



**FORESIGHT
FINANCIAL
PLANNING**

AVOID DRAINING THE PIGGY BANK WHEN YOU NEED IT MOST

So, you are close to retirement and you've been working hard over the years to ensure that you have a pot of money for your retirement years. The next concern is how do you ensure that the money lasts!



Money doesn't particularly buy happiness or health but it does give you options and choices, especially so in retirement. Here are four of our top tips:

1. Plan in advance to make the transition from saving for retirement to spending in retirement.
2. Don't rely solely on term deposits for long-term income. Yes, they offer you some certainty but they don't pay you very much interest and before long you may find yourself eating into the capital. When the capital is gone, it's gone!
3. Calculate how much it will cost you to run your home and for day to day living costs, then work out what the shortfall would be between this and NZ Super. The NZ Super currently pays \$390 per week for someone living alone or \$600 for a couple.
4. Take into account the very real possibility of outliving your savings.

Kiwis now enjoy a much longer life expectancy and life spans into your 90's are becoming common. You could be spending almost a third of your life as a retiree, relying on retirement income.

But now there are options:

For as little as a \$25,000 investment, you can secure a fixed income for life (a 65 year old can have a fixed income for life of 5% pa tax paid; a 70 year old can have 5.5% pa tax paid etc). If your capital runs out, the longevity insurance ensures that your income will continue – even if you live to 110. If you pass away prematurely any unused funds pass to your estate and if you simply change your mind, you can have access to your investment fund (without penalty).

You can also choose to invest now and defer drawing an income to some later date. Any investment gains are

locked in yearly and protected but should investment returns fall, you will not suffer any loss of fund value when you start to draw an income.

By using a fixed income in your retirement you can plan to make sure that your everyday expenses are covered leaving you to enjoy spending other savings on whatever you like to do.

It's always important to use Foresight in your financial planning so why not talk to us about how to protect your money while guaranteeing your income.

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This article is generic information and not personalised advice.

A disclosure statement is available free and upon request.

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