

An elderly couple, Alan Kohler and Alastair Davidson, are sitting on the deck of a boat. They are both smiling and looking out towards a large sailboat in the background. The woman has white hair and is wearing a green vest over a white lace top. The man has a mustache, wears a flat cap, a light pink shirt, and a brown jacket. They are sitting on a dark, textured surface, possibly a boat seat, with a colorful patterned blanket. The background shows the white rigging of a sailboat against a bright sky.

INVESTSMART

INVESTING FOR RETIREMENT

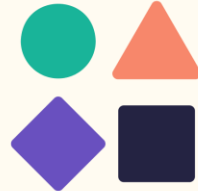
Alan Kohler and Alastair Davidson

23 September 2025

Investing for retirement



How much do you
need to retire?



Different ways to hold your
retirement wealth



Income in retirement



A snapshot of
Australia's
retirement system

\$4.1 trillion

at 31 March 2025

70%

held in large super funds

30%

held in Self-Managed
Super Funds (SMSFs)

5th

largest savings
pool globally

State pension in Australia is low

Pensioners income

Relative income of over-65s in developed nations

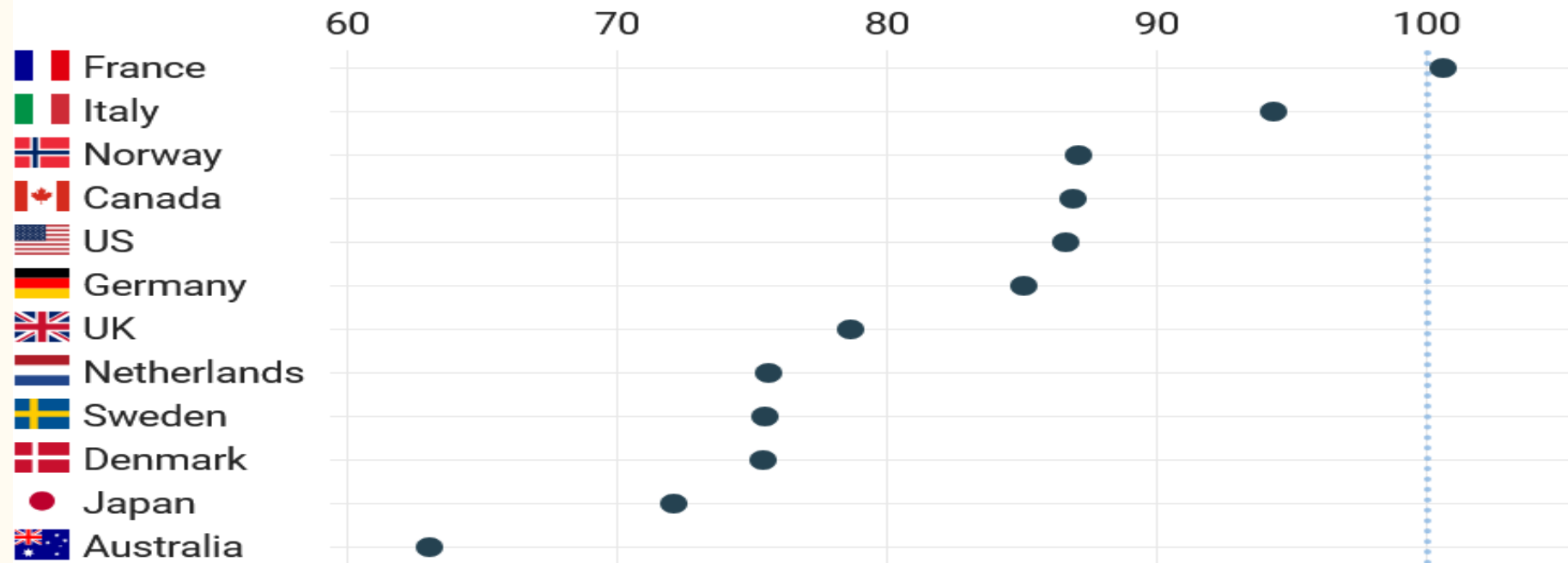


Chart taken from The FT.

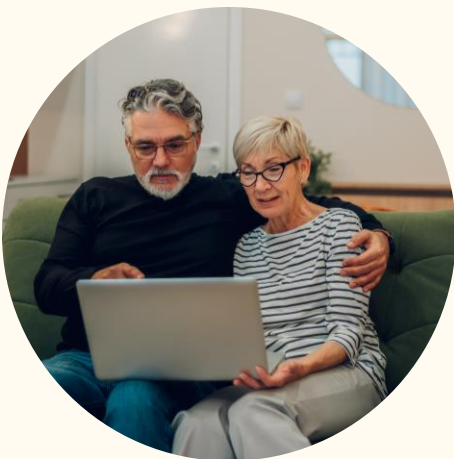
100 = working-age average, indicated by the blue line.

A photograph of an elderly couple dancing in a kitchen. The woman is wearing a red and gold sari, and the man is wearing a dark blue shirt and white trousers. They are both smiling and holding hands. The kitchen has a wooden floor and a white cabinet with a glass door. A small orange rectangle is visible in the top left corner of the image.

How much do you need to retire?

- What age do you want to retire at?
- How much will you spend in retirement?
- How long will you live?
- How much will you earn on your savings?

Where should you keep your retirement savings?



In a super fund



In an SMSF

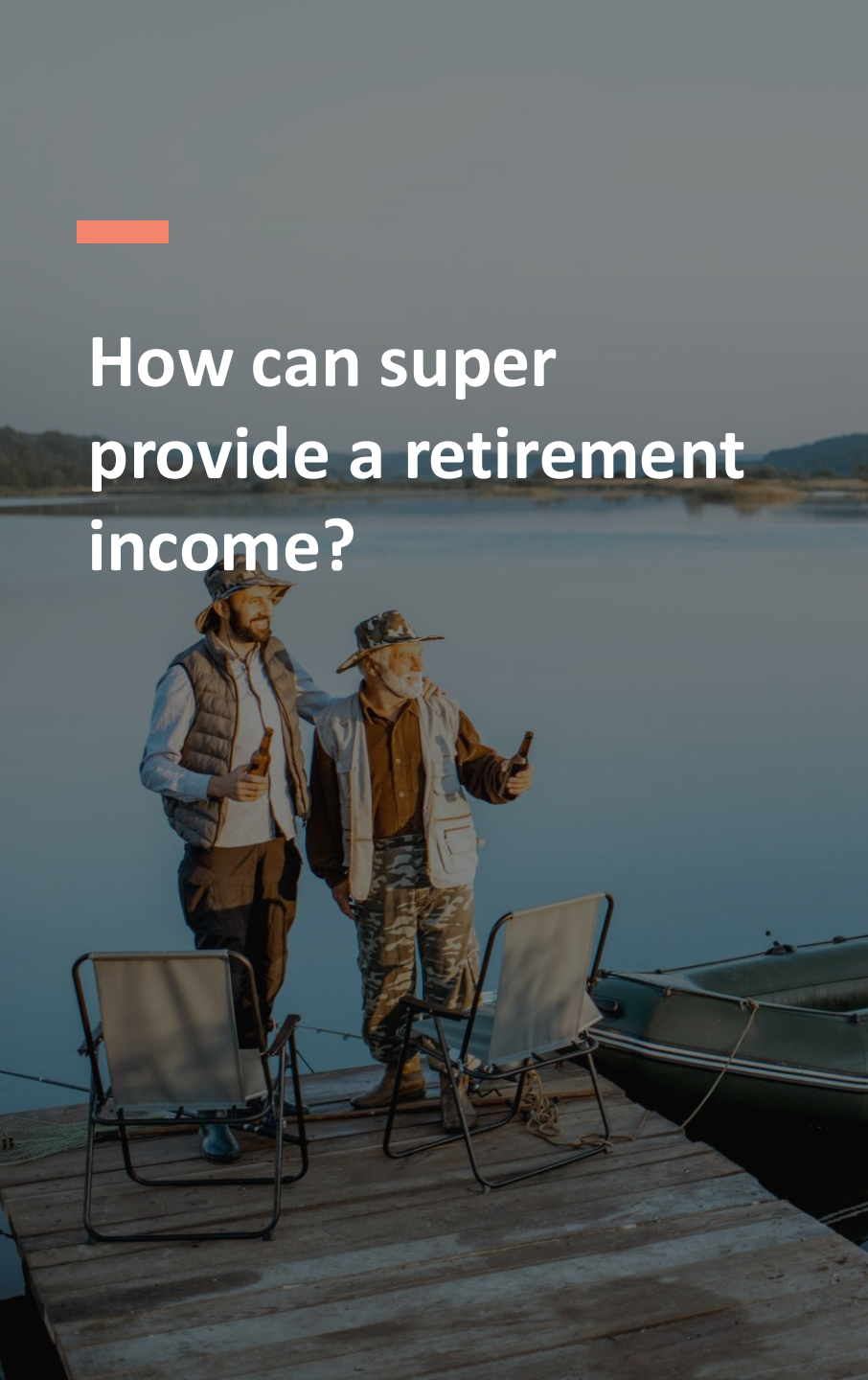


Outside of super




Is an SMSF right for you?

- You need at least \$250,000 to make it cost efficient
- An SMSF gives you more control over your investments and flexibility in estate planning
- There are extra costs to run an SMSF, plus your time

A photograph of two men in fishing gear standing on a wooden dock by a lake. They are holding beer bottles and talking. Two folding chairs and a small boat are also on the dock. The background shows a calm lake and distant hills under a clear sky.


How can super provide a retirement income?

- In a transition to retirement account (if over 60)
- From an allocated pension providing tax free income
- Buying an annuity in your super account

A photograph of an older couple embracing on a balcony at night. The man is wearing a straw hat and a striped shirt, and the woman is wearing a light-colored top. They are looking at each other and smiling. In the background, there is a body of water and city lights reflecting on the surface.

What are the important issues for your investments?

- How long will you need the money to last - FORO?
- How much can you earn on your investments?
- What effect will inflation have on your spending power?
- How could your retirement change with market movements?



How long will you live?

An Australian born today will live to an average age of

- **81.1 years for a man**
- **85.1 years for a woman**

An Australian at age 65 will live on average until

- **85.3 years for a man**
- **87.9 years for a woman**

50% will live longer!

A photograph of two men in outdoor gear standing on a wooden dock by a lake. They are holding beer bottles and looking towards the water. A small inflatable boat is tied to the dock. The background shows a calm lake and distant hills under a clear sky.

How much can you earn on your savings?

- Depends on what you invest in!
- Based on US research, **60%** of your retirement drawdowns should come from investment returns
- Assuming you will live for 30 years, you will need to invest in **growth assets**

A photograph of an older couple hiking on a grassy hillside. The woman is on the left, wearing a beige jacket, a bright yellow scarf, and light blue pants. She has binoculars hanging from her neck. The man is on the right, wearing a brown jacket, a grey scarf, and blue jeans. They are both looking towards the right. The background shows a valley with trees in autumn colors and a small stream.

How will inflation affect your spending power?

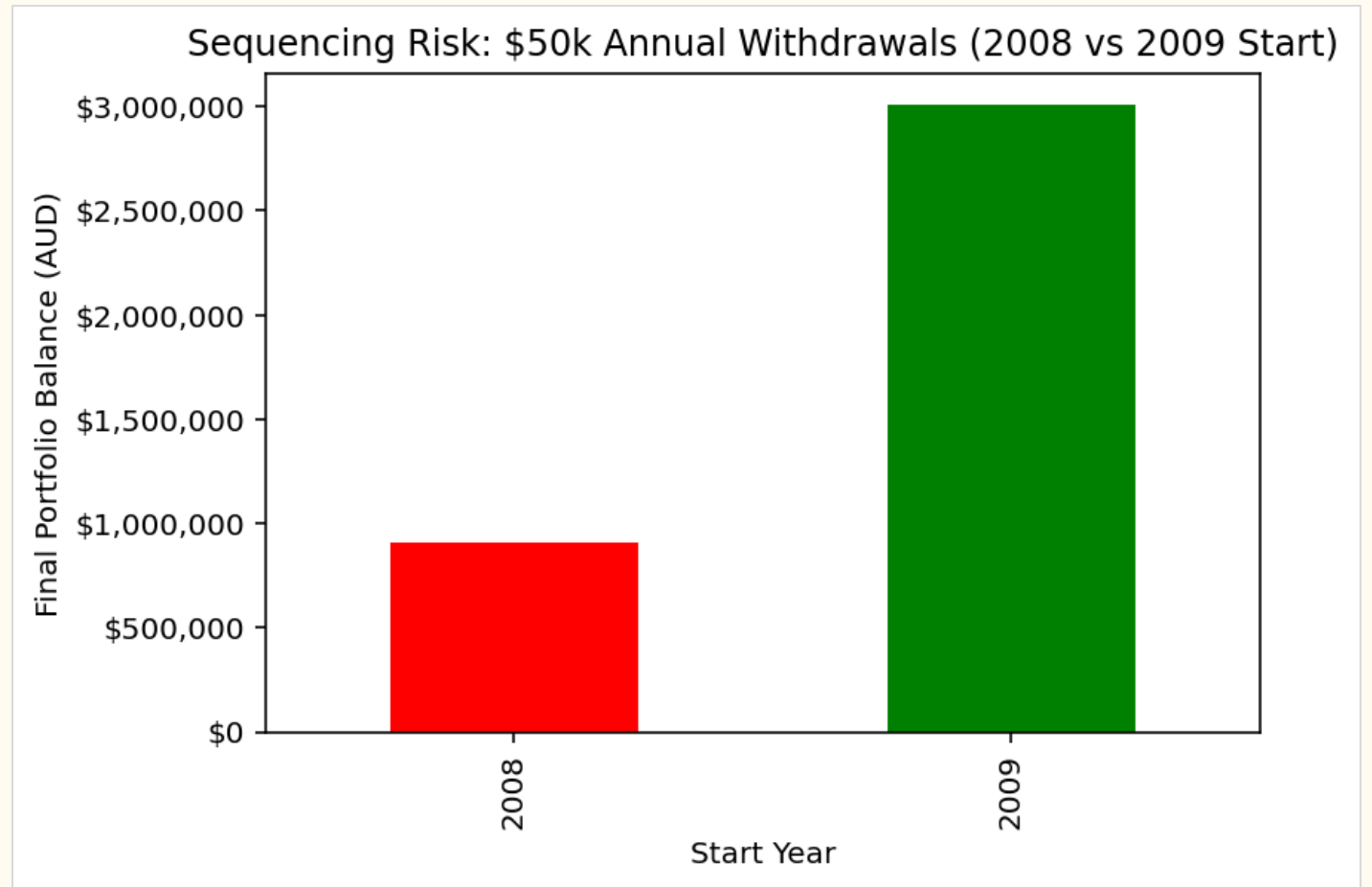
- Inflation is a fact of life
- Inflation has been higher than the average for health services and insurance
- You need to invest some money in growth assets to maintain spending power

A man in a grey tank top, red shorts, and a hat is fishing on a sandy beach. He is holding a fishing rod and looking out at the ocean. The background shows waves and a hazy sky.

How can market movements affect your retirement?

- Market timing is important in retirement
- Negative returns prior to retirement can be hard to recoup
- Market timing is very difficult – so allocate more to defensive assets and match your spending to your retirement income

How can market movements affect your retirement?





Are there any tax advantages in retirement?

- Annuities purchased with super money after 60 have tax-free income
- Earnings on assets in pension phase are tax-free (with a cap of \$2 million in assets)
- Earnings in accumulation phase are only tax at a maximum of 15%
- Div 296 tax (15% extra on balances above \$3 mill per person) will affect very few

A photograph of a person riding a bicycle away from the camera on a paved path. The path is lined with green bushes on the right and a stone wall on the left. In the background, there are cherry blossom trees and a basketball hoop. The text 'Should you invest outside of super?' is overlaid on the left side of the image.

Should you invest outside of super?

- Investments in super have some great tax advantages, though not negative gearing
- There can be restrictions on accessing lump sums from super
- There are some benefits in estate planning with assets outside of super



What should you do?

- Diversify your investments
- You will need some growth assets to beat inflation over the long term
- Watch your fees and costs carefully
- Set up a debt facility before you retire
- Enjoy your retirement

Download our free **Investing for Retirement** guide

Visit investsmart.com.au/guides



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Thank you

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