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# Prepare for Life

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# The generation REDEFINING AGING



As we advance into the 21st century, the concept of aging is undergoing a transformation, largely thanks to a new generation of 'oldies' who don't feel old – and are reframing what it means to be getting on in years.

Traditionally, aging has been associated with decline, frailty, and a sense of irrelevance. However, today's generation is challenging societal norms and expectations while embracing a more vibrant and empowered perspective on life in later years.

## A generational shift

Never a generation to just accept the way things are, Baby Boomers and even Gen X, laid the groundwork for what it means to live authentically. This is the generation that redefined adolescence, invented pop culture, challenged inequality, and protested when they saw things they wanted to change.

So, it's no surprise that as they age, they're also redefining what growing older looks like. The mantra "60 is the new 40" isn't just a catchy phrase; it's a way of life for many in this generation. They're proving that age is merely a number and that it's perfectly acceptable to keep living life to the fullest – no matter the decade.

## Age is just a number – who's counting?

Gone are the days when turning 60 felt like a one-way ticket to the rocking chair. Today, many who have had a few milestone birthdays are living life with the enthusiasm of a kid at an amusement park, and it's reflected in improved longevity and better health outcomes.

Science says we all have a chronological age (the actual years on the clock) and a cognitive age (how old you feel). It's been found that those who have a younger cognitive age have improved health, higher life satisfaction, greater activity levels, and more positive attitudes toward ageing than those who have an older cognitive age – regardless of their chronological ages.

Another study conducted an experiment with a group of elderly men – taking them back to where they lived in their youth and treating them as the young person they were back then. Compared to the control group, those who mentally went 'back in time' showed improved posture, dexterity and physical appearance. Even their vision improved.

## Embracing longevity and vitality

It's not just about your mindset though. One of the most significant shifts in how we view aging is the increased focus on health and well-being along with the average life expectancy. As a society, our overall health is improving with the average life expectancy, which for males is 81.1 years and for females is 85.1 years.

Nowadays, staying healthy is not just about dodging the doctor; it's about thriving! With an abundance of information on nutrition and fitness, today's older adults are more informed than ever. Many are embracing a proactive approach to aging, with lifestyle tweaks, focusing on mental health, mindfulness, and physical fitness.

## Lifelong learning and personal growth

Education is another area where the perception of aging is evolving. Gone are the days when education was seen as a one-and-done deal. Today, many individuals see learning as a lifelong journey and the availability of online courses, workshops, and community programs has made it easier for people to pursue new interests and skills at any age.

This focus on lifelong learning not only enriches individual lives but also has broader benefits. Older adults are increasingly pursuing new careers, starting businesses, or volunteering in their communities. They are leveraging their experiences to make meaningful contributions, proving that age does not limit one's potential for achievement.

## Challenging stereotypes and embracing authenticity

Despite these positive changes, ageism remains a significant societal issue. Stereotypes about aging can limit opportunities for older adults and perpetuate harmful narratives. However, today's generation is actively working to combat ageism and promote a more inclusive view.

One of the most exciting parts of this shift is the emphasis on individuality. Whether it's starting a new trend, or speaking out about causes we care about, it's about showing the world that aging doesn't mean fading into the background. Instead, it's about standing out and living well.

None of us can hold back the years but this redefined perspective on aging encourages us to view our later years as a time for growth, exploration, and fulfillment. As society evolves, it's crucial to support and amplify this message, ensuring that aging is embraced as a vital and dynamic part of life and fostering a culture that values every stage of life.

***Forget the rocking chairs; the golden oldies are here to live boldly, laugh heartily, and inspire others along the way.***

i <https://www.smu.edu/news/archives/2009/tom-barry-marketing-29dec2009>

ii <https://www.nytimes.com/2014/10/26/magazine/what-if-age-is-nothing-but-a-mind-set.html>

iii <https://www.abs.gov.au/statistics/people/population/life-expectancy/latest-release>

# How to financially *ease into* Retirement

**Deciding when to retire is a big decision and even more difficult if you are concerned about your retirement income.**

The average age of Australia's 4.2 million retirees is 56.9 years but many people leave it a little later to finish work with most intending to retire at just over 65 years.<sup>i</sup>

If you're not quite ready to retire, a 'transition to retirement' (TTR) strategy might work for you. It allows you to ease into retirement by:

- supplementing your income if you reduce your work hours, or
- boosting your super and save on tax while you keep working full time

The strategy allows you to access your super without having to fully retire and it is available to anyone between the age of 60 and 65 who is still working.



## Working less for similar income

The strategy involves moving part of your super balance into a special super fund account that provides an income stream. From this account you can withdraw an income stream of between 4 per cent and 10 per cent of your balance each year.

As you will still be earning an income and making concessional (before-tax) contributions to your super, this approach allows you to maintain income during the transition to full retirement while still increasing your super balance, as long as the contributions you make, and investment earnings exceed the income you draw.

Note that, generally speaking, you can't take your super benefits as a lump sum cash payment while you're still working, you must take super benefits as regular payments. Although, there are some exceptions for special circumstances.

Take the example of Alisha.<sup>ii</sup> Alisha has just turned 60 and currently earns \$50,000 a year before tax. She decides to ease into retirement by reducing her work to three days a week.

This means her income will drop to \$30,000. Alisha transfers \$155,000 of her super to a transition to retirement pension and withdraws \$9,000 each year, tax-free. This replaces some of her lost pay.

Income received from your super fund under a TTR strategy is tax-free but note that it may affect any government benefits received by you or your partner.

Also, check on any life insurance cover you have with your super fund in case a TTR strategy reduces or stops it.

## Give your super a boost

For those planning to continue working full-time beyond age 60, a TTR strategy can be used to increase your income or to give your super a boost.

To make it work, you could consider increasing salary sacrifice contributions into your super then using a TTR income stream out of your super fund to replace the cash you're missing from salary sacrificing.

In another example, Kyle is 60 and earns \$100,000 a year. He intends to keep working full-time for at least another five years. Kyle transfers \$200,000 from his super to an account-based pension so he can start a TTR strategy then salary sacrifices into his super.

This will reduce his income tax, but also his take-home pay. So, he tops up his income by withdrawing up to 10 per cent of his TTR pension balance each year.<sup>iii</sup>

A TTR strategy tends to work better for those with a larger super balance, a higher marginal income tax rate and those who have not reached the cap on concessional contributions.

Nonetheless, it can still be useful for those with lower super balances and on lower incomes, but the benefits may not be as great.

## Some things to think about

TTR won't suit everyone. For example, be aware that you cannot withdraw more than 10 per cent of your super balance each year.

Also, if you start withdrawing your super early, you will have less money when you retire unless you boost your super contributions at the same time.

The rules for a TTR strategy can be complex, particularly if your employment situation changes or you have other complicated financial arrangements and investments. So, it's important to seek professional advice to make sure it works for you and that you are making the most of its benefits.

***If you would like to discuss your retirement income options, give us a call.***

i <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/retirement-and-retirement-intentions-australia/latest-release#:~:text=Key%20statistics%20%20There%20were%204.2%20million%20retirees.,the%20main%20source%20of%20income%20for%20most%20retirees.>

ii,iii <https://moneysmart.gov.au/retirement-income/transition-to-retirement>





# Navigating turbulent times in the share market

**As investors grapple with uncertainty, keeping a cool head has never been more important.**

"Time in the market, not timing the market" is a popular investment philosophy that emphasises the importance of staying invested over the long term rather than trying to predict short-term market movements. While markets can be volatile in the short term, historically, they tend to grow over time.

It's a strategy that helps you avoid getting caught up in short-term market fluctuations or trying to predict where the market is heading.

With the recent market turbulence, from the global effects of US President Donald Trump's administration to ongoing conflicts in Ukraine and the Middle East, savvy investors look beyond the immediate chaos to focus on strategies that encourage stability and growth over the long-term.

It's a hallmark of the approach by the world's most high-profile investor, Warren Buffet, who argues that short-term volatility is just background noise.

"I know what markets are going to do over a long period of time, they're going to go up," says Buffet.<sup>i</sup>

"But in terms of what's going to happen in a day or a week or a month, or even a year ...I've never felt it was important," he says.

Buffet first invested in the sharemarket when he was 11 years old. It was April 1942, just four months after the devastating and deadly attack on Pearl Harbour that caused panic on Wall Street. But he wasn't fazed by the uncertain times.

Today Buffet is worth an estimated US\$147 billion.<sup>ii</sup>

## Long-term growth in Australia

While growth has been higher in the US, investors in Australian shares over the long-term have also fared well. For example, \$10,000 invested 30 years ago in a basket of shares that mirrored the All Ordinaries Index would be worth more than \$135,000 today (assuming any dividends were reinvested).<sup>iii</sup>

And it's not just the All Ords. If that \$10,000 investment was instead made in Australian listed property, it would be worth almost \$95,000 today or in bonds, it would be worth almost \$52,000.

In real estate, the average house price in Australia 30 years ago was under \$200,000. Today it is just over \$1 million.<sup>iv</sup>

Meanwhile, cash may well be a safe haven and handy for quick access but it is not going to significantly boost wealth. For example, \$10,000 invested in cash 30 years ago would be worth just \$34,000 today.<sup>v</sup>

## Diversify to manage risk

Diversifying your investment portfolio helps to manage the risks of market fluctuations. When one investment sector or group of sectors is in the doldrums, other markets might be firing therefore reducing the chance that a downturn in one area will wipe out your entire portfolio.

For example, the Australian listed property sector was the best performer in 2024, adding 24.6 per cent for the year. But just two years earlier, it was the worst performer, losing 12.3 per cent.<sup>vi</sup>

Short-term investments – including government bonds, high interest savings accounts and term deposits – can play an important role in diversifying the risks and gains in an investment portfolio and are great for adding stability and liquidity to a portfolio.

## Ongoing investment strategies

Taking a long-term view to accumulating wealth is far from a set-and-forget approach and by staying invested, you give your investments the best chance to grow, avoiding the risks of missing out on key growth periods by trying to time your buy and sell decisions perfectly.

Reviewing your investments regularly helps to keep on top of any emerging economic and political trends that may affect your portfolio. While it's important to stay informed about market trends, it is equally important not to overreact when there is volatility in the share market.

Emotional investing can lead to poor decisions, so remember the goal is not to avoid market declines but to remain focussed on your overall long-term investment strategy.

**Please get in touch with us if you'd like to discuss your investment options.**

i [https://www.youtube.com/watch?v=5jdll1\\_mcbk](https://www.youtube.com/watch?v=5jdll1_mcbk)

ii <https://www.bloomberg.com/billionaires/profiles/warren-e-buffett/>

iii, v, vi <https://www.vanguard.com.au/personal/support/index-chart>

iv <https://propertyupdate.com.au/the-latest-median-property-prices-in-australias-major-cities/>

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Please contact our office if you would like to discuss anything in this edition.

The team at Australian National Consulting

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