

Retirement ready

5 steps for planning your future



Start preparing for retirement early – even if it’s hard to imagine life without work.

No matter what your ‘ideal’ retirement lifestyle looks like, getting there requires careful planning. By considering your retirement early, you can make sure you’re mentally and financially prepared for retirement, and give yourself more choice over how you spend your days once you finish working full time.

In this booklet, we explore five key considerations for achieving your desired retirement lifestyle.

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1. A closer look at your future income



How much super is enough?

While everybody is different, a good starting point for working out how much super you'll need in retirement is the Association of Superannuation Funds of Australia (ASFA) Retirement Standard.

The Standard is a budget that shows how much money it takes to live 'modestly' or 'comfortably' in retirement. It covers the basics, like food and utility bills, and then factors in additional costs for your desired lifestyle.

For example, a dream overseas holiday would require a 'comfortable' lifestyle budget, but if your plan is to caravan around Australia, you could probably achieve this on a 'modest' lifestyle budget.

Below is the yearly budget needed for a modest or comfortable lifestyle, as well as the Age Pension over the same period.

Retirement Standard

Your situation	Modest lifestyle <i>(budget required per year)</i>	Comfortable lifestyle <i>(budget required per year)</i>	Age Pension <i>(per year including supplements)</i>
Single	\$35,503	\$54,840	\$31,223
Couple	\$51,299	\$77,375	\$47,070

Source: The Association of Superannuation Funds of Australia, December quarter 2025, for people aged 65-84, national. The Standard is updated quarterly. To see the current budget go to [superannuation.asn.au](https://www.superannuation.asn.au).

On its own the Age Pension wouldn't cover either a modest or comfortable lifestyle budget. This is why super is so important. It works in combination with other sources of income to provide you with enough money for your retirement.

1. A closer look at your future income (continued)

How long will your super need to last?

Australians are living longer than ever, meaning your super and other savings may need to last 20 years or more.

Factoring 'years in retirement' into your planning will give you a better understanding of how much you can spend – and greater peace of mind.

According to ASFA, to live modestly in retirement, both single people and couples will need \$100,000 in savings (super and other financial assets) if they retire aged 67.

And don't forget, it will stretch for your expected retirement years as you will be using your super and other financial assets (if applicable), in combination with Age Pension payments.

At the end of the day, the question you must ask yourself is: 'What can I do to make the most of my super?'

There are ways to boost your super all the way up until age 75, and possibly beyond. See Page 7 for further information.





Your income needs will change over time

While the Retirement Standard shows us the yearly budget needed for retirement, remember that your lifestyle – and your spending habits – will change over time. This means you're unlikely to need the same level of income every year, especially as you get older. This is commonly referred to as the three phases of retirement.

PHASE 1: Active years

Your focus is on spending time with family and friends, enjoying your hobbies, and travelling, with maybe the odd bit of work here and there. This is when you're likely to spend the most money during your retirement.



PHASE 2: Passive years

As you spend more time at home, your travel and leisure costs are likely to go down. You may find yourself spending more on health insurance and related expenses.



PHASE 3: Aged care years

During the later years of your retirement, you may no longer live independently and are likely to need more help with daily activities. Consider planning for this period early so you have the necessary funds set aside for care and support.



2. What you need to know about the Age Pension



If you were born on or after 1 January 1957, you will qualify for the Age Pension when you turn 67. You must also meet other eligibility criteria, including being an Australian resident.

Not everyone who is eligible for the Age Pension will receive the same amount. This is because Age Pension payments change depending on whether you're single or part of a couple, and your existing wealth.

To assess your existing wealth, the government applies an assets test and an income test.

The **Assets Test** considers anything you own or part-own here or overseas, including your superannuation, business, car, investment properties, private trusts and more, but generally does not include your main home.

The **Income Test** uses 'deeming' to assume a rate of income from sources including superannuation and a range of investments, plus any income from employment.

Whichever test results in a lower pension amount being paid is then applied to you. This may be the full Age Pension or a reduced rate. Over time the payments you receive are likely to vary, either because your circumstances change, or because the government adjusts the rules or payment rates.

➤ To find out more about the assets and income tests, go to the Services Australia website at servicesaustralia.gov.au.

Keep more of your income with the Work Bonus

Did you know you can earn \$300 of fortnightly income from an employer without it reducing your Age Pension payments?



3. Boosting your super



Unless you're fully retired and taking your super as an income stream or lump sum, there are ways to boost your account balance all the way up until age 75 (and beyond if you make a downsizer contribution).

Contribution caps

When boosting your super, keep in mind the limits, known as contribution caps. Contribution caps restrict how much you can contribute to super each financial year. Remember, if you're still working, your employer's regular contributions will be counted too.

If you go over the caps, you could be forced to pay extra tax.

The government may adjust these caps from time to time. See the current financial year limits below.

Contribution type	
Before-tax (concessional)¹ <ul style="list-style-type: none">• Employer super guarantee (SG) contributions• Salary sacrifice• Personal tax-deductible contributions (subject to the <u>work test</u> – see p15 Glossary for more)	After-tax (non-concessional)¹ <ul style="list-style-type: none">• Voluntary contributions (regular or lump sum)• Super Co-contributions• Spouse contributions
Cap: \$30,000	Cap: \$120,000

Turn the page to find out more about the different ways to boost your super.

¹ For the 2025/26 financial year.

3. Boosting your super (continued)

Before-tax (concessional) contributions

Before-tax contributions can be a good option for those on medium-to-high incomes. You only pay 15% tax on super contributions instead of your personal income tax rate, which is generally much higher.

✓ Salary sacrifice

Salary sacrifice is when your employer agrees to regularly contribute to super on your behalf from your before-tax salary (on top of SG). Not only are you boosting your super, you could also benefit from paying less income tax on your reduced salary.

✓ Personal tax-deductible contributions

The same outcome as salary sacrificing, but a different way to go about it. Save up and contribute to super after tax by BPAY® or EFT whenever you're ready. Because you claim a tax deduction later, it counts towards your before-tax contributions cap. The work test may apply to these types of contributions.

✓ Carry forward ('catch-up') rule

Using the carry-forward rule, you can 'catch up' by carrying forward any unused concessional cap contributions from up to the last five financial years.

By bunching together your unused cap amounts, technically, you're contributing more than the contribution cap in a single financial year, but you're not breaking any rules. We recommend seeking financial advice to help you work out your unused carry-forward amount, as conditions do apply. Find out more at firstsuper.com.au/carry-forward.

Grow your super

Go to firstsuper.com.au/grow-my-super for more information about boosting your super and any rules and restrictions.

To explore which type of contribution might be best for you, use the *Super Contributions Optimiser* at firstsuper.com.au/calculators.





After-tax (non-concessional) contributions

You won't pay contributions tax on these top-ups as you've already paid income tax. The flexibility of after-tax contributions could work in your favour if you're on a lower income or have a windfall. Contribute regularly or on one-off occasions as it suits you.

✔ Voluntary contributions

These are contributions you make to your super by EFT or BPAY® from money already in your bank account or money from an inheritance or a sale. You can pay up to \$120,000 in non-concessional contributions into super without attracting extra tax. Simply complete the *Contribution Form* on our website.

✔ Government co-contributions

Contribute a little money to super (after tax) before the end of the financial year and the government will add up to 50c for every dollar, up to \$500. This will be added to your super automatically after you submit your tax return, provided you meet eligibility criteria, including earning less than \$62,488. Find out more at firstsuper.com.au/co-contribution.

✔ Bring forward rule

If you're under age 75, you can make up to three years' worth of after-tax contributions to your super in a single income year. This means you can contribute up to \$360,000 – or three times the current \$120,000 annual non-concessional contributions cap – into your super in one financial year without having to pay extra tax.¹

✔ Downsizer contribution

If you're a homeowner aged 55 or over you could boost your super with proceeds from the sale of your main residence (up to \$300,000 for individuals or \$600,000 as a couple). Rules apply, including needing to have owned the home for more than 10 years and making the contribution within 90 days of settlement. Bear in mind this money will count towards your Age Pension eligibility.

¹ If your Total Super Balance (TSB) on 30 June in the previous financial year was less than \$2 million, you can contribute 3 times the annual non-concessional contributions cap over 3 years. For more details visit ato.gov.au

4. Accessing your super







You've done the hard work saving – when can you start enjoying your super?

Generally, you can access your super when you retire (or partly retire) and reach preservation age, which is age 60.

Where do you fit in the table below?

Working out when you can access your super

 Have you reached preservation age?	No. Then you can't access your super except under special circumstances.
 Have you reached preservation age and permanently retired?	Yes. Then you can access your super in full.
 Have you reached preservation age and partly retired?	Yes. Then you can access some of your super, but only as part of a Transition to Retirement strategy.
 Are you age 65 or over?	Yes. Then you have full access to your super regardless of your employment status.

4. Accessing your super (continued)

There are two ways to start withdrawing your super.

1. Retiring slowly with a Transition to Retirement (TTR) strategy

TTR stands for 'Transition to Retirement'. It's a way of slowly preparing to retire, instead of completely stopping work and taking your super benefits. You could use a TTR strategy to:

Boost your super

Focus on growing your super faster by sacrificing part of your salary into super. By reducing your take-home pay, you'll also cut your tax bill.

OR

Work less

Start winding back your working hours to ease into retirement. You'll have more me time, time with family, and more opportunities to pursue hobbies or outside interests.



With either option, you can live off your pay and start to draw small amounts from super.

The benefits of a TTR strategy come with a few rules.

These include staying under the contribution caps if you're boosting your super (see p7), and having at least \$10,000 in your account to get started. Minimum and maximum limits also apply to how much you can draw as an income.

To find out more go to firstsuper.com.au/ttr.

4. Accessing your super (continued)

2. Opening a First Super Retirement Income account

Opening a Retirement Income account when you retire gives you more control and flexibility over your super than a TTR strategy. Here are some important things to know about how a First Super Retirement Income account works.

- You can control the amount of money¹ you receive and choose the payment frequency.
- You can withdraw lump sums or your entire balance (minimum payment \$1,000).
- You pay no tax on investment earnings, and no tax on income payments if you are over age 60.
- You can choose who will receive any remaining super if you die.
- You can transfer your pension balance back to super if your circumstances change.

To learn more about the First Super Retirement Income account, read the *Your retirement Product Disclosure Statement* on our website at firstsuper.com.au/pds or call us.

Making the right choice for your retirement >

Before you commit to a TTR strategy or open a Retirement Income account, we recommend speaking to a First Super Financial Adviser.²

They can help you plan the right move for your future – and ensure you're maximising any government entitlements.

See more about financial advice through First Super on the following pages.

¹ The government sets minimum drawdown limits for super pensions based on your age and a percentage of your account balance. Refer to the Australian Taxation Office website at ato.gov.au for the current limits.

² First Super Financial Advisers are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 915, AFSL 232514).

5. Getting the right advice



Expert financial advice can be a game-changer for your retirement. First Super's team of Financial Advisers¹ can help you:

- invest your super effectively as you approach or step into retirement
- project how long your super is going to last
- choose the best way to start withdrawing your money
- prepare for retirement on your own or as a couple
- reduce your tax liability, and
- maximise any Age Pension and other benefits.


How to access advice – and what it costs

Advice about your First Super account is covered by your membership, meaning there are no extra costs. For advice that goes beyond your super account or is complex, fees will apply. Any fees will be disclosed upfront and you can always choose not to proceed – no strings attached.

Get in touch or book an appointment:

For more information about our Financial Advice team, or to book an appointment, visit firstsuper.com.au/advice or call us on **1300 360 988**.



 Read through the case studies on the next page to see how financial advice can help – no matter your financial situation.

¹ First Super Financial Advisers are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 915, AFSL 232514).

Case studies

There's no one-size-fits-all financial plan >

See how three different situations require three different sets of advice.

Angie

Angie is divorced with two adult children. Because she has taken time out of work, she only has \$80,000 in super. She is only 50 but is worried about her future.

Angie's children move out, reducing her expenses slightly. Her financial adviser suggests she makes after-tax contributions each year so she receives the Super Co-contribution.

Over the next 15 years, Angie grows her super balance enough that she has extra money to spend on top of the Age Pension when she retires.

Ranjit

Ranjit, age 60, has \$150,000 in super and was recently made redundant by his long-term employer. He has trouble finding a new job, and after a health scare decides to retire earlier than planned. His goal is to live off his redundancy payment until he can access the Age Pension, but he doesn't know if he's better off investing in super or the share market.

Ranjit's financial adviser reviews his financial situation and goals and recommends investing a lump sum from his redundancy payment into super so he can draw a regular, tax-effective income.

Lynn & Phillip

Lynn and Phillip want to retire early and travel. Both have high-paying jobs and have contributed to super regularly over the years. However, they are unsure whether their super will stretch to cover their aged care years.

Their financial adviser helps them work out how long their super is projected to last and suggests a growth-based investment strategy, as well as delaying retirement until the next financial year to minimise their tax.

Lynn and Phillip retire later than planned, but their super will last longer and they'll pay less tax.

Glossary

Age Pension. The Age Pension acts as a government safety net to supplement your superannuation and other sources of retirement income. On its own, the Age Pension is considered the minimum amount you can live on.

Income stream. This refers to regular payments made to you from your super once you have opened a Retirement Income account. Also commonly known as a 'super pension' or 'super benefits'.

Pension age. This is when you can apply to access the Age Pension. The current pension age is 67.

Preservation Age. This is the age you can access your super if you are retired or start a TTR strategy. This is not the same as the pension age (see above). The current preservation age is 60.

Retirement Standard. Developed by the Association of Superannuation Funds of Australia, the Retirement Standard aims to help those planning for retirement work out how much they will need to spend each year. The Standard benchmarks the annual budget needed by the average Australian (both singles and couples) to afford either a comfortable or modest standard of living. It is updated quarterly to reflect inflation and is a commonly used benchmark across the superannuation industry. Find out more at [superannuation.asn.au](https://www.superannuation.asn.au).

Work test. If you are aged between 67 and 75 years old, you may need to meet the work test to claim a personal superannuation contribution deduction. This means being able to show you have been employed (including self-employed) for at least 40 hours in a consecutive 30-day period in a financial year. Once you are over age 75 you can no longer contribute to super (except for downsizer contributions).



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Contact us

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