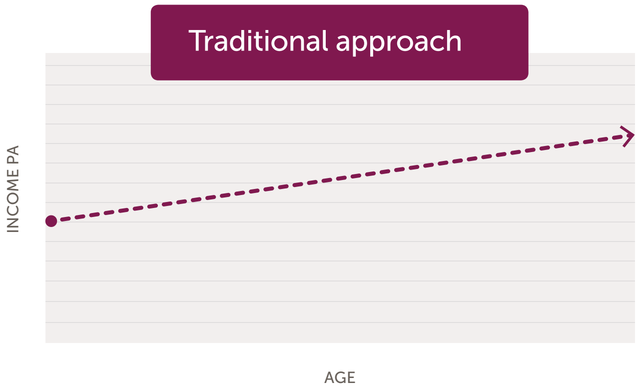
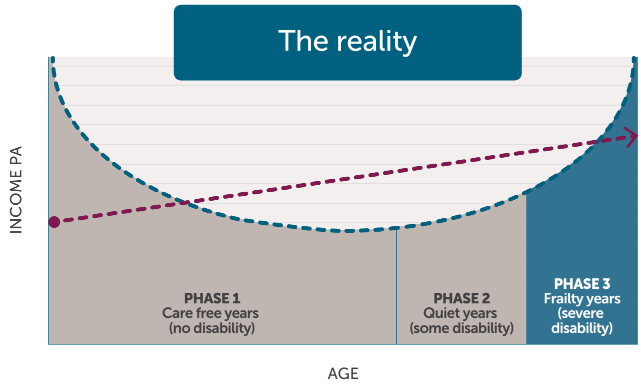
The three phases of retirement

Rethinking retirement planning

Advisers are rethinking the approach to retirement planning to address the three phases of retirement.



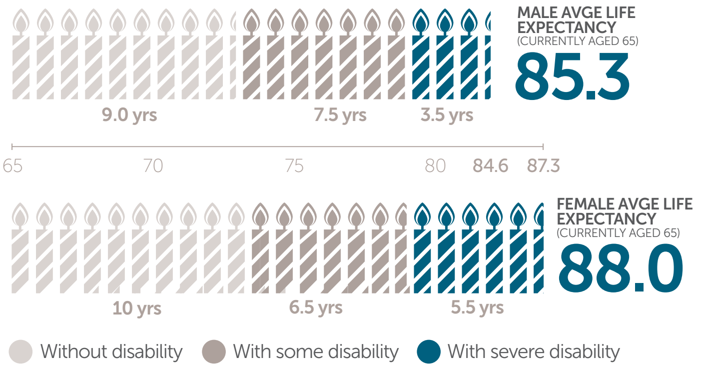
Retirement planning assumed a constant indexed income which did not allow for higher care needs in later life.



The spending pattern in retirement will vary based on client ability and it looks more like a smile than a straight line.

The three phases

Clients are increasingly likely to reach the frailty years – changing their expenditure patterns.



Source:Australian Institute of Health and Welfare – selected health expectations by age 65, by sex, 2018.

The forgotten pillar

Focus retirement planning on three risk pillars: longevity, sequencing and the often ignored frailty risk.

Frailty risk

The frailty years can represent 20-25% of retirement years. Funding the increasing costs of care allows greater independence and control.

Change your conversations. Ask clients...

- How they expect to fund aged care costs
- What role their home can play
- The impact of relying on family and friends for support
- Are they willing to ignore frailty risk

Frailty risk can leave older clients vulnerable and without adequate means to fund care.

AGED CARE STEPS

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