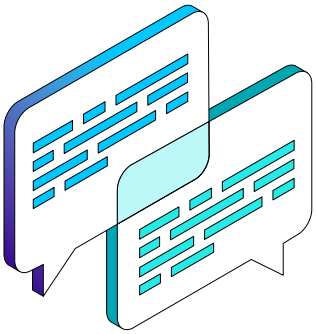
- cut back your work hours without reducing your take-home pay, and use your super to help make up the difference in your income
- reduce your tax and boost your super balance, or
- boost your income to help you meet key expenses in the lead-up to retirement.



A word on who can use these strategies

The examples provided are designed to show you how these strategies may work in practice, but keep in mind that particular strategies are not limited to a specific age group or a specific type of account.

Some of the examples we've provided include a Transition to Retirement Income account or a Retirement Income account. But the type of account that's right for you, and the best way to structure your account(s), really depends on your individual circumstances, such as your age, super preservation status and retirement status. Relevant superannuation rules will also determine your eligibility for these strategies.



Need help?

An Equip Super Financial Planner can provide the support and advice you need to make a confident transition to retirement. Your initial appointment is complimentary and there's no obligation to receive advice from us if you decide not to go ahead.

Geoff boosts his super while reducing his tax

Geoff is 61, working fulltime, and still paying off his home. He has $200,000 in super and wants to grow his balance before retiring.

To do this, Geoff puts extra money into his Equip Super account through salary sacrifice. These contributions are taxed at 15%, which is lower than his personal tax rate – so he saves on tax while growing his super.

Because more of his pay goes into super, his take-home pay drops. To make up for this, Geoff starts drawing a regular income from his super.

Even after using some super for income, his super balance stays higher overall because the tax on super is lower than his personal tax rate.



How Geoff saves more

Geoff earns **$120,000** gross per year and wants to boost his super while maintaining his take-home pay ($90,812 after-tax).

He decides to contribute the annual maximum before-tax amount to his super – **$32,500.**

- His employer contributes **$14,400** (12% Super Guarantee).
- He tops this up with **$18,100** from his salary (salary sacrifice).

So the total before-tax amount going into Geoff's super is **$32,500** ($14,400 + $18,100).

The **$18,100** is taxed at 15% contributions tax, rather than his personal marginal tax rate of 32% (30% plus the Medicare levy of 2%).

Because he's paying more into his super, his take-home pay is reduced by **$12,308** to **$78,504.**

To maintain his income, Geoff sets up an Equip Super Transition to Retirement Income account (which is for members aged 60-64 who are still working). He transfers a lump sum from his existing Equip Super account into his new account and draws **$12,308** a year from it. This way, he keeps his annual income at **$90,812** while also boosting his retirement savings.

How the figures stack up

Contributions from before-tax salary: **$18,100,** less 15% contributions tax = **$15,385**

Less what he draws down from his Transition to Retirement Income account = **$12,308**

Net increase in super per year = $3,077

Peter reduces his work hours while maintaining his lifestyle

Peter is 66 and wants to cut back his work hours without sacrificing his lifestyle.

By moving to part-time work and setting up an Equip Super Retirement Income account (as he's over age 65), he's able to top-up his reduced salary with regular payments from his super.

This strategy means Peter enjoys more free time while keeping his income steady, helping him ease into retirement on his own terms.



How Peter maintains his income

Peter earns **$80,000** before-tax each year. This amounts to **$63,612** as take-home pay. He decides to work three days a week instead, reducing his salary to **$48,000** before-tax, which is a take-home amount of **$41,852.**

To make up the difference, Peter sets up an Equip Super Retirement Income account. He transfers a lump sum from his existing Equip Super account into his Retirement Income account and draws **$21,760** per year from it.

This way, Peter keeps his annual take-home income at **$63,612,** while enjoying more time off and easing into retirement on his own terms.

Transition to Retirement calculator

Our Transition to Retirement calculator outlines different pre-retirement scenarios and tips to help you get the most out of your savings. Why not run some numbers and see how to reduce your work hours while maintaining your income, or how to use your super to boost your income while you're still working.

equipsuper.com.au/calculators

Expert advice when it matters most

Get some expert advice from an Equip Super Financial Planner and start planning your transition to retirement.

Book in for a chat at **equipsuper.com.au/get-advice/book-an-appointment** or call our team on 1800 682 626, Monday to Friday 8:30am to 7:00pm AET.

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