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Your quick intro to the new world of retirement income

A new type of retirement solution is designed to deliver Age Pension benefits and an income that lasts for life

After a lifetime of hard work you're finally approaching the promised land of retirement.

It's time to look at how you're going to replace your regular pay cheque with a regular income in retirement.

So what are your options?

For the past thirty years the retirement landscape has been dominated by lifetime annuities and account-based pensions (ABPs).

Annuities can provide the certainty of a lifetime income. But they're not very flexible – you can't adjust your income once payments start, and you can't choose how your money is invested as capital is pooled with other members.

ABPs offer great flexibility in terms of investment options, the ability to drawdown both income and capital, and tax-free earnings and income. But they don't provide the certainty of an income for life.

The result for many retired Aussies? A Fear Of Running Out (FORO) that means they draw less income than they could and leave more of their savings behind than they intended.

So in 2017, the Government prompted the development of innovative retirement income streams (IRIS), a different type of retirement solution that can offer:

the comfort and certainty of a **higher income[1] that lasts a lifetime**

the confidence to **spend more** of your superannuation savings

more flexibility than traditional lifetime income products.

3 ways IRIS can potentially transform your retirement income

1. Receive an income for life.
2. Increase your eligibility for the Age Pension.
3. Some even top up your account with an insured annual bonus.

A downside to IRIS is that they can restrict access to capital, which is why they're often used alongside an account-based pension.

How IRIS can help boost your Age Pension

After a lifetime of hard work, it's only fair that you want to maximise your entitlements. IRIS can potentially offer unique social security benefits by leveraging concessional discounts on the Age Pension asset test. They are assessed differently by Centrelink and can be used to access or increase the amount of payments you're entitled to.

- At present only **60%** of the purchase amount[2] is assessed for the **assets test**. After threshold day[3] in your 80s, that drops to just **30%**. And you can increase your Age Pension entitlements even further by deferring income or opening an IRIS account before retirement.
- And at present only **60%** of IRIS income counts towards the **income test**.

Like to know more?

Interested in learning more about how an IRIS could fit with your retirement strategy?
Reach out to

[business name]
[contact number]
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[address]

Disclaimer

[1] Generally, when compared to typical account-based pension income rates

[2] Purchase amounts are used for your Centrelink asset test for age pension payment eligibility. Percentages referred to may change in the future. For more information on how purchase amounts are calculated speak to us

[3] Defined by the Department of Social Services, threshold day is the life expectancy of a 65 year old male, which is 84 years of age as at July 2024.