

Online source: Produced by AMP Life Limited and published on 15 March 2016. Original article.
Print source: By AMP Life Limited, originally published on 15 March 2016 on amp.com.au/insights

7 tips on how to retire early

Are you dreaming about early retirement, but unsure how to go about it? You might be surprised to learn that Aussies are retiring earlier, with 25% of men retiring before age 55 and 50% retiring between 55 to 64 years. For women, the figures are higher, with 55% stopping work before they reach 55 and 36% retiring between the ages of 55 and 64 years¹. But while these figures sound encouraging, one in three people between the ages of 18 to 64 years still think retirement is too far way to plan for². So if your goal is to retire early, how can you put in place a plan and make sure you'll have enough money to live on?

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HERE ARE SEVEN TIPS TO CONSIDER:

- 1 Have a **clear goal** you're striving for...
- 2 Have a **financial roadmap**. It's a good idea to map out things like your financial goals, major payments, health care needs and any government benefits you'll be able to receive at different stages in your life. Part of the roadmap could be ensuring you have a solid credit rating and looking at how you can cut back on the more 'optional' expenses over time so you can wind down work.
- 3 **Live modestly**. Get serious about living more modestly, to spend less money and save more. Do other things like signing up for DIY courses to fix things yourself instead of paying to have them done.
- 4 **Invest wisely**. You could generate income through avenues such as rental properties or your own online business. Or downsize to a smaller house and invest the proceeds. Get professional advice first to navigate through the legal, tax or financial issues, including whether it will affect your ability to receive the government Age Pension.
- 5 **Manage your debt**. The number of people over the age of 65 who are still paying off a mortgage has increased by 54% in recent years³. So consider refinancing or consolidating your debts sooner rather than later to reduce interest, fees and charges. It's no using trying to save for an early retirement if you still have debt hanging over your head. Find out more about how to pay off your debt.
- 6 **A little salary sacrifice goes a long way**. The more you can put into your super, the sooner you may be able to retire. By salary sacrificing some of your before-tax income and putting it into your super, you'll generally only be taxed at 15%, which is lower than most people's income tax rate. Try our salary sacrifice calculator to find out how much this could make a difference.
- 7 **Make your after-tax dollars go the distance**. If you make personal after-tax contributions to your super, you could be eligible for a government co-contribution of up to \$500 per year⁴ or your spouse could receive a tax offset by contributing to your super on your behalf.



1 Roy Morgan 6238.0-Retirement and Retirement Intentions, Australia, July 2012 to June 2013

2 <http://www.roymorgan.com/findings/6634-long-term-nature-of-super-negative-impact-on-engagement-201601192225>

3 <http://www.finder.com.au/press-release-when-youre-64-will-you-still-be-in-debt>

4 <https://www.ato.gov.au/individuals/super/in-detail/growing/super-co-contribution/>

Online source: Produced by AMP Life Limited and published on 23 March 2016.
Original article.
Print source: By AMP Life Limited, originally published on 23 March 2016 on amp.com.au/insights



Not without my smartphone

The nation's fixation with logging on has people glancing at their devices more than 440 million times a day. Digital devices in Australia have not only changed the way we communicate, but how we socialise, plan, work, transact, access information and entertain ourselves—not to mention, multi-task!

The advancement of digital technology has also given rise to improvements in education, personal development and, in some ways, reduced our impact on the environment, such as reducing our reliance on printed material. The rapid evolution of the mobile phone is a prime example, with the 'brick' phones of the late '80s, which cost over \$4,000 a pop¹, now replaced by affordable, pocket-sized mini computers offering 24/7 connectivity. With around 80% of Australians in possession of a smartphone today² and the marketplace of digital devices continuing to grow, we look at what impact digitisation is having on our daily routines.

Digital activity in Australia

Figures from a 2015 report published by The Australian Communications and Media Authority show:

- 92% of people are internet users
- 54% of internet users engage in blogs and online communities
- 68% use three or more devices to go online and 23% use five or more devices
- 70% connect via mobile, 68% via laptop, 62% via desktop computer and 50% via tablet
- 49% of employed people work in some form of digital capacity
- 10.85 million people made an e-commerce transaction within a four week period.

Figures from the Australian Bureau of Statistics show that the most popular use for the internet is educational activities, particularly among older children. A recent study by Deloitte also highlighted that 340,000 terabytes of data is being downloaded every month in Australia and that figure is increasing.

Obsessive behaviour

The fascination with smartphones reflects a craving to connect—particularly with one third of the population checking their device within five minutes of waking up in the morning³.

The fixation with logging on, coupled with the growing fear of missing out, has Australians looking at their smartphone more than 30 times a day on average—56 times a day for younger adults and more than 440 million times a day collectively⁴.

Devices and apps are simplifying, yet encroaching on everyday life, with 88% saying they use a device on public transport, 92% at work, 88% when talking with friends, and alarmingly 42% while driving⁵.

Online transactions

While people may be looking at their phones more than what's going on around them, digital devices in many respects are saving us time and making things easier.

For instance, more people are banking, conducting financial activities and purchasing goods and services⁶ online, and this is also driving new mobile, online and smart-pay systems⁷.

However, cyber security is still a perceived concern for some people, despite 40% of smartphone users making an online payment in the past year⁸.

AMP has taken steps to ensure our customers' online experience is a safe and secure one. Plus, we enable you to access financial information your way—via smartphone, tablet or desktop computer.

On the bandwagon

While older generations have been slower to adopt online devices in comparison to younger age groups, that's quickly changing.

More than 25% of people over age 55 are now using smartphones to connect via social media—a 45% increase on 2014. And 95% of all users, including grandma and grandpa, are using smartphones to take photos, including selfies⁹.

The speed at which technology is changing is undeniably exciting—and at times—overwhelming. The evolution of smart game consoles, TVs, watches, digitised cars and fitness bands are proof that the expansion of the digital marketplace is not slowing down.

And, if you look at Australia's take up rates, it doesn't appear that our appetite for new technology is waning either.

1 The Australian Mobile Telecommunications Association

2 Deloitte Mobile Consumer Survey 2015

3 Deloitte Mobile Consumer Survey 2015

4 Deloitte Mobile Consumer Survey 2015

5 Deloitte Mobile Consumer Survey 2015

6 The Australian Communications and Media Authority

7 Deloitte Mobile Consumer Survey 2015

8 Deloitte Mobile Consumer Survey 2015

9 Deloitte Mobile Consumer Survey 2015

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Flying solo

Flying solo? You aren't alone.

Have you ever gone to the theatre alone? Dined out at nice restaurant at a table for one? Travelled overseas solo? Society tells us these types of activities can only be enjoyed with a friend or companion. But one in 4 Australian's currently live alone¹ and this figure has been rising steadily for over 60 years - going from 8% in 1946 to 24% in 2011.

So can we actually enjoy doing sociable things on our own?

Research released in 2015² suggest we shouldn't be so quick to give into our fears of how being alone in a social setting might be viewed by others. The researchers, Rebecca Ratner and Rebecca Hamilton, of the universities of Maryland and Georgetown believe people should be bolder about doing things alone. They might discover they enjoy the activity more than they expected to.

They carried out a small test to see whether our fear of doing some activities alone was justified. They organised for university students, to be invited to visit a nearby art gallery for five or ten minutes. Some students were with friends, others were on their own. They were all asked beforehand to rate how much fun they expected to have. After their visit they were asked to rate how much fun they actually had. Those who were alone expected to have a worse time than those who went with their friends. But it turned out everyone enjoyed it as much.

You could argue that it might seem easy for a group of university students to say they still enjoyed a trip to a gallery just as much on their own as with friends, but it's not the same as experiencing things on your own after losing a loved one after many years of companionship. The reasons being alone change as we get older; in the 60-69yr age group, divorce or separation is the main reason for living alone. This continues for men in their 70's but for women of this age, the main reason is the death of a partner. Both scenarios require a period of adjustment and forging a new path.

Going solo

If you have always lived alone, then you will no doubt have learnt you can embrace a full and well-rounded life on your own. But if it's new territory or you have never felt comfortable going it alone there are plenty of ways to meet people and engage with others and it seems travel is a popular way to embrace this. 40% of solo travellers are in the age 50yrs+ bracket³ with many of those saying experiencing new places is enriched when you have other people to share it with. Meetup is full of groups in your local area with a range of interests making it easy to find like-minded people. Volunteering, mentoring and community groups are also ways to get out and connect. This can be especially important in retirement, when you lose the social aspect of working.

But whatever your household looks like, it's important to be financially secure. Your financial adviser is there to assist you in making the right financial decisions for your unique situation. So you can be free to take that holiday, upsize or downsize and explore new possibilities whether that's independently or not.

1 <https://aifs.gov.au/publications/demographics-living-alone>

2 <http://jcr.oxfordjournals.org/content/42/2/266>

3 <http://www.roymorgan.com.au/findings/5667-more-australians-taking-holidays-alone-201407070228>