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### **Plan Now For a Comfortable Retirement**

Having an effective plan for your retirement will ensure you get the best from your financial situation so start planning now for a comfortable retirement, says the Institute of Financial Advisers (IFA).

Lyn McMorran, President of the IFA says we have an aging population and this means people will spend a lot longer in retirement than before. "In the year 2008, 12.6% of the New Zealand population was aged 65 years or older and this is expected to increase to 21.8% in 2030. This makes retirement planning even more important as people are likely to have a lot more years in retirement," says McMorran.

According to the IFA a report released by the Retirement Commission in June 2009 raises some disturbing home truths. Only one in three Kiwis knew the amount of superannuation paid to a single person living at home. Eight in ten focus on lifestyle and spending when considering retirement. One in three understands compound interest in savings accounts. Less than half believe that grouping up debts and paying off one low-interest loan is a good way to tackle debt. One in three uses friends and family as their main source of financial advice, and 20% have never received any financial advice at all.

McMorran says the amount of money you will need when you retire depends on a number of factors. "Three key issues are how many years you will have in retirement, the lifestyle you want to have and whether you aim to own your own home or rent when you retire."

Have a clear idea of the retirement you want says McMorran. "Think about the lifestyle you want and the steps you need to take to get there."

Most people have a lot of money tied up in their homes and McMorran says it is important to give some thought to whether you will stay in the family home, trade down, sell your house and rent, move in with family or buy into a retirement village as these have different financial implications. "Protect your assets by drawing up a Will and consider setting up a trust for your house and other assets if you haven't already done so," she says.

Work out what you will need financially for your retirement years as early as possible as that will ensure you invest sufficiently says McMorran. "Assume you will need about 70% of your current salary. The average lifespan for women is 84 and for men is 81 so take into account that on average women will spend 19 years in retirement and men 16. But this also means that half of the population will spend longer than this in retirement. Work out the income you will need each year and how much you need to save now to generate that income."

McMorran says it is important to pay off debts as soon as you can and to continue saving either through a workplace scheme or directly. "Invest your savings well to ensure long term wealth appreciation that will enable you to reach your goals for retirement. It's important to take professional advice on this to ensure you are planning for your retirement within a well structured financial plan."

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