



FIND YOUR PURPOSE, EXPLORE POSSIBILITIES  
*and Live an Inspired Life*

## How to live an “Inspired Retirement”







## Introduction

When I started working many “summers” ago, I remember my older work colleagues discussing in detail the company pension plan. The plan was considered a ‘perk’ because compulsory superannuation had not yet been introduced and retirement was unsophisticated and for many relying on the age pension and personal savings. Many employees worked for the company for their entire career, as long as 30 to 40 years in some instances.

How times have changed. It is now rare to work with the same employer for 10 years and company pension plans have all but disappeared. Now, the type of retirement you wish to live is now in your own hands.

The recent COVID-19 health pandemic has highlighted for many how our working lives are changing and how the careers of the next generation is going to be very different from ours. Employees who rely on company pension plans are now finding themselves cast adrift through mass redundancies.

In contrast to our susceptibility to global health pandemics, are the developments that are increasing life expectancy and enabling us to live longer – but not necessarily healthier lives.

# Happiness

*“When I was 5 years old, my mother always told me that happiness was the key to life. When I went to school, they asked me what I wanted to be when I grew up. I wrote down ‘happy’. They told me I didn’t understand the assignment, and I told them they didn’t understand life.”*

**John Lennon**

To take a lesson from the former Beatle, retirement planning should not be just about being financially secure because we also need to understand what will make us happy.

## Happiness in the context of retirement context includes;

- |                           |                      |                        |                         |
|---------------------------|----------------------|------------------------|-------------------------|
| <b>1</b>                  | <b>2</b>             | <b>3</b>               | <b>4</b>                |
| <b>Social connections</b> | <b>Mental health</b> | <b>Physical health</b> | <b>Sense of purpose</b> |

If our goal is to have a long & happy retirement, then our planning should not only include the financial strategies, but also our non-financial goals, which left unmet will impact our financial security and enjoyment of retirement.

Whilst we may not all have the same level of financial resources to make us “happy”, we are able to dig deep and explore the options available to us. For example, not everyone desires five star holidays for a sense of fulfillment in retirement.

## Ikigai

To help understand what is a “sense of purpose”, we can learn from century old Japanese culture. The term ‘ikigai’ in Japanese roughly translates to ‘a reason to get out of bed in the morning’. And what is also interesting, is that there is no word for retirement in Japan and that Japan has the highest proportion of centenarians anywhere in the world with a national holiday to celebrate the milestone.

## Vision

To start planning for your retirement, the first step is to have a clear vision of what will make you ‘happy’. This vision should extend to more than a stereotypical vision of the endless round of golf and the comfortable chair at sunset.

These popular images have been promoted by financial institutions to market their products. But a product itself, such as an industry superannuation fund or an annuity is not a retirement plan. It is just a product that can be used to help you implement your retirement plan.

We are living longer and retirement could be as long as 20 to 40 years. That is a lot of days, months, and years to occupy. The isolation of COVID-19 has highlighted for many the benefits of engagement within your community and how important it is for wellbeing to be engaged in meaningful activities.

## Goals

Traditional retirement goals are based on a number more akin to what you would like to happen, whereas the “real-life retirement” experience can be very different. The retirement experience will involve many different circumstances, including legislative changes, downturns in the economy, changes in your personal circumstances and those of your family.

The retirement planning process should look forward to the future and explore what might happen and prepare you for when life doesn’t go as planned. Also, your transition to retirement may not be a smooth path and so being aware of what might happen will affect what retirement planning strategies are chosen to achieve your retirement planning goals.





## Multi-Stage Retirement

The experience of COVID-19 has shown for many that we need to take a more dynamic approach to find out what we want to do in retirement as job security vanishes, traditional roles become redundant and governments re-write the rules to fund economic recovery programs.

In the past, we may have “hung on” to a job that we didn’t like because we were nearing retirement. However now, if we realize that we could be gainfully employed for another 20 to 30 years or that we might be employed to age 75, it provides us with a different perspective on why we work and what benefits it provides to our well-being.

Our retirement may become more of a transition from one career to the next, with ‘mini breaks’ in between where we can explore long harboured dreams before we are too old to enjoy them.

## Possibilities

It is very rare for someone to have a clear indication of what their retirement planning goals are and often goals are not achieved because they are too distant and based on unrealistic assumptions. Or, you may be one of those who set the bar too low without realising what is possible.

A better way to approach goal setting is to explore what is possible based on your past, current and future prospects. Once you have made an assessment, you can explore the financial products and solutions available without limiting yourself. This leads to a more dynamic and multidimensional retirement plan.

## Retirement Assets

A key component of a successful retirement and long term happiness is financial security. But financial security becomes difficult when you have several periods of interrupted employment due to factors beyond your control.

A more multi-dimensional approach is required to manage your assets to make sure you have long term financial security. Your assets will include not only tangible assets such as shares, property, cash, inheritance, and superannuation but also your intangible assets such as your ability to earn an income and entitlement to social welfare.

The likelihood of having a multi-stage retirement, where you strike a balance between saving, investment in yourself, and financial freedom to pursue opportunities if and when they arise requires foresight and planning. The practice of reducing your mortgage and saving the rest in superannuation are too simplistic to meet the modern retirement income needs.

## Retirement Income

How you decide to distribute income and lump sums are related to tax planning, legislative requirements and asset protection issues. Care is required to optimise your position for the ‘drawdown phase of retirement’ and starts with how, where and when to acquire assets.

A common worry for pre-retirees that stops them from retiring, transitioning to another career, or starting a new business venture is if they will have enough income for retirement. There are many experts around who will have an opinion on how much you require without knowing your particular circumstances or your hopes and dreams for the future. A modern, more sophisticated approach is required to plan your retirement income requirements so that you will have the confidence to retire ‘happy’

## Alignment

With a varied background in accounting, taxation, estate planning and financial planning, we can view life events and financial decisions in a different way. We have the benefit of education, experience and ‘know-how’ to guide you to make more informed decisions at the right time.

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We liken our approach to retirement planning to Roger Federer, who sees the tennis ball coming towards him through a different lens than that of every other player, before him or after him. This unique lens allows him to play the right shots at the right time.

For every financial or lifestyle decision that you make, we use our 'unique lens' to help you make decisions that are in line with your purpose and values.

### Lifestyle

Have you noticed that despite your level of income, you are not able to save any money? This may be fine whilst you are working, but not when you are retired. A retirement plan requires a framework to monitor your spending, as well as setting retirement goals. The best time to start a framework is when you are in the transition to retirement phase, so that you become accustomed to living within a budget and whether you will have to make adjustments.

### Cash Flow

When you begin to draw down on your assets, having cash available is crucial. You need to understand where the cash is coming from and how you can make sure it is available when you need it, without having too much in reserve and sacrificing your longevity requirements.

In your transition to retirement, an understanding of your cash

requirements in relation to debt, savings, tax is important to position you for the retirement phase of your life. Often simple changes to the way you are spending, accumulating wealth, or paying down debt or income tax can have a dramatic impact on your cash flows.

### Collaboration

Often executives, professionals, business owners, accountants and solicitors use complex financial structures. Because we have a background in chartered accounting and estate planning, we understand this complexity so that your financial plan works within these constraints and the advice compliments what you have already implemented. The structures developed by your accountants and solicitors assist us in ongoing planning, to grow your wealth, protect your assets and to manage your taxation liabilities.

### Taxation

The ability to leverage the taxation system is crucial in making retirement income last a long time. Knowledge and awareness of how best to leverage the taxation system can increase your return on investment and minimise unnecessary risk-taking at a critical time of your life.

A retirement plan also needs to be prepared after consideration of your existing taxation structures and strategies that have been established by your accountant. A plan in isolation will lead to a lack of awareness of how to blend in your retirement plan with your current situation.

### Estate planning

All the building blocks of your retirement plan need to be considered in view of your estate planning objectives. Your estate plan and retirement plan should be in sync with each other so that they are tax and asset protective. Many low-cost retirement plans do not include estate planning or a simple referral to a solicitor. We find this approach inadequate, as there are estate planning implications associated with most retirement planning strategies.

All wealth creation and preservation recommendations we provide are done with an understanding of the fundamentals of estate planning so that there are no surprises in the event of someone passing or incapacitated.

# Six Dimensions of Wealth

Wealth is not measured solely by how much money you have. There are several dimensions to wealth including, structural capital, social capital, human capital, societal capital, and family capital. When planning your retirement, In addition to making sure that the basics of estate planning are addressed, we also look forward and proactively manage the transition of all the dimensions of your wealth from one generation to the next so that your wealth is retained in your family for multiple generations and your family story is preserved.

## Spouse

By following a comprehensive retirement planning process, you will be able to explore your own retirement plans for the future and those of your partner as well. When you are united with a common purpose (or at least with an understanding of each other's hopes and dreams for retirement), you will be motivated to stay the course of the plan with any changes necessary. It will also assist in exploring 'what-if scenarios' to find out how each will react in certain situations and build in contingency plans.

## Parents

Our recent experience with COVID-19 has been a reminder to all of us how fragile or susceptible to illness our aging parents can be. Whilst we do not wish to think about parents getting older and not being part of our lives, we must plan for their well-being.

If you do not have a plan for aging in place, it can result in family conflict and among children about who should be doing what activities and how they should be compensated. A process and informed discussion about the options available to share the load can contribute to family well-being.

There are many options available for assisting your parents. These all have different financial, tax, and estate planning consequences and need to be explored to see which one is appropriate for your family circumstances.

The costs of aged care are increasing and investment decisions made today can have an impact on the aged care options available later.

The process of exploring the options available for your family will assist you in setting financial goals and objectives.

## Investment Plan

The heart and soul of your retirement plan is your investment plan yet frequently a simplistic investment solution such a self-managed superannuation fund with "blue chip" shares and term deposits, or an industry fund with minimal investment transparency is implemented.

A good retirement investment plan is a living, breathing plan that is developed by following a methodical process starting with your vision of retirement. The investment plan will have flexibility so that when your circumstances of investment markets change, adjustments are made and you can be comfortable that you will have long term financial security without watching the sharemarket gyrations all day long.

## Retirement Risks

Your retirement plan should manage the six risks of retirement namely inflation, longevity, sequencing, expenditure, implementation, and investment risks. Retirement does not unfold in a straight line and compromises must be made so that you are flexible enough to adjust to life changes and circumstances outside of your control.

A detailed retirement plan includes an assessment of all known and unknown risks. A strategy is developed to manage these risks so that you are comfortable with them while maintaining an adequate income for your lifetime.



## Conclusion

**A retirement plan is everything and nothing at the same time!  
What is most important, is the retirement planning process.**

**When planning your retirement, make sure you take the time to explore the life you would like to transition to, because this process will provide a good foundation with which to build your retirement goals.**

A comprehensive retirement planning process will provide you with a framework to save, invest, reduce debt and income tax and allow you to enjoy the journey to retirement. By planning for an Inspired Retirement, you will be able to lead an active and productive life where instead of counting down the days until you leave the workplace, you retire on your own terms.

A retirement planning process should explore all the five keys to happiness and set retirement planning goals that are more than just financial security and with a balance between financial health, mental health, social connections, physical health and your unique sense of purpose.

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- ✓ *Financial Health*
- ✓ *Mental Health*
- ✓ *Social Connections*
- ✓ *Physical Health*
- ✓ *Your Unique Sense of Purpose*



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Get in touch today to find out more

0499 976 058

[geoff@reallifefinancialplanning.com.au](mailto:geoff@reallifefinancialplanning.com.au)

[www.reallifefinancialplanning.com.au](http://www.reallifefinancialplanning.com.au)

Suite 3, First Floor, 166 Brighton Road, Scarborough

PO Box 327, Scarborough WA 6019

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