



RETIREMENT READY GUIDE

Strategies to help boost your super or reduce your work hours, without changing your income as you transition to retirement.



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What is a Transition to Retirement (TTR) strategy?

a TTR Strategy gives you limited access to your super through a Retirement Income Stream (TRIS), without having to retire.



When you have reached your preservation age (between 55 and 60), a Transition to Retirement (TTR) strategy can be used in three ways:

- Boost your super, while you're working full time, or
- Reduce your working hours with the same income
- Work the same hours, but increase your income through the use of a TRIS

How Transition to Retirement might work for you

Keep working & boost your super	Reduce your working hours, and keep the same income	Increase your current income
<p>Use tax savings to boost your super. All you need to do is pay some of your salary into super. You can either:</p> <ul style="list-style-type: none"> ▪ Salary sacrifice through your employer, or ▪ Make an after-tax contribution and claim a tax reduction 	<p>Ease into retirement by reducing your work hours. You can supplement your reduced income with your TRIS.</p> <p>This means you can stay on the income you're used to, while working less. Just be aware that this will reduce how much super you have when you fully retire.</p>	<p>You can receive an annual income from your TRIS on top of your current income, until you fully retire.</p> <p>This means more money in your pocket now, but will reduce how much super you have when you fully retire.</p>

Benefits of Transition to Retirement

- **Give your super a boost** – A TRIS can be used in conjunction with increased concessional super contributions to give your super a good boost in a tax efficient manner leading up to retirement.
- **Ease into retirement** – by reducing your hours and working part-time, you can maintain your lifestyle by using some of your super to top up your income through a TRIS.
- **Pay less tax on income** – the taxable component of TTR pension payments attract a 15% tax offset between preservation age, and all payments are tax-free * at age 60 or over.
- **Investment earnings within a TRIS and super** are generally taxed at a maximum rate of 15%

*Assume the TRIS is commenced from a taxed super fund.

When should you start thinking about a Transition to Retirement strategy?

It's never too early to start planning your retirement, but you are able to start a transition to retirement strategy as soon as you reach your preservation age.

Preservation Age

This is the age you must reach before you are eligible to access your superannuation benefits through a TTR strategy.

Date of birth	Preservation age
Before 1 July, 1960	55
1 July 1960 – 30 June 1961	56
1 July 1961 – 30 June 1962	57
1 July 1962 – 30 June 1963	58
1 July 1963 – 30 June 1964	59
From 1 July 1964	60

Source: Australian Tax Office (ATO), 2024.



Is a TTR strategy suitable for you?

Everyone's situation is different and while a Transition to Retirement strategy can provide benefits, there are tax and cash flow issues that need to be carefully considered.

Depending on marginal tax rates, the biggest benefits are usually experienced by:

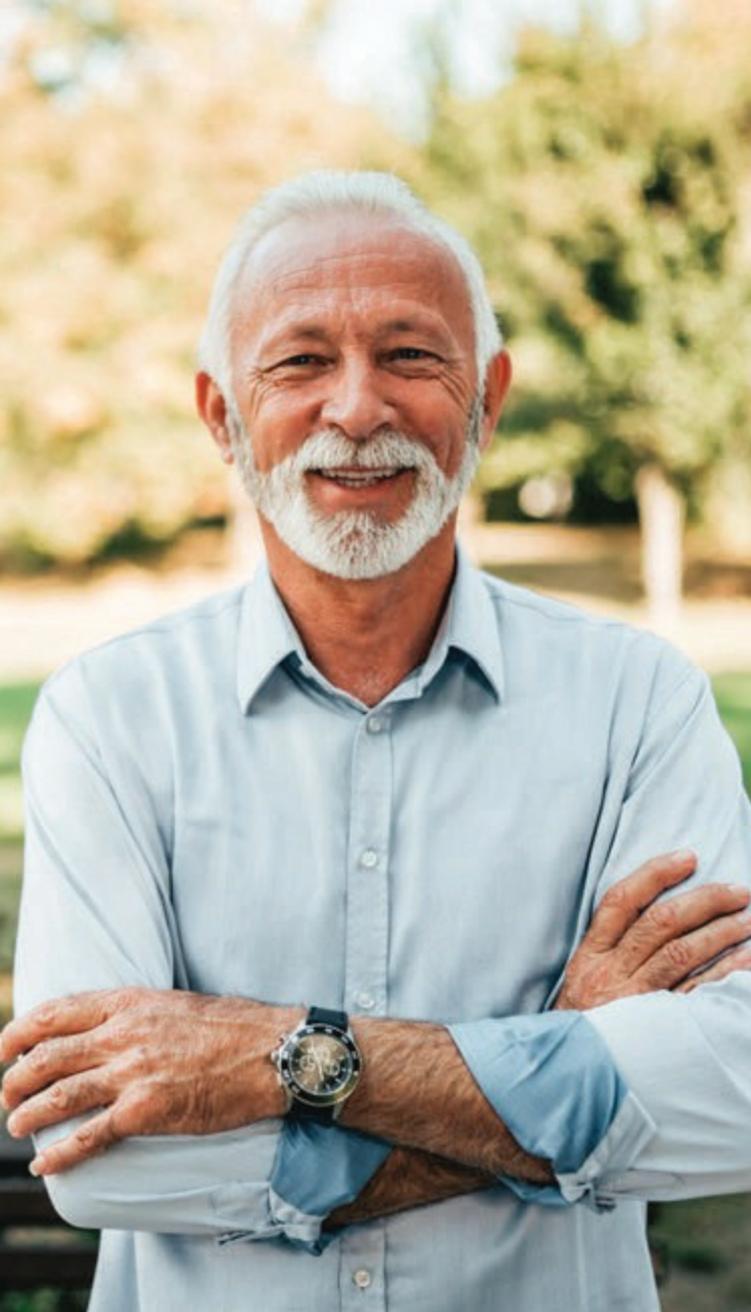
- Members over 60 years of age, as the income is tax-free;
- Higher superannuation balances as maximum amounts are based on a percentage of the balance; and
- Those who are looking to reduce tax and boost their super before retirement.

Considerations

While you may meet the eligibility requirements, a TTR strategy may not be ideal for your situation. Before making a decision we encourage you to seek the advice from an experienced financial adviser to help determine an appropriate strategy for you.

Some points you and your financial adviser should discuss would include:

- Although you cannot withdraw a lump sum from your TRIS until you retire, the income from a TRIS can be paid either fortnightly, monthly, quarterly, half yearly or annually.
This may allow you to time the receipt of your income to meet specific needs, if required.
- There are minimum and maximum amounts you can withdraw.
- There are complex taxation and cash flow considerations that need to be addressed prior to the implementations.



Case study

James, a 60-year old Technical Manger from Sydney had been with his organisation for 30 years. While having built a reasonable superannuation balance, he was keen to increase this further before retiring.

Although James had reached Preservation Age, James had no immediate plans to reduce his working hours by going part time or casual. He sought advice from a financial adviser to help him boost his retirement savings.

The financial adviser assisted James to develop a TTR strategy that allowed him to:

- Pay substantially less tax
- Rapidly boost his superannuation balance from \$500,000 to \$635,000 over a 10-year period
- Achieve both of these goals without any impact on cash flow

With these strategies in place, James has peace-of-mind knowing he will have substantially more funds available to him in retirement.

Obtain financial advice

We recommend speaking to a [financial adviser](#) about whether a transition to retirement strategy may be suitable for you.

About Fiducian Financial Services

At Fiducian, we take a personalised approach with our clients by building trust through quality financial advice. Your financial adviser will take the time to fully understand your financial and lifestyle goals, before we even begin the process of financial planning. We view financial planning as an ongoing partnership with you, identifying the best wealth solutions and strategies to successfully meet your current and future needs.



We can help you to:

- Build wealth
- Plan for retirement
- Boost your superannuation
- Investment management
- Buy a home
- Guide your estate planning process
- Aged care
- Minimise risk
- Establish a savings and budgeting strategy
- Financial Planning for business
- Optimise your super
- Redundancy
- And more...

What Our Clients Say

“We are extremely pleased with the service and performance of our fund and are glad that we took the step some years ago to make the changes that we did. It’s comforting to have a company and advisor that you trust and know that they have your best interests at heart.”



“My Fiducian Superannuation Account was started in June 1999, so for over twenty years now, Fiducian financial planners have been helping me manage my money, and live a full life, rich in the things that money can’t buy, as well as the necessities. Thanks to them all!”



Speak to a Fiducian Financial Adviser today 



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